

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE CALDWELL COUNTY WATER DISTRICT FOR THE APPROVAL OF THE PROPOSED INCREASE IN RATES FOR WATER SERVICE)) CASE NO.) <u>2007-00546</u>)
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STATEMENT AND NOTICE

The Caldwell County Water District ("Caldwell District"), by counsel, pursuant to KRS 278.020, KRS 278.180, KRS 278.190, and KRS 278.300, petitions the Commission for the approval of the proposed increase in the rates and charges. In support of its application, Caldwell District respectfully states as follows:

1. Caldwell District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws. Caldwell District's principal office and mailing address is 118 West Market Street, Princeton, Kentucky 42445.
2. Caldwell District is engaged in the distribution and sale of water. As reported in its "Annual Report to the Public Service Commission for the Year Ending December 31, 2006," Caldwell District provides water service to approximately 1,827 residential customers, 15 commercial customers, and 1 industrial customer, in Caldwell County, Kentucky.
3. The proposed increase in the rates and charges is necessary for Caldwell District to meet continuing demand for adequate service. It has been approximately 20 years since Caldwell District last requested a general increase in its base rates. There

have been two increases in the wholesale rate charged to Caldwell District that was absorbed by the district. An increase in its rates is essential for Caldwell District to maintain a reasonable level of service, to meet the expanding needs of its service area and to cover its debt service.

4. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, Caldwell District has utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2006.

5. Caldwell District's annual reports, including the annual report for 2006, are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

6. Caldwell District hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will result in an increase in annual operating revenues from water sales of \$135,554, an increase of approximately 16.662 percent over normalized revenues from water sales of \$813,573. The proposed increase is across the board increase and will be equally allocated to all customer classes.

7. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

8. Caldwell District has complied with 807 KAR 5:011, Section 9, (2) and 807 KAR 5:001, Section 10, (3) and (4), by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit No. 13 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent

manner, the first of said publications has been made within (7) days of the date the Application is filed with the Commission.

9. As required by 807 KAR 5:001, Section 10, (4), (f), Caldwell District will post a copy of its Customer Notices (Exhibit No. 13) at its place of business on the date the Application is filed with the Commission, and it will remain posted until the Public Service Commission has determined Caldwell District's rates.

10. The lists of the documents filed in support of Caldwell District's application for approval of the proposed adjustment of rates or the explanations for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, Caldwell County Water District requests the Public Service Commission of Kentucky to find that the proposed rates are fair, just, and reasonable pursuant to KRS 278.030(1).

Dated at Caldwell District, Kentucky this 12-13 - ____, 2007.

Respectfully submitted,
CALDWELL COUNTY WATER DISTRICT

By  _____

Bill W. Adams
Attorney At Law
100 East Court Square
P.O. Box 721
Princeton, Kentucky 42445
270-365-2763

Exhibit Index

<u>Exhibit Title</u>	<u>Exhibit Number</u>
Proposed Tariff	1
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EXHIBIT NO. 1
PROPOSED TARIFF

FOR Caldwell County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Caldwell County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

RATES AND CHARGES

All Meter Sizes

First	1,000 gallons	\$ 20.26	Minimum bill
Next	3,000 gallons	10.06	per 1,000 gallons
Next	6,000 gallons	8.01	per 1,000 gallons
Next	20,000 gallons	5.97	per 1,000 gallons
Over	30,000 gallons	5.10	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

EXHIBIT NO. 2

**COMPARISON –
PROPOSED & CURRENT
TARRIFFS**

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The comparison of the present and proposed tariff revisions of the Caldwell County Water District is as follows:

RATE SCHEDULE COMPARISON

		<u>EXISTING RATES</u>		<u>PROPOSED RATES</u>	
First	1,000 gallons	\$ 17.37	Minimum bill	\$ 20.26	Minimum bill
Next	3,000 gallons	8.62	per 1,000 gallons	10.06	per 1,000 gallons
Next	6,000 gallons	6.87	per 1,000 gallons	8.01	per 1,000 gallons
Next	20,000 gallons	5.12	per 1,000 gallons	5.97	per 1,000 gallons
Over	30,000 gallons	4.37	per 1,000 gallons	5.10	per 1,000 gallons

EXHIBIT NO. 3

**PRO FORMA
FINANCIAL STATEMENTS**

	Test-Period Operations	Pro Forma Adjustments	Adj. Ref	Pro Forma Operations
Operating Revenues:				
Metered Water Sales:				
Residential	\$ 804,550	\$ 1,777		\$ 806,327
Commercial	3,557	0		3,557
Industrial	1,113	0		1,113
Bulk Loading Stations	2,576	0		2,576
Total Operating Revenues	\$ 811,796	\$ 1,777		\$ 813,573
Operating Expenses:				
Operation & Maintenance:				
Salaries & Wages – Emp.	\$ 164,243	\$ 6,327	(b)	\$ 170,570
Salaries & Wages – Com.	3,600	0		3,600
Employee Pension & Benefits	30,859	9,747	(c)	40,606
Purchased Water	210,057	8,388	(d)	218,445
Purchased Power	0	0		0
Chemicals	701	0		701
Materials & Supplies	66,919	0		66,919
Cont. Services - Accounting	10,453	0		10,453
Cont. Services – Legal	7,382	(4,425)	(e)	2,957
Cont. Services – Other	31,118	(10,500)	(f)	20,618
Rental of Equipment	162	0		162
Insurance - Gen. Liability	13,287	1,000	(g)	14,287
Advertising	430	0		430
Bad Debt Expense	137	0		137
Miscellaneous	69,031	(4,273)	(h)	64,758
Total Operation & Maint.	\$ 608,379	\$ 6,264		\$ 614,643
Depreciation	302,498	1,844	(i)	304,342
Amortization	3,071	0		3,071
Taxes Other Than Income:				
PSC Assessment	3,781	0		3,781
Payroll Taxes	11,496	2,260	(j)	13,756
Other Tax & License	83	0		83
Operating Expenses	\$ 929,308	\$ 10,368		\$ 939,676
Net Utility Operating Income	\$ (117,512)	\$ (8,591)		\$ (126,103)
Other Income & Deductions:				
Interest Income	12,828	0		12,828
Nonutility Income	11,867	0		11,867
Misc. Nonutility Expenses	(14,000)	14,000	(k)	0
Total Other Inc. & Ded.	\$ 10,695	\$ 14,000		\$ 24,695
Net Inc. Available for Debt Service	\$ (106,817)	\$ 5,409		\$ (101,408)

EXHIBIT 4
PRO FORMA
ADJUSTMENT DESCRIPTIONS

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Utility: Caldwell County Water District
Title: Index of Pro Forma Adjustments - Income Statement

<u>Adj. Ref.</u>	<u>Adjustment Description</u>
(a)	Revenue from Water Sales: This adjustment reflects the results of Commission Staff's billing analysis and the current tariffed rate.
(b)	Salaries & Wages - Employees: This adjustment reflects the test period actual hours and the July 2007 pay rates.
(c)	Employee Pensions & Benefits: This adjustment reflects the current retirement contribution rate and the employee insurance premiums.
(d)	Purchased Water: This adjustment recognizes the current wholesale rate being charged to Caldwell District.
(e)	Contractual Services Legal: This adjustment removes legal fees that are connected to the construction project.
(f)	Contractual Services Other: This adjustment removes capital expenditures that were incorrectly expensed in the test-period.
(g)	Workers Compensation Insurance: This adjustment reflects the Normalized Payroll and the current workers comp. premiums.
(h)	Miscellaneous (KIA Debt Servicing Fee): This adjustment removes capital expenditures that were incorrectly expensed in the test-period.
(i)	Depreciation: This adjustment: (1) includes a full year depreciation on test-period plant additions; (2) removes tap-on fees; and (3) depreciates tap-on fees over an appropriate life.
(j)	Payroll Taxes: This adjustment computes payroll taxes using the normalized payroll.
(k)	Miscellaneous Nonutility Expenses: This adjustment removes capital expenditures that were incorrectly expensed in the test-period.

Utility: Caldwell County Water District
Adjustment: (a) Revenue from Water Sales

	<u>Gallons</u>	<u>Amount</u>
Normalized Revenue from Water Sales - Existing	72,157,426	\$ 811,796
Add: Revenue New Customers	<u>0</u>	<u>1,777</u>
Total Normalized Revenues	<u>72,157,426</u>	\$ 813,573
Less: Reported Revenue from Water Sales		<u>811,796</u>
Pro Forma Adjustment		<u>\$ 1,777</u>

Utility: **Caldwell County Water District**
 (b) Salaries & Wages -
 Workpaper: **Employees**

Employee Position	Hours Worked		Pro Forma Rates as of July 2007		Pro Forma Salaries & Wages		
	Regular	Overtime	Regular	Overtime	Regular	Overtime	Totals
Outside Labor	2,080	350	\$ 14.00	\$ 21.00	\$ 29,120	\$ 7,350	\$ 36,470
Outside Labor	2,080	350	\$ 13.50	\$ 20.25	28,080	7,088	35,168
Office Clerk	2,080	0	\$ 11.00	\$ 16.50	22,880	0	22,880
Office Manager	2,080	0	\$ 13.00	\$ 19.50	27,040	0	27,040
Part-Time Office Clerk	144	0	\$ 10.50	\$ 15.75	1,512	0	1,512
District Manager	N/A	N/A	\$ 913.46	N/A	47,500	0	47,500
Pro Forma Totals					<u>\$ 156,132</u>	<u>\$ 14,438</u>	<u>\$ 170,570</u>

Pro Forma Wages & Salaries – Employees \$ 170,570
 Less: Reported Wages & Salaries - Employees 164,243
 Pro Forma Adjustment \$ 6,327

Utility: Caldwell County Water District
 Workpaper: (c) Employee Pension and Benefits

Employee Position	Pro Forma Sal. & Wages Emp	Monthly Employee Insurance Benefits					Annual Totals	CERS 16.17%	Totals
		Health Insurance	Life	Vision	Monthly Totals	Annual Totals			
Outside Labor	\$ 36,470	\$ 140.64	\$ 3.15	\$ 7.81	\$ 151.60	\$ 1,819	\$ 5,897	\$ 7,716	
Outside Labor	35,168	204.83	4.50	7.83	217.16	2,606	5,687	8,293	
Office Clerk	22,880	361.23	0.00	21.78	383.01	4,596	3,700	8,296	
Office Manager	27,040	0.00	0.00	0.00	0.00	0	4,372	4,372	
Part-Time Office Clerk	1,512	0.00	0.00	0.00	0.00	0	0	0	
District Manager	47,500	335.55	10.65	7.83	354.03	4,248	7,681	11,929	
Pro Forma Totals	\$ 170,570	\$ 1,042.25	\$ 18.30	\$ 45.25	\$1,105.80	\$ 13,269	\$ 27,337	\$ 40,606	

Pro Forma Employee Pension & Benefit \$ 40,606
 Less: Reported Employee Pension & Benefit 30,859
 Pro Forma Adjustment \$ 9,747

Utility: Caldwell County Water District
 Adjustment: (d) Purchased Water

Purchase Month	City of Princeton		South Hopkins	Total
	Cubic Feet	Gallons	Water District Gallons	Purchases Gallons
Jan-04	975,000	7,293,000	63,756	7,356,756
Feb-04	921,620	6,893,718	65,200	6,958,918
Mar-04	888,070	6,642,764	59,988	6,702,752
Apr-04	1,018,340	7,617,183	59,901	7,677,084
May-04	863,310	6,457,559	71,548	6,529,107
Jun-04	1,047,490	7,835,225	79,195	7,914,420
Jul-04	1,070,840	8,009,886	87,394	8,097,280
Aug-04	1,187,850	8,885,118	77,564	8,962,682
Sep-04	1,225,390	9,165,917	87,916	9,253,833
Oct-04	1,008,930	7,546,796	59,643	7,606,439
Nov-04	1,008,990	7,547,245	100,741	7,647,986
Dec-04	1,035,600	7,746,288	88,489	7,834,777
Annual Totals	<u>12,251,430</u>	<u>91,640,699</u>	<u>901,335</u>	<u>92,542,034</u>

Unaccounted for Water Loss Percentage

Water Produced/Purchased	92,542,034.00
Water Sales - Staff's Billing Analysis	72,157,426.00
System Flushing	5,120,000.00
Other	9,600,000.00
Total Water Sold and Used	86,877,426.00
Unaccounted for Water Loss - Gallons	<u>5,664,608.00</u>
Percentage of Unaccounted for Water Loss	6.121%
Percentage Water Loss in Excess of 15 Percent	<u>-8.879%</u>

Determination of Pro Forma Purchased Water

City of Princeton				
122,514.30 (Cubic Feet) x	\$	1.77	(rate per 100 Cubic Feet) =	\$ 216,850
South Hopkins Water District				
901.34 (Gallons) x	\$	1.77	(rate per 1,000 Gallons) =	1,595
Pro Forma Purchased Water Expense	\$			218,445
Less: Actual Purchased Water Expense				210,057
Pro Forma Adjustment	\$			<u>8,388</u>

Utility: Caldwell County Water District
Adjustment: (e) Contractual Services - Legal

<u>Check #</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
	Bill Adams	Construction Projects	\$ (3,000)
	Bill Adams	Construction Projects	(1,425)
Pro Forma Adjustment			<u>\$ (4,425)</u>

Utility: Caldwell County Water District
Adjustment: (f) Contractual Services - Other

<u>Check #</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
	Princeton Water	Cost of the Archie Ott Road Extension	<u>\$ (10,500)</u>

Utility: Caldwell County Water District
 Adjustment: (g) Workers Compensation Insurance

Description		Pro Foam Payroll	Rate per \$100	Premium
Waterworks Operation	W	\$119,138	\$ 3.68	\$ 4,384
Clerical	C	51,432	\$ 0.31	159
Total Manual Premium		<u>\$170,570</u>		<u>\$ 4,543</u>
Total Manual Premium				\$ 4,543
Increased Limits Amount				106
Balance to IEL Minimum				44
Subtotal				<u>\$ 4,693</u>
Multiplied by: Experience Modification			0.00%	<u>100.00%</u>
Standard Premium				\$ 4,693
Less: Discount			10.00%	<u>454</u>
				\$ 5,147
Add: Expense Constant				140
Add: Terrorism Premium Charge			0.000	<u>32</u>
Net Premium				\$ 5,319
Catastrophe Charge				16
Kentucky Special Fund Assessment			6.50%	<u>347</u>
Pro Forma Premium				\$ 5,682
Less: Reported Premium				<u>5,255</u>
Pro Forma Adjustment				<u>\$ 1,000</u>

Utility: Caldwell County Water District
Adjustment: (h) Miscellaneous (KIA Debt Servicing Fee)

<u>Check #</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
	Permits and Easements	Capital Expenditures	\$ (828)
	Project Costs	Capital Expenditures	(2,945)
	Misc	Rate Review - KRWA	(500)
Pro Forma Adjustment			<u>\$ (4,273)</u>

Utility: Caldwell County Water District
 Adjustment: (J) Payroll Taxes

Employee Position	Pro Forma Payroll	St. Unemp. \$ 7,000 0.80%	Fed. Unemp \$ 8,000 1.00%	FICA \$ 76,000 7.65%	Total Payroll Taxes
Outside Labor	\$ 36,470	\$ 56	\$ 80	\$ 2,790	\$ 2,926
Outside Labor	35,168	56	80	2,690	2,826
Office Clerk	22,880	56	80	1,750	1,886
Office Manager	27,040	56	80	2,069	2,205
Part-Time Office Clerk	1,512	12	15	116	143
District Manager	47,500	56	80	3,634	3,770
Pro Forma Totals	<u>\$ 170,570</u>	<u>\$ 292</u>	<u>\$ 415</u>	<u>\$ 13,049</u>	<u>\$ 13,756</u>

FICA Taxes	\$ 13,756
Less: Test Period Payroll Taxes	<u>11,496</u>
Pro Forma Adjustment	<u>\$ 2,260</u>

Utility: Caldwell County Water District
Adjustment: (k) Miscellaneous Nonutility Expenses

	<u>Adjustment</u>
Kentucky Infrastructure Authority - Admin Fees Loans	\$ 3,500
Pennyrile Area District - Construction Projects	<u>10,500</u>
Pro Forma Adjustment	<u>\$ 14,000</u>

EXHIBIT 5
BILLING ANALYSIS

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	Bills	Gallons	First 1,000	Next 3,000	Next 6,000	Next 20,000	Over 30,000	Totals
First	4,411	1,460,216	1,460,216					1,460,216
Next	12,211	30,294,850	12,211,000	18,083,850				30,294,850
Next	5,646	32,246,792	5,646,000	16,938,000	9,662,792			32,246,792
Next	484	6,578,110	484,000	1,452,000	2,904,000	1,738,110		6,578,110
Over	33	1,577,458	33,000	99,000	198,000	660,000	587,458	1,577,458
	22,785	72,157,426	19,834,216	36,572,850	12,764,792	2,398,110	587,458	72,157,426

REVENUE BY RATE INCREMENT - EXISTING RATES

	Bills	Gallons	Rates	Revenues
First	22,785	19,834,216	\$ 17.37	\$ 395,775
Next		36,572,850	\$ 8.62	\$ 315,258
Next		12,764,792	\$ 6.87	\$ 87,694
Next		2,398,110	\$ 5.12	\$ 12,278
Over		587,458	\$ 4.37	\$ 2,567
		<u>72,157,426</u>		<u>\$ 813,572</u>

REVENUE BY RATE INCREMENT - Proposed RATES

	Bills	Gallons	Rates	Revenues
First	22,785	19,834,216	\$ 20.26	\$ 461,624
Next		36,572,850	\$ 10.06	\$ 367,923
Next		12,764,792	\$ 8.01	\$ 102,246
Next		2,398,110	\$ 5.98	\$ 14,341
Over		587,458	\$ 5.10	\$ 2,996
		<u>72,157,426</u>		<u>\$ 949,130</u>

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EXHIBIT 6

**REVENUE REQUIREMENT
DETERMINATION**

**IMPACT ON AVERAGE BILL
BY CUSTOMER CLASSIFICATION**

	Average Debt Service		Coverage		Rev. Req. Depreciation
					25%
Debt Service Coverage: RD	\$ 206,996	x	0.2	=	\$ 41,399
Debt Service Coverage: KIA	\$ 12,733	x	0.1	=	1,273
Income From Operations					\$ 42,672
Add: Debt Service (RD & KIA)					219,730
Add: Operating Expenses					614,643
Depreciation					76,086
Amortization					3,071
Taxes Other Than Income					17,620
Total Revenue Requirement					\$ 973,822
Less: Other Income & Deductions					24,695
Revenue Requirement from Water Sales					\$ 949,127
Less: Pro Forma Revenue - Water Sales					813,573
Requested/Recommended Increase					\$ 135,554

Percentage Increase

16.662%

	Current	
First 1,000 Gallons (Min. Bill)	\$ 17.37	\$ 20.26
Next 3,000 Gallons	\$ 8.62	\$ 10.06
Next 6,000 Gallons	\$ 6.87	\$ 8.01
Next 20,000 Gallons	\$ 5.12	\$ 5.97
Over 30,000 Gallons	\$ 4.37	\$ 5.10
Avg. 5,000 Gallons	\$ 50.10	\$ 58.45

% Increase 16.667%

Total Revenue Requirement	\$ 973,822
Less: Operating Expenses	711,420
Net Operating Income	\$ 262,402
Add: Depreciation & Amortization	79,157
Sub-total	\$ 341,559
Less: Debt Service	219,730
Net Cash Flow	\$ 121,829

**Caldwell County Water District
3 Year Average Debt Service Payments**

Waterworks Revenue Bonds

Series	2007	2008	2009	Totals	3 Year Averages
Series 1993	\$ 23,975.00	\$ 24,125.00	\$ 23,775.00	\$ 71,875.00	\$ 23,958.33
Series 1996	51,000.00	51,366.25	51,683.75	\$ 154,050.00	51,350.00
Series 1999	34,680.00	34,822.50	34,948.75	\$ 104,451.25	34,817.08
Series 2000	22,150.00	22,409.38	22,168.75	\$ 66,728.13	22,242.71
Series 2002	43,518.75	44,081.25	43,643.75	\$ 131,243.75	43,747.92
Series 2004	30,502.50	31,213.75	30,925.00	\$ 92,641.25	30,880.42
Totals	<u>\$205,826.25</u>	<u>\$ 208,018.13</u>	<u>\$207,145.00</u>		<u>\$ 206,996.46</u>
 KIA Loan	 <u>\$ 10,400.04</u>	 <u>\$ 12,762.48</u>	 <u>\$ 15,037.44</u>	 \$ 38,199.96	 <u>\$ 12,733.32</u>

EXHIBIT 7
ANALYSIS OF
DEPRECIATION

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Asset No.	Description	In Service Date		Cost/Basis	Test Period Depreciation		Pro Forma Depreciation				
		Mo	Day		Year	Accum. Bal 12/31/06	Dep. Exp 12/31/07	Accum. Bal 12/31/07	Dep. Exp. 12/31/08	Accum. Bal 12/31/08	
	<u>INTANGIBLE</u>										
20	BOND ISSUE COST	1	1	2004	\$ 30,007	S/L	25	\$ 3,601	\$ 1,200	\$ 4,801	\$ 6,001
21	ORG. COSTS	1	1	2001	2,500	S/L	40	351	63	414	477
22	BOND ISSUE COST	1	1	2001	21,831	S/L	40	12,245	546	12,791	13,337
23	BOND ISSUE COST	4	1	1993	26,554	S/L	25	18,346	1,062	19,408	20,470
24	LOAN COST	1	1	1990	7,991	S/L	40	3,200	200	3,400	3,600
	<u>INTANGIBLE</u>				<u>\$ 88,883</u>			<u>\$ 37,743</u>	<u>\$ 3,071</u>	<u>\$ 40,814</u>	<u>\$ 43,885</u>
25	<u>LAND & LAND RIGHTS</u>	5	15	1989	\$ 9,000	N/A	N/A	\$ -	\$ -	\$ -	\$ -
	<u>LEASEHOLD IMPROVEMENT</u>										
26	LEASEHOLD IMP.	6	1	2004	\$ 85	N/A	N/A	\$ 85	\$ -	\$ 85	\$ 85
27	LEASEHOLD IMP.	5	17	2004	257	N/A	N/A	257	0	257	257
28	LEASEHOLD IMP.	2	23	2004	1,231	N/A	N/A	1,231	0	1,231	1,231
29	LEASEHOLD IMP.	7	1	2003	11,324	N/A	N/A	11,324	0	11,324	11,324
30	LEASEHOLD IMP.	7	1	2001	10,261	N/A	N/A	10,261	0	10,261	10,261
	<u>LEASEHOLD IMPROVEMENT</u>				<u>\$ 23,158</u>			<u>\$ 23,158</u>	<u>\$ -</u>	<u>\$ 23,158</u>	<u>\$ 23,158</u>
	<u>OFFICE FURNITURE/EQUIP.</u>										
1	OFFICE EQUIPMENT	6	15	2003	\$ 2,688	S/L	7	2,261	\$ 384	\$ 2,645	\$ 2,688
2	FIREKING FILING CAB.	2	17	2003	2,641	S/L	10	1,507	264	1,771	2,035
3	FIREKING FILING CAB.	3	31	2003	1,321	S/L	10	754	132	886	1,018
4	1/2 COMP. SOFTWARE	6	17	2003	6,275	S/L	3	6,275	0	6,275	6,275
5	COMP. HARDWARE	6	19	2003	995	S/L	3	995	0	995	995
6	HP LASER PRINTER	7	11	2003	495	S/L	3	495	0	495	495
7	PRINTER STAND	9	22	2003	170	S/L	7	140	24	164	170
8	FLAT PANEL MONITOR	9	29	2003	433	S/L	3	433	0	433	433
9	1/2 COMP. SOFTWARE	10	6	2003	7,441	S/L	3	7,441	0	7,441	7,441
10	HP SCANNER	4	2	2004	399	S/L	5	215	80	295	375
11	OFFICE FURN. & EQUIP.	12	6	2004	2,469	S/L	5	1,332	494	1,826	2,320
12	FIRE PROOF FILING CAB.	11	22	2000	1,099	S/L	10	602	110	712	822
13	OFFICE EQUIPMENT	1	1	2000	1,890	S/L	5	1,890	0	1,890	1,890
14	COMPUTER HARDWARE	5	25	1995	1,990	S/L	5	1,990	0	1,990	1,990
15	PRINTER	6	14	1995	544	S/L	5	544	0	544	544
16	CONF. CHAIRS	5	9	1995	222	S/L	10	222	0	222	222
17	COPIER	4	3	1995	150	S/L	5	150	0	150	150
18	FAX MACHINE	2	2	1996	476	S/L	5	476	0	476	476
19	REFRIGERATOR	5	2	1996	500	S/L	7	500	0	500	500
	<u>OFFICE FURNITURE/EQUIP.</u>				<u>\$ 32,198</u>			<u>\$ 28,222</u>	<u>\$ 1,488</u>	<u>\$ 29,710</u>	<u>\$ 30,839</u>

Asset No.	Description	In Service Date			Cost/Basis	Depreciation		Test Period Depreciation			Pro Forma Depreciation		
		Mo	Day	Year		Meth	Life	Accum. Bal 12/31/06	Dep. Exp. 12/31/07	Accum. Bal 12/31/07	Expense 12/31/08	Accum. Bal 12/31/08	
UTILITY PLANT													
31	1999 CONSTRUCTION	8	31	1999	\$ 2,896,843	S/L	40	\$ 402,678	\$ 72,421	\$ 75,099	\$ 72,421	\$ 547,520	
32	2001 CONSTRUCTION	1	1	2002	255,564	S/L	40	104,428	6,389	110,817	6,389	117,206	
33	TRANS. & DIST.	12	31	2004	1,705,129	S/L	40	127,346	42,628	169,974	42,628	212,602	
34	TRANS. & DIST.	12	31	2003	115,156	S/L	40	66,667	2,879	69,546	2,879	72,425	
35	CWIP	12	31	2000	1,100,226	S/L	40	181,398	27,506	208,904	27,506	236,410	
36	TRANS. & DIST.	1	1	1996	38,260	S/L	40	11,093	957	12,050	957	13,007	
37	1996 CONSTRUCTION	6	30	1996	49,957	S/L	40	11,359	1,249	12,608	1,249	13,857	
38	1996 CONSTRUCTION	6	30	1997	1,521,169	S/L	40	263,886	38,029	301,915	38,029	339,944	
39	TRANSMISSION	6	30	1997	18,718	S/L	40	4,724	468	5,192	468	5,660	
40	PHASE IV	12	31	2003	506,082	S/L	40	46,010	12,652	58,662	12,652	71,314	
41	2002 CONSTRUCTION	7	1	2002	245,361	S/L	40	82,831	6,134	88,965	6,134	95,099	
42	METERS	6	30	1997	2,674	S/L	20	1,311	134	1,445	134	1,579	
43	TRANS. & DIST.	1	1	1989	550,576	S/L	40	242,187	13,764	255,951	13,764	269,715	
44	1993 CONSTRUCTION	7	31	1994	1,330,411	S/L	40	407,330	33,260	440,590	33,260	473,850	
45	2001 CONSTRUCTION	12	31	2001	231,001	S/L	40	38,086	5,775	43,861	5,775	49,636	
46	TRANS. & DIST.	12	31	1995	385,343	S/L	40	111,788	9,634	121,422	9,634	131,056	
53	TRANS. & DIST.	1	1	2005	784,116	S/L	40	50,867	19,603	70,470	19,603	90,073	
54	TRANS. & DIST.	10	1	2005	5,000	S/L	40	231	125	356	125	481	
55	2006 PHASE 5 LINE	12	31	2006	52,576	S/L	40	0	1,314	1,314	1,314	2,628	
56	2007 PHASE 7 LINE	12	31	2006	811,712	S/L	40	0	20,293	20,293	20,293	40,586	
57	2006 TOBACCO LINE	12	31	2006	44,426	S/L	40	0	1,111	1,111	1,111	2,222	
58	2006 ENG. SERVICES	12	31	2006	72,475	S/L	40	0	1,812	1,812	1,812	3,624	
					\$12,722,775			\$2,154,220	\$ 318,137	\$2,472,357	\$ 318,137	\$ 2,790,494	
UTILITY PLANT													
TRANSPORTATION EQUIP.													
47	SMALL EQUIPMENT	7	1	2001	\$ 552	S/L	5	\$ 468	\$ 84	\$ 552	\$ -	\$ 552	
48	OTHER ASSETS	1	1	2000	25,915	S/L	5	25,915	0	25,915	0	25,915	
49	LOADER/BACKHOE	12	1	2000	13,000	S/L	10	7,701	1,300	9,001	1,300	10,301	
50	OTHER EQUIPMENT	6	15	2003	16,200	S/L	5	16,200	0	16,200	0	16,200	
51	JEEP	1	23	2000	9,000	S/L	7	7,710	1,286	8,996	4	9,000	
52	VEHICLE	10	1	1997	1,900	S/L	5	1,900	0	1,900	0	1,900	
59	INTERSTATE TRAILER	2	23	2007	11,500	S/L	10	0	958	958	1,150	2,108	
60	2007 DUMP TRUCK	2	19	2007	60,505	S/L	10	0	5,042	5,042	6,051	11,093	
61	2007 CHEV. 4X4 1/2 TON	3	12	2007	24,069	S/L	7	0	2,865	2,865	3,438	6,303	
62	2007 CHEV. 2WD 3/4 TON	3	12	2007	45,334	S/L	7	0	5,397	5,397	6,476	11,873	
63	TARP KIT - TRUCK	4	23	2007	1,344	S/L	5	0	179	179	269	448	

Asset No.	Description	In Service Date			Cost/Basis	Test Period Depreciation			Pro Forma Depreciation			
		Mo	Day	Year		Depreciation Meth	Life	Accum. Bal 12/31/06	Dep. Exp. 12/31/07	Accum. Bal 12/31/07	Dep. Exp. 12/31/08	Accum. Bal 12/31/08
64	RHINO LINNING	3	12	2007	349	S/L	7	0	42	42	50	92
65	RHINO LINNING	3	26	2007	900	S/L	7	0	96	96	129	225
66	2-WAY RADIOS	7	2	2007	8,742	S/L	5	0	874	874	1,748	2,622
TRANSPORTATION EQUIP.					\$ 219,310			\$ 98,976	\$ 57,570	\$ 117,464	\$ 60,428	\$ 138,445
TOTALS					\$13,095,324			\$2,342,319	\$ 380,266	\$,683,503	\$ 382,765	\$ 3,026,821

EXHIBIT 8
MONTHLY MANAGERIAL
REPORTS

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To the members of the Commission
Caldwell County Water District
Princeton, Kentucky 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of January 31, 2006, and the related statements of revenues and expenses-statutory basis, for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent in respect to Caldwell County Water District.

Thurman, Campbell & Company

February 8, 2006

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis**

Jan 31, 06

ASSETS

Current Assets

Checking/Savings

RESTRICTED FUNDS

1010 · CONSTRUCTION	1.50
1015 · DEPRECIATION	107,726.14
1028 · PHASE V CONSTRUCTION	2,441.65
1037 · PHASE VII CONSTRUCTION	2,575.98
1038 · WATER PROJECTS	33,915.52
1040 · SINKING FUND	179,641.81
1042 · Tobacco Money Account	2,532.31

Total RESTRICTED FUNDS 328,834.91

UNRESTRICTED FUNDS

1000 · OPERATING	212,439.82
1050 · RESTITUTION SAVINGS	34,187.63

Total UNRESTRICTED FUNDS 246,627.45

Total Checking/Savings 575,462.36

Accounts Receivable

1201 · Accounts Receivable	5,241.00
----------------------------	----------

Total Accounts Receivable 5,241.00

Other Current Assets

1005 · CASH ON HAND	500.00
1200 · ACCOUNTS REC.	66,637.31
1210 · RECEIVABLE - B. WINN	85,558.59
1211 · ACCRUED INTEREST REC-B. WYNN	15,757.03

Total Other Current Assets 168,452.93

Total Current Assets 749,156.29

Fixed Assets

1500 · LAND	9,000.00
1501 · TRANS & DISTRIB MAINS	1,896,499.56
1502 · 1993 CONSTRUCTION	1,330,411.11
1503 · OFFICE FURNITURE & EQUIP	32,198.32
1506 · 1996 CONSTRUCTION	1,571,126.00
1507 · MACHINERY & EQUIP	66,567.13
1508 · 1999 CONSTRUCTION	2,961,107.37
1510 · ACCUMULATED DEPRECIATION	-1,708,285.36
1515 · LEASEHOLD IMPROVEMENTS	23,157.41

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis**

	Jan 31, 06
1575 · CONSTRUCTION IN PROGRESS	
PHASE V	1,755,185.92
PHASE VI CDBG	29,657.32
PHASE VII	54,859.60
TOBACCO MONEY	142,449.14
1575 · CONSTRUCTION IN PROGRESS - O...	2,054,290.63
Total 1575 · CONSTRUCTION IN PROGRESS	4,036,442.61
Total Fixed Assets	10,218,224.15
Other Assets	
1800 · LOAN COST	7,991.00
1810 · ACCUM AMORT - LOAN COST	-17,960.07
1820 · BOND ISSUE COST	48,385.01
1825 · BOND ISSUE COSTS-2002	30,006.96
1830 · ACCUM AMORT - BOND ISSUE COST	-12,216.01
1835 · ACCUM AMORT-BOND ISSUE COST...	-1,200.00
1840 · ORGANIZATION COST	2,500.00
1850 · ACCUM AMORT-ORGANIZATIONAL...	-226.00
Total Other Assets	57,280.89
TOTAL ASSETS	11,024,661.33
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	22,399.12
Total Accounts Payable	22,399.12
Other Current Liabilities	
COMPANY RETIREMENT	5,234.84
CUSTOMER DEPOSITS	5,411.78
Payroll Liabilities	
CITY W/H	79.47
COUNTY W/H	244.99
Federal Withholding	3,493.50
FICA	4,382.70
Medicare	1,025.04
RETIREMENT	2,637.62

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis**

	Jan 31, 06
State Withholding KY	456.22
Payroll Liabilities - Other	6,201.35
Total Payroll Liabilities	18,520.89
2199 · CURRENT MATURITIES OF L-T ...	53,000.00
242 · Misc Current & Acc Liabilities	
242.10 · Sales Tax Payable	18.65
242.11 · Utility Tax Payable	1,864.71
Total 242 · Misc Current & Acc Liabilities	1,883.36
Total Other Current Liabilities	84,050.87
Total Current Liabilities	106,449.99
Long Term Liabilities	
2205 · NOTE PAYABLE - RECD	627,480.43
2206 · NOTE PAYABLE - RECD #08	754,500.00
2210 · BOND ISSUE OF 1993	356,000.00
2212 · NOTE PAYABLE - RECD #10	397,000.00
2215 · 2002 WATER REVENUE BOND ISSUE	798,000.00
2510 · BOND ISSUE OF 1993E	115,893.11
2525 · NOTE PAY- BANK OF NEW YORK	-984.27
Total Long Term Liabilities	3,047,889.27
Total Liabilities	3,154,339.26
Equity	
3000 · Opening Bal Equity	-26.90
3200 · GRANTS IN AID OF CONSTR.	31,480.75
3900 · Retained Earnings	1,740,490.82
3910 · DONATED CAPITAL	6,101,951.79
Net Income	-3,574.39
Total Equity	7,870,322.07
TOTAL LIABILITIES & EQUITY	11,024,661.33

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Jan 06
Ordinary Income/Expense	
Income	
400 · Operating Revenue	
461.1 · Metered Residential Sales	61,739.50
461.2 · Metered Commercial Sales	355.17
	62,094.67
Total 400 · Operating Revenue	
432 · Contributed Capital	
432.1 · CCWD Tap-on Fees	600.00
432.2 · Tap-on Fees Other	2,570.00
432.5 · Phase VII Grant Receipts	1,604.60
	4,774.60
Total 432 · Contributed Capital	
474 · Other Water Sales	
474.1 · Bulk Water Sales	324.25
	324.25
Total 474 · Other Water Sales	
	67,193.52
Total Income	
	67,193.52
Cost of Goods Sold	
610.1 · Water Purchases	16,894.92
	16,894.92
Total COGS	
	16,894.92
Gross Profit	
	50,298.60
Expense	
401 · Operating Expenses	
601 · Salaries & Wages	
601.5 · Salaries & Wages-Operations	6,096.18
601.8 · Salaries & Wages-Administra...	5,182.10
601.82 · Payroll Taxes	838.05
601.89 · Other Payroll Expense	644.96
601 · Salaries & Wages - Other	
	12,761.29
Total 601 · Salaries & Wages	
603 · Commissioner Salaries	
603.8 · Salaries-Commissioners	300.00
	300.00
Total 603 · Commissioner Salaries	

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Jan 06
604 · Employee Pensions & Benefits	
604.81 · Retirement	880.94
604.82 · Employee Insurance	1,118.87
	1,999.81
615.80 · Electric	986.97
615.82 · Gas	693.80
615.83 · Telephone	411.81
620.5 · Supplies & Materials	6,264.17
620.81 · Office supplies	189.25
632.80 · Contractual Services-Accounting	1,500.00
633.80 · Contractual Services-Legal	150.00
636.7 · Contract labor-Meter Reading	1,514.70
636.80 · Contractual Services-Other	45.00
657.8 · Insurance-General Liability	101.50
660.80 · Advertising	27.00
675.80 · Miscellaneous	
675.804 · Repairs & Maintenance	158.72
675.806 · Testing	320.17
675.807 · Uniforms	594.89
675.809 · Office Supplies	29.20
675.810 · License & Fees	125.00
675.82 · Postage	531.86
675.83 · Travel	322.96
675.80 · Miscellaneous - Other	480.98
	2,563.78
Total 401 · Operating Expenses	29,509.08
Total Expense	29,509.08
Net Ordinary Income	20,789.52
Other Income/Expense	
Other Income	
419 · Int & Div Income	
419.1 · Interest Income	164.20
	164.20
Total 419 · Int & Div Income	164.20

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Jan 06
421 · Non-utility Income	
421.1 · Other Income	2.44
421.2 · Restitution	500.00
421.3 · Service Fees	325.00
Total 421 · Non-utility Income	827.44
Total Other Income	991.64
Other Expense	
403 · Depreciation & Amortization	
403.5 · Estimated Depreciation-T & D	21,023.58
403.8 · Estimated Depreciation-Admin	339.83
Total 403 · Depreciation & Amortization	21,363.41
408 · Taxes	
408.82 · Utility Tax Expense	3,992.34
Total 408 · Taxes	3,992.34
427.5 · Interest Expense-Other	-0.20
Total Other Expense	25,355.55
Net Other Income	-24,363.91
Net Income	-3,574.39



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To the members of the Commission
Caldwell County Water District
Princeton, Kentucky 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of February 28, 2006, the related statement of revenues and expenses-statutory basis, and the comparative statement of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent in respect to Caldwell County Water District.

Thurman, Campbell & Company

March 4, 2006

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis**

Feb 28, 06

ASSETS

Current Assets

Checking/Savings

RESTRICTED FUNDS

1010 · CONSTRUCTION	1.50
1015 · DEPRECIATION	110,946.14
1028 · PHASE V CONSTRUCTION	2,492.57
1037 · PHASE VII CONSTRUCTION	2,624.84
1038 · WATER PROJECTS	2,936.30
1040 · SINKING FUND	196,969.94
1042 · Tobacco Money Account	2,533.28

Total RESTRICTED FUNDS 318,504.57

UNRESTRICTED FUNDS

1000 · OPERATING	201,326.50
1005 · CASH ON HAND	500.00
1050 · RESTITUTION SAVINGS	34,687.63
UNRESTRICTED FUNDS - Other	853.97

Total UNRESTRICTED FUNDS 237,368.10

Total Checking/Savings 555,872.67

Accounts Receivable

1201 · Accounts Receivable	73,385.22
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Total Accounts Receivable 73,385.22

Other Current Assets

1210 · RECEIVABLE - B. WINN	85,558.59
1211 · ACCRUED INTEREST REC-B. WYNN	15,757.03

Total Other Current Assets 101,315.62

Total Current Assets 730,573.51

Fixed Assets

1500 · LAND	9,000.00
1501 · TRANS & DISTRIB MAINS	1,896,499.56
1502 · 1993 CONSTRUCTION	1,330,411.11
1503 · OFFICE FURNITURE & EQUIP	32,198.32
1506 · 1996 CONSTRUCTION	1,571,126.00
1507 · MACHINERY & EQUIP	66,567.13
1508 · 1999 CONSTRUCTION	2,961,107.37
1510 · ACCUMULATED DEPRECIATION	-1,729,648.77
1515 · LEASEHOLD IMPROVEMENTS	23,157.41

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

	Feb 28, 06
1575 · CONSTRUCTION IN PROGRESS	
PHASE V	1,755,185.92
PHASE VI CDBG	29,657.32
PHASE VII	-99,657.12
TOBACCO MONEY	142,449.14
1575 · CONSTRUCTION IN PROGRESS - Other	2,239,807.35
Total 1575 · CONSTRUCTION IN PROGRESS	4,067,442.61
Total Fixed Assets	10,227,860.74
Other Assets	
1800 · LOAN COST	7,991.00
1810 · ACCUM AMORT - LOAN COST	-17,960.07
1820 · BOND ISSUE COST	48,385.01
1825 · BOND ISSUE COSTS-2002	30,006.96
1830 · ACCUM AMORT - BOND ISSUE COST	-12,216.01
1835 · ACCUM AMORT-BOND ISSUE COSTS-02	-1,200.00
1840 · ORGANIZATION COST	2,500.00
1850 · ACCUM AMORT-ORGANIZATIONAL COST	-226.00
Total Other Assets	57,280.89
TOTAL ASSETS	11,015,715.14
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	22,399.12
Total Accounts Payable	22,399.12
Other Current Liabilities	
COMPANY RETIREMENT	5,161.38
CUSTOMER DEPOSITS	5,511.78
Payroll Liabilities	
CITY W/H	75.02
COUNTY W/H	350.80
Federal Withholding	3,521.00
FICA	5,243.79
RETIREMENT	2,604.19
State Withholding KY	469.36
Payroll Liabilities - Other	6,124.45
Total Payroll Liabilities	18,388.61
2199 · CURRENT MATURITIES OF L-T DEBT	53,000.00

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis**

	Feb 28, 06
242 · Misc Current & Acc Liabilities	
242.10 · Sales Tax Payable	39.69
242.11 · Utility Tax Payable	1,932.29
Total 242 · Misc Current & Acc Liabilities	1,971.98
Total Other Current Liabilities	84,033.75
Total Current Liabilities	106,432.87
Long Term Liabilities	
2205 · NOTE PAYABLE - RECD	627,480.43
2206 · NOTE PAYABLE - RECD #08	754,500.00
2210 · BOND ISSUE OF 1993	356,000.00
2212 · NOTE PAYABLE - RECD #10	397,000.00
2215 · 2002 WATER REVENUE BOND ISSUE	798,000.00
2510 · BOND ISSUE OF 1993E	114,562.48
2525 · NOTE PAY- BANK OF NEW YORK	-984.27
Total Long Term Liabilities	3,046,558.64
Total Liabilities	3,152,991.51
Equity	
3000 · Opening Bal Equity	-26.90
3200 · GRANTS IN AID OF CONSTR.	31,480.75
3900 · Retained Earnings	1,733,107.82
3910 · DONATED CAPITAL	6,101,951.79
Net Income	-3,789.83
Total Equity	7,862,723.63
TOTAL LIABILITIES & EQUITY	11,015,715.14

Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis

	Feb 06
Ordinary Income/Expense	
Income	
400 · Operating Revenue	
461.1 · Metered Residential Sales	63,786.85
461.2 · Metered Commercial Sales	397.05
400 · Operating Revenue - Other	0.20
	64,184.10
Total 400 · Operating Revenue	
432 · Contributed Capital	
432.1 · CCWD Tap-on Fees	2,620.00
	2,620.00
Total 432 · Contributed Capital	
	66,804.10
Total Income	
Cost of Goods Sold	
610.1 · Water Purchases	15,965.61
	15,965.61
Total COGS	
	50,838.49
Gross Profit	
Expense	
401 · Operating Expenses	
601 · Salaries & Wages	
601.5 · Salaries & Wages-Operations	5,569.55
601.8 · Salaries & Wages-Administrative	4,777.23
601.82 · Salaries & Wages-Benefits	231.50
601.83 · Payroll Taxes	763.62
601 · Salaries & Wages - Other	
	11,341.90
Total 601 · Salaries & Wages	
603 · Commissioner Salaries	
603.8 · Salaries-Commissioners	300.00
	300.00
Total 603 · Commissioner Salaries	
604 · Employee Pensions & Benefits	
604.81 · Retirement	807.48
604.82 · Employee Insurance	1,238.92
	2,046.40
Total 604 · Employee Pensions & Benefits	

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Feb 06
615.80 · Electric	753.05
615.81 · Water	15.25
615.82 · Gas	621.48
615.83 · Telephone	359.54
620.5 · Supplies & Materials	6,353.93
620.81 · Office supplies	686.09
633.80 · Contractual Services-Legal	241.37
636.7 · Contract labor-Meter Reading	1,510.45
675.80 · Miscellaneous	
675.802 · Permits & Easements	36.00
675.803 · Tools & Equipment	904.68
675.804 · Repairs & Maintenance	121.61
675.806 · Testing	232.00
675.807 · Uniforms	286.99
675.82 · Postage	736.74
675.820 · Assisted Funds Expense	3,500.00
675.83 · Travel	161.80
675.851 · Bank Service Charge	10.00
675.853 · Dues & Subscriptions	499.00
675.80 · Miscellaneous - Other	-110.95
Total 675.80 · Miscellaneous	6,377.87
401 · Operating Expenses - Other	-0.97
Total 401 · Operating Expenses	30,606.36
Total Expense	30,606.36
Net Ordinary Income	20,232.13
Other Income/Expense	
Other Income	
419 · Int & Div Income	
419.1 · Interest Income	150.28
Total 419 · Int & Div Income	150.28
421 · Non-utility Income	
421.1 · Other Income	1.30
421.2 · Restitution	500.00
421.3 · Service Fees	275.00
Total 421 · Non-utility Income	776.30
Total Other Income	926.58

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	<u>Feb 06</u>
Other Expense	
403 · Depreciation & Amortization	
403.5 · Estimated Depreciation-T & D	21,023.58
403.8 · Estimated Depreciation-Admin	339.83
	<hr/>
Total 403 · Depreciation & Amortization	21,363.41
427.4 · Interest Exp-Customer Deposits	0.74
	<hr/>
Total Other Expense	21,364.15
	<hr/>
Net Other Income	-20,437.57
	<hr/>
Net Income	<u><u>-205.44</u></u>

**Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis**

	<u>Jan - Feb 06</u>	<u>Jan - Feb 05</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
ASSISTED FUNDS		5,000.00	-5,000.00	-100.0%
PROJECT RECEIPTS		66,285.06	-66,285.06	-100.0%
400 · Operating Revenue				
461.1 · Metered Residential Sales	125,526.35	134,778.86	-9,252.51	-6.9%
461.2 · Metered Commercial Sales	752.22		752.22	100.0%
400 · Operating Revenue - Other	0.20		0.20	100.0%
Total 400 · Operating Revenue	<u>126,278.77</u>	<u>134,778.86</u>	<u>-8,500.09</u>	<u>-6.3%</u>
432 · Contributed Capital				
432.1 · CCWD Tap-on Fees	5,790.00	5,560.00	230.00	4.1%
432.5 · Phase VII Grant Receipts	1,604.60		1,604.60	100.0%
Total 432 · Contributed Capital	<u>7,394.60</u>	<u>5,560.00</u>	<u>1,834.60</u>	<u>33.0%</u>
474 · Other Water Sales				
474.1 · Bulk Water Sales	324.25	1,036.51	-712.26	-68.7%
Total 474 · Other Water Sales	<u>324.25</u>	<u>1,036.51</u>	<u>-712.26</u>	<u>-68.7%</u>
Total Income	<u>133,997.62</u>	<u>212,660.43</u>	<u>-78,662.81</u>	<u>-37.0%</u>
Cost of Goods Sold				
610.1 · Water Purchases	32,860.53	36,448.81	-3,588.28	-9.8%
Total COGS	<u>32,860.53</u>	<u>36,448.81</u>	<u>-3,588.28</u>	<u>-9.8%</u>
Gross Profit	<u>101,137.09</u>	<u>176,211.62</u>	<u>-75,074.53</u>	<u>-42.6%</u>
Expense				
401 · Operating Expenses				
601 · Salaries & Wages				
601.5 · Salaries & Wages-Operations	11,665.73	16,155.56	-4,489.83	-27.8%
601.8 · Salaries & Wages-Administrat...	9,959.33	6,948.68	3,010.65	43.3%
601.81 · Bonuses		514.80	-514.80	-100.0%
601.82 · Salaries & Wages-Benefits	328.75	434.00	-105.25	-24.3%
601.83 · Payroll Taxes	1,601.67	1,722.05	-120.38	-7.0%
601.89 · Other Payroll Expense	644.96	2,726.96	-2,082.00	-76.4%
601 · Salaries & Wages - Other				
Total 601 · Salaries & Wages	<u>24,200.44</u>	<u>28,502.05</u>	<u>-4,301.61</u>	<u>-15.1%</u>
603 · Commissioner Salaries				
603.8 · Salaries-Commissioners	600.00	600.00		
Total 603 · Commissioner Salaries	<u>600.00</u>	<u>600.00</u>		
604 · Employee Pensions & Benefits				
604.81 · Retirement	1,688.42	1,939.64	-251.22	-13.0%
604.82 · Employee Insurance	2,260.54	2,841.34	-580.80	-20.4%
Total 604 · Employee Pensions & Bene...	<u>3,948.96</u>	<u>4,780.98</u>	<u>-832.02</u>	<u>-17.4%</u>

**Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis**

	Jan - Feb 06	Jan - Feb 05	\$ Change	% Change
615.80 · Electric	1,740.02	1,800.09	-60.07	-3.3%
615.81 · Water	15.25	32.68	-17.43	-53.3%
615.82 · Gas	1,315.28	958.24	357.04	37.3%
615.83 · Telephone	771.35	782.20	-10.85	-1.4%
618.5 · Chemicals		50.00	-50.00	-100.0%
620.5 · Supplies & Materials	12,618.10	4,994.53	7,623.57	152.6%
620.81 · Office supplies	904.54	647.61	256.93	39.7%
632.80 · Contractual Services-Accounti...	1,500.00	1,330.00	170.00	12.8%
633.80 · Contractual Services-Legal	391.37	1,051.33	-659.96	-62.8%
636.7 · Contract labor-Meter Reading	3,025.15	1,302.00	1,723.15	132.4%
636.80 · Contractual Services-Other	45.00	3,750.00	-3,705.00	-98.8%
657.8 · Insurance-General Liability	101.50	101.50		
660.80 · Advertising	27.00	9.60	17.40	181.3%
675.80 · Miscellaneous				
675.802 · Permits & Easements	36.00	96.00	-60.00	-62.5%
675.803 · Tools & Equipment	904.68	634.00	270.68	42.7%
675.804 · Repairs & Maintenance	280.33	1,920.01	-1,639.68	-85.4%
675.806 · Testing	552.17	444.00	108.17	24.4%
675.807 · Uniforms	881.88	485.89	395.99	81.5%
675.810 · License & Fees	125.00	150.00	-25.00	-16.7%
675.82 · Postage	1,268.60	901.64	366.96	40.7%
675.820 · Assisted Funds Expense	3,500.00		3,500.00	100.0%
675.83 · Travel				
675.831 · Mileage		553.20	-553.20	-100.0%
675.83 · Travel - Other	484.76	459.20	25.56	5.6%
Total 675.83 · Travel	484.76	1,012.40	-527.64	-52.1%
675.851 · Bank Service Charge	20.00	58.30	-38.30	-65.7%
675.853 · Dues & Subscriptions	499.00		499.00	100.0%
675.992 · Construction Engineer		44,922.30	-44,922.30	-100.0%
675.994 · Project Cost				
LEGAL FEES		2,524.00	-2,524.00	-100.0%
Total 675.994 · Project Cost		2,524.00	-2,524.00	-100.0%
675.80 · Miscellaneous - Other	370.03	4,727.08	-4,357.05	-92.2%
Total 675.80 · Miscellaneous	8,922.45	57,875.62	-48,953.17	-84.6%
401 · Operating Expenses - Other	-0.97		-0.97	-100.0%
Total 401 · Operating Expenses	60,125.44	108,568.43	-48,442.99	-44.6%
Total Expense	60,125.44	108,568.43	-48,442.99	-44.6%
Net Ordinary Income	41,011.65	67,643.19	-26,631.54	-39.4%
Other Income/Expense				
Other Income				
419 · Int & Div Income				
419.1 · Interest Income	314.48	394.38	-79.90	-20.3%
Total 419 · Int & Div Income	314.48	394.38	-79.90	-20.3%

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	<u>Jan - Feb 06</u>	<u>Jan - Feb 05</u>	<u>\$ Change</u>	<u>% Change</u>
421 · Non-utility Income				
421.1 · Other Income	3.74	242.93	-239.19	-98.5%
421.2 · Restitution	1,000.00	500.00	500.00	100.0%
421.3 · Service Fees	600.00	565.00	35.00	6.2%
Total 421 · Non-utility Income	<u>1,603.74</u>	<u>1,307.93</u>	<u>295.81</u>	<u>22.6%</u>
Total Other Income	1,918.22	1,702.31	215.91	12.7%
Other Expense				
403 · Depreciation & Amortization				
403.5 · Estimated Depreciation-T & D	42,047.16		42,047.16	100.0%
403.8 · Estimated Depreciation-Admin	679.66		679.66	100.0%
Total 403 · Depreciation & Amortization	<u>42,726.82</u>		<u>42,726.82</u>	<u>100.0%</u>
408 · Taxes				
408.81 · Sales & Use Tax Expense		70.94	-70.94	-100.0%
408.82 · Utility Tax Expense	3,992.34	3,633.81	358.53	9.9%
Total 408 · Taxes	<u>3,992.34</u>	<u>3,704.75</u>	<u>287.59</u>	<u>7.8%</u>
427.4 · Interest Exp-Customer Deposits	0.74		0.74	100.0%
427.5 · Interest Expense-Other	-0.20	3.72	-3.92	-105.4%
Total Other Expense	<u>46,719.70</u>	<u>3,708.47</u>	<u>43,011.23</u>	<u>1,159.8%</u>
Net Other Income	<u>-44,801.48</u>	<u>-2,006.16</u>	<u>-42,795.32</u>	<u>-2,133.2%</u>
Net Income	<u><u>-3,789.83</u></u>	<u><u>65,637.03</u></u>	<u><u>-69,426.86</u></u>	<u><u>-105.8%</u></u>



THURMAN, CAMPBELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL SERVICE CORPORATION

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Tennessee Society of
Certified Public Accountants

To the members of the Commission
Caldwell County Water District
Princeton, Kentucky 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of February 28, 2006 and the related statement of revenues and expenses-statutory basis, for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenditures is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent in respect to Caldwell County Water District.

Thurman, Campbell & Co.

April 5, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

Mar 31, 06

ASSETS

Current Assets

Checking/Savings

RESTRICTED FUNDS

1010 · CONSTRUCTION	1.50
1015 · DEPRECIATION	114,370.10
1028 · PHASE V CONSTRUCTION	1,003.98
1037 · PHASE VII CONSTRUCTION	1,052.63
1038 · WATER PROJECTS	11,975.99
1040 · SINKING FUND	214,654.50
1042 · Tobacco Money Account	1,005.07

Total RESTRICTED FUNDS 344,063.77

UNRESTRICTED FUNDS

1000 · OPERATING	211,602.43
1005 · CASH ON HAND	500.00
1050 · RESTITUTION SAVINGS	35,187.63

Total UNRESTRICTED FUNDS 247,290.06

Total Checking/Savings 591,353.83

Accounts Receivable

1201 · Accounts Receivable 73,832.22

Total Accounts Receivable 73,832.22

Other Current Assets

1200 · ACCOUNTS REC.	603.77
1210 · RECEIVABLE - B. WINN	85,558.59
1211 · ACCRUED INTEREST REC-B. WYNN	15,757.03

Total Other Current Assets 101,919.39

Total Current Assets 767,105.44

Fixed Assets

1500 · LAND	9,000.00
1501 · TRANS & DISTRIB MAINS	1,896,499.56
1502 · 1993 CONSTRUCTION	1,330,411.11
1503 · OFFICE FURNITURE & EQUIP	32,198.32
1506 · 1996 CONSTRUCTION	1,571,126.00
1507 · MACHINERY & EQUIP	66,567.13
1508 · 1999 CONSTRUCTION	2,961,107.37
1510 · ACCUMULATED DEPRECIATION	-1,751,012.18
1515 · LEASEHOLD IMPROVEMENTS	23,157.41

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

	Mar 31, 06
1575 · CONSTRUCTION IN PROGRESS	
PHASE V	1,755,773.58
PHASE VI CDBG	29,657.32
PHASE VII	-99,657.12
TOBACCO MONEY	184,823.08
1575 · CONSTRUCTION IN PROGRESS - O...	2,418,474.26
Total 1575 · CONSTRUCTION IN PROGRESS	4,289,071.12
Total Fixed Assets	10,428,125.84
Other Assets	
1800 · LOAN COST	7,991.00
1810 · ACCUM AMORT - LOAN COST	-17,960.07
1820 · BOND ISSUE COST	48,385.01
1825 · BOND ISSUE COSTS-2002	30,006.96
1830 · ACCUM AMORT - BOND ISSUE COST	-12,216.01
1835 · ACCUM AMORT-BOND ISSUE COST...	-1,200.00
1840 · ORGANIZATION COST	2,500.00
1850 · ACCUM AMORT-ORGANIZATIONAL...	-226.00
Total Other Assets	57,280.89
TOTAL ASSETS	11,252,512.17
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	22,399.12
Total Accounts Payable	22,399.12
Other Current Liabilities	
COMPANY RETIREMENT	5,505.33
CUSTOMER DEPOSITS	5,571.01
Payroll Liabilities	
CITY W/H	98.43
COUNTY W/H	495.63
Federal Withholding	3,848.00
FICA	5,736.01
RETIREMENT	2,760.80
State Withholding KY	603.88
Payroll Liabilities - Other	6,658.41
Total Payroll Liabilities	20,201.16

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

	Mar 31, 06
2199 · CURRENT MATURITIES OF L-T ...	53,000.00
242 · Misc Current & Acc Liabilities	
242.10 · Sales Tax Payable	65.83
242.11 · Utility Tax Payable	3,995.92
	4,061.75
Total 242 · Misc Current & Acc Liabilities	4,061.75
Total Other Current Liabilities	88,339.25
Total Current Liabilities	110,738.37
Long Term Liabilities	
2205 · NOTE PAYABLE - RECD	627,480.43
2206 · NOTE PAYABLE - RECD #08	754,500.00
2210 · BOND ISSUE OF 1993	354,669.37
2212 · NOTE PAYABLE - RECD #10	397,000.00
2215 · 2002 WATER REVENUE BOND ISSUE	798,000.00
2510 · BOND ISSUE OF 1993E	114,562.48
2525 · NOTE PAY- BANK OF NEW YORK	-984.27
	3,045,228.01
Total Long Term Liabilities	3,045,228.01
Total Liabilities	3,155,966.38
Equity	
3000 · Opening Bal Equity	-26.90
3200 · GRANTS IN AID OF CONSTR.	31,480.75
3900 · Retained Earnings	1,733,107.82
3910 · DONATED CAPITAL	6,101,951.79
Net Income	230,032.33
	8,096,545.79
Total Equity	8,096,545.79
TOTAL LIABILITIES & EQUITY	11,252,512.17

Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis

	Mar 06
Ordinary Income/Expense	
Income	
400 · Operating Revenue	
461.1 · Metered Residential Sales	68,386.66
461.2 · Metered Commercial Sales	431.54
	68,818.20
Total 400 · Operating Revenue	68,818.20
Total Income	68,818.20
Cost of Goods Sold	
610.1 · Water Purchases	15,377.89
	15,377.89
Total COGS	15,377.89
Gross Profit	53,440.31
Expense	
401 · Operating Expenses	
601 · Salaries & Wages	
601.5 · Salaries & Wages-Operations	8,052.51
601.8 · Salaries & Wages-Administrative	6,202.13
601.81 · Bonuses	104.00
601.82 · Salaries & Wages-Benefits	120.38
601.83 · Payroll Taxes	1,637.28
601 · Salaries & Wages - Other	
	16,116.30
Total 601 · Salaries & Wages	16,116.30
603 · Commissioner Salaries	
603.8 · Salaries-Commissioners	300.00
	300.00
Total 603 · Commissioner Salaries	300.00
604 · Employee Pensions & Benefits	
604.81 · Retirement	1,151.43
604.82 · Employee Insurance	1,632.25
	2,783.68
Total 604 · Employee Pensions & Benefits	2,783.68
615.80 · Electric	911.58
615.81 · Water	15.25
615.82 · Gas	696.60
615.83 · Telephone	
615.831 · Telephone-Employee Reimburse...	43.20
615.83 · Telephone - Other	351.64
	394.84
Total 615.83 · Telephone	394.84

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Mar 06
620.5 · Supplies & Materials	5,462.43
620.81 · Office supplies	290.43
632.80 · Contractual Services-Accounting	3,100.00
633.80 · Contractual Services-Legal	325.00
636.7 · Contract labor-Meter Reading	1,508.75
636.80 · Contractual Services-Other	35.00
657.8 · Insurance-General Liability	1,054.59
670 · Bad Debt Expense	30.15
675.80 · Miscellaneous	
675.803 · Tools & Equipment	208.35
675.804 · Repairs & Maintenance	1,999.54
675.806 · Testing	224.00
675.807 · Uniforms	218.40
675.82 · Postage	506.52
675.83 · Travel	91.84
675.851 · Bank Service Charge	5.00
675.852 · Collection Fees	131.81
675.992 · Construction Engineer	22,048.39
675.80 · Miscellaneous - Other	
Total 675.80 · Miscellaneous	25,433.85
Total 401 · Operating Expenses	58,458.45
Total Expense	58,458.45
Net Ordinary Income	-5,018.14
Other Income/Expense	
Other Income	
419 · Int & Div Income	
419.1 · Interest Income	339.79
419 · Int & Div Income - Other	5.07
Total 419 · Int & Div Income	344.86
421 · Non-utility Income	
421.1 · Other Income	348.61
421.2 · Restitution	500.00
421.3 · Service Fees	473.89
Total 421 · Non-utility Income	1,322.50

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	Mar 06
432 · Contributed Capital	
432.1 · CCWD Tap-on Fees	4,160.17
432.100 · Proceeds from KY Infrastructure	164,363.99
432.101 · Proceeds from Rural Development	91,840.92
Total 432 · Contributed Capital	260,365.08
Total Other Income	262,032.44
Other Expense	
403 · Depreciation & Amortization	
403.5 · Estimated Depreciation-T & D	21,023.58
403.8 · Estimated Depreciation-Admin	339.83
Total 403 · Depreciation & Amortization	21,363.41
408 · Taxes	
408.81 · Sales & Use Tax Expense	3.47
408.82 · Utility Tax Expense	1,931.49
Total 408 · Taxes	1,934.96
Total Other Expense	23,298.37
Net Other Income	238,734.07
Net Income	233,715.93

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Mar 06	Jan - Mar 05	\$ Change	% Change
Ordinary Income/Expense				
Income				
ASSISTED FUNDS				
PROJECT RECEIPTS				
400 · Operating Revenue	193,913.01	195,118.61	-1,205.60	-0.6%
461.1 · Metered Residential Sales	1,183.76	1,183.76		100.0%
461.2 · Metered Commercial Sales				
Total 400 · Operating Revenue	195,096.77	195,118.61	-21.84	
474 · Other Water Sales				
474.1 · Bulk Water Sales	324.25	1,199.01	-874.76	-73.0%
Total 474 · Other Water Sales	324.25	1,199.01	-874.76	-73.0%
Total Income	195,421.02	291,962.68	-96,541.66	-33.1%
Cost of Goods Sold				
610.1 · Water Purchases	48,238.42	50,266.24	-2,027.82	-4.0%
Total COGS	48,238.42	50,266.24	-2,027.82	-4.0%
Gross Profit	147,182.60	241,696.44	-94,513.84	-39.1%
Expense				
401 · Operating Expenses				
601 · Salaries & Wages				
601.5 · Salaries & Wages-Operations	19,718.24	24,332.86	-4,614.62	-19.0%
601.8 · Salaries & Wages-Administrative	16,161.46	10,920.93	5,240.53	48.0%
601.81 · Bonuses	104.00	514.80	-410.80	-79.8%
601.82 · Salaries & Wages-Benefits	449.13	434.00	15.13	3.5%
601.83 · Payroll Taxes	3,238.95	2,592.25	646.70	25.0%
601.89 · Other Payroll Expense	644.96	2,866.38	-2,221.42	-77.5%
601 · Salaries & Wages - Other				
Total 601 · Salaries & Wages	40,316.74	41,661.22	-1,344.48	-3.2%
603 · Commissioner Salaries				
603.8 · Salaries-Commissioners	900.00	900.00		
Total 603 · Commissioner Salaries	900.00	900.00		
604 · Employee Pensions & Benefits				
604.81 · Retirement	2,839.85	2,842.74	-2.89	-0.1%
604.82 · Employee Insurance	3,892.79	4,752.70	-859.91	-18.1%
Total 604 · Employee Pensions & Benefits	6,732.64	7,595.44	-862.80	-11.4%

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Mar 06	Jan - Mar 05	\$ Change	% Change
615.80 · Electric	2,651.60	2,459.94	191.66	7.8%
615.81 · Water	30.50	49.38	-18.88	-38.2%
615.82 · Gas	2,011.88	1,376.04	635.84	46.2%
615.83 · Telephone	43.20		43.20	100.0%
615.831 · Telephone-Employee Reimburse...	1,122.99	1,155.66	-32.67	-2.8%
615.83 · Telephone - Other	1,166.19	1,155.66	10.53	0.9%
Total 615.83 · Telephone			-50.00	-100.0%
618.5 · Chemicals	18,080.53	7,752.39	10,328.14	133.2%
620.5 · Supplies & Materials	1,194.97	1,911.44	-716.47	-37.5%
620.81 · Office supplies	4,600.00	1,405.00	3,195.00	227.4%
632.80 · Contractual Services-Accounting	716.37	1,201.33	-484.96	-40.4%
633.80 · Contractual Services-Legal	4,533.90	2,600.25	1,933.65	74.4%
636.7 · Contract labor-Meter Reading	80.00	3,750.00	-3,670.00	-97.9%
636.80 · Contractual Services-Other	1,156.09	1,156.09		
657.8 · Insurance-General Liability	27.00	28.80	-1.80	-6.3%
660.80 · Advertising	30.15		30.15	100.0%
670 · Bad Debt Expense				
675.80 · Miscellaneous	36.00	313.50	-277.50	-88.5%
675.802 · Permits & Easements	1,113.03	634.00	479.03	75.6%
675.803 · Tools & Equipment	2,279.87	2,521.42	-241.55	-9.6%
675.804 · Repairs & Maintenance	776.17	548.00	228.17	41.6%
675.806 · Testing	1,100.28	713.13	387.15	54.3%
675.807 · Uniforms	125.00	160.00	-35.00	-21.9%
675.810 · License & Fees	1,775.12	1,480.09	295.03	19.9%
675.82 · Postage	3,500.00	787.00	2,713.00	344.7%
675.820 · Assisted Funds Expense				
675.83 · Travel				
675.831 · Mileage	576.60	553.20	23.40	4.1%
675.83 · Travel - Other	576.60	1,104.24	-527.64	-47.8%
Total 675.83 · Travel				
675.851 · Bank Service Charge	25.00	68.30	-43.30	-63.4%
675.852 · Collection Fees	131.81	131.81		100.0%
675.853 · Dues & Subscriptions	499.00	499.00		100.0%
675.992 · Construction Engineer	22,048.39	71,690.73	-49,642.34	-69.3%
675.994 · Project Cost				
LEGAL FEES		2,524.00	-2,524.00	-100.0%
Total 675.994 · Project Cost		2,524.00	-2,524.00	-100.0%

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Mar 06	Jan - Mar 05	\$ Change	% Change
675.80 · Miscellaneous - Other	370.03	5,197.48	-4,827.45	-92.9%
Total 675.80 · Miscellaneous	34,356.30	87,741.89	-53,385.59	-60.8%
Total 401 · Operating Expenses	118,584.86	162,794.87	-44,210.01	-27.2%
Total Expense	118,584.86	162,794.87	-44,210.01	-27.2%
Net Ordinary Income	28,597.74	78,901.57	-50,303.83	-63.8%
Other Income/Expense				
Other Income				
419 · Int & Div Income	1,011.67	1,143.00	-131.33	-11.5%
419.1 · Interest Income	5.07	5.07		100.0%
419 · Int & Div Income - Other				
Total 419 · Int & Div Income	1,016.74	1,143.00	-126.26	-11.1%
421 · Non-utility Income				
421.1 · Other Income	352.35	631.66	-279.31	-44.2%
421.2 · Restitution	1,500.00	2,000.00	-500.00	-25.0%
421.3 · Service Fees	1,073.89	915.00	158.89	17.4%
Total 421 · Non-utility Income	2,926.24	3,546.66	-620.42	-17.5%
432 · Contributed Capital				
432.1 · CCWD Tap-on Fees	9,700.17	9,255.00	445.17	4.8%
432.100 · Proceeds from KY Infrastructure	164,363.99		164,363.99	100.0%
432.101 · Proceeds from Rural Development	91,840.92		91,840.92	100.0%
432.5 · Phase VII Grant Receipts	1,604.60		1,604.60	100.0%
Total 432 · Contributed Capital	267,509.68	9,255.00	258,254.68	2,790.4%
Total Other Income	271,452.66	13,944.66	257,508.00	1,846.6%
Other Expense				
403 · Depreciation & Amortization				
403.5 · Estimated Depreciation-T & D	63,070.74		63,070.74	100.0%
403.8 · Estimated Depreciation-Admin	1,019.49		1,019.49	100.0%
Total 403 · Depreciation & Amortization	64,090.23		64,090.23	100.0%
408 · Taxes				
408.81 · Sales & Use Tax Expense	3.47	140.01	-136.54	-97.5%
408.82 · Utility Tax Expense	5,923.83	5,483.46	440.37	8.0%
Total 408 · Taxes	5,927.30	5,623.47	303.83	5.4%

Caldwell County Water District
 Comparative Statement of Revenues and Expenses
 Statutory Basis

	Jan - Mar 06	Jan - Mar 05	\$ Change	% Change
427.4 - Interest Exp-Customer Deposits	0.74		0.74	100.0%
427.5 - Interest Expense-Other	-0.20	4.51	-4.71	-104.4%
Total Other Expense	70,018.07	5,627.98	64,390.09	1,144.1%
Net Other Income	201,434.59	8,316.68	193,117.91	2,322.1%
Net Income	<u>230,032.33</u>	<u>87,218.25</u>	<u>142,814.08</u>	<u>163.7%</u>



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To the members of the Commission
Caldwell County Water District
Princeton, Kentucky 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of April 30, 2006 and the related statement of revenues and expenses-statutory basis, for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenditures is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent in respect to Caldwell County Water District.

Thurman, Campbell & Co.

May 3, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

Apr 30, 06

ASSETS

Current Assets

Checking/Savings

RESTRICTED FUNDS

1010 · CONSTRUCTION	1.50
1015 · DEPRECIATION	117,590.10
1028 · PHASE V CONSTRUCTION	1,006.18
1037 · PHASE VII CONSTRUCTION	1,022.44
1038 · WATER PROJECTS	62,334.60
1040 · SINKING FUND	231,982.63
1042 · Tobacco Money Account	1,006.82

Total RESTRICTED FUNDS 414,944.27

UNRESTRICTED FUNDS

1000 · OPERATING	204,687.54
1005 · CASH ON HAND	500.00
1050 · RESTITUTION SAVINGS	35,751.26

Total UNRESTRICTED FUNDS 240,938.80

Total Checking/Savings 655,883.07

Accounts Receivable

1201 · Accounts Receivable 75,187.79

Total Accounts Receivable 75,187.79

Other Current Assets

1200 · ACCOUNTS REC.	603.77
1210 · RECEIVABLE - B. WINN	85,558.59
1211 · ACCRUED INTEREST REC-B. WYNN	15,757.03

Total Other Current Assets 101,919.39

Total Current Assets 832,990.25

Fixed Assets

1500 · LAND	9,000.00
1501 · TRANS & DISTRIB MAINS	1,896,499.56
1502 · 1993 CONSTRUCTION	1,330,411.11
1503 · OFFICE FURNITURE & EQUIP	32,416.93
1506 · 1996 CONSTRUCTION	1,571,126.00
1507 · MACHINERY & EQUIP	66,567.13
1508 · 1999 CONSTRUCTION	2,961,107.37
1510 · ACCUMULATED DEPRECIATION	-1,772,375.59
1515 · LEASEHOLD IMPROVEMENTS	23,157.41

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

	Apr 30, 06
1575 · CONSTRUCTION IN PROGRESS	
PHASE V	1,755,773.58
PHASE VI CDBG	29,657.32
PHASE VII	54,859.60
TOBACCO MONEY	184,823.08
1575 · CONSTRUCTION IN PROGRESS - Other	2,459,658.82
Total 1575 · CONSTRUCTION IN PROGRESS	4,484,772.40
Total Fixed Assets	10,602,682.32
Other Assets	
1800 · LOAN COST	7,991.00
1810 · ACCUM AMORT - LOAN COST	-17,960.07
1820 · BOND ISSUE COST	48,385.01
1825 · BOND ISSUE COSTS-2002	30,006.96
1830 · ACCUM AMORT - BOND ISSUE COST	-12,216.01
1835 · ACCUM AMORT-BOND ISSUE COSTS-02	-1,200.00
1840 · ORGANIZATION COST	2,500.00
1850 · ACCUM AMORT-ORGANIZATIONAL C...	-226.00
Total Other Assets	57,280.89
TOTAL ASSETS	11,492,953.46
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	22,399.12
Total Accounts Payable	22,399.12
Other Current Liabilities	
COMPANY RETIREMENT	5,137.90
CUSTOMER DEPOSITS	5,571.01
Payroll Liabilities	
CITY W/H	59.50
COUNTY W/H	219.98
Federal Withholding	3,240.00
FICA	4,959.61
RETIREMENT	2,569.60
State Withholding KY	359.98
Payroll Liabilities - Other	6,233.02
Total Payroll Liabilities	17,641.69

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
Statutory Basis

	Apr 30, 06
2199 · CURRENT MATURITIES OF L-T DE...	53,000.00
242 · Misc Current & Acc Liabilities	
242.10 · Sales Tax Payable	18.38
242.11 · Utility Tax Payable	3,717.05
Total 242 · Misc Current & Acc Liabilities	3,735.43
 Total Other Current Liabilities	 85,086.03
 Total Current Liabilities	 107,485.15
Long Term Liabilities	
2205 · NOTE PAYABLE - RECD	627,480.43
2206 · NOTE PAYABLE - RECD #08	754,500.00
2210 · BOND ISSUE OF 1993	354,669.37
2212 · NOTE PAYABLE - RECD #10	397,000.00
2215 · 2002 WATER REVENUE BOND ISSUE	798,000.00
2510 · BOND ISSUE OF 1993E	113,231.85
2525 · NOTE PAY- BANK OF NEW YORK	-984.27
Total Long Term Liabilities	3,043,897.38
 Total Liabilities	 3,151,382.53
Equity	
3000 · Opening Bal Equity	-26.90
3200 · GRANTS IN AID OF CONSTR.	31,480.75
3900 · Retained Earnings	1,733,107.82
3910 · DONATED CAPITAL	6,101,951.79
Net Income	475,057.47
Total Equity	8,341,570.93
 TOTAL LIABILITIES & EQUITY	 11,492,953.46

Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis

	Apr 06
Ordinary Income/Expense	
Income	
400 · Operating Revenue	
461.1 · Metered Residential Sales	59,316.49
461.2 · Metered Commercial Sales	363.52
	59,680.01
Total 400 · Operating Revenue	59,680.01
474 · Other Water Sales	
474.1 · Bulk Water Sales	494.50
	494.50
Total 474 · Other Water Sales	494.50
Total Income	60,174.51
Cost of Goods Sold	
610.1 · Water Purchases	17,620.15
	17,620.15
Total COGS	17,620.15
Gross Profit	42,554.36
Expense	
401 · Operating Expenses	
601 · Salaries & Wages	
601.5 · Salaries & Wages-Operations	4,830.98
601.8 · Salaries & Wages-Administra...	3,919.20
601.82 · Salaries & Wages-Benefits	332.50
601.83 · Payroll Taxes	612.96
601 · Salaries & Wages - Other	
	9,695.64
Total 601 · Salaries & Wages	9,695.64
603 · Commissioner Salaries	
603.8 · Salaries-Commissioners	300.00
	300.00
Total 603 · Commissioner Salaries	300.00
604 · Employee Pensions & Benefits	
604.81 · Retirement	731.56
604.82 · Employee Insurance	1,017.38
	1,748.94
Total 604 · Employee Pensions & Benef...	1,748.94
615.80 · Electric	514.61
615.81 · Water	15.25
615.82 · Gas	363.64
615.83 · Telephone	356.19

Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis

	Apr 06
620.5 · Supplies & Materials	6,107.67
620.81 · Office supplies	140.30
633.80 · Contractual Services-Legal	185.35
636.7 · Contract labor-Meter Reading	1,520.65
675.80 · Miscellaneous	
675.803 · Tools & Equipment	482.76
675.804 · Repairs & Maintenance	87.50
675.806 · Testing	657.00
675.807 · Uniforms	273.00
675.82 · Postage	477.64
675.83 · Travel	68.88
675.853 · Dues & Subscriptions	59.99
675.992 · Construction Engineer	1,048.64
675.994 · Project Cost	2,945.02
675.80 · Miscellaneous - Other	436.50
	6,536.93
Total 675.80 · Miscellaneous	
Total 401 · Operating Expenses	27,485.17
Total Expense	27,485.17
Net Ordinary Income	15,069.19
Other Income/Expense	
Other Income	
419 · Int & Div Income	
419.1 · Interest Income	119.95
419 · Int & Div Income - Other	1.75
	121.70
Total 419 · Int & Div Income	
421 · Non-utility Income	
421.1 · Other Income	6.85
421.2 · Restitution	500.00
421.3 · Service Fees	375.00
	881.85
Total 421 · Non-utility Income	
432 · Contributed Capital	
432.1 · CCWD Tap-on Fees	3,160.00
432.100 · Proceeds from KY Infrastructure	92,575.46
	95,735.46
Total 432 · Contributed Capital	
Total Other Income	96,739.01

**Caldwell County Water District
Statement of Revenues and Expenses
Statutory Basis**

	<u>Apr 06</u>
Other Expense	
403 · Depreciation & Amortization	
403.5 · Estimated Depreciation-T & D	21,023.58
403.8 · Estimated Depreciation-Admin	<u>339.83</u>
Total 403 · Depreciation & Amortization	<u>21,363.41</u>
Total Other Expense	<u>21,363.41</u>
Net Other Income	<u>75,375.60</u>
Net Income	<u><u>90,444.79</u></u>

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Apr 06	Jan - Apr 05	\$ Change	% Change
Ordinary Income/Expense				
Income				
ASSISTED FUNDS		5,000.00	-5,000.00	-100.0%
PROJECT RECEIPTS		277,202.78	-277,202.78	-100.0%
400 · Operating Revenue	253,229.50	254,328.57	-1,099.07	-0.4%
461.1 · Metered Residential Sales	1,547.28	1,547.28	1,547.28	100.0%
461.2 · Metered Commercial Sales				
Total 400 · Operating Revenue	254,776.78	254,328.57	448.21	0.2%
474 · Other Water Sales				
474.1 · Bulk Water Sales	818.75	1,444.76	-626.01	-43.3%
Total 474 · Other Water Sales	818.75	1,444.76	-626.01	-43.3%
Total Income	255,595.53	537,976.11	-282,380.58	-52.5%
Cost of Goods Sold				
610.1 · Water Purchases	65,858.57	65,359.35	499.22	0.8%
Total COGS	65,858.57	65,359.35	499.22	0.8%
Gross Profit	189,736.96	472,616.76	-282,879.80	-59.9%
Expense				
401 · Operating Expenses				
601 · Salaries & Wages	24,549.22	31,342.02	-6,792.80	-21.7%
601.5 · Salaries & Wages-Operations	20,080.66	14,735.93	5,344.73	36.3%
601.8 · Salaries & Wages-Administrative	104.00	514.80	-410.80	-79.8%
601.81 · Bonuses	781.63	2,207.23	-1,425.60	-64.6%
601.82 · Salaries & Wages-Benefits	3,851.91	3,496.65	355.26	10.2%
601.83 · Payroll Taxes	644.96	2,866.38	-2,221.42	-77.5%
601.89 · Other Payroll Expense				
601 · Salaries & Wages - Other	50,012.38	55,163.01	-5,150.63	-9.3%
Total 601 · Salaries & Wages				
603 · Commissioner Salaries	1,200.00	1,200.00		
603.8 · Salaries-Commissioners				
Total 603 · Commissioner Salaries	1,200.00	1,200.00		
604 · Employee Pensions & Benefits				
604.81 · Retirement	3,571.41	3,779.58	-208.17	-5.5%
604.82 · Employee Insurance	4,910.17	5,541.62	-631.45	-11.4%
Total 604 · Employee Pensions & Benefits	8,481.58	9,321.20	-839.62	-9.0%

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Apr 06	Jan - Apr 05	\$ Change	% Change
615.80 · Electric	3,166.21	3,200.02	-33.81	-1.1%
615.81 · Water	45.75	49.38	-3.63	-7.4%
615.82 · Gas	2,375.52	1,694.61	680.91	40.2%
615.83 · Telephone	43.20		43.20	100.0%
615.831 · Telephone-Employee Reimburse...	1,479.18	1,552.77	-73.59	-4.7%
615.83 · Telephone - Other	1,522.38	1,552.77	-30.39	-2.0%
Total 615.83 · Telephone				
618.5 · Chemicals	112.50	112.50	-112.50	-100.0%
620.5 · Supplies & Materials	24,188.20	14,694.86	9,493.34	64.6%
620.81 · Office supplies	1,335.27	3,158.41	-1,823.14	-57.7%
632.80 · Contractual Services-Accounting	4,600.00	1,480.00	3,120.00	210.8%
633.80 · Contractual Services-Legal	901.72	1,381.62	-479.90	-34.7%
636.7 · Contract labor-Meter Reading	6,054.55	3,898.50	2,156.05	55.3%
636.80 · Contractual Services-Other	80.00	3,750.00	-3,670.00	-97.9%
657.8 · Insurance-General Liability	1,156.09	1,156.09		
660.80 · Advertising	27.00	110.80	-83.80	-75.6%
670 · Bad Debt Expense	30.15		30.15	100.0%
675.80 · Miscellaneous				
675.802 · Permits & Easements	36.00	337.50	-301.50	-89.3%
675.803 · Tools & Equipment	1,595.79	634.00	961.79	151.7%
675.804 · Repairs & Maintenance	2,367.37	3,384.02	-1,016.65	-30.0%
675.806 · Testing	1,433.17	728.00	705.17	96.9%
675.807 · Uniforms	1,373.28	1,003.95	369.33	36.8%
675.810 · License & Fees	125.00	160.00	-35.00	-21.9%
675.82 · Postage	2,252.76	2,073.27	179.49	8.7%
675.820 · Assisted Funds Expense	3,500.00	787.00	2,713.00	344.7%
675.83 · Travel				
675.831 · Mileage	645.48	553.20	-553.20	-100.0%
675.83 · Travel - Other	645.48	665.84	-20.36	-3.1%
Total 675.83 · Travel				
675.831 · Mileage	645.48	1,219.04	-573.56	-47.1%
675.851 · Bank Service Charge	25.00	78.30	-53.30	-68.1%
675.852 · Collection Fees	131.81	131.81		100.0%
675.853 · Dues & Subscriptions	558.99	558.99		100.0%
675.992 · Construction Engineer	23,097.03	85,711.20	-62,614.17	-73.1%
675.994 · Project Cost				
LEGAL FEES				
675.994 · Project Cost - Other	2,945.02	2,524.00	-2,524.00	-100.0%
Total 675.994 · Project Cost				
675.994 · Project Cost	2,945.02	2,524.00	2,945.02	100.0%
Total 675.994 · Project Cost	2,945.02	2,524.00	421.02	16.7%

Caldwell County Water District
Comparative Statement of Revenues and Expenses
Statutory Basis

	Jan - Apr 06	Jan - Apr 05	\$ Change	% Change
675.80 · Miscellaneous - Other	806.53	5,272.43	-4,465.90	-84.7%
Total 675.80 · Miscellaneous	40,893.23	103,912.71	-63,019.48	-60.7%
Total 401 · Operating Expenses	146,070.03	205,836.48	-59,766.45	-29.0%
Total Expense	146,070.03	205,836.48	-59,766.45	-29.0%
Net Ordinary Income	43,666.93	266,780.28	-223,113.35	-83.6%
Other Income/Expense				
Other Income				
419 · Int & Div Income	1,195.25	1,274.68	-79.43	-6.2%
419.1 · Interest Income	6.82	6.82		100.0%
419 · Int & Div Income - Other				
Total 419 · Int & Div Income	1,202.07	1,274.68	-72.61	-5.7%
421 · Non-utility Income	359.20	631.66	-272.46	-43.1%
421.1 · Other Income	2,000.00	3,000.00	-1,000.00	-33.3%
421.2 · Restitution	1,448.89	1,440.00	8.89	0.6%
421.3 · Service Fees				
Total 421 · Non-utility Income	3,808.09	5,071.66	-1,263.57	-24.9%
432 · Contributed Capital				
432.1 · CCWD Tap-on Fees	12,860.17	11,153.55	1,706.62	15.3%
432.100 · Proceeds from KY Infrastructure	256,939.45		256,939.45	100.0%
432.101 · Proceeds from Rural Development	246,357.64		246,357.64	100.0%
432.5 · Phase VII Grant Receipts	1,604.60		1,604.60	100.0%
Total 432 · Contributed Capital	517,761.86	11,153.55	506,608.31	4,542.1%
Total Other Income	522,772.02	17,499.89	505,272.13	2,887.3%
Other Expense				
403 · Depreciation & Amortization				
403.5 · Estimated Depreciation-T & D	84,094.32		84,094.32	100.0%
403.8 · Estimated Depreciation-Admin	1,359.32		1,359.32	100.0%
Total 403 · Depreciation & Amortization	85,453.64		85,453.64	100.0%
408 · Taxes				
408.81 · Sales & Use Tax Expense	3.47	140.01	-136.54	-97.5%
408.82 · Utility Tax Expense	5,923.83	7,225.33	-1,301.50	-18.0%
Total 408 · Taxes	5,927.30	7,365.34	-1,438.04	-19.5%

Caldwell County Water District
 Comparative Statement of Revenues and Expenses
 Statutory Basis

	Jan - Apr 06	Jan - Apr 05	\$ Change	% Change
427.4 - Interest Exp-Customer Deposits	0.74		0.74	100.0%
427.5 - Interest Expense-Other	-0.20	10.24	-10.44	-102.0%
Total Other Expense	<u>91,381.48</u>	<u>7,375.58</u>	<u>84,005.90</u>	<u>1,139.0%</u>
Net Other Income	<u>431,390.54</u>	<u>10,124.31</u>	<u>421,266.23</u>	<u>4,160.9%</u>
Net Income	<u>475,057.47</u>	<u>276,904.59</u>	<u>198,152.88</u>	<u>71.6%</u>



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Tennessee Society of
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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of May 31, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

June 07, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
May 31, 2006

Assets

Current Assets

Unrestricted Funds	\$ 251,435.60
Accounts Receivable	90,786.12
Other Receivables	<u>101,315.62</u>

Total Current Assets \$ 443,537.34

Property and Equipment

Land	\$ 9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,521,252.79
Accumulated Depreciation	<u>-2,069,814.15</u>

Total Property and Equipment \$ 10,341,765.60

Other Assets

Restricted Funds	444,068.87
Amortizable Assets	88,882.97
Accumulated Amortization	<u>-34,672.57</u>

Total Other Assets \$ 498,279.27

Total Assets \$ 11,283,582.21

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
May 31, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,989.97
Other Current Liabilities	3,896.62
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities \$ 116,266.10

Long-term Liabilities

Customer Deposits	\$ 5,771.01
Notes Payable	1,936,000.00
Bonds Payable	<u>1,259,346.85</u>

Total Long-Term Liabilities \$ 3,201,117.86

Total Liabilities \$ 3,317,383.96

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>\$ 498,716.59</u>

Total Stockholders' Equity \$ 7,966,198.25

Total Liabilities and Fund Equity \$ 11,283,582.21

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Five Months Ended May 31, 2006**

	<u>5 Months Ended May. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 319,201.03	99.63%
Other Water Sales	1,176.25	0.37%
Total Revenue	\$ 320,377.28	100.00%
Cost of Goods Sold		
Water Purchases	\$ 80,825.60	25.23%
Total Cost of Goods Sold	\$ 80,825.60	25.23%
Gross Profit	\$ 239,551.68	74.77%
Operating Expenses		
Salaries & Wages	\$ 60,163.11	18.78%
Commissioner Salaries	1,500.00	0.47%
Payroll Taxes	4,827.73	1.51%
Employee Pensions & Benefits	11,564.36	3.61%
Utilities	8,387.81	2.62%
Supplies & Materials	30,398.55	9.49%
Office supplies	1,950.65	0.61%
Contractual Services	16,112.12	5.03%
Insurance-General Liability	1,156.09	0.36%
Advertising	27.00	0.01%
Bad Debt Expense	30.15	0.01%
Miscellaneous	1,157.53	0.36%
Permits & Easements	36.00	0.01%
Tools & Equipment	1,595.79	0.50%
Repairs & Maintenance	3,280.40	1.02%
Testing	1,593.17	0.50%
Uniforms	1,591.68	0.50%
License & Fees	285.00	0.09%
Postage	2,735.08	0.85%
Assisted Funds Expense	3,500.00	1.09%
Travel	737.32	0.23%
Bank Service Charge	197.44	0.06%
Collection Fees	131.81	0.04%
Dues & Subscriptions	598.98	0.19%
Construction Engineer	45,363.30	14.16%
Project Cost	2,945.02	0.92%
Total Operating Expenses	\$ 201,866.09	63.01%
Operating Income (Loss)	\$ 37,685.59	11.76%
Other Income		
Int & Div Income	\$ 1,360.67	0.42%
Non-utility Income	4,801.39	1.50%
Contributed Capital	567,614.25	177.17%
Total Other Income	\$ 573,776.31	179.09%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Five Months Ended May 31, 2006**

	5 Months Ended May. 31, 2006	%
Other Expenses		
Depreciation & Amortization	\$ 106,817.05	33.34%
Taxes	5,927.30	1.85%
Interest Expense	0.96	0.00%
	\$ 112,745.31	35.19%
Total Other Expenses		
Income (Loss) Before Income Taxes	\$ 498,716.59	155.67%
	\$ 498,716.59	155.67%
Net Income (Loss)	\$ 498,716.59	155.67%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended May 31, 2006**

	<u>1 Month Ended May. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 64,424.25	99.45%
Other Water Sales	357.50	0.55%
Total Revenue	\$ 64,781.75	100.00%
Cost of Goods Sold		
Water Purchases	\$ 14,967.03	23.10%
Total Cost of Goods Sold	\$ 14,967.03	23.10%
Gross Profit	\$ 49,814.72	76.90%
Operating Expenses		
Salaries & Wages	\$ 14,002.64	21.62%
Commissioner Salaries	300.00	0.46%
Payroll Taxes	975.82	1.51%
Employee Pensions & Benefits	3,082.78	4.76%
Utilities	1,277.95	1.97%
Supplies & Materials	6,210.35	9.59%
Office supplies	615.38	0.95%
Contractual Services	4,475.85	6.91%
Miscellaneous	351.00	0.54%
Repairs & Maintenance	913.03	1.41%
Testing	160.00	0.25%
Uniforms	218.40	0.34%
License & Fees	160.00	0.25%
Postage	482.32	0.74%
Travel	91.84	0.14%
Bank Service Charge	172.44	0.27%
Dues & Subscriptions	39.99	0.06%
Construction Engineer	22,266.27	34.37%
Total Operating Expenses	\$ 55,796.06	86.13%
Operating Income (Loss)	\$ -5,981.34	-9.23%
Other Income		
Int & Div Income	\$ 158.60	0.24%
Non-utility Income	993.30	1.53%
Contributed Capital	49,852.39	76.95%
Total Other Income	\$ 51,004.29	78.73%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended May 31, 2006**

	<u>1 Month Ended May. 31, 2006</u>	<u>%</u>
Other Expenses		
Depreciation & Amortization	\$ 21,363.41	32.98%
Interest Expense	0.42	0.00%
Total Other Expenses	<u>\$ 21,363.83</u>	<u>32.98%</u>
Income (Loss) Before Income Taxes	<u>\$ 23,659.12</u>	<u>36.52%</u>
Net Income (Loss)	<u><u>\$ 23,659.12</u></u>	<u><u>36.52%</u></u>



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of June 30, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Company

July 06, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
June 30, 2006

Assets

Current Assets

Unrestricted Funds	\$ 244,280.89
Accounts Receivable	94,463.29
Other Receivables	<u>101,315.62</u>

Total Current Assets \$ 440,059.80

Property and Equipment

Land	\$ 9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,521,252.79
Accumulated Depreciation	<u>-2,112,540.97</u>

Total Property and Equipment \$ 10,299,038.78

Other Assets

Restricted Funds	422,480.47
Amortizable Assets	88,882.97
Accumulated Amortization	<u>-34,672.57</u>

Total Other Assets \$ 476,690.87

Total Assets \$ 11,215,789.45

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
June 30, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,782.27
Other Current Liabilities	1,972.13
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities \$ 114,133.91

Long-term Liabilities

Customer Deposits	\$ 5,666.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,258,016.22</u>

Total Long-Term Liabilities \$ 3,120,213.56

Total Liabilities \$ 3,234,347.47

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>\$ 513,960.32</u>

Total Stockholders' Equity \$ 7,981,441.98

Total Liabilities and Fund Equity \$ 11,215,789.45

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Six Months Ended June 30, 2006

	<u>6 Months Ended</u> <u>Jun. 30, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 388,424.48	99.66%
Other Water Sales	1,335.50	0.34%
Total Revenue	\$ 389,759.98	100.00%
Cost of Goods Sold		
Water Purchases	\$ 98,978.50	25.39%
Total Cost of Goods Sold	\$ 98,978.50	25.39%
Gross Profit	\$ 290,781.48	74.61%
Operating Expenses		
Salaries & Wages	\$ 72,751.86	18.67%
Commissioner Salaries	1,800.00	0.46%
Payroll Taxes	5,702.47	1.46%
Employee Pensions & Benefits	13,978.10	3.59%
Utilities	9,346.36	2.40%
Chemicals	273.00	0.07%
Supplies & Materials	37,936.33	9.73%
Office supplies	2,080.52	0.53%
Contractual Services	18,195.21	4.67%
Insurance-General Liability	8,032.10	2.06%
Advertising	430.20	0.11%
Bad Debt Expense	30.15	0.01%
Miscellaneous	2,007.53	0.52%
Permits & Easements	668.00	0.17%
Tools & Equipment	1,595.79	0.41%
Repairs & Maintenance	4,155.57	1.07%
Testing	1,641.17	0.42%
Uniforms	1,820.68	0.47%
License & Fees	285.00	0.07%
Postage	3,265.95	0.84%
Assisted Funds Expense	3,500.00	0.90%
Travel	783.24	0.20%
Bank Service Charge	379.20	0.10%
Collection Fees	131.81	0.03%
Dues & Subscriptions	598.98	0.15%
Construction Engineer	45,363.30	11.64%
Project Cost	2,945.02	0.76%
Total Operating Expenses	\$ 239,697.54	61.50%
Operating Income (Loss)	\$ 51,083.94	13.11%
Other Income		
Int & Div Income	\$ 2,041.73	0.52%
Non-utility Income	5,588.74	1.43%
Contributed Capital	608,631.66	156.16%
Total Other Income	\$ 616,262.13	158.11%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Six Months Ended June 30, 2006**

	6 Months Ended Jun. 30, 2006	%
Other Expenses		
Depreciation & Amortization	\$ 149,543.87	38.37%
Taxes	3,840.66	0.99%
Interest Expense	1.22	0.00%
Total Other Expenses	\$ 153,385.75	39.35%
Income (Loss) Before Income Taxes	\$ 513,960.32	131.87%
Net Income (Loss)	\$ 513,960.32	131.87%

ACCOMPANYING INFORMATION

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended June 30, 2006

	<u>1 Month Ended</u> <u>Jun. 30, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 69,223.45	99.77%
Other Water Sales	159.25	0.23%
Total Revenue	\$ 69,382.70	100.00%
Cost of Goods Sold		
Water Purchases	\$ 18,152.90	26.16%
Total Cost of Goods Sold	\$ 18,152.90	26.16%
Gross Profit	\$ 51,229.80	73.84%
Operating Expenses		
Salaries & Wages	\$ 12,588.75	18.14%
Commissioner Salaries	300.00	0.43%
Payroll Taxes	874.74	1.26%
Employee Pensions & Benefits	2,413.74	3.48%
Utilities	1,182.99	1.71%
Chemicals	273.00	0.39%
Supplies & Materials	7,537.78	10.86%
Office supplies	129.87	0.19%
Contractual Services	2,083.09	3.00%
Insurance-General Liability	6,876.01	9.91%
Advertising	403.20	0.58%
Miscellaneous	850.00	1.23%
Permits & Easements	632.00	0.91%
Repairs & Maintenance	875.17	1.26%
Testing	48.00	0.07%
Uniforms	229.00	0.33%
Postage	530.87	0.77%
Travel	45.92	0.07%
Bank Service Charge	181.76	0.26%
Total Operating Expenses	\$ 38,055.89	54.85%
Operating Income (Loss)	\$ 13,173.91	18.99%
Other Income		
Int & Div Income	\$ 160.36	0.23%
Non-utility Income	787.35	1.13%
Contributed Capital	41,017.41	59.12%
Total Other Income	\$ 41,965.12	60.48%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended June 30, 2006**

	1 Month Ended Jun. 30, 2006	%
Other Expenses		
Depreciation & Amortization	\$ 42,726.82	61.58%
Taxes	-2,086.64	-3.01%
Interest Expense	0.26	0.00%
	\$ 40,640.44	58.57%
Total Other Expenses		
Income (Loss) Before Income Taxes	\$ 14,498.59	20.90%
Net Income (Loss)	\$ 14,498.59	20.90%

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Six Months Ended June 30, 2006

	<u>6 Months Ended</u> <u>Jun. 30, 2006</u>	<u>6 Months Ended</u> <u>Jun. 30, 2005</u>
Revenue		
Operating Revenue	\$ 388,424.48	\$ 380,108.83
Other Water Sales	<u>1,335.50</u>	<u>2,178.01</u>
Total Revenue	\$ 389,759.98	\$ 382,286.84
Cost of Goods Sold		
Water Purchases	\$ <u>98,978.50</u>	\$ <u>101,497.85</u>
Total Cost of Goods Sold	\$ 98,978.50	\$ 101,497.85
Gross Profit	\$ 290,781.48	\$ 280,788.99
Operating Expenses		
Salaries & Wages	\$ 72,751.86	\$ 76,014.13
Commissioner Salaries	1,800.00	1,800.00
Payroll Taxes	5,702.47	5,288.95
Employee Pensions & Benefits	13,978.10	12,158.77
Utilities	9,346.36	8,772.12
Chemicals	273.00	200.00
Supplies & Materials	37,936.33	25,151.64
Office supplies	2,080.52	4,717.19
Contractual Services	18,195.21	14,752.14
Insurance-General Liability	8,032.10	1,156.09
Advertising	430.20	605.50
Bad Debt Expense	30.15	0.00
Miscellaneous	2,007.53	15,584.19
Permits & Easements	668.00	545.50
Tools & Equipment	1,595.79	634.00
Repairs & Maintenance	4,155.57	23,066.95
Testing	1,641.17	1,122.00
Uniforms	1,820.68	1,675.05
License & Fees	285.00	160.00
Postage	3,265.95	2,949.56
Assisted Funds Expense	3,500.00	787.00
Travel	783.24	1,999.71
Bank Service Charge	379.20	98.30
Collection Fees	131.81	0.00
Dues & Subscriptions	598.98	229.00
Construction Engineer	45,363.30	96,825.08
Project Cost	<u>2,945.02</u>	<u>2,524.00</u>
Total Operating Expenses	\$ 239,697.54	\$ 298,816.87
Operating Income (Loss)	\$ 51,083.94	\$ -18,027.88
Other Income		
Int & Div Income	\$ 2,041.73	\$ 2,266.09
Non-utility Income	5,588.74	6,672.06
Contributed Capital	<u>608,631.66</u>	<u>461,046.41</u>
Total Other Income	\$ 616,262.13	\$ 469,984.56

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Six Months Ended June 30, 2006

	6 Months Ended Jun. 30, 2006	6 Months Ended Jun. 30, 2005
Other Expenses		
Depreciation & Amortization	\$ 149,543.87	\$ 0.00
Taxes	3,840.66	11,295.79
Interest Expense	1.22	15.56
Total Other Expenses	\$ 153,385.75	\$ 11,311.35
Income (Loss) Before Income Taxes	\$ 513,960.32	\$ 440,645.33
Net Income (Loss)	\$ 513,960.32	\$ 440,645.33



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of July 31, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the *representation of management*. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Company

August 02, 2006

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
July 31, 2006**

Assets

Current Assets

Unrestricted Funds	\$ 243,853.99
Accounts Receivable	91,494.86
Other Receivables	<u>101,315.62</u>

Total Current Assets \$ 436,664.47

Property and Equipment

Land	\$ 9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,521,252.79
Accumulated Depreciation	<u>-2,155,267.79</u>

Total Property and Equipment \$ 10,256,311.96

Other Assets

Restricted Funds	443,084.56
Amortizable Assets	88,882.97
Accumulated Amortization	<u>-34,672.57</u>

Total Other Assets \$ 497,294.96

Total Assets \$ 11,190,271.39

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
July 31, 2006**

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,952.56
Other Current Liabilities	1,980.46
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities \$ 114,312.53

Long-term Liabilities

Customer Deposits	\$ 5,716.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,257,122.68</u>

Total Long-Term Liabilities \$ 3,119,370.02

Total Liabilities \$ 3,233,682.55

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>\$ 489,107.18</u>

Total Stockholders' Equity \$ 7,956,588.84

Total Liabilities and Fund Equity \$ 11,190,271.39

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Seven Months Ended July 31, 2006**

	<u>7 Months Ended Jul. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 458,878.53	99.63%
Other Water Sales	1,706.75	0.37%
Total Revenue	\$ 460,585.28	100.00%
Cost of Goods Sold		
Water Purchases	\$ 117,551.32	25.52%
Total Cost of Goods Sold	\$ 117,551.32	25.52%
Gross Profit	\$ 343,033.96	74.48%
Operating Expenses		
Salaries & Wages	\$ 86,494.90	18.78%
Commissioner Salaries	2,100.00	0.46%
Payroll Taxes	6,669.04	1.45%
Employee Pensions & Benefits	16,489.99	3.58%
Utilities	10,748.08	2.33%
Chemicals	273.00	0.06%
Supplies & Materials	42,506.15	9.23%
Office supplies	2,857.76	0.62%
Contractual Services	20,262.50	4.40%
Insurance-General Liability	12,004.70	2.61%
Advertising	430.20	0.09%
Bad Debt Expense	30.15	0.01%
Miscellaneous	2,161.03	0.47%
Permits & Easements	668.00	0.15%
Tools & Equipment	3,090.79	0.67%
Repairs & Maintenance	5,392.77	1.17%
Testing	2,180.17	0.47%
Uniforms	2,122.07	0.46%
License & Fees	1,611.89	0.35%
Postage	3,822.07	0.83%
Assisted Funds Expense	3,500.00	0.76%
Travel	852.12	0.19%
Bank Service Charge	578.68	0.13%
Collection Fees	131.81	0.03%
Dues & Subscriptions	598.98	0.13%
Construction Engineer	45,363.30	9.85%
Project Cost	2,945.02	0.64%
Total Operating Expenses	\$ 275,885.17	59.90%
Operating Income (Loss)	\$ 67,148.79	14.58%
Other Income		
Int & Div Income	\$ 2,208.19	0.48%
Non-utility Income	5,965.20	1.30%
Contributed Capital	609,906.66	132.42%
Total Other Income	\$ 618,080.05	134.19%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Seven Months Ended July 31, 2006**

	<u>7 Months Ended Jul. 31, 2006</u>	<u>%</u>
Other Expenses		
Depreciation & Amortization	\$ 192,270.69	41.74%
Taxes	3,840.66	0.83%
Interest Expense	10.31	0.00%
Total Other Expenses	<u>\$ 196,121.66</u>	<u>42.58%</u>
Income (Loss) Before Income Taxes	<u>\$ 489,107.18</u>	<u>106.19%</u>
Net Income (Loss)	<u><u>\$ 489,107.18</u></u>	<u><u>106.19%</u></u>

ACCOMPANYING INFORMATION

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended July 31, 2006

	<u>1 Month Ended</u> <u>Jul. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 70,454.05	99.48%
Other Water Sales	371.25	0.52%
Total Revenue	\$ 70,825.30	100.00%
Cost of Goods Sold		
Water Purchases	\$ 18,572.82	26.22%
Total Cost of Goods Sold	\$ 18,572.82	26.22%
Gross Profit	\$ 52,252.48	73.78%
Operating Expenses		
Salaries & Wages	\$ 13,743.04	19.40%
Commissioner Salaries	300.00	0.42%
Payroll Taxes	966.57	1.36%
Employee Pensions & Benefits	2,511.89	3.55%
Utilities	1,401.72	1.98%
Supplies & Materials	4,569.82	6.45%
Office supplies	777.24	1.10%
Contractual Services	2,067.29	2.92%
Insurance-General Liability	3,972.60	5.61%
Miscellaneous	153.50	0.22%
Tools & Equipment	1,495.00	2.11%
Repairs & Maintenance	1,237.20	1.75%
Testing	539.00	0.76%
Uniforms	301.39	0.43%
License & Fees	1,326.89	1.87%
Postage	556.12	0.79%
Travel	68.88	0.10%
Bank Service Charge	204.48	0.29%
Total Operating Expenses	\$ 36,192.63	51.10%
Operating Income (Loss)	\$ 16,059.85	22.68%
Other Income		
Int & Div Income	\$ 166.46	0.24%
Non-utility Income	376.46	0.53%
Contributed Capital	1,275.00	1.80%
Total Other Income	\$ 1,817.92	2.57%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended July 31, 2006**

	1 Month Ended Jul. 31, 2006	%
Other Expenses		
Depreciation & Amortization	\$ 42,726.82	60.33%
Interest Expense	9.09	0.01%
Total Other Expenses	\$ 42,735.91	60.34%
Income (Loss) Before Income Taxes	\$ -24,858.14	-35.10%
Net Income (Loss)	\$ -24,858.14	-35.10%

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Seven Months Ended July 31, 2006

	<u>7 Months Ended</u> <u>Jul. 31, 2006</u>	<u>7 Months Ended</u> <u>Jul. 31, 2005</u>
Revenue		
Operating Revenue	\$ 458,878.53	\$ 452,879.68
Other Water Sales	<u>1,706.75</u>	<u>2,506.26</u>
Total Revenue	\$ 460,585.28	\$ 455,385.94
Cost of Goods Sold		
Water Purchases	<u>\$ 117,551.32</u>	<u>\$ 119,306.01</u>
Total Cost of Goods Sold	\$ 117,551.32	\$ 119,306.01
Gross Profit	\$ 343,033.96	\$ 336,079.93
Operating Expenses		
Salaries & Wages	\$ 86,494.90	\$ 86,433.05
Commissioner Salaries	2,100.00	2,100.00
Payroll Taxes	6,669.04	6,056.45
Employee Pensions & Benefits	16,489.99	13,871.88
Utilities	10,748.08	9,994.32
Chemicals	273.00	200.00
Supplies & Materials	42,506.15	27,754.51
Office supplies	2,857.76	4,717.19
Contractual Services	20,262.50	20,230.26
Insurance-General Liability	12,004.70	10,701.50
Advertising	430.20	605.50
Bad Debt Expense	30.15	0.00
Miscellaneous	2,161.03	15,997.78
Permits & Easements	668.00	583.50
Tools & Equipment	3,090.79	3,818.00
Repairs & Maintenance	5,392.77	23,565.05
Testing	2,180.17	2,833.10
Uniforms	2,122.07	1,831.50
License & Fees	1,611.89	1,540.75
Postage	3,822.07	3,343.15
Assisted Funds Expense	3,500.00	787.00
Travel	852.12	2,321.15
Bank Service Charge	578.68	108.30
Collection Fees	131.81	0.00
Dues & Subscriptions	598.98	229.00
Construction Engineer	45,363.30	98,555.83
Project Cost	<u>2,945.02</u>	<u>2,524.00</u>
Total Operating Expenses	\$ 275,885.17	\$ 340,702.77
Operating Income (Loss)	\$ 67,148.79	\$ -4,622.84
Other Income		
Int & Div Income	\$ 2,208.19	\$ 2,386.72
Non-utility Income	5,965.20	7,622.16
Contributed Capital	<u>609,906.66</u>	<u>521,420.28</u>
Total Other Income	\$ 618,080.05	\$ 531,429.16

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Seven Months Ended July 31, 2006

	<u>7 Months Ended Jul. 31, 2006</u>	<u>7 Months Ended Jul. 31, 2005</u>
Other Expenses		
Depreciation & Amortization	\$ 192,270.69	\$ 0.00
Taxes	3,840.66	11,409.34
Interest Expense	10.31	17.56
	<hr/>	<hr/>
Total Other Expenses	\$ 196,121.66	\$ 11,426.90
	<hr/>	<hr/>
Income (Loss) Before Income Taxes	\$ 489,107.18	\$ 515,379.42
	<hr/>	<hr/>
Net Income (Loss)	\$ 489,107.18	\$ 515,379.42
	<hr/>	<hr/>



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of August 31, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

September 07, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
August 31, 2006

Assets

Current Assets

Unrestricted Funds	\$ 249,826.74
Accounts Receivable	91,545.90
Other Receivables	<u>101,315.62</u>

Total Current Assets 442,688.26

Property and Equipment

Land	9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,755,607.99
Accumulated Depreciation	<u>(2,197,994.61)</u>

Total Property and Equipment 10,447,940.34

Other Assets

Restricted Funds	387,228.63
Amortizable Assets	88,882.97
Accumulated Amortization	<u>(34,672.57)</u>

Total Other Assets 441,439.03

Total Assets \$ 11,332,067.63

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
August 31, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,718.13
Other Current Liabilities	1,924.91
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities 114,022.55

Long-term Liabilities

Customer Deposits	5,616.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,256,229.14</u>

Total Long-Term Liabilities 3,118,376.48

Total Liabilities 3,232,399.03

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>632,186.94</u>

Total Stockholders' Equity 8,099,668.60

Total Liabilities and Fund Equity \$ 11,332,067.63

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Eight Months Ended August 31, 2006

	<u>8 Months Ended</u> <u>Aug. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 529,413.50	99.61%
Other Water Sales	2,092.50	0.39%
Total Revenue	531,506.00	100.00%
Cost of Goods Sold		
Water Purchases	138,117.29	25.99%
Total Cost of Goods Sold	138,117.29	25.99%
Gross Profit	393,388.71	74.01%
Operating Expenses		
Salaries & Wages	98,739.52	18.58%
Commissioner Salaries	2,400.00	0.45%
Payroll Taxes	7,530.90	1.42%
Employee Pensions & Benefits	18,957.57	3.57%
Utilities	12,064.77	2.27%
Chemicals	468.46	0.09%
Supplies & Materials	49,314.48	9.28%
Office supplies	3,165.66	0.60%
Contractual Services	22,404.10	4.22%
Insurance-General Liability	12,004.70	2.26%
Advertising	430.20	0.08%
Bad Debt Expense	30.15	0.01%
Miscellaneous	2,272.32	0.43%
Permits & Easements	764.00	0.14%
Tools & Equipment	3,090.79	0.58%
Repairs & Maintenance	6,583.98	1.24%
Equipment Rent	53.50	0.01%
Testing	2,626.86	0.49%
Uniforms	2,361.67	0.44%
License & Fees	1,611.89	0.30%
Postage	4,382.65	0.82%
Assisted Funds Expense	14,000.00	2.63%
Travel	1,135.29	0.21%
Bank Service Charge	810.89	0.15%
Collection Fees	131.81	0.02%
Dues & Subscriptions	637.98	0.12%
Construction Engineer	57,801.68	10.88%
Project Cost	4,370.03	0.82%
Total Operating Expenses	330,145.85	62.12%
Operating Income (Loss)	63,242.86	11.90%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Eight Months Ended August 31, 2006**

	8 Months Ended Aug. 31, 2006	%
Other Income		
Int & Div Income	2,373.82	0.45%
Non-utility Income	7,818.48	1.47%
Contributed Capital	797,604.86	150.07%
Total Other Income	807,797.16	151.98%
Other Expenses		
Depreciation & Amortization	234,997.51	44.21%
Taxes	3,840.66	0.72%
Interest Expense	14.91	0.00%
Total Other Expenses	238,853.08	44.94%
Income (Loss) Before Income Taxes	632,186.94	118.94%
Net Income (Loss)	\$ 632,186.94	118.94%

ACCOMPANYING INFORMATION

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended August 31, 2006**

	1 Month Ended Aug. 31, 2006	%
Revenue		
Operating Revenue	\$ 70,534.97	99.46%
Other Water Sales	385.75	0.54%
Total Revenue	70,920.72	100.00%
Cost of Goods Sold		
Water Purchases	20,565.97	29.00%
Total Cost of Goods Sold	20,565.97	29.00%
Gross Profit	50,354.75	71.00%
Operating Expenses		
Salaries & Wages	12,244.62	17.27%
Commissioner Salaries	300.00	0.42%
Payroll Taxes	861.86	1.22%
Employee Pensions & Benefits	2,467.58	3.48%
Utilities	1,316.69	1.86%
Chemicals	195.46	0.28%
Supplies & Materials	6,808.33	9.60%
Office supplies	307.90	0.43%
Contractual Services	2,141.60	3.02%
Miscellaneous	111.29	0.16%
Permits & Easements	96.00	0.14%
Repairs & Maintenance	1,191.21	1.68%
Equipment Rent	53.50	0.08%
Testing	446.69	0.63%
Uniforms	239.60	0.34%
Postage	560.58	0.79%
Assisted Funds Expense	10,500.00	14.81%
Travel	283.17	0.40%
Bank Service Charge	232.21	0.33%
Dues & Subscriptions	39.00	0.05%
Construction Engineer	12,438.38	17.54%
Project Cost	1,425.01	2.01%
Total Operating Expenses	54,260.68	76.51%
Operating Income (Loss)	(3,905.93)	-5.51%
Other Income		
Int & Div Income	165.63	0.23%
Non-utility Income	1,853.28	2.61%
Contributed Capital	187,698.20	264.66%
Total Other Income	189,717.11	267.51%

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended August 31, 2006

	1 Month Ended Aug. 31, 2006	%
Other Expenses		
Depreciation & Amortization	42,726.82	60.25%
Interest Expense	4.60	0.01%
Total Other Expenses	42,731.42	60.25%
Income (Loss) Before Income Taxes	143,079.76	201.75%
Net Income (Loss)	\$ 143,079.76	201.75%

Caldwell County Water District
 Comparative Statement of Revenues and Expenses-Statutory Basis
 For the Eight Months Ended August 31, 2006

	<u>8 Months Ended</u> <u>Aug. 31, 2006</u>	<u>8 Months Ended</u> <u>Aug. 31, 2005</u>
Revenue		
Operating Revenue	\$ 529,413.50	\$ 526,675.43
Other Water Sales	<u>2,092.50</u>	<u>3,046.76</u>
Total Revenue	531,506.00	529,722.19
Cost of Goods Sold		
Water Purchases	<u>138,117.29</u>	<u>138,415.02</u>
Total Cost of Goods Sold	<u>138,117.29</u>	<u>138,415.02</u>
Gross Profit	393,388.71	391,307.17
Operating Expenses		
Salaries & Wages	98,739.52	100,003.95
Commissioner Salaries	2,400.00	2,400.00
Payroll Taxes	7,530.90	7,057.25
Employee Pensions & Benefits	18,957.57	16,576.95
Utilities	12,064.77	11,505.10
Chemicals	468.46	1,862.84
Supplies & Materials	49,314.48	32,450.77
Office supplies	3,165.66	5,267.44
Contractual Services	22,404.10	23,473.63
Insurance-General Liability	12,004.70	10,701.50
Advertising	430.20	605.50
Bad Debt Expense	30.15	0.00
Miscellaneous	2,272.32	23,259.48
Permits & Easements	764.00	631.50
Tools & Equipment	3,090.79	5,568.16
Repairs & Maintenance	6,583.98	23,820.81
Equipment Rent	53.50	0.00
Testing	2,626.86	3,834.10
Uniforms	2,361.67	1,935.80
License & Fees	1,611.89	1,540.75
Postage	4,382.65	3,828.21
Assisted Funds Expense	14,000.00	787.00
Travel	1,135.29	2,458.91
Bank Service Charge	810.89	143.30
Collection Fees	131.81	0.00
Dues & Subscriptions	637.98	288.94
Construction Engineer	57,801.68	98,555.83
Project Cost	<u>4,370.03</u>	<u>2,524.00</u>
Total Operating Expenses	<u>330,145.85</u>	<u>381,081.72</u>
Operating Income (Loss)	63,242.86	10,225.45
Other Income		
Int & Div Income	2,373.82	2,732.61
Non-utility Income	7,818.48	8,635.86
Contributed Capital	<u>797,604.86</u>	<u>539,213.32</u>
Total Other Income	807,797.16	550,581.79

Caldwell County Water District
 Comparative Statement of Revenues and Expenses-Statutory Basis
 For the Eight Months Ended August 31, 2006

	<u>8 Months Ended</u> <u>Aug. 31, 2006</u>	<u>8 Months Ended</u> <u>Aug. 31, 2005</u>
Other Expenses		
Depreciation & Amortization	234,997.51	0.00
Taxes	3,840.66	13,530.40
Interest Expense	14.91	17.91
	<hr/>	<hr/>
Total Other Expenses	238,853.08	13,548.31
	<hr/>	<hr/>
Income (Loss) Before Income Taxes	632,186.94	547,258.93
	<hr/>	<hr/>
Net Income (Loss)	<u>\$ 632,186.94</u>	<u>\$ 547,258.93</u>



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of September 30, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

October 04, 2006

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
September 30, 2006**

Assets

Current Assets

Unrestricted Funds	\$ 257,758.13
Accounts Receivable	105,925.35
Other Receivables	<u>101,315.62</u>

Total Current Assets 464,999.10

Property and Equipment

Land	9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,755,607.99
Accumulated Depreciation	<u>(2,155,267.79)</u>

Total Property and Equipment 10,490,667.16

Other Assets

Restricted Funds	469,354.93
Amortizable Assets	88,882.97
Accumulated Amortization	<u>(34,672.57)</u>

Total Other Assets 523,565.33

Total Assets \$ 11,479,231.59

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
September 30, 2006**

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,848.80
Other Current Liabilities	2,110.53
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities 114,338.84

Long-term Liabilities

Customer Deposits	5,516.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,255,335.60</u>

Total Long-Term Liabilities 3,117,382.94

Total Liabilities 3,231,721.78

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>780,028.15</u>

Total Stockholders' Equity 8,247,509.81

Total Liabilities and Fund Equity \$ 11,479,231.59

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Nine Months Ended September 30, 2006

	<u>9 Months Ended Sep. 30, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 547,076.41	99.68%
Other Water Sales	1,768.25	0.32%
Total Revenue	548,844.66	100.00%
Cost of Goods Sold		
Water Purchases	142,545.72	25.97%
Total Cost of Goods Sold	142,545.72	25.97%
Gross Profit	406,298.94	74.03%
Operating Expenses		
Salaries & Wages	99,063.44	18.05%
Commissioner Salaries	2,400.00	0.44%
Payroll Taxes	7,561.74	1.38%
Employee Pensions & Benefits	19,542.96	3.56%
Utilities	11,048.88	2.01%
Chemicals	700.51	0.13%
Supplies & Materials	45,949.97	8.37%
Office supplies	2,741.26	0.50%
Contractual Services	36,171.46	6.59%
Insurance-General Liability	13,185.02	2.40%
Advertising	403.20	0.07%
Bad Debt Expense	136.80	0.02%
Miscellaneous	1,824.34	0.33%
Permits & Easements	796.00	0.15%
Tools & Equipment	3,090.79	0.56%
Repairs & Maintenance	7,108.23	1.30%
Equipment Rent	53.50	0.01%
Testing	2,665.69	0.49%
Uniforms	2,350.87	0.43%
License & Fees	1,661.89	0.30%
Postage	4,351.13	0.79%
Assisted Funds Expense	14,000.00	2.55%
Travel	1,043.45	0.19%
Bank Service Charge	765.89	0.14%
Collection Fees	131.81	0.02%
Dues & Subscriptions	742.98	0.14%
Construction Engineer	57,801.68	10.53%
Project Cost	4,370.03	0.80%
Total Operating Expenses	341,663.52	62.25%
Operating Income (Loss)	64,635.42	11.78%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Nine Months Ended September 30, 2006**

	9 Months Ended Sep. 30, 2006	%
Other Income		
Int & Div Income	2,954.87	0.54%
Non-utility Income	7,523.19	1.37%
Contributed Capital	873,854.17	159.22%
Total Other Income	884,332.23	161.13%
Other Expenses		
Depreciation & Amortization	192,270.69	35.03%
Taxes	105.40	0.02%
Interest Expense	18.13	0.00%
Total Other Expenses	192,394.22	35.05%
Income (Loss) Before Income Taxes	756,573.43	137.85%
Net Income (Loss)	\$ 756,573.43	137.85%

ACCOMPANYING INFORMATION

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended September 30, 2006**

	1 Month Ended Sep. 30, 2006	%
Revenue		
Operating Revenue	\$ 85,568.44	100.00%
Total Revenue	85,568.44	100.00%
Cost of Goods Sold		
Water Purchases	21,323.35	24.92%
Total Cost of Goods Sold	21,323.35	24.92%
Gross Profit	64,245.09	75.08%
Operating Expenses		
Salaries & Wages	12,344.41	14.43%
Commissioner Salaries	300.00	0.35%
Payroll Taxes	868.89	1.02%
Employee Pensions & Benefits	2,487.95	2.91%
Utilities	1,076.69	1.26%
Chemicals	232.05	0.27%
Supplies & Materials	2,899.66	3.39%
Office supplies	138.54	0.16%
Contractual Services	17,139.30	20.03%
Insurance-General Liability	1,281.82	1.50%
Bad Debt Expense	106.65	0.12%
Permits & Easements	32.00	0.04%
Repairs & Maintenance	682.97	0.80%
Testing	359.00	0.42%
Uniforms	239.60	0.28%
License & Fees	175.00	0.20%
Postage	500.34	0.58%
Travel	68.88	0.08%
Bank Service Charge	5.00	0.01%
Dues & Subscriptions	105.00	0.12%
Total Operating Expenses	41,043.75	47.97%
Operating Income (Loss)	23,201.34	27.11%
Other Income		
Int & Div Income	134.85	0.16%
Non-utility Income	482.15	0.56%
Contributed Capital	81,023.91	94.69%
Total Other Income	81,640.91	95.41%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended September 30, 2006**

	1 Month Ended Sep. 30, 2006	%
Other Expenses		
Depreciation & Amortization	21,363.41	24.97%
Taxes	257.08	0.30%
Interest Expense	3.02	0.00%
	21,623.51	25.27%
Total Other Expenses		
Income (Loss) Before Income Taxes	83,218.74	97.25%
Net Income (Loss)	\$ 83,218.74	97.25%

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Nine Months Ended September 30, 2006

	<u>9 Months Ended</u> <u>Sep. 30, 2006</u>	<u>9 Months Ended</u> <u>Sep. 30, 2005</u>
Revenue		
Operating Revenue	\$ 614,981.94	\$ 598,491.37
Other Water Sales	2,092.50	3,046.76
	<hr/>	<hr/>
Total Revenue	617,074.44	601,538.13
Cost of Goods Sold		
Water Purchases	159,440.64	159,639.64
	<hr/>	<hr/>
Total Cost of Goods Sold	159,440.64	159,639.64
Gross Profit	457,633.80	441,898.49
Operating Expenses		
Salaries & Wages	111,083.93	111,629.34
Commissioner Salaries	2,700.00	2,700.00
Payroll Taxes	8,399.79	7,899.44
Employee Pensions & Benefits	21,445.52	18,813.33
Utilities	13,141.46	12,700.24
Chemicals	700.51	1,862.84
Supplies & Materials	52,214.14	36,425.80
Office supplies	3,304.20	5,437.30
Contractual Services	39,543.40	25,575.44
Insurance-General Liability	13,286.52	10,701.50
Advertising	430.20	605.50
Bad Debt Expense	136.80	0.00
Miscellaneous	2,272.32	23,513.14
Permits & Easements	796.00	777.50
Tools & Equipment	3,090.79	9,787.53
Repairs & Maintenance	7,266.95	23,861.26
Equipment Rent	53.50	0.00
Testing	2,985.86	4,184.10
Uniforms	2,601.27	2,139.26
License & Fees	1,786.89	1,540.75
Postage	4,882.99	4,314.75
Assisted Funds Expense	14,000.00	787.00
Travel	1,204.17	2,504.83
Bank Service Charge	765.89	178.30
Collection Fees	131.81	83.48
Dues & Subscriptions	742.98	348.94
Construction Engineer	57,801.68	98,555.83
Project Cost	4,370.03	11,129.02
	<hr/>	<hr/>
Total Operating Expenses	371,139.60	418,056.42
Operating Income (Loss)	86,494.20	23,842.07
Other Income		
Int & Div Income	2,990.91	3,326.04
Non-utility Income	8,300.63	9,551.60
Contributed Capital	878,628.77	549,633.34
	<hr/>	<hr/>
Total Other Income	889,920.31	562,510.98

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Nine Months Ended September 30, 2006

	<u>9 Months Ended</u> <u>Sep. 30, 2006</u>	<u>9 Months Ended</u> <u>Sep. 30, 2005</u>
Other Expenses		
Depreciation & Amortization	192,270.69	0.00
Taxes	4,097.74	15,532.86
Interest Expense	17.93	26.39
	<hr/>	<hr/>
Total Other Expenses	196,386.36	15,559.25
	<hr/>	<hr/>
Income (Loss) Before Income Taxes	780,028.15	570,793.80
	<hr/>	<hr/>
Net Income (Loss)	\$ 780,028.15	\$ 570,793.80
	<hr/> <hr/>	<hr/> <hr/>



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of October 31, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

November 07, 2006

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
October 31, 2006

Assets

Current Assets

Unrestricted Funds	\$ 262,877.05
Accounts Receivable	103,693.74
Other Receivables	<u>101,315.62</u>

Total Current Assets 467,886.41

Property and Equipment

Land	9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,841,166.69
Accumulated Depreciation	<u>(2,176,631.20)</u>

Total Property and Equipment 10,554,862.45

Other Assets

Restricted Funds	513,757.90
Amortizable Assets	88,882.97
Accumulated Amortization	<u>(34,672.57)</u>

Total Other Assets 567,968.30

Total Assets \$ 11,590,717.16

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
October 31, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	8,525.50
Other Current Liabilities	2,019.51
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities 114,924.52

Long-term Liabilities

Customer Deposits	5,716.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,254,442.06</u>

Total Long-Term Liabilities 3,116,689.40

Total Liabilities 3,231,613.92

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>891,621.58</u>

Total Stockholders' Equity 8,359,103.24

Total Liabilities and Fund Equity \$ 11,590,717.16

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Ten Months Ended October 31, 2006**

	<u>10 Months Ended Oct. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 614,127.25	99.66%
Other Water Sales	2,081.50	0.34%
Total Revenue	616,208.75	100.00%
Cost of Goods Sold		
Water Purchases	160,010.68	25.97%
Total Cost of Goods Sold	160,010.68	25.97%
Gross Profit	456,198.07	74.03%
Operating Expenses		
Salaries & Wages	114,154.57	18.53%
Commissioner Salaries	2,700.00	0.44%
Payroll Taxes	8,633.95	1.40%
Employee Pensions & Benefits	22,264.42	3.61%
Utilities	12,407.00	2.01%
Chemicals	700.51	0.11%
Supplies & Materials	50,587.06	8.21%
Office supplies	3,458.82	0.56%
Contractual Services	39,158.51	6.35%
Insurance-General Liability	13,185.02	2.14%
Advertising	403.20	0.07%
Bad Debt Expense	136.80	0.02%
Miscellaneous	2,409.34	0.39%
Permits & Easements	828.00	0.13%
Tools & Equipment	3,726.78	0.60%
Repairs & Maintenance	9,599.05	1.56%
Equipment Rent	53.50	0.01%
Testing	3,306.69	0.54%
Uniforms	2,671.40	0.43%
License & Fees	1,661.89	0.27%
Postage	5,016.82	0.81%
Assisted Funds Expense	14,000.00	2.27%
Travel	1,204.17	0.20%
Bank Service Charge	884.48	0.14%
Collection Fees	131.81	0.02%
Dues & Subscriptions	742.98	0.12%
Construction Engineer	57,801.68	9.38%
Project Cost	4,370.03	0.71%
Total Operating Expenses	376,198.48	61.05%
Operating Income (Loss)	79,999.59	12.98%

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Ten Months Ended October 31, 2006

	10 Months Ended Oct. 31, 2006	%
Other Income		
Int & Div Income	3,232.50	0.52%
Non-utility Income	9,196.46	1.49%
Contributed Capital	989,503.58	160.58%
Total Other Income	1,001,932.54	162.60%
Other Expenses		
Depreciation & Amortization	213,634.10	34.67%
Taxes	114.08	0.02%
Interest Expense	17.09	0.00%
Total Other Expenses	213,765.27	34.69%
Income (Loss) Before Income Taxes	868,166.86	140.89%
Net Income (Loss)	\$ 868,166.86	140.89%

ACCOMPANYING INFORMATION

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended October 31, 2006

	<u>1 Month Ended</u> <u>Oct. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 67,050.84	99.53%
Other Water Sales	313.25	0.47%
Total Revenue	67,364.09	100.00%
Cost of Goods Sold		
Water Purchases	17,464.96	25.93%
Total Cost of Goods Sold	17,464.96	25.93%
Gross Profit	49,899.13	74.07%
Operating Expenses		
Salaries & Wages	15,091.13	22.40%
Commissioner Salaries	300.00	0.45%
Payroll Taxes	1,072.21	1.59%
Employee Pensions & Benefits	2,721.46	4.04%
Utilities	1,358.12	2.02%
Supplies & Materials	4,637.09	6.88%
Office supplies	717.56	1.07%
Contractual Services	2,987.05	4.43%
Miscellaneous	585.00	0.87%
Permits & Easements	32.00	0.05%
Tools & Equipment	635.99	0.94%
Repairs & Maintenance	2,490.82	3.70%
Testing	641.00	0.95%
Uniforms	320.53	0.48%
Postage	665.69	0.99%
Travel	160.72	0.24%
Bank Service Charge	123.59	0.18%
Total Operating Expenses	34,539.96	51.27%
Operating Income (Loss)	15,359.17	22.80%
Other Income		
Int & Div Income	277.63	0.41%
Non-utility Income	1,673.27	2.48%
Contributed Capital	115,649.41	171.68%
Total Other Income	117,600.31	174.57%
Other Expenses		
Depreciation & Amortization	21,363.41	31.71%
Taxes	8.68	0.01%
Interest Expense	(1.04)	0.00%
Total Other Expenses	21,371.05	31.72%
Income (Loss) Before Income Taxes	111,588.43	165.65%

See Accountants' Compilation Report

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended October 31, 2006**

	<u>1 Month Ended Oct. 31, 2006</u>	<u>%</u>
Net Income (Loss)	<u>\$ 111,588.43</u>	<u>165.65%</u>

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Ten Months Ended October 31, 2006

	10 Months End... Oct. 31, 2006	10 Months End... Oct. 31, 2005
Revenue		
Operating Revenue	\$ 614,127.25	\$ 598,629.00
Other Water Sales	2,081.50	3,681.01
	616,208.75	602,310.01
Cost of Goods Sold		
Water Purchases	160,010.68	160,879.04
	160,010.68	160,879.04
	456,198.07	441,430.97
Operating Expenses		
Salaries & Wages	114,154.57	115,790.81
Commissioner Salaries	2,700.00	3,000.00
Payroll Taxes	8,633.95	8,271.09
Employee Pensions & Benefits	22,264.42	19,141.48
Utilities	12,407.00	12,162.67
Chemicals	700.51	1,812.84
Supplies & Materials	50,587.06	42,674.59
Office supplies	3,458.82	7,229.98
Contractual Services	39,158.51	24,172.63
Insurance-General Liability	13,185.02	10,600.00
Advertising	403.20	605.50
Bad Debt Expense	136.80	0.00
Miscellaneous	2,409.34	22,774.07
Permits & Easements	828.00	896.50
Tools & Equipment	3,726.78	10,574.71
Repairs & Maintenance	9,599.05	24,091.70
Equipment Rent	53.50	0.00
Testing	3,306.69	4,399.10
Uniforms	2,671.40	2,311.59
License & Fees	1,661.89	2,084.10
Postage	5,016.82	4,409.78
Assisted Funds Expense	14,000.00	787.00
Travel	1,204.17	2,298.43
Bank Service Charge	884.48	198.30
Collection Fees	131.81	83.48
Dues & Subscriptions	742.98	348.94
Construction Engineer	57,801.68	92,405.19
Project Cost	4,370.03	11,129.02
	376,198.48	424,253.50
	79,999.59	17,177.47
Other Income		
Int & Div Income	3,232.50	3,467.24
Non-utility Income	9,196.46	9,482.89
Contributed Capital	989,503.58	603,329.28
	1,001,932.54	616,279.41

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Ten Months Ended October 31, 2006

	<u>10 Months End...</u> <u>Oct. 31, 2006</u>	<u>10 Months End...</u> <u>Oct. 31, 2005</u>
Other Expenses		
Depreciation & Amortization	213,634.10	0.00
Taxes	114.08	17,573.02
Interest Expense	<u>17.09</u>	<u>23.68</u>
Total Other Expenses	<u>213,765.27</u>	<u>17,596.70</u>
Income (Loss) Before Income Taxes	868,166.86	615,860.18
Net Income (Loss)	<u>\$ 868,166.86</u>	<u>\$ 615,860.18</u>



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of November 30, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

December 08, 2006

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
November 30, 2006**

Assets

Current Assets

Unrestricted Funds	\$ 267,494.68
Accounts Receivable	104,682.67
Other Receivables	<u>101,315.62</u>

Total Current Assets 473,492.97

Property and Equipment

Land	9,000.00
Trans & Distribution Mains	1,896,499.56
1993 Construction	1,330,411.11
Office Furniture & Equip	32,458.38
1996 Construction	1,571,126.00
Machinery & Equip	66,567.13
1999 Construction	2,961,107.37
Leasehold Improvements	23,157.41
Construction in Progress	4,894,733.52
Accumulated Depreciation	<u>(2,197,994.61)</u>

Total Property and Equipment 10,587,065.87

Other Assets

Restricted Funds	521,421.04
Amortizable Assets	88,882.97
Accumulated Amortization	<u>(34,672.57)</u>

Total Other Assets 575,631.44

Total Assets \$ 11,636,190.28

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
November 30, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 22,399.12
Construction Payable	31,480.39
Payroll Liabilities	7,811.48
Other Current Liabilities	2,053.45
Current Maturities of LT Debt	<u>50,500.00</u>

Total Current Liabilities 114,244.44

Long-term Liabilities

Customer Deposits	5,916.08
Notes Payable	1,856,531.26
Bonds Payable	<u>1,253,548.52</u>

Total Long-Term Liabilities 3,115,995.86

Total Liabilities 3,230,240.30

Fund Equity

Retained Earnings	1,365,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>938,468.32</u>

Total Stockholders' Equity 8,405,949.98

Total Liabilities and Fund Equity \$ 11,636,190.28

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Eleven Months Ended November 30, 2006

	<u>11 Months Ended</u> <u>Nov. 30, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 749,754.31	99.66%
Other Water Sales	2,576.25	0.34%
Total Revenue	752,330.56	100.00%
Cost of Goods Sold		
Water Purchases	194,945.37	25.91%
Total Cost of Goods Sold	194,945.37	25.91%
Gross Profit	557,385.19	74.09%
Operating Expenses		
Salaries & Wages	138,281.96	18.38%
Commissioner Salaries	3,300.00	0.44%
Payroll Taxes	10,325.45	1.37%
Employee Pensions & Benefits	27,083.00	3.60%
Utilities	15,672.37	2.08%
Chemicals	700.51	0.09%
Supplies & Materials	60,229.68	8.01%
Office supplies	4,227.04	0.56%
Contractual Services	45,181.07	6.01%
Insurance-General Liability	13,286.52	1.77%
Advertising	430.20	0.06%
Bad Debt Expense	136.80	0.02%
Miscellaneous	3,025.69	0.40%
Permits & Easements	828.00	0.11%
Tools & Equipment	3,726.78	0.50%
Repairs & Maintenance	9,888.35	1.31%
Equipment Rent	162.25	0.02%
Testing	3,979.86	0.53%
Uniforms	3,176.94	0.42%
License & Fees	2,330.24	0.31%
Postage	6,048.82	0.80%
Assisted Funds Expense	14,000.00	1.86%
Travel	1,456.73	0.19%
Bank Service Charge	889.48	0.12%
Collection Fees	131.81	0.02%
Dues & Subscriptions	742.98	0.10%
Construction Engineer	72,474.59	9.63%
Project Cost	4,370.03	0.58%
Total Operating Expenses	446,087.15	59.29%
Operating Income (Loss)	111,298.04	14.79%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Eleven Months Ended November 30, 2006**

	11 Months Ended Nov. 30, 2006	%
Other Income		
Int & Div Income	3,304.11	0.44%
Non-utility Income	10,985.27	1.46%
Contributed Capital	1,052,002.21	139.83%
Total Other Income	1,066,291.59	141.73%
Other Expenses		
Depreciation & Amortization	234,997.51	31.24%
Taxes	4,106.42	0.55%
Interest Expense	17.38	0.00%
Total Other Expenses	239,121.31	31.78%
Income (Loss) Before Income Taxes	938,468.32	124.74%
Net Income (Loss)	\$ 938,468.32	124.74%

ACCOMPANYING INFORMATION

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended November 30, 2006**

	<u>1 Month Ended Nov. 30, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 67,721.53	99.75%
Other Water Sales	170.50	0.25%
Total Revenue	67,892.03	100.00%
Cost of Goods Sold		
Water Purchases	18,039.77	26.57%
Total Cost of Goods Sold	18,039.77	26.57%
Gross Profit	49,852.26	73.43%
Operating Expenses		
Salaries & Wages	12,106.90	17.83%
Commissioner Salaries	300.00	0.44%
Payroll Taxes	853.45	1.26%
Employee Pensions & Benefits	2,916.02	4.30%
Utilities	1,172.79	1.73%
Supplies & Materials	3,378.45	4.98%
Office supplies	205.28	0.30%
Contractual Services	2,650.62	3.90%
Miscellaneous	168.37	0.25%
Repairs & Maintenance	130.58	0.19%
Equipment Rent	108.75	0.16%
Testing	353.00	0.52%
Uniforms	255.14	0.38%
License & Fees	543.35	0.80%
Postage	500.14	0.74%
Travel	91.84	0.14%
Bank Service Charge	5.00	0.01%
Construction Engineer	14,672.91	21.61%
Total Operating Expenses	40,412.59	59.52%
Operating Income (Loss)	9,439.67	13.90%
Other Income		
Int & Div Income	149.82	0.22%
Non-utility Income	1,011.37	1.49%
Contributed Capital	57,724.03	85.02%
Total Other Income	58,885.22	86.73%

Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended November 30, 2006

	1 Month Ended Nov. 30, 2006	%
Other Expenses		
Depreciation & Amortization	21,363.41	31.47%
Interest Expense	0.49	0.00%
Total Other Expenses	21,363.90	31.47%
Income (Loss) Before Income Taxes	46,960.99	69.17%
Net Income (Loss)	\$ 46,960.99	69.17%

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Eleven Months Ended November 30, 2006

	11 Months Ended Nov. 30, 2006	11 Months Ended Nov. 30, 2005
Revenue		
Operating Revenue	\$ 749,754.31	\$ 728,413.10
Other Water Sales	2,576.25	4,089.73
Total Revenue	752,330.56	732,502.83
Cost of Goods Sold		
Water Purchases	194,945.37	197,531.12
Total Cost of Goods Sold	194,945.37	197,531.12
Gross Profit	557,385.19	534,971.71
Operating Expenses		
Salaries & Wages	138,281.96	138,104.50
Commissioner Salaries	3,300.00	3,000.00
Payroll Taxes	10,325.45	9,819.40
Employee Pensions & Benefits	27,083.00	24,863.14
Utilities	15,672.37	15,724.95
Chemicals	700.51	1,862.84
Supplies & Materials	60,229.68	51,509.13
Office supplies	4,227.04	7,795.11
Contractual Services	45,181.07	28,937.84
Insurance-General Liability	13,286.52	13,464.50
Advertising	430.20	707.50
Bad Debt Expense	136.80	0.00
Miscellaneous	3,025.69	24,018.80
Permits & Easements	828.00	956.50
Tools & Equipment	3,726.78	10,574.71
Repairs & Maintenance	9,888.35	26,607.02
Equipment Rent	162.25	0.00
Testing	3,979.86	4,868.10
Uniforms	3,176.94	2,794.14
License & Fees	2,330.24	2,084.10
Postage	6,048.82	5,309.28
Assisted Funds Expense	14,000.00	787.00
Travel	1,456.73	2,803.31
Bank Service Charge	889.48	220.80
Collection Fees	131.81	83.48
Dues & Subscriptions	742.98	348.94
Construction Engineer	72,474.59	136,566.75
Project Cost	4,370.03	11,129.02
Total Operating Expenses	446,087.15	524,940.86
Operating Income (Loss)	111,298.04	10,030.85
Other Income		
Int & Div Income	3,304.11	4,091.52
Non-utility Income	10,985.27	11,259.40
Contributed Capital	1,052,002.21	659,329.28
Total Other Income	1,066,291.59	674,680.20

Caldwell County Water District
 Comparative Statement of Revenues and Expenses-Statutory Basis
 For the Eleven Months Ended November 30, 2006

	11 Months Ended Nov. 30, 2006	11 Months Ended Nov. 30, 2005
Other Expenses		
Depreciation & Amortization	234,997.51	0.00
Taxes	4,106.42	21,358.94
Interest Expense	17.38	27.64
Total Other Expenses	239,121.31	21,386.58
Income (Loss) Before Income Taxes	938,468.32	663,324.47
Net Income (Loss)	\$ 938,468.32	\$ 663,324.47



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To the members of the Commission
Caldwell County Water District
Princeton, KY 42445

We have compiled the accompanying statement of assets, liabilities and fund equity-statutory basis of Caldwell County Water District as of December 31, 2006 and the related statements of revenues and expenses-statutory basis for the periods indicated, in accordance with **Statements on Standards for Accounting and Review Services** issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about Caldwell County Water District's assets, liabilities, fund equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The information included in the accompanying comparative statement of revenues and expenses-statutory basis is presented only for supplementary analysis purposes. Such information is the representation of management and we are not aware of any material modifications that should be made to it.

We are not independent with respect to Caldwell County Water District.

Thurman, Campbell & Co.

January 11, 2007

**Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
December 31, 2006**

Assets

Current Assets

Unrestricted Funds	\$ 262,946.88
Accounts Receivable	98,449.50
Other Receivables	<u>109,674.90</u>

Total Current Assets 471,071.28

Property and Equipment

Land	9,000.00
Trans & Distribution Mains	12,722,774.61
Office Furniture & Equip	32,198.32
Machinery & Equip	66,567.13
Leasehold Improvements	23,157.41
Accumulated Depreciation	<u>(2,265,494.68)</u>

Total Property and Equipment 10,588,202.79

Other Assets

Restricted Funds	413,157.15
Amortizable Assets:	
Loan Cost	7,991.00
Bond Issue Cost	48,385.01
Organization Cost	2,500.00
Bond Issue Cost - 2002	30,006.96
Accumulated Amortization	<u>(37,743.07)</u>

Total Other Assets 464,297.05

Total Assets \$ 11,523,571.12

Caldwell County Water District
Statement of Assets, Liabilities and Fund Equity
December 31, 2006

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 19,021.26
Payroll Liabilities	20,081.99
Other Current Liabilities	1,926.01
Current Maturities of LT Debt	<u>5,000.00</u>

Total Current Liabilities 46,029.26

Long-term Liabilities

Customer Deposits	5,766.08
Notes Payable	122,500.00
Bonds Payable	<u>3,668,500.00</u>

Total Long-Term Liabilities 3,796,766.08

Total Liabilities 3,842,795.34

Fund Equity

Retained Earnings	765,529.87
Donated Capital	6,101,951.79
Net Income (Loss)	<u>813,294.12</u>

Total Stockholders' Equity 7,680,775.78

Total Liabilities and Fund Equity \$ 11,523,571.12

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Twelve Months Ended December 31, 2006**

	<u>12 Months Ended Dec. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 811,600.04	99.68%
Other Water Sales	2,576.25	0.32%
Total Revenue	814,176.29	100.00%
Cost of Goods Sold		
Water Purchases	210,057.32	25.80%
Total Cost of Goods Sold	210,057.32	25.80%
Gross Profit	604,118.97	74.20%
Operating Expenses		
Salaries & Wages	164,242.70	20.17%
Commissioner Salaries	3,600.00	0.44%
Payroll Taxes	11,495.64	1.41%
Employee Pensions & Benefits	30,859.38	3.79%
Utilities	17,421.67	2.14%
Chemicals	700.51	0.09%
Supplies & Materials	66,919.49	8.22%
Office supplies	4,748.09	0.58%
Contractual Services	47,528.16	5.84%
Insurance-General Liability	13,286.52	1.63%
Advertising	430.20	0.05%
Bad Debt Expense	136.80	0.02%
Miscellaneous	4,206.41	0.52%
Permits & Easements	828.00	0.10%
Tools & Equipment	7,295.85	0.90%
Repairs & Maintenance	11,676.59	1.43%
Equipment Rent	162.25	0.02%
Testing	4,286.86	0.53%
Uniforms	3,429.94	0.42%
License & Fees	2,330.24	0.29%
Postage	6,550.16	0.80%
Assisted Funds Expense	14,000.00	1.72%
Travel	1,548.57	0.19%
Bank Service Charge	889.48	0.11%
Collection Fees	131.81	0.02%
Dues & Subscriptions	742.98	0.09%
Project Cost	4,370.03	0.54%
Total Operating Expenses	423,818.33	52.05%
Operating Income (Loss)	180,300.64	22.15%
Other Income		
Int & Div Income	12,827.61	1.58%
Non-utility Income	11,867.61	1.46%
Contributed Capital	1,082,530.54	132.96%
Total Other Income	1,107,225.76	135.99%

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
Twelve Months Ended December 31, 2006**

	<u>12 Months Ended Dec. 31, 2006</u>	<u>%</u>
Other Expenses		
Depreciation & Amortization	305,568.08	37.53%
Taxes	3,864.32	0.47%
Interest Expense	<u>164,799.88</u>	<u>20.24%</u>
Total Other Expenses	<u>474,232.28</u>	<u>58.25%</u>
Net Income (Loss)	<u>\$ 813,294.12</u>	<u>99.89%</u>

ACCOMPANYING INFORMATION

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Twelve Months Ended December 31, 2006

	12 Months Ended Dec. 31, 2006	12 Months Ended Dec. 31, 2005
Revenue		
Operating Revenue	\$ 811,600.04	\$ 797,061.97
Other Water Sales	<u>2,576.25</u>	<u>4,276.23</u>
Total Revenue	814,176.29	801,338.20
Cost of Goods Sold		
Water Purchases	<u>210,057.32</u>	<u>197,643.66</u>
Total Cost of Goods Sold	<u>210,057.32</u>	<u>197,643.66</u>
Gross Profit	604,118.97	603,694.54
Operating Expenses		
Salaries & Wages	164,242.70	153,223.85
Commissioner Salaries	3,600.00	3,600.00
Payroll Taxes	11,495.64	10,931.56
Employee Pensions & Benefits	30,859.38	27,171.60
Utilities	17,421.67	17,472.25
Chemicals	700.51	1,862.84
Supplies & Materials	66,919.49	72,611.81
Office supplies	4,748.09	8,811.44
Contractual Services	47,528.16	32,097.09
Insurance-General Liability	13,286.52	14,454.13
Advertising	430.20	707.50
Bad Debt Expense	136.80	0.00
Miscellaneous	4,206.41	24,396.63
Permits & Easements	828.00	1,126.50
Tools & Equipment	7,295.85	11,286.81
Repairs & Maintenance	11,676.59	27,014.11
Equipment Rent	162.25	0.00
Testing	4,286.86	5,253.10
Uniforms	3,429.94	3,030.64
License & Fees	2,330.24	2,094.10
Postage	6,550.16	5,696.82
Assisted Funds Expense	14,000.00	787.00
Travel	1,548.57	2,964.03
Bank Service Charge	889.48	230.80
Collection Fees	131.81	83.48
Dues & Subscriptions	742.98	348.94
Construction Engineer	0.00	136,566.75
Project Cost	<u>4,370.03</u>	<u>11,129.02</u>
Total Operating Expenses	<u>423,818.33</u>	<u>574,952.80</u>
Operating Income (Loss)	180,300.64	28,741.74
Other Income		
Int & Div Income	12,827.61	4,507.62
Non-utility Income	11,867.61	11,687.00
Contributed Capital	<u>1,082,530.54</u>	<u>684,924.98</u>
Total Other Income	1,107,225.76	701,119.60

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the Twelve Months Ended December 31, 2006

	<u>12 Months Ended</u> <u>Dec. 31, 2006</u>	<u>12 Months Ended</u> <u>Dec. 31, 2005</u>
Other Expenses		
Depreciation & Amortization	305,568.08	0.00
Taxes	3,864.32	19,501.45
Interest Expense	<u>164,799.88</u>	<u>28.61</u>
Total Other Expenses	<u>474,232.28</u>	<u>19,530.06</u>
Net Income (Loss)	<u>\$ 813,294.12</u>	<u>\$ 710,331.28</u>

**Caldwell County Water District
Statement of Revenues and Expenses-Statutory Basis
One Month Ended December 31, 2006**

	<u>1 Month Ended Dec. 31, 2006</u>	<u>%</u>
Revenue		
Operating Revenue	\$ 61,842.11	100.00%
Total Revenue	61,842.11	100.00%
Cost of Goods Sold		
Water Purchases	15,111.95	24.44%
Total Cost of Goods Sold	15,111.95	24.44%
Gross Profit	46,730.16	75.56%
Operating Expenses		
Salaries & Wages	25,960.74	41.98%
Commissioner Salaries	300.00	0.49%
Payroll Taxes	1,170.19	1.89%
Employee Pensions & Benefits	3,776.38	6.11%
Utilities	1,749.30	2.83%
Supplies & Materials	6,689.81	10.82%
Office supplies	260.99	0.42%
Contractual Services	2,347.09	3.80%
Miscellaneous	1,180.72	1.91%
Tools & Equipment	3,569.07	5.77%
Repairs & Maintenance	1,788.24	2.89%
Testing	307.00	0.50%
Uniforms	253.00	0.41%
Postage	501.34	0.81%
Travel	91.84	0.15%
Construction Engineer	(72,474.59)	
Total Operating Expenses	(22,528.88)	-36.43%
Operating Income (Loss)	69,259.04	111.99%
Other Income		
Int & Div Income	9,012.84	14.57%
Non-utility Income	882.34	1.43%
Contributed Capital	30,528.33	49.36%
Total Other Income	40,423.51	65.37%
Other Expenses		
Depreciation & Amortization	70,570.57	114.11%
Taxes	(242.10)	-0.39%
Interest Expense	85,313.76	137.95%
Total Other Expenses	155,642.23	251.68%
Net Income (Loss)	<u>\$ (45,959.68)</u>	<u>-74.32%</u>

Caldwell County Water District
Comparative Statement of Revenues and Expenses-Statutory Basis
For the One Month Ended December 31, 2006

	1 Month Ended Dec. 31, 2006	1 Month Ended Dec. 31, 2005
Revenue		
Operating Revenue	\$ 61,842.11	\$ 68,648.87
Other Water Sales	0.00	186.50
Total Revenue	61,842.11	68,835.37
Cost of Goods Sold		
Water Purchases	15,111.95	112.54
Total Cost of Goods Sold	15,111.95	112.54
Gross Profit	46,730.16	68,722.83
Operating Expenses		
Salaries & Wages	25,960.74	15,119.35
Commissioner Salaries	300.00	600.00
Payroll Taxes	1,170.19	1,112.16
Employee Pensions & Benefits	3,776.38	2,308.46
Utilities	1,749.30	1,747.30
Supplies & Materials	6,689.81	21,102.68
Office supplies	260.99	1,016.33
Contractual Services	2,347.09	3,159.25
Insurance-General Liability	0.00	989.63
Miscellaneous	1,180.72	377.83
Permits & Easements	0.00	170.00
Tools & Equipment	3,569.07	712.10
Repairs & Maintenance	1,788.24	407.09
Testing	307.00	385.00
Uniforms	253.00	236.50
License & Fees	0.00	10.00
Postage	501.34	387.54
Travel	91.84	160.72
Bank Service Charge	0.00	10.00
Construction Engineer	(72,474.59)	0.00
Total Operating Expenses	(22,528.88)	50,011.94
Operating Income (Loss)	69,259.04	18,710.89
Other Income		
Int & Div Income	9,012.84	416.10
Non-utility Income	882.34	427.60
Contributed Capital	30,528.33	25,595.70
Total Other Income	40,423.51	26,439.40
Other Expenses		
Depreciation & Amortization	70,570.57	0.00
Taxes	(242.10)	-1,857.49
Interest Expense	85,313.76	0.97
Total Other Expenses	155,642.23	-1,856.52
Net Income (Loss)	\$ (45,959.68)	\$ 47,006.81

See Accountants' Compilation Report

EXHIBIT 9
CUSTOMER NOTIFICATION

RECEIVED
DEC 19 2007
PUBLIC SERVICE
COMMISSION

NOTICE

Notice is hereby given that the Caldwell County Water District seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates in the total amount of \$135,554 on an annual basis. The percentage of increase will approximate 16.662 percent to the Caldwell County Water District.

The estimated amount of increase per customer class/meter size is:

<u>Meter Size</u>	<u>Dollar Increase</u>	<u>Percentage Increase</u>
All Meter Sizes	\$ 135,554	100.00%

The comparison of the present and proposed rates of the Caldwell County Water District is as follows:

<u>RATE SCHEDULE COMPARISON</u>									
				<u>EXISTING RATES</u>					<u>PROPOSED RATES</u>
First	1,000	gallons	\$	17.37	Minimum bill	\$	20.26	Minimum bill	
Next	3,000	gallons		8.62	per 1,000 gallons		10.06	per 1,000 gallons	
Next	6,000	gallons		6.87	per 1,000 gallons		8.01	per 1,000 gallons	
Next	20,000	gallons		5.12	per 1,000 gallons		5.97	per 1,000 gallons	
Over	30,000	gallons		4.37	per 1,000 gallons		5.10	per 1,000 gallons	

<u>IMPACT ON AVERAGE CUSTOMER BILL</u>				
		<u>Existing</u>	<u>Proposed</u>	<u>Percentage Increase</u>
<u>All Meter Sizes:</u>				
5,000	Gallons Avg. Usage	\$ 50.10	\$ 58.45	16.667%

The rates contained in this notice are the rates proposed by the Caldwell County Water District; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within thirty (30) days after the publication of this notice, request to intervene in the matter before the Public Service Commission. Intervention may be granted beyond the thirty (30) day period for good cause shown. The request should be submitted to the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies, free of charge, of the application and testimony by contacting Caldwell County Water District at the address below. Any person may examine the rate application and any other filings made by Caldwell County Water District at its offices or at the Public Service Commission at the addresses below.

Caldwell County Water District
118 West Market Street
Princeton, Kentucky 42445
Telephone: 270-365-9381

Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601
Telephone: 502-564-3940

EXHIBIT 10

**2006 AUDITED
FINANCIAL STATEMENTS**

CALDWELL COUNTY WATER DISTRICT

RECEIVED

FINANCIAL REPORT

DEC 19 2007

DECEMBER 31, 2006 AND 2005 PUBLIC SERVICE
COMMISSION

CALDWELL COUNTY WATER DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2006 AND 2005

CALDWELL COUNTY WATER DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2006 AND 2005

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Independent Auditor's Report

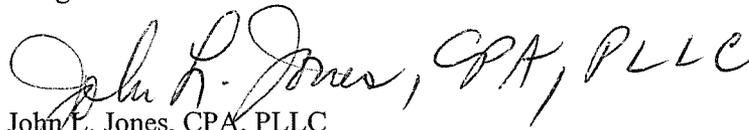
To the Members of the Board of the
Caldwell County Water District
Princeton, Kentucky

I have audited the accompanying financial statements of the Caldwell County Water District, Princeton, Kentucky, as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Caldwell County Water District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caldwell County Water District as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 7, 2007, on our consideration of Caldwell County Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



John L. Jones, CPA, PLLC
February 7, 2007

CALDWELL COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006 and 2005

The Caldwell County Water District (District) offers Management's Discussion and Analysis to provide an overview and analysis of the District's financial activities for the years ended December 31, 2006 and 2005. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statements provided in this document.

The District has implemented Government Accounting Standards Board Statement 34 – **Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments**.

Financial Highlights

The assets of the District exceeded its liabilities by \$7,731,789 at December 31, 2006. Of this amount \$453,111 is restricted and \$6,792,203 is invested in capital assets, net of related debt. The remainder of the net assets, \$486,475, is unrestricted and may be used to meet the district's ongoing obligations to its customers and creditors.

During 2006, the District's net assets increased by \$810,914 to a December 31, 2006 balance of \$7,731,789.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District is authorized under Kentucky Revised Statutes and constitutes a governmental subdivision of the Commonwealth of Kentucky. The District's financial report includes only the activities of the Caldwell County Water District.

The financial statements of the District are prepared on the basis of accounting in accordance with provisions of the Public Service Commission of Kentucky. Such basis differs from generally accepted accounting principles. For additional information on the District's basis of accounting see Note 1 **Summary of Significant Accounting Principles**.

The District's basic financial statements are comprised of two components: 1. financial statements and 2. notes to the financial statements.

Included as a part of the financial statements are three separate statements. The *Statement of Net Assets* present information on assets and liabilities, with the difference between the two being reported as net assets. Monitoring increases or decreases in net assets may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

The *Statement of Revenue, Expenses and Changes in Fund Net Assets* presents information showing how the District's net assets changed during the most recent two years. Results of operations are reported as underlying events occur, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements that may result in cash flows in future fiscal periods (i.e. accounts receivables and accounts payables). This is called accrual basis of accounting and is more fully described in the accompanying Notes to the Financial Statements.

The *Statement of Cash Flows* presents cash flow changes occurring during the last two years in the District's highly liquid cash and cash equivalents.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are included in this report.

Overview of the District's Financial Position and Results of Operations

Net assets represent a measure of the District's current financial resources. As noted earlier, net assets may also serve over time as a useful indicator of the District's financial position. The District's assets exceeded its liabilities by \$7,731,789 at December 31, 2006.

The District's overall financial position and operations for the past two years are summarized as follows, based on the information included in the financial statements for 2006 and 2005 respectively.

	2006	2005
Current assets	\$ 482,130	\$ 453,701
Capital assets, net	10,588,203	9,909,512
Restricted assets	453,111	370,952
Other assets, net	51,140	54,210
Total assets	<u>11,574,584</u>	<u>10,788,375</u>
Long-term liabilities	3,791,000	3,202,000
Current liabilities (including current portion of long-term debt)	51,795	136,269
Total liabilities	<u>3,842,795</u>	<u>3,338,269</u>
Invested in capital assets, net of related debt	6,792,203	6,657,012
Restricted	453,111	370,952
Unrestricted	486,475	422,142
Total net assets	<u>\$ 7,731,789</u>	<u>\$ 7,450,106</u>
	2006	2005
Operating revenues	\$ 811,796	\$ 801,890
Operating expenses	904,671	878,907
Operating loss	<u>(92,875)</u>	<u>(77,017)</u>
Non-operating income	24,695	16,327
Non-operating expenses	(203,437)	(342,687)
Loss before contributions	<u>(271,616)</u>	<u>(403,377)</u>
Capital contributions	<u>1,082,531</u>	<u>729,108</u>
Change in net assets (i.e. net income)	810,914	325,731
Total net assets - beginning	<u>6,920,875</u>	<u>7,124,375</u>
Total net assets - ending	<u>\$ 7,731,789</u>	<u>\$ 7,450,106</u>

Capital Assets

The District's capital assets, net of accumulated depreciation, as of December 31, 2006 and 2005, were \$10,588,203 and 9,909,512 respectively. For additional information on the District's capital assets, see Note 6: Capital Assets.

Long-term Debt

The District's long-term debt, including current maturities, at December 31, 2006 and 2005 was \$3,796,000 and \$3,252,500 respectively. For additional information on the District's long-term debt, see Note 2: Long-term Debt.

Request for Information

This financial report is designed to provide a general overview of the Caldwell County Water District's finances for all those with an interest in the District's finances. Questions or request for additional information may be addressed to Ms. Louise Rowland, Chair, Caldwell County Water District, 118 West Market Street, Princeton, Kentucky 42445.

Respectfully Submitted,

Louise Rowland
Caldwell County Water District
Board Chairperson

CALDWELL COUNTY WATER DISTRICT
STATEMENT OF NET ASSETS
December 31, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash and cash equivalents unrestricted	\$ 222,993	\$ 238,378
Receivables:		
Accounts	149,463	114,007
Interest	24,116	15,757
Other	85,559	85,559
Total current assets	<u>482,130</u>	<u>453,701</u>
Noncurrent Assets:		
Restricted cash and cash equivalents:		
Restricted cash:		
Kentucky tobacco settlement funds	-	2,531
Sinking fund	-	162,314
Depreciation	-	105,816
Phase V Construction	-	2,441
Phase VI CDBG Construction	-	3,997
Construction	2	2
Phase VII Construction	1,078	2,561
Water projects	110,605	91,291
Total restricted cash	<u>111,685</u>	<u>370,952</u>
Restricted cash equivalents:		
Certificates of deposits	341,427	-
Total restricted cash and cash equivalents	<u>453,111</u>	<u>370,952</u>
Capital assets:		
Land	9,000	9,000
Leasehold improvements	23,157	23,157
Machinery and Equipment	66,567	66,567
Office furniture and equipment	32,198	32,198
Trans & distribution mains	12,722,775	11,741,586
Less accumulated depreciation	(2,265,495)	(1,962,997)
Total capital assets, net	<u>10,588,203</u>	<u>9,909,512</u>
Intangible assets:		
Bond issuance costs	78,392	78,392
Loan costs	7,991	7,991
Organization costs	2,500	2,500
Less accumulated amortization	(37,743)	(34,673)
Total intangible assets, net	<u>51,140</u>	<u>54,210</u>
Total noncurrent assets	<u>11,092,454</u>	<u>10,334,674</u>
Total assets	<u>\$ 11,574,584</u>	<u>\$ 10,788,375</u>

CALDWELL COUNTY WATER DISTRICT
STATEMENT OF NET ASSETS
December 31, 2006 and 2005

	2006	2005
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 19,021	\$ 53,880
Accrued payroll liabilities, taxes, and withholdings	20,082	26,529
Customer deposits	5,766	5,360
Other current liabilities	1,926	-
Total current liabilities	46,795	85,769
Noncurrent liabilities:		
Due within one year:		
Current maturities of long-term debt	5,000	50,500
Due in more than one year:		
Long-term debt	3,791,000	3,202,000
Total noncurrent liabilities	3,796,000	3,252,500
Total liabilities	3,842,795	3,338,269
NET ASSETS		
Invested in capital assets, net of related debt	6,792,203	6,657,012
Restricted for:		
Restricted for water projects	110,605	91,291
Restricted for Phase VII construction	1,078	2,561
Restricted for construction	2	2
Restricted for depreciation	137,492	105,816
Restricted for sinking fund	163,981	162,314
Restricted for restitution	39,954	-
Restricted for Phase V construction	-	2,441
Restricted for Phase VI CDBG construction	-	3,997
Restricted for tobacco money account	-	2,531
Total restricted net assets	453,111	370,952
Unrestricted	486,475	422,142
Total net assets	7,731,789	7,450,106
Total liabilities and net assets	\$ 11,574,584	\$ 10,788,375

See the auditor's report and notes to the financial statements.

CALDWELL COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating Revenue:		
Bulk water sales	\$ 2,576	\$ 4,276
Metered water sales - residential	804,550	-
Metered water sales - commercial	4,670	-
Water service revenue	-	797,614
Total Operating Revenue	<u>811,796</u>	<u>801,890</u>
Operating Expenses:		
Water purchases	210,057	197,644
Commissioner salaries	3,600	3,600
Contractual services	34,196	28,347
Depreciation expense	302,498	276,075
Employee pensions and benefits	30,859	12,160
Insurance - general liability	13,287	14,454
Payroll taxes	11,496	10,932
Salaries & wages	164,243	168,235
Supplies and materials	66,919	56,132
Utilities	17,422	17,472
Other operating expenses	50,095	93,856
Total Operating Expenses	<u>904,671</u>	<u>878,907.41</u>
Operating Loss	<u>(92,875)</u>	<u>(77,017)</u>
Non-Operating Revenue (Expenses):		
Contractual services	(10,500)	-
Interest income	12,828	4,615
Interest expense	(164,800)	(150,336)
Amortization expense	(3,071)	(3,071)
Assisted funds expense	(14,000)	(787)
Non-utility income - other income	826	1,002
Non-utility income - restitution	6,000	6,000
Non-utility income - service fees	5,041	4,710
Other expenses	-	(21,296)
Project costs	(7,202)	(147,696)
Taxes	(3,864)	(19,501)
Total Non-Operating Revenue (Expenses)	<u>(178,741)</u>	<u>(326,360)</u>
Loss Before Contributions	<u>(271,616)</u>	<u>(403,377)</u>

CALDWELL COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2006 and 2005

	2006	2005
Loss before contributions	(271,616)	(403,377)
Contributed Capital:		
Assisted funds	-	5,000
Phase V grant receipts	-	14,893
Phase VII grant receipts	-	73,883
Proceeds from KY Infrastructure	796,652	-
Proceeds from USDA-Rural Development	246,358	-
Project receipts	-	592,633
Tap-on fees	39,521	42,699
Total Contributed Capital	1,082,531	729,108
Change In Net Assets	810,914	325,731
Total Net Assets - Beginning	6,920,875	7,124,375
Total Net Assets - Ending	\$ 7,731,789	\$ 7,450,106

See the auditor's report and notes to the financial statements.

CALDWELL COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 776,747	\$ 765,607
Cash payments to suppliers	(312,536)	(224,158)
Cash payments for operating expenses	(114,299)	(152,267)
Cash payments to employees	(216,645)	(188,671)
Other receipts (payments)	(45,500)	(3,071)
NET CASH PROVIDED BY OPERATING ACTIVITIES	87,767	197,440
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Increase in accrued interest receivable - B. Wynn	(8,359)	-
Cash payments for taxes	(1,938)	(19,501)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(10,298)	(19,501)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	(56,500)	(53,000)
Amortization of bond issuance, loan, and organization costs	3,071	3,071
Interest paid	(164,800)	(150,336)
Capital contributions	1,082,531	724,108
Proceeds from issuance of long-term debt in prior year	600,000	-
Other financing sources (uses)	(486,802)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	977,499	523,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to utility plant	(981,188)	(789,116)
Contractual services - other	(10,500)	-
Interest income	12,828	4,615
Project costs	(7,202)	(147,696)
Other income	11,868	16,712
Other expenses	(14,000)	(22,083)
NET CASH USED IN INVESTING ACTIVITIES	(988,195)	(937,567)
NET INCREASE (DECREASE) IN CASH	66,774	(235,786)
CASH - BEGINNING OF YEAR	609,330	845,116
CASH - END OF YEAR	676,104	\$ 609,330
 Classified As:		
Current Assets	\$ 222,993	\$ 238,378
Restricted Assets	453,111	370,952
Total	\$ 676,104	\$ 609,330

**CALDWELL COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005**

	2006	2005
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (92,875)	\$ (77,017)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	302,498	276,075
Increase (decrease) in accounts payable	(34,858)	31,481
Increase in receivables	(35,456)	(37,302)
Increase (decrease) in accrued payroll taxes/withholding	(6,447)	5,685
Increase in customer deposits	406	1,018
Decrease in current maturities of long-term debt	(45,500)	(2,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 87,767	\$ 197,440
 NONCASH INVESTING, CAPITAL, AND NONCAPITAL FINANCING ACTIVITIES:		
None noted	\$ -	\$ -
 ADDITIONAL INFORMATION:		
INTEREST PAID	\$ 164,800	\$ 150,336
 TAXES PAID	\$ 1,938	\$ 19,501

See the auditor's report and notes to the financial statements.

CALDWELL COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Caldwell County Water District (District) conform to accounting principles generally accepted in the United States of America as applicable to utilities and/or proprietary funds. The following is a summary of the significant accounting policies.

Basis of Accounting

The accompanying financial statements have been prepared on the basis of accounting in accordance with the provision of the Public Service Commission of Kentucky. Such basis differs from generally accepted accounting principles as follows:

Income from sales of water is recognized when billed to consumers. All consumers are billed on a cyclical billing basis, which results in unbilled water sales at the end of the fiscal year. Most water districts use this billing method.

Losses on long-term debt reacquired or redeemed may be amortized over the life of the issue.

Costs of water purchases are recognized when billed by the supplier. These billings are for water used through the middle of the month, which results in unrecorded water costs for the remaining days of December.

Capital Assets:

Capital assets are stated at original cost as defined for regulatory purposes. The costs of additions to capital assets and replacement of retirement units are capitalized. Replacement of minor items of property is charged to expense as incurred.

Buildings	30 - 40 years
Improvements other than buildings	33 - 40 years
Machinery and equipment	5 - 10 years
Leasehold improvements	15 - 25 years

Revenues:

Operating revenues are recorded on a monthly billing basis. The District captures all water usage for each month by the end of each month. The customers are billed for usage for the prior month. The District is one month behind on billing customers. Customer usage and bills are relatively stable through the year. This process does not cause the financial statements to be materially misstated.

Depreciation:

Depreciation is provided on a straight-line basis.

**CALDWELL COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents:

For the purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

NOTE 2: LONG-TERM DEBTS

	<u>2006</u>	<u>2005</u>
KIA Loan; 2.25-5.25%; due in installments from 2004 – 2018	\$127,500	\$135,000
1993 Waterworks Revenue Bond; 5%; due in installments from 1994 – 2033	349,500	356,000
1996 Waterworks Revenue Bond; 4.875%; due in installments from 1996 - 2035	800,000	812,000
1999 Waterworks Revenue Bond; 4.375%; due in installments from 2000 - 2039	392,000	397,000
1999 Waterworks Revenue Bond; 3.25%; due in installments from 2000 – 2039	744,000	754,500
2002 Waterworks Revenue Bond; 4.375%; due in installments from 2004 - 2042	789,000	798,000
2004 Waterworks Revenue Bond; 4.125%; due in installments from 2007 - 2044	<u>594,000</u>	<u>-</u>
Total Long-term debt	3,796,000	3,252,500
Less current maturities	<u>5,000</u>	<u>50,500</u>
Long-term debt, net	<u>\$3,791,000</u>	<u>\$3,202,000</u>

Principal payments are due annually on either January 1 or July 1 and interest payments are due semi-annually on January 1 and July 1 on all revenue bond issues of the District.

Five-year schedule of maturities:

Year	Waterworks Revenue Bond Issues						KIA	Total
	1993 Series	1996 Series	1999 Series	2000 Series	2002 Series	2004 Series	1993 Loan	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
2008	7,000	13,000	11,000	5,500	10,000	7,000	7,500	61,000
2009	7,000	14,000	11,500	5,500	10,000	7,000	10,000	65,000
2010	7,500	14,000	12,000	6,000	11,000	7,000	10,000	67,500
2011	8,000	16,000	12,500	6,500	11,000	7,000	10,000	71,000
Thereafter	320,000	743,000	697,000	368,500	747,000	566,000	85,000	3,526,500
Total	349,500	800,000	744,000	392,000	789,000	594,000	127,500	3,796,000
Less: Current Portion	-	-	-	-	-	-	5,000	5,000
Long-Term Portion	<u>\$349,500</u>	<u>\$800,000</u>	<u>\$744,000</u>	<u>\$392,000</u>	<u>\$789,000</u>	<u>\$594,000</u>	<u>\$122,500</u>	<u>\$3,791,000</u>

**CALDWELL COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits:

At December 31, 2006, the carrying amount of the District's deposits was \$676,104 and the bank balance was \$816,279. Of the bank balance \$100,000 was covered by federal depository insurance, and the balance was covered by securities pledged as collateral. The collateral agreement with First Southern Bank states that a fixed dollar amount of securities will be held as collateral for the District year round. The agreement also states that it is the District's responsibility to inform the bank in a timely manner when the District will have deposits that will exceed the amount of securities pledged. The District giving notice to the bank will allow the bank to purchase additional securities for collateral in a timely manner.

Investments:

Kentucky Revised Statutes (KRS 66.480) authorize the District to invest in:

- a) Obligations of the U.S. Treasury, agencies, and instrumentalities. Such investments may be accomplished through repurchase agreements reached with national or state banks chartered in Kentucky;
- b) Bonds or certificates of indebtedness, and instrumentalities of the State of Kentucky;
- c) Savings and loan associations insured by the U. S. Government;
- d) Interest-earning deposits in national or state banks chartered in Kentucky and insured by an agency of the U. S. Government;
- e) Deposit accounts with banking institutions;
- f) State treasurer investment pool.

At December 31, 2006, the District had no investments. Certificates of deposit are considered cash of cash equivalents as they can be converted into cash in ninety days or less.

NOTE 4: ECONOMIC DEPENDENCIES

The majority of the District's revenue consists of charges for water-related services to customers in Caldwell County, Kentucky. For the years ended December 31, 2006 and 2005, the revenues from these sources totaled \$809,220 and \$797,614 respectively. The District also receives monies from the United States Department of Agriculture and the Kentucky Infrastructure Authority whenever funds are available.

**CALDWELL COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE 5: CONCENTRATION OF CREDIT RISK

The District provides water service to citizens of Caldwell County, Kentucky. It extends credit to all of these customers.

NOTE 6: CAPITAL ASSETS

Capital assets, as of December 31, 2006, consists of the following:

	Balance 1/1/2006	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/2006	Estimated Useful Lives
Capital Assets:					
Land	\$ 9,000	\$ -	\$ -	\$ 9,000	
Machinery and equipment	66,567	-	-	66,567	5-10 years
Office furniture and equipment	32,198	-	-	32,198	5-10 years
Leasehold improvements	23,157	-	-	23,157	15-25 years
County water lines/projects	11,741,586	981,188	-	12,722,775	33-40 years
Total capital assets	11,872,509	981,188	-	12,853,697	
Less accumulated depreciation	(1,962,997)	(302,498)	-	(2,265,495)	
Total capital assets, net	\$ 9,909,512	\$ 678,691	\$ -	\$ 10,588,203	

Depreciation charged to income was \$302,498 and \$276,075 at December 31, 2006 and 2005 respectively.

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

To the Members of the Board of the
Caldwell County Water District
Princeton, Kentucky

I have audited the accompanying financial statements of the business-type activities of the Caldwell County Water District, as of and for the year ended December 31, 2006, which collectively comprise the Caldwell County Water District's basic financial statements and have issued my report thereon dated February 7, 2007. I conducted my 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 of America.

Compliance

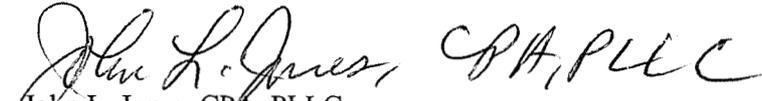
As part of obtaining reasonable assurance about whether the Caldwell County Water District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Caldwell County Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Caldwell County Water District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1. I do not believe this reported condition is a material weakness.

Caldwell County Water District
Page Two

This report is intended for the information and use of the management, Commissioners of the Caldwell County Water District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


John L. Jones, CPA, PLLC
Hopkinsville, Kentucky
February 7, 2007

**CALDWELL COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS
December 31, 2006 and 2005**

2006--1 Lack of Segregation of Duties

Statement of Condition: In my review of the internal control, adequate segregation of duties does not exist. This could affect the Caldwell County Water District's ability to record, process, and summarize and report on financial data consistent with management's authorization.

Criteria: Internal controls should be in place that provide reasonable assurance that assets are safeguarded against loss, from unauthorized use or disposition, and that transactions are excluded in accordance with management's authorization..

Effect: Due to the failure to segregate duties among employees, the possibility of the Caldwell County Water District funds being misappropriated by a single employee is increased.

Auditor's Recommendations: Although the Caldwell County Water District does not have the personnel to adequately separate the internal accounting control duties and that it appears the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Therefore, it would be impractical to rectify this condition.

Management's Response: We concur with the auditor's recommendations