

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Title Page

	Name of Respondent	Addr Line 1	Addr Line 2	City	State	Zip
Water Districts/Associations						
Annual Report of						
Respondent	Levee Road Water Association, Inc.	P.O. Box 770		Mt. Sterling	KY	40353

Case 2011-00340

PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH
OCT 20 2011
RECEIVED
EXAMINED BY _____

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Principal Payment and Interest Information

	Amount	Yes/No	PSC Case No.
Amount of Principal Payment During Calendar Year	\$10,787.00		
Is Principal Current?		y	
Is Interest Current?		y	
Has all long-term debt been approved by the Public Service Commission?		y	

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Additional Requested Information

	Name	Electronic Info
Name of Utility and Web Address	Levee Road Water Association, Inc.	None
Contact Name and Email Address	Brenda Murphy	None

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Additional Information Required

Case Num	Date	Explain
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Major Water Projects

Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service commission.

For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and will increase your current utilityplant by at least 20 percent.

Brief Project Description: (improvement, replacement,building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History-Legal Name (Ref Page: 4)

1. Exact name of utility making this report.

(Use the words "The", "Company" or "Incorporated" only when part of the corporate name.)

Levee Road Water Association, Inc.

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History-Location (Ref Page: 4)

	Name	Address	City	State	Zip	Phone
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.						
principal office in KY	Levee Road Water Association, Inc.	4969 Levee Road	Mount Sterling	KY	40353	8594986980
Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.						
	Brenda Murphy, Secretary/Treasurer	4681 Levee Road	Mount Sterling	KY	40353	8594044117
Location where books are located		4681 Levee Road	Mount Sterling	KY		8594044117

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History-Date Organized (Ref Page: 4)

	Date
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Date of Organization

07/20/1970

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History-Laws of Organization (Ref Page: 4)

List

If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same

N/A

Date and Authority for each consolidation and each merger.

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History-Departments (Ref Page: 4)

List

State whether respondent is a water district or association

Association - Not-For-Profit Organization

Name all operating departments other than water

None

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History - Counties (Ref Page: 5)

Montgomery

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

History - Number of Employees (Ref Page: 5)

	Count
Number of Full-time employees	1
Number of Part-time employees	4

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Contacts (Ref Page: 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires
Person to send correspondence:	Secretary/Treasurer	Murphy	Brenda	4681 Levee Road, Mt. Sterling, KY 40353		
Person who prepared this report	CPA		FKW, PSC	117 West High Street, Mt. Sterling, KY 40353		
Officers and Managers						
	Chairperson	Linkous	Jimmy	910 Nest Egg Road, Mt. Sterling, KY 40353	\$4,218.00	01/01/2012
	Secretary/Treasurer	Murphy	Brenda	4681 Levee Road, Mt. Sterling, KY 40353	\$8,000.00	01/01/2013
	Vice Chairperson	Barnett	Billy Ray	7625 Levee Road, Mt. Sterling, KY 40353	\$12,800.00	01/01/2012
	Commissioner	Thomas	Anthony	7575 Levee Road, Mt. Sterling, KY 40353	\$2,650.00	01/01/2013
	Commissioner	Knox	Patti	7010 Cream Alley Road, Mt. Sterling, KY 40353	\$2,650.00	01/01/2012

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	Current Year
UTILITY PLANT		
Utility Plant (101-106)	\$2,300,109.00	\$2,397,995.00
Less: Accumulated Depreciation and Amortization (108-110)	\$815,649.00	\$876,768.00
Net Plant	\$1,484,460.00	\$1,521,227.00
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$1,484,460.00	\$1,521,227.00
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)		
Other Special Funds (127)		
Total Other Property and Investments		
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$194,067.00	\$182,196.00
Special Deposits (132)		
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$35,168.00	\$40,636.00
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)		

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	Current Year
Stores Expense (161)		
Prepayments (162)		
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)		
Accrued Utility Revenues (173)		
Misc. Current and Accrued Assets (174)	\$2,633.00	\$2,442.00
Total Current and Accrued Assets	\$231,868.00	\$225,274.00
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)		
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)	\$8,000.00	\$7,500.00
Research and Development Expenditure (187)		
Total Deffered Debits	\$8,000.00	\$7,500.00
TOTAL ASSETS AND OTHER DEBITS	\$1,724,328.00	\$1,754,001.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

	Previous Year	Current Year
EQUITY CAPITAL		
Appropriated Retained Earnings (214)		(\$295,055.00)
Retained Earnings From Income before contributions (215.1)	(\$241,290.00)	\$1,897,920.00
Donated Capital (215.2)	\$1,801,625.00	\$1,602,865.00
Total Equity Capital	\$1,560,335.00	
LONG-TERM DEBT		
Bonds (221)		
Reaquired Bonds (222)		
Advances from Associated Companies (223)		\$118,113.00
Other Long-Term Debt (224)	\$129,637.00	\$118,113.00
Total Long Term Debt	\$129,637.00	
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$14,067.00	\$10,600.00
Notes Payable (232)	\$10,834.00	\$11,571.00
Accounts Payable to Associated Co. (233)		
Notes Payable to Associated Co (234)		\$5,840.00
Customer Deposits (235)	\$4,200.00	\$904.00
Accrued Taxes (236)	\$564.00	\$3,506.00
Accrued Interest (237)	\$4,089.00	
Matured Long-Term Debt (239)		
Matured Interest (240)		
Tax Collections Payable (241)		\$602.00
Misc. Current and Accrued Liabilities (242)	\$602.00	\$33,023.00
Total Current and Accrued Liabilities	\$34,356.00	
DEFFERRED CREDITS		
Unamortized Premium on Debt (251)		
Advances for Construction (252)		

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

	Previous Year	Current Year
Other Deferred Credits (253)		
Total Deferred Credits		
OPERATING RESERVES		
Accumulated Provision For:		
Property Insurance (261)		
Injuries and Damages (262)		
Pensions and Benefits (263)		
Miscellaneous Operating Reserves (265)		
Total Operating Reserves		
Total Equity Capital and Liabilities	\$1,724,328.00	\$1,754,001.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
UTILITY OPERATING INCOME		
Operating Revenues (400)	\$228,754.00	\$231,976.00
Operating Expenses (401)	\$203,429.00	\$215,247.00
Depreciation Expenses (403)	\$55,630.00	\$61,119.00
Amortization of Utility Plant Acquisition Adjustment (406)		
Amortization Expense (407)		
Taxes Other Than Income (408.10-408.13)	\$3,549.00	\$3,161.00
Utility Operating Expenses	\$262,608.00	\$279,527.00
Utility Operating Income	(\$33,854.00)	(\$47,551.00)
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)		
Total Utility Operating Income	(\$33,854.00)	(\$47,551.00)
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$2,171.00	\$1,989.00
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		
Miscellaneous Nonutility Expenses (426)		
Total Other Income and Deductions	\$2,171.00	\$1,989.00
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408.20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$8,721.00	\$8,203.00
Amortization of Debt Discount and Exp. (428)		

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
Amortization of Premium on Debt (429)		
Total Interest Expense	\$8,721.00	\$8,203.00
EXTRAORDINARY ITEMS		
Extraordinary Income (433)		
Extraordinary Deductions (434)		
Total Extraordinary Items		
NET INCOME BEFORE CONTRIBUTIONS	(\$40,404.00)	(\$53,765.00)

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Statement of Retained Earnings 2002 (Ref Page: 12)

Description	Total
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end:)	
Total Appropriated Retained Earnings	
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	(\$241,290.00)
Balance transferred from Net Income Before Contributions (435)	(\$53,765.00)
Changes to account:	
Appropriations of Retained Earnings (436)	
Adjustments to Retained Earnings (439)	
(requires Commission approval prior to use):	
Credits	
Debits	
Balance End of Year	(\$295,055.00)

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Statement of Retained Earnings (cont. 215.2) (Ref Page: 12)

Description	Tapping Fees	Grants	Other	Total
Donated Capital (215.2)				
Balance Beginning of the Year	\$443,376.00	\$1,358,249.00	\$0.00	\$1,801,625.00
Credits				
Proceeds from capital contributions (432)	\$5,665.00	\$90,630.00	\$0.00	\$96,295.00
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
Balance End of Year	\$449,041.00	\$1,448,879.00	\$0.00	\$1,897,920.00

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Net Utility Plant (Accts. 101-106) (Ref Page: 13)

	Total
Utility Plant in Service (101)	\$2,397,995.00
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased or Sold (104)	
Construction Work in Progress (105)	
Completed Construction Not Classified (106)	
Total Utility Plant	\$2,397,995.00

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010
Accumulated Depreciation (Acct. 108) (Ref Page: 13)

Description	Total
Balance First of Year	\$815,649.00
Credit during year	\$61,119.00
Accruals Charged to Account 108.1	
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
(specify)	
Salvage Value Recovered on Plant Retired	
Other Credits	
(specify)	\$61,119.00
Total Credits	
Debits during year:	
Book Cost of Plant Retired	
Cost of Removal	
Other Debits	
(specify)	
Total Debits	\$876,768.00
Balance at End of Year	

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Organization (301)	\$3,077.00	\$0.00	\$0.00	\$3,077.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Franchises (302)									
Land and Land Rights (303)	\$351.00	\$0.00	\$0.00	\$351.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Structures and Improvements (304)	\$3,976.00	\$0.00	\$0.00	\$3,976.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Collecting and Impounding Reservoirs (305)									
Lakes, Rivers and Other Intakes (306)									
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)									
Power Generation Equipment (310)									
Pumping Equipment (311)									
Water Treatment Equipment (320)									
Distribution Reservoirs and Standpipes (330)	\$5,097.00	\$0.00	\$0.00	\$5,097.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transmission and Distribution Mains (331)	\$1,282,430.00	\$0.00	\$0.00	\$1,282,430.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Services (333)	\$1,600.00	\$0.00	\$0.00	\$1,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Meters and Meter Installations (334)	\$387,556.00	\$76,902.00	\$0.00	\$464,458.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hydrants (335)	\$5,561.00	\$0.00	\$0.00	\$5,561.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Backflow Prevention Devices (336)									
Other Plant and Misc. Equipment (339)									
Office Furniture and Equip. (340)	\$22,606.00	\$0.00	\$0.00	\$22,606.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transportation Equipment (341)	\$13,780.00	\$20,984.00	\$0.00	\$34,764.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)									
Laboratory Equipment (344)									
Power Operated Equipment (345)									
Communication Equipment (346)									
Miscellaneous Equipment (347)									
Other Tangible Plant (348)	\$574,075.00	\$0.00	\$0.00	\$574,075.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Water Plant	\$2,300,109.00	\$97,886.00	\$0.00	\$2,397,995.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Organization (301)	\$3,077.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,077.00
Franchises (302)						
Land and Land Rights (303)						
Structures and Improvements (304)	\$3,713.00	\$36.00	\$0.00	\$0.00	\$0.00	\$3,749.00
Collecting and Impounding Reservoirs (305)						
Lake, River and Other Intakes (306)						
Wells and Springs (307)						
Infiltration Galleries and Tunnells (308)						
Supply Mains (309)						
Power Generating Equipment (310)						
Pumping Equipment (311)						
Water Treatment Equipment (320)						
Distributions Reservoirs and Standpipes (330)	\$2,253.00	\$102.00	\$0.00	\$0.00	\$0.00	\$2,355.00
Transmission and Distribution Mains (331)	\$541,914.00	\$29,919.00	\$0.00	\$0.00	\$0.00	\$571,833.00
Services (333)	\$220.00	\$40.00	\$0.00	\$0.00	\$0.00	\$260.00
Meters and Meter Installations (334)	\$202,912.00	\$13,284.00	\$0.00	\$0.00	\$0.00	\$216,196.00
Hydrants (335)	\$1,339.00	\$139.00	\$0.00	\$0.00	\$0.00	\$1,478.00
Backflow Prevention Devices (336)						

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg Yr (c)	Cr-Chg Dep Exp (d)	Other Credits (e)	Charges Plant Ret (f)	Other Charges (g)	Balance End Yr (h)
Other Plant and Miscellaneous Equipment (339)						
Office Furniture and Equip. (340)	\$20,674.00	\$1,480.00	\$0.00	\$0.00	\$0.00	\$22,154.00
Transportation Equipment (341)	\$13,095.00	\$3,148.00	\$0.00	\$0.00	\$0.00	\$16,243.00
Stores Equipment (342)						
Tools, Shop and Garage Equip (343)						
Laboratory Equipment (344)						
Power Operated Equipment (345)						
Communication Equipment (346)						
Miscellaneous Equipment (347)						
Other Tangible Plant (348)	\$26,452.00	\$12,971.00	\$0.00	\$0.00	\$0.00	\$39,423.00
Totals	\$815,649.00	\$61,119.00	\$0.00	\$0.00	\$0.00	\$876,768.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Accumulated Amortization (Acct. 110) (Ref Page: 16)

Description	Total
Balance First of Year	
Credit during year	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits	
(specify)	
Total Credits	
Debits during year:	
Book Cost of Plant Retired	
Other Debits	
(specify)	
Total Debits	
Balance end of Year	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Utility Plant Acquisition Adjustments (Accts. 114-115) (Ref Page: 16)

Description	Total
Acquisition Adjustments (114)	
(specify)	
Total Plant Acquisition Adjustments	
Accumulated Amortization (115)	
(specify)	
Total Accumulated Amortization	
Net Acquisition Adjustments	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Investments and Special Funds (Ref Page: 17)

Description (a)	Face or Par Value (b)	Year End Book Cost
Investment in Associated Companies (123)		
Total Investment in Associated Companies		
Utility Investments (124)		
Total Utility Investments		
Other Investments (125)		
Total Other Investments		
Sinking Funds (126)		
Total Sinking Funds		
Other Special Funds (127)		
Total Other Special Funds		

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010
Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Description	Total
Accounts and Notes Receivable	\$61,686.00
Customer Accounts Receivable (141)	
Other Accounts Receivable (142)	
Total Other Accounts Receivable	
Notes Receivable (144)	
Total Notes Receivable	\$61,686.00
Total Accounts and Notes Receivable	
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	
Add:	\$21,050.00
Provision for uncollectibles for current year	
Collections of accountst previously written off	
Other	
(specify)	\$21,050.00
Total Additions	
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	\$21,050.00
Balance end of Year	\$40,636.00
Total Accounts and Notes Receivable - Net	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Materials and Supplies (151-153) (Ref Page: 19)

	Total
Plant Materials and Supplies (151)	
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Prepayments (Acct. 162) (Ref Page: 19)

Description	Total
Prepaid Insurance	
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments	
(Specify)	
Total Prepayments	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Miscellaneous Deferred Debits (Acct. 186) (Ref Page: 20)

		Total
Miscellaneous Deferred Debits (186)		
Deferred Rate Case Expense (186.1)		
Other Deferred Debits (186.2)		\$7,500.00
Regulatory Assets (186.3)		
Total Miscellaneous Deferred Debits		\$7,500.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Unamortized Debt Discount and Expense and Premium on Debt (Accts 181 and 251) (Ref Page: 20)

Description	Amt Written Off during year	Year End Balance
Unamortized Debt Discount and Expense (181)		
Total Unamortized Debt Discount and Expense		
Unamortized Premium on Debt (251)		
Total Unamortized Premium on Debt		

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Extraordinary Property Losses (Acct. 182) (Ref Page: 21)

Description	Total
Extraordinary Property Losses (182)	
(Specify)	
Total Extraordinary Property Losses	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Advances for Construction (Acct. 252) (Ref Page: 21)

	Total
Balance First of Year	
Add credits during year	
Deduct charges during year	
Balance end of year	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Long Term Debt (Ref Page: 22)

Description of Obligation (a)	Issue Date (b)	Mature Date (c)	Interest Expense for Year Rate (d)	Interest Expense for Year Amount(e)	Principal per Balance Sheet Date (f)
Rural Development Note #1	02/01/1973	02/01/2013	5.0000	\$998.00	\$20,220.00
Rural Development Note #3	11/06/1985	11/06/2025	7.0000	\$5,237.00	\$72,714.00
Rural Development Note #4	01/30/1995	01/30/2035	5.2500	\$1,968.00	\$36,750.00
Less current			0.0000	\$0.00	(\$11,571.00)
Total			0.0000	\$8,203.00	\$118,113.00

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34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Bonds - Account 221 (Ref Page: 23)

Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Val. of Amt. Held by or for Respondent (3)	Actually Outstanding at Close of Year (4)	Interest During Year Accrued (5)	Interest During Year Actually Paid (6)
Total					

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
0					
Total					

(The total of Column 12 must agree with the total of col 4)

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Notes Payable (Accts 232 and 234) (Ref Page: 24)

Description	Nominal Date of Issue	Date of Maturity	Int. Rate	Int. Payment	Principal Amt Per Bal Sheet
Account 232 - Notes Payable					
Rural Development Note #1	02/21/1973	02/21/2013	5.0000	\$0.00	\$8,042.00
Rural Development Note #3	11/06/1985	11/06/2025	7.0000	\$0.00	\$2,885.00
Rural Development Note #4	01/30/1995	01/30/2035	5.2500	\$0.00	\$644.00
Total Account 232				\$0.00	\$11,571.00
Account 234 - Notes Payable to Associated Companies					
Total Account 234				0	

See Accountants Report

34900 Le

Road Water

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01/01/2010 - 12/31/2010

Accounts

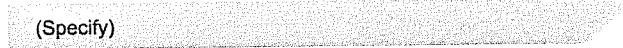
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Acct. 233 (Ref Page: 24)



Show Payable to Each Associated Company Separately



Total

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Taxes Accrued (Acct. 236) (Ref Page: 25)

	Total
Balance First of Year	\$564.00
Accruals Charged:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$3,161.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$3,161.00
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$2,821.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$2,821.00
Balance end of year	\$904.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Accrued Interest (Account 237) 2002 (Ref Page: 25)

Description of Debt (a)	Balance Beg of Year (b)	Interest Accrued(c)	Interest Paid (d)	Balance End of Year (e)
Long Term Debt:				
Rural Development Note #1	1394.0000	\$998.00	\$1,398.00	\$994.00
Rural Development Note #3	792.0000	\$5,238.00	\$5,416.00	\$614.00
Rural Development Note #4	1903.0000	\$1,967.00	\$1,972.00	\$1,898.00
Notes Payable:				
Customer Deposits:				
Other				
Total Acct. No 237	4089.0000	\$8,203.00	\$8,786.00	\$3,506.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Miscellaneous Current and Accrued Liabilities (Acct. 242) (Ref Page: 26)

Description	Balance End Year
Accrued School Tax Payable	\$534.00
Accrued Sales Tax Payable	\$68.00
Total Miscellaneous Current and Accrued Liabilities	\$602.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Regulatory Commission Expense(Acct 666 and 667) (Ref Page: 26)

Description of Case (Docket No.) (a)	Total Incurred During Year (b)	Amt Transferred to Acct 186.1 (c)	Expensed During Year Acct (d)	Expensed During Year Amount (e)
Total				

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
Operating Revenues			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			\$231,191.00
Sales to Residential Customers (461.1)	833	845	\$785.00
Sales to Commercial Customers (461.2)	5	4	
Sales to Industrial Customers (461.3)			
Sales to Public Authorities (461.4)			
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)			\$231,976.00
Total Metered Sales	838	849	
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)			
Interdepartmental Sales (467)			\$231,976.00
Total Sales of Water	838	849	
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			
Rents from Water Property (472)			
Interdepartments Rents (473)			
Other Water Revenues (474)			
Total Other Water Revenues			

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Operating Revenue (Ref Page: 27)

Beginning Year Customers	Year End Customers	Amount
--------------------------	--------------------	--------

Total Water Operating Revenues

\$231,976.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp-Op. (d)	Supply and Exp-Maint (e)	Water Treatmnt Exp-Op. (f)	Water Treatmnt Exp-Maint (g)	Trans and Dist Exp- Op (h)	Trans and Dist Exp- Maint (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Salaries and Wages-Employees (601)	\$26,372.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$30,318.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employee Pensions and Benefits (604)									
Purchased Water (610)	\$103,578.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)									
Fuel for Power Production (616)									
Chemicals (618)									
Materials and Supplies (620)	\$4,995.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Eng. (631)	\$2,943.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Acct. (632)									
Contractual Services - Legal (633)									
Contractual Services - Management Fees (634)									

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp-Op. (d)	Supply and Exp-Maint. (e)	Water Treatmnt Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp-Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Contractual Serves - Water Testing (635)	\$8,852.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)									
Rental of Bld./Real Property (641)	\$5,400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rental of Equipment (642)									
Transportation Expenses (650)	\$1,754.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance - Vehicle (656)									
Insurance - General Liability (657)									
Insurance - Worker's Compensation (658)									
Insurance - Other (659)	\$3,816.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Advertising Expenses (660)	\$938.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)									

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp-Op. (d)	Supply and Exp-Maint (e)	Water Treatmnt Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp-Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Water Resource Conservation Expense (668)									
Bad Debt (670)									
Miscellaneous Expenses (675)	\$26,281.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$215,247.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Pumping and Water Statistics - part one (Ref Page: 29)

	Water Purchased For Resale (Omit 000 s) (b)	Water Pumped from Wells (Omit 000 s) (c)	Total Water Pumped and Purchased (Omit 000 s) (d)	Water Sold To Customers (Omit 000 s) (e)
January	0	0	3,476	3,073
February	0	0	3,605	3,696
March	0	0	4,118	2,667
April	0	0	3,845	3,102
May	0	0	3,439	3,362
June	0	0	3,439	3,440
July	0	0	3,781	3,661
August	0	0	3,865	4,390
September	0	0	3,825	3,564
October	0	0	4,421	3,626
November	0	0	4,693	3,453
December	0	0	5,477	4,133
Total for the year	0	0	47,984	42,167

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Pumping and Water Statistics - part two (Ref Page: 29)

Gallons	Date
Maximum Gallons pumped by all methods in any one day (Omit 000's)	
Minimum Gallons pumped by all methods in any one day (Omit 000's)	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Pumping and Water Statistics - part three (Ref Page: 29)

List

If water is purchased indicate the following:

Vendor

Mt. Sterling Water & Sewer

Point of Delivery

Mt. Sterling

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Pumping and Water Statistics - part four (Ref Page: 29)

Entity Receiving Water	Maximum Daily	Maximum Monthly
------------------------	---------------	-----------------

If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract

to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons.

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Sales For Resale (466) (Ref Page: 30)

Company	Gallons (Omit 000's)	Avg. Rate Per 1000 Gallons (Cents)	Amount
Total			

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Statistics (Ref Page: 30)

	Gallons (Omit 000's)	Percent
1. Water Produced, Purchased and Distributed		
2. Water Produced		
3. Water Purchased	47,984	
4. Total Produced and Purchased	47,984	
6. Water Sales:		
7. Residential	42,070	
8. Commercial	97	
9. Industrial		
10. Bulk Loading Stations		
11. Resale		
12. Other Sales		
13. Total Water Sales	42,167	
15. Other Water Used		
16. Utility/water treatment plant		
17. Wastewater plant		
18. System flushing	2,120	
19. Fire department	1,736	
20. Other	665	
21. Total Other Water Used	4,521	
23. Water Loss:		
24. Tank Overflows	175	
25. Line Breaks	225	
26. Line Leaks	231	
27. Other	665	
28. Total Line Loss	1,296	

Note: Line 13 + Line 21 + Line 28 must equal Line 4

32. Water Loss Percentage

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Water Statistics (Ref Page: 30)

	Gallons (Omit 000's)	Percent
--	----------------------	---------

33. Line 28 divided by Line 4

2.7009

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Plant Statistics (Ref Page: 31)

Give the following information

3

Number of fire hydrants, by size

Number of private fire hydrants, by size

If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well

If produced whether supply is by gravity, pumping or a combination

Type, capacity, and elevation of reservoirs at overflow and ground level

Miles of main by size and kind

6 in = 5.5 miles, 4 in = 12.2 miles, 3/4 in = 1 mile, 3 in = 9.5 miles, 4.2 miles = 1995 Levee Road Extension, 1.6 miles = 1998 Kiddville Road Project, 1922 ft = Hogg Creek Ext

Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.

Type of disinfectant, number of units and capacity in pounds per 24 hours

Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty

Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH

Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report

Capacity of clear well

August, 4390

Peak month, in gallons of water sold

N/A = Meters read once per month

Peak day, in gallons of water sold

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Plant Statistics - Part B (Ref Page: 31)

	Type
--	------

Choose one to indicate the type of Water Supply

Purchase

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

Plant Statistics - Part C (Ref Page: 31)

Type

Choose one to indicate the type of Water Supply Method

Gravity

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.				
Identifications pages (ref 4-6) have been completed.				
Balance Sheet - Assets and Other Debts (ref. pg 7)				
Utility Plant (Accts 101-106) agrees with Sched: Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant	2397995.00	2397995.00	OK	
Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	876768.00	876768.00	OK	
Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Aquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	0	0	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	0	0	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	40636.00	40636.00	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	0	0	OK	
	See Accountants Report			

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	0	0	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	0	0	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debits agrees with Sched: Misc. Deferred Debits (ref pg 20) Line: Total 186	7500.00	7500.00	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	0	0	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	-295055.00	-295055.00	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	1897920.00	1897920.00	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	0	0	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	0	0	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	118113.00	118113.00	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	11571.00	11571.00	OK	

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233		0	0	OK
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234		0	0	OK
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	564.00	564.00	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	904.00	904.00	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	4089.00	4089.00	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	3506.00	3506.00	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	602.00	602.00	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamorted Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251		0	0	OK
Accts 252 Advances for Contruction agrees with Sched: Advances for Constuction (Accts 252) (ref pg 21) Line: Total 252		0	0	OK
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits	1754001.00	1754001.00	OK	

Comparitive Operating Statement (ref pg 10)

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	231976.00	231976.00	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	215247.00	215247.00	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	3161.00	3161.00	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	3161.00	3161.00	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	8203.00	8203.00	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-53765.00	-53765.00	OK	
Miscellaneous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	2397995.00	2397995.00	OK	
The analysis of water utility plant accounts Cols c though k has been completed (Ref pg 14)				
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				
Sched: Misc. Deferred Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	0	0	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

See Accountants Report

34900 Levee Road Water Association, Inc. 01/01/2010 - 12/31/2010

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Schedule of Bond Maturities has been completed (ref pg 23)				
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				
The analysis of water opertating revenue Cols c,d and e have been completed. (Ref pg 28)				
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	47984	47984	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	42167	42167	OK	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	0	0	OK	
Oath Page Has been Completed				

See Accountants Report

OATH

Commonwealth of Kentucky)
County of Montgomery) ss:

Brenda G Murphy makes oath and says
(Name of Officer)

that he/she is Secretary/Treasurer of
(Official title of officer)
Levee Road Water Association, Inc.
(Exact legal title or name of respondent)

that it is his/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to have the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 20 10, to and including December 31, 20 10

Brenda G. Murphy
(Signature of Officer)

subscribed and sworn to before me, a Notary, in and for
the State and County named in the above this 18 day of Oct, 20 11

(Apply Seal Here)

My Commission expires 7/26/15

Joe Evans Resin #445760
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

FAULKNER, KING & WENZ, PSC
CERTIFIED PUBLIC ACCOUNTANTS

HARVEY K. FAULKNER, CPA
JOSEPH C. KING, CPA
JOHN M. WENZ, CPA

P.O. BOX 285
117 WEST HIGH STREET
MT. STERLING, KY 40353
(859) 498-1836 FAX: (859) 498-2116

EUGENE C. WEATHERS, III, CPA
KAREN S. TRENT, CPA
LANA J. McCANN, CPA
ERICA M. SNOWDEN, CPA
JENNIFER L. TACKETT, CPA

To the Board of Directors
Levee Road Water Association
Mt. Sterling, KY

We have compiled the balance sheets of Levee Road Water Association, Inc. as of December 31, 2010 and 2009, and the related operating statements for the years then ended and other prescribed information for 2010 included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Public Service Commission.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Public Service Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated October 13, 2011.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Public Service Commission, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Public Service Commission and is not intended to be and should not be used by anyone other than this specified party.

Faulkner, King & Wenz, PSC

October 13, 2011

PUBLIC SERVICE COMMISSION
ANNUAL REPORT BRANCH
OCT 20 2011
RECEIVED
EXAMINED BY _____

Levee Road Water Association, Inc.

* * * *

Financial Statements and
Independent Auditor's Report
December 31, 2010 and 2009

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FAULKNER, KING & WENZ, PSC
CERTIFIED PUBLIC ACCOUNTANTS

HARVEY K. FAULKNER, CPA
JOSEPH C. KING, CPA
JOHN M. WENZ, CPA

P.O.BOX 285
117 WEST HIGH STREET
MT. STERLING, KY 40353
(859) 498-1836 FAX: (859) 498-2116

EUGENE C. WEATHERS, III, CPA
KAREN S. TRENT, CPA
LANA J. McCANN, CPA
ERICA M. SNOWDEN, CPA
JENNIFER L. TACKETT, CPA

Independent Auditor's Report

To the Board of Directors
Levee Road Water Association, Inc.

We have audited the accompanying statements of financial position of Levee Road Water Association, Inc. as of December 31, 2010 and 2009, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Levee Road Water Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Levee Road Water Association, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2011 on our consideration of Levee Road Water Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Faulkner, King & Wenz, PSC
October 13, 2011

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Accounts payable	\$ 10,600	\$ 14,067
Taxes payable	1,506	1,166
Water deposits payable	5,840	4,200
Accrued interest payable	3,506	4,089
Notes payable - current portion	<u>11,571</u>	<u>10,834</u>
TOTAL CURRENT LIABILITIES	33,023	34,356
Noncurrent notes payable	<u>118,113</u>	<u>129,637</u>
TOTAL LIABILITIES	<u>151,136</u>	<u>163,993</u>
NET ASSETS		
Unrestricted net assets		
Contributed capital - tap on fees	449,041	443,376
Contributed capital - grants	1,448,879	1,358,249
Other unrestricted net assets	(464,461)	(421,158)
Temporarily restricted net assets	<u>169,406</u>	<u>179,868</u>
TOTAL NET ASSETS	<u>1,602,865</u>	<u>1,560,335</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,754,001</u>	<u>\$ 1,724,328</u>

LEVEE ROAD WATER ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

	2010	2009
OPERATING INCREASES IN UNRESTRICTED NET ASSETS		
Water sales	\$ 230,059	\$ 228,554
Other water revenues	1,917	200
TOTAL OPERATING INCREASES IN UNRESTRICTED NET ASSETS	231,976	228,754
OPERATING DECREASES IN UNRESTRICTED NET ASSETS		
Water purchased	103,578	94,080
Salaries and payroll taxes	47,851	55,741
Directors fees	12,000	12,000
Office supplies	4,995	3,556
Office rental	4,800	4,800
Testing and lab fees	8,852	6,877
Insurance	3,816	4,403
Telephone and utilities	3,833	3,974
Professional services	7,875	8,219
Travel	1,754	1,331
Advertising	938	510
Repairs and maintenance	7,464	3,748
Rent	600	600
Provision for doubtful accounts	4,246	4,174
Miscellaneous	2,863	280
Contract labor	2,943	2,685
TOTAL OPERATING DECREASES IN UNRESTRICTED NET ASSETS	218,408	206,978
OPERATING INCREASE IN UNRESTRICTED NET ASSETS BEFORE DEPRECIATION	13,568	21,776
Depreciation	61,119	55,630
OPERATING DECREASE IN UNRESTRICTED NET ASSETS	(47,551)	(33,854)
NONOPERATING INCREASES (DECREASES) IN UNRESTRICTED NET ASSETS		
Interest income	1,989	2,171
Interest expense	(8,203)	(8,721)
	(6,214)	(6,550)
NET DECREASE IN UNRESTRICTED NET ASSETS	\$ (53,765)	\$ (40,404)

The accompanying notes are an integral part of the financial statements

**LEVEE ROAD WATER ASSOCIATION, INC.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009**

	<u>Unrestricted Net assets</u>	<u>Temporarily Restricted Net assets</u>	<u>Contributed Capital Members</u>	<u>Contributed Capital Grants</u>	<u>Total</u>
Balances, January 1, 2009	\$ (390,543)	\$ 189,657	\$ 437,681	\$ 1,271,079	\$ 1,507,874
2009 net change in unrestricted net assets	(40,404)				(40,404)
Transfers	9,789	(9,789)			-
Membership dues			2,310		2,310
Grants				87,170	87,170
Tap-on fees			3,385		3,385
Balances, December 31, 2009	(421,158)	179,868	443,376	1,358,249	1,560,335
2010 net change in unrestricted net assets	(53,765)				(53,765)
Transfers	10,462	(10,462)			-
Membership dues			2,480		2,480
Grants				90,630	90,630
Tap-on fees			3,185		3,185
Balances, December 31, 2010	<u>\$ (464,461)</u>	<u>\$ 169,406</u>	<u>\$ 449,041</u>	<u>\$ 1,448,879</u>	<u>\$ 1,602,865</u>

LEVEE ROAD WATER ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating decrease in unrestricted net assets	\$ (47,551)	\$ (33,854)
Adjustments to reconcile operating decrease in unrestricted net assets to net cash provided by operating activities:		
Depreciation	61,119	55,630
Provision for doubtful accounts	4,246	4,174
Changes in operating assets and liabilities		
Increase in accounts receivable	(9,714)	(6,427)
Decrease in prepaid expenses	657	557
Decrease in accounts payable	(3,467)	(200)
Increase in taxes payable	340	313
Increase in water deposits payable	1,640	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,270	20,193
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(97,886)	(95,065)
Interest paid on RD loans	(8,786)	(7,349)
Principal payments on borrowings	(10,787)	(3,119)
Proceeds from grants	90,630	87,170
Proceeds from membership dues	2,480	2,310
Proceeds from tap-on fees	3,185	3,385
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(21,164)	(12,668)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	2,023	2,274
(DECREASE) INCREASE IN CASH	(11,871)	9,799
CASH AT BEGINNING OF YEAR	194,067	184,268
CASH AT END OF YEAR	\$ 182,196	\$ 194,067
CASH CONSISTS OF:		
Cash - unrestricted	\$ 12,903	\$ 14,346
Cash - restricted	169,293	179,721
	\$ 182,196	\$ 194,067

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

LEVEE ROAD WATER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Introduction:

Levee Road Water Association, Inc. (the Association) is a water utility which operates in Montgomery County, Kentucky, and its sales are primarily to residential customers. The Association was incorporated July 20, 1970 as a nonstock, nonprofit corporation formed under the provisions of Chapter 273 of the Kentucky Revised Statutes (KRS).

Regulation Requirements:

The Association is subject to the regulatory authority of the Kentucky Public Service Commission (PSC) pursuant to KRS 278.040.

Basis of Accounting:

The accrual basis of accounting is used for financial statement reporting purposes.

Basis of presentation:

Financial statement presentation follows the recommendations of the ASC 958-205-05 (formerly Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations.") Under ASC 958-205-05, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, all net assets of the Association have been recorded as unrestricted or temporarily restricted.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

The Association's deposits at December 31, 2010 were entirely covered by federal depository insurance.

Utility Plant:

Utility plant is stated at original cost. The cost of repairs and maintenance is charged to the proper expense account as incurred. Property replacements are capitalized and retirements are charged to the proper plant account and depreciation provision.

Depreciation:

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method and is recognized in accordance with Statement of Financial Accounting Standards No. 93, "Recognition of Depreciation by Not-for-Profit Organizations.". The range of useful lives used in computing depreciation is:

<u>Classification</u>	<u>Range of lives</u>
Buildings	20-40 years
Water plant	25-40 years
Water systems	10-30 years
Office equipment	7-10 years
Other equipment	7 years
Vehicles	5 years

LEVEE ROAD WATER ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchased Water Costs:

Water purchases are charged to expense as delivered to the distribution system. The Association is economically dependent on Mt. Sterling Water and Sewer System as the sole supplier of water.

Contributed Capital:

Water tap-on fees, donated water lines and grant proceeds are accounted for as contributed capital and are restricted for use in financing capital improvements to the water system.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Customer Accounts Receivable:

Accounts receivable are stated less an allowance for doubtful accounts of \$21,050 and \$16,804 for years ended December 31, 2010 and 2009, respectively.

Capitalized interest:

The Association follows the policy of capitalizing interest as a component of construction cost.

Income Tax Status:

The Association is a nonprofit tax-exempt organization as prescribed by Internal Revenue Code, Section 501 c (12). Accordingly, the financial statements include no provision for income taxes.

The Accounting Standards Codification (ASC) 740-10-50, (formerly the Financial Accounting Standards Board Interpretation (FIN 48), *Accounting for Uncertainty in Income Taxes*,) requires entities to disclose known or anticipated positions of income tax uncertainty. The Association is not aware of any uncertain income tax positions as of October 13, 2011. The Association has never been audited by the Internal Revenue Service (IRS). However, the tax years of 2007 forward could be subject to examination by the IRS or other applicable tax jurisdictions.

NOTE 2 - UTILITY PLANT IN SERVICE

The cost of Water System assets is summarized below by major categories:

	<u>2010</u>	<u>2009</u>
Water towers	\$ 586,576	\$ 531,329
Transmission and distribution mains	1,265,634	1,265,634
Meters and meter installations	481,254	404,352
Total cost	<u>\$ 2,333,464</u>	<u>\$ 2,201,315</u>

LEVEE ROAD WATER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - LONG-TERM DEBT

Long-term debt as of December 31, 2010 and 2009 consists of the following:

	<u>Current</u>	<u>2010 Noncurrent</u>	<u>2009 Current</u>	<u>Noncurrent</u>
Rural Development, dated February 21, 1973, annual payment due each January, with interest rate of 5%, interest and principal payment of \$9,070, final payment due in 2013	\$ 8,042	\$ 12,178	\$ 7,631	\$ 20,260
Rural Development, dated November 6, 1985, annual payment due each November, with interest rate of 7%, interest and principal payment of \$7,808, final payment due November 6, 2025	2,885	69,829	2,565	72,541
Rural Development, dated January 30, 1995, annual payment due each January, with interest rate of 5.25%, interest and principal payment of \$2,696, final payment due January, 2035	<u>644</u>	<u>36,106</u>	<u>638</u>	<u>36,836</u>
Total	<u>\$11,571</u>	<u>\$ 118,113</u>	<u>\$ 10,834</u>	<u>\$ 129,637</u>

The above loans are secured by statutory mortgage liens on the water supply distribution system as well as all present and future contract rights, accounts receivable, and general intangibles of the Association and are subject to early redemption by the Association prior to maturity. The loan agreements also outline various compliance requirements.

Installments due for principal and interest for each of the next five years and in total are as follows:

<u>Years ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011 (included in current liabilities)	\$ 11,571	\$ 8,003	\$ 19,574
2012	12,181	7,393	19,574
2013	7,683	6,724	14,407
2014	4,230	6,274	10,504
2015	4,510	5,994	10,504
Later years	<u>89,509</u>	<u>46,045</u>	<u>135,554</u>
Total	<u>\$ 129,684</u>	<u>\$ 80,433</u>	<u>\$ 210,117</u>

LEVEE ROAD WATER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 4 - SPECIAL FUNDS AND RESTRICTIONS

The debt agreements with Rural Development require the following accounts be maintained by the utility as long as any outstanding debt remains:

General account - All operating funds received shall be deposited in this account. Funds will be used for operating and maintenance expenses and will be transferred to other accounts as needed.

Funded depreciation reserve account - The Association must deposit \$150 monthly into this account. These funds may be used for debt service or for unusual repairs or improvements if proper approvals are obtained and no funds are available in the general account. The balance as of December 31, 2010 and 2009 was \$53,848 and \$51,406, respectively.

Debt service reserve account - Required deposits of \$1,500 are to be made monthly into this account. Funds are to be used to make payments on Rural Development loans. The account was established per Rural Development loan requirements. The balance as of December 31, 2010 and 2009 was \$115,445 and \$128,315, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

In addition to salaries and directors fees paid, the Association paid board members and certain members of their immediate families a total of \$8,350 and \$8,540 in 2010 and 2009, respectively, for expenses relating to testing, travel, contract labor and repairs and maintenance.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Association has received grants from Rural Development, Appalachian Regional Commission, Housing and Urban Development, and Kentucky Infrastructure Authority in connection with the construction of water lines and towers. These grants require the fulfillment of certain conditions as set forth in the terms of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Management is not aware of any violations of these conditions.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Association sells water to residential, agricultural, and commercial customers in rural Montgomery County, Kentucky, and is subject to the credit risks associated with serving an agricultural based area.

FAULKNER, KING & WENZ, PSC
CERTIFIED PUBLIC ACCOUNTANTS

HARVEY K. FAULKNER, CPA
JOSEPH C. KING, CPA
JOHN M. WENZ, CPA

P.O. BOX 285
117 WEST HIGH STREET
MT. STERLING, KY 40353
(859) 498-1836 FAX: (859) 498-2116

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Levee Road Water Association, Inc.

We have audited the financial statements of Levee Road Water Association, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated October 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Levee Road Water Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. 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.

Findings:

- 2010-01 Condition: Lack of adequate controls in financial accounting and reporting to properly prepare financial statements and disclosures according to generally accepted accounting principles.
- 2010-02 Condition: Lack of segregation of duties.

Management Response and Corrective Action Plan: It does not appear that it would be economically feasible for our organization to enlarge its staff or contract an individual with appropriate skill and knowledge in applying new authoritative guidance. Thus, it is important that our Board provide oversight and independent review functions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Levee Road Water Association, Inc.'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*.

Levee Road Water Association, Inc.'s response to the findings identified in our audit is described in the paragraph above. We did not audit Levee Road Water Association, Inc.'s response and, accordingly, we express no opinion on it

We noted certain matters that we reported to management of Levee Road Water Association, Inc. in a separate letter dated October 13, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within the organization, Rural Development, the Public Service Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Faulkner, King & Wenz, PSC

October 13, 2011