

Monroe County Water District

205 Capp Harlan Road
Tompkinsville, Ky 42167
Phone: 270-487-8131
Fax: 270-487-0932

RECEIVED

AUG 15 2011

PUBLIC SERVICE
COMMISSION

August 12, 2011

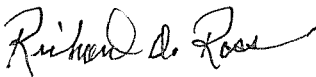
Jeff Derouen, Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601

RE: Case No. 2011-00272

Mr. Derouen:

Enclosed you will find the original and twelve copies of Monroe County Water District's general rate application. Also enclosed is the proposed rate case public notice and the signed affidavit that was published August 11, 2011. The next two public notices will be mailed following their publications. If you have any questions, please contact our Office Manager Jana Dubree or myself at 270-487-8131.

Sincerely,



Richard O. Ross
General Manager
Monroe County Water District

THE TOMPKINSVILLE *News*

Celebrating over 105 years of service to Monroe County

AFFIDAVIT OF PUBLICATION OF NOTICE OF MONROE COUNTY WATER DISTRICT

I, Ronda Elam, hereby certify that I am the Editor of the Tompkinsville News, and that said newspaper is the newspaper having the largest bona fide circulation which is published in the City of Tompkinsville, Monroe County, Kentucky, and that said newspaper is meeting the requirements of Sections 424.110 and 424.120 of the Kentucky Revised Statutes for official publications required to be made by the Monroe County Water District.

I certify that the attached copy of a MONROE COUNTY WATER DISTRICT - GENERAL RATE is a true copy of said Notice as published in said newspaper on the following dates:

AUGUST 11, 2011

IN TESTIMONY WHEREOF, witness my signature this 12th day of August, 2011.

TOMPKINSVILLE NEWS

By: Ronda Elam

Subscribed and sworn to before me on this 12th day of August, 2011.

My commission expires: 11-19-11

Leidiana Creech
NOTARY PUBLIC

MONROE COUNTY WATER DISTRICT — GENERAL RATE CASE

NOTICE

Notice is hereby given that the Monroe County Water District seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates in the total amount of \$1,504,411 on an annual basis, which is an increase of approximately 26.4 percent. Monroe County Water District is proposing to phase in its requested increase in rates in two phases. The initial phase will produce annual operating revenues from water sales of \$1,347,347, an increase in of \$157,541 or an increase of approximately 11.69 percent over normalized revenues from water sales of \$1,189,605. The Phase II rate increase will produce annual operating revenues from water sales of \$1,504,411, an increase in of \$158,413 or an increase of approximately 10.52 percent over normalized revenues from the phase I increase of \$1,347,347. Phase II rates will become effective one year from the date that Phase I rates take effect.

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

Meter Size	Total Increase	Percentage
5/8 x 3/4 Inch Meter	\$ 261,520	82.771%
1 Inch Meter	9,603	3.039%
2 Inch Meter	41,903	13.263%
Wholesale	2,929	0.927%
Totals	\$ 315,955	100.000%

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

		Proposed Phase I Rate Increase	
5/8 inch Meter:	Current Rate		Proposed Rate
First 2,000	\$14.78	Minimum Bill	\$15.96
Next 3,000	4.88	per 1,000 gallons	5.85
Next 5,000	4.24	per 1,000 gallons	4.97
Bill Over 10,000	3.60	per 1,000 gallons	4.21
1 inch Meter:			
First 5,000	\$29.42	Minimum Bill	\$33.51
Next 5,000	4.24	per 1,000 gallons	4.97
Bill Over 10,000	3.60	per 1,000 gallons	4.21
2 inch Meter:			
First 20,000	\$86.62	Minimum Bill	\$100.46
Bill Over 20,000	3.60	per 1,000 gallons	4.21
WHOLESALE			
	\$1.67	per 1,000 gallons	\$2.11

		Proposed Phase II Rate Increase	
5/8 inch Meter:	Current Rate		Proposed Rate
First 2,000	\$14.78	Minimum Bill	\$17.15
Next 3,000	4.88	per 1,000 gallons	6.90
Next 5,000	4.24	per 1,000 gallons	5.70
Bill Over 10,000	3.60	per 1,000 gallons	4.80
1 inch Meter:			
First 5,000	\$29.42	Minimum Bill	\$37.85
Next 5,000	4.24	per 1,000 gallons	5.70
Bill Over 10,000	3.60	per 1,000 gallons	4.80
2 inch Meter:			
First 20,000	\$86.62	Minimum Bill	\$114.35
Bill Over 20,000	3.60	per 1,000 gallons	4.80

IMPACT ON AVERAGE CUSTOMER BILL

36
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This farm is also
stone brick home

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

AUG 15 2011

IN THE MATTER OF:

PUBLIC SERVICE COMMISSION

THE APPLICATION OF THE MONROE COUNTY)
 WATER DISTRICT FOR THE APPROVAL OF THE) CASE NO.
 PROPOSED INCREASE IN RATES FOR WATER) 2011-00272
 SERVICE)

STATEMENT AND NOTICE

The Monroe County Water District ("Monroe County"), 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, Monroe County respectfully states as follows:

1. Monroe County is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws. Monroe County's principal office and mailing address is Monroe County Water District, 205 Capp Harlan Road, Tompkinsville, Kentucky 42167.

2. Monroe County is engaged in the distribution and sale of water to approximately 3,278 residential customers, and 68 commercial customers, in Monroe County, Kentucky.¹

3. The proposed increase in the rates and charges is necessary for Monroe County to meet continuing demand for adequate service. It has been approximately 13 years since Monroe County last requested and received a general increase in its base

¹ Annual Report of Monroe County Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2010 at 27.

water rates.² An increase in its rates is essential for Monroe County to maintain a reasonable level of service, to meet the expanding needs of its service area, and to cover its debt service requirements.

4. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, Monroe County has utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2009.

5. Monroe County's annual reports, including the annual report for 2010, are ~~on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).~~

6. Monroe County 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. Monroe's pro forma operations supports an increase in annual operating revenues of \$314,606, an increase of 26.44 percent over normalized revenue from rates of \$1,189,805.

7. Monroe County is proposing to phase in its requested rates in two phases. The initial phase will produce annual operating revenues from water sales of \$1,347,347, an increase in of \$157,541 or an increase of approximately 11.69 percent over normalized revenues from water sales of \$1,189,605. The Phase II rate increase will produce annual operating revenues from water sales of \$1,504,411, an increase in of \$158,413 or an increase of approximately 10.52 percent over normalized revenues

² Case No. 1998-00258, Application of Monroe County Water District of Monroe County, Kentucky, for A Certificate of Public Convenience and Necessity to Construct, Finance and Increase Rates Pursuant To KRS 278.023 (Ky. PSC May 27, 1998).

from the phase I increase of \$1,347,347. Phase II rates will become effective one year from the date that Phase I rates take effect.

8. The proposed increase in rates is supported by a Cost-of-Service Study, which is attached hereto as Exhibit 6.

9. 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.

10. Monroe County 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. 11 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.

11. As required by 807 KAR 5:001, Section 10(4)(f), Monroe County will post a copy of its Customer Notice (Exhibit No. 11) 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 Monroe County's rates.

12. The lists of the documents filed in support of Monroe County's application for approval of the proposed adjustment of rates or the explanations for their absence are contained in the Filing Requirement Index.

13. 807 KAR 5:011, Section 10(6)(b) requires that Monroe County submit the prepared testimony of each witness that it proposes to use to support its application. As the Staff of the Public Service Commission prepared Monroe County's application and

is best able to provide any testimony or explanation regarding the application, Monroe County requests a deviation from the requirements of 807 KAR 5:011, Section 10(6)(b).

WHEREFORE, the Applicant, Monroe County requests the Public Service Commission of Kentucky grant a deviation from 807 KAR 5:011, Section 10(6)(b), accept this application for filing purposes, and approve the proposed rates.

Dated at Tompkinsville, Kentucky this August 8, 2011.

Respectfully submitted,
MONROE COUNTY WATER DISTRICT

By Wes Stephens
Wes Stephens, Attorney
215 North Main Street
Tompkinsville, Kentucky 42167
270-487-6303

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application at 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application at 2.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application at 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A - Monroe County is not a corporation.
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – Monroe County is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – Monroe County has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit 2.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application at 2. Customer Notice Exhibit 9.
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Exhibit 13 is a copy of the written Commission notification.
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Deviation requested.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application at 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit 8.
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – Monroe County is not a local exchange company..
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit 5.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Monroe County's revenue requirement is based on debt service coverage. Exhibit 7.
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	N/A – A more detailed system is not used.
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	Exhibit 12. Copy of Audit for calendar year 2010.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – Monroe County is not subject to FERC or FCC regulation.
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – Monroe County is not an electric or telephone utility.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit 9.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – Monroe County has not issued stock and its bond offerings have not involved the issuance of a prospectus.
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	N/A – Monroe County has no stockholders or members.
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Exhibit 10.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – Monroe County is not subject to SEC reporting requirements.
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable; 	N/A – There were no amounts charged or allocated to Monroe County from an affiliate or general or home office.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Exhibit 6.
807 KAR 5:001 Section 10 (6)(v)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles.	N/A – Monroe County is not a local exchange carrier.
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit 3. A balance sheet is not included because there are no pro forma adjustments that directly impact that financial statement.
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	N/A – Construction of Monroe County's proposed plant addition have been completed.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements; 	N/A – There are no pro forma adjustments that relate to future plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	NA – There are no projected new customers that have been added to the Monroe County's system.

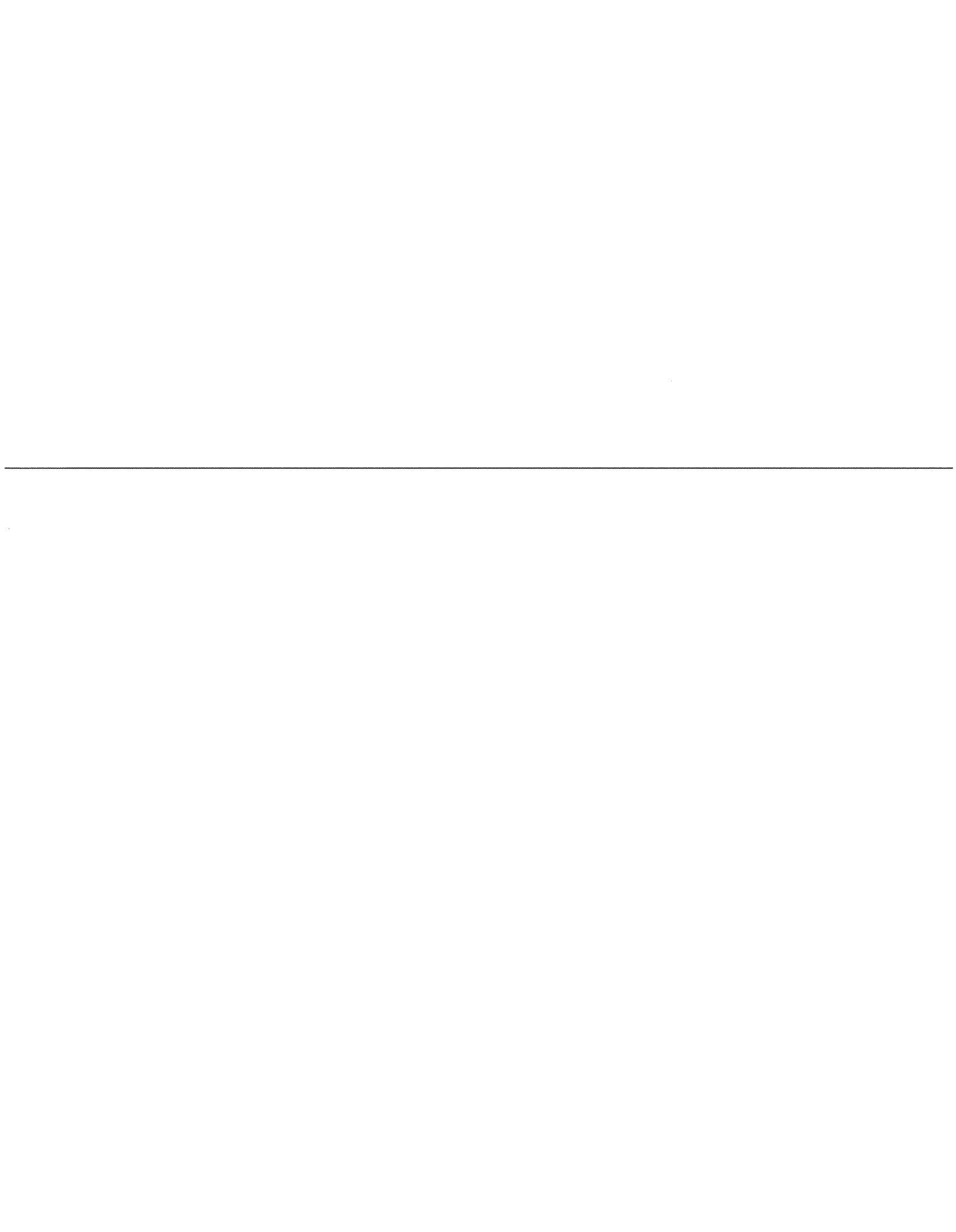


Exhibit Index

<u>Exhibit Title</u>	<u>Exhibit Number</u>
Proposed Tariff	1
Comparison – Proposed & Current Rates	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions	4
Billing Analysis	5
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Cost-of-Service Study	6
Revenue Requirement Determination	7
Impact on Average Bill by Meter Size	8
Analysis of Depreciation	9
Monthly Managerial Reports	10
Customer Notification	11
2010 Audited Financial Statements	12
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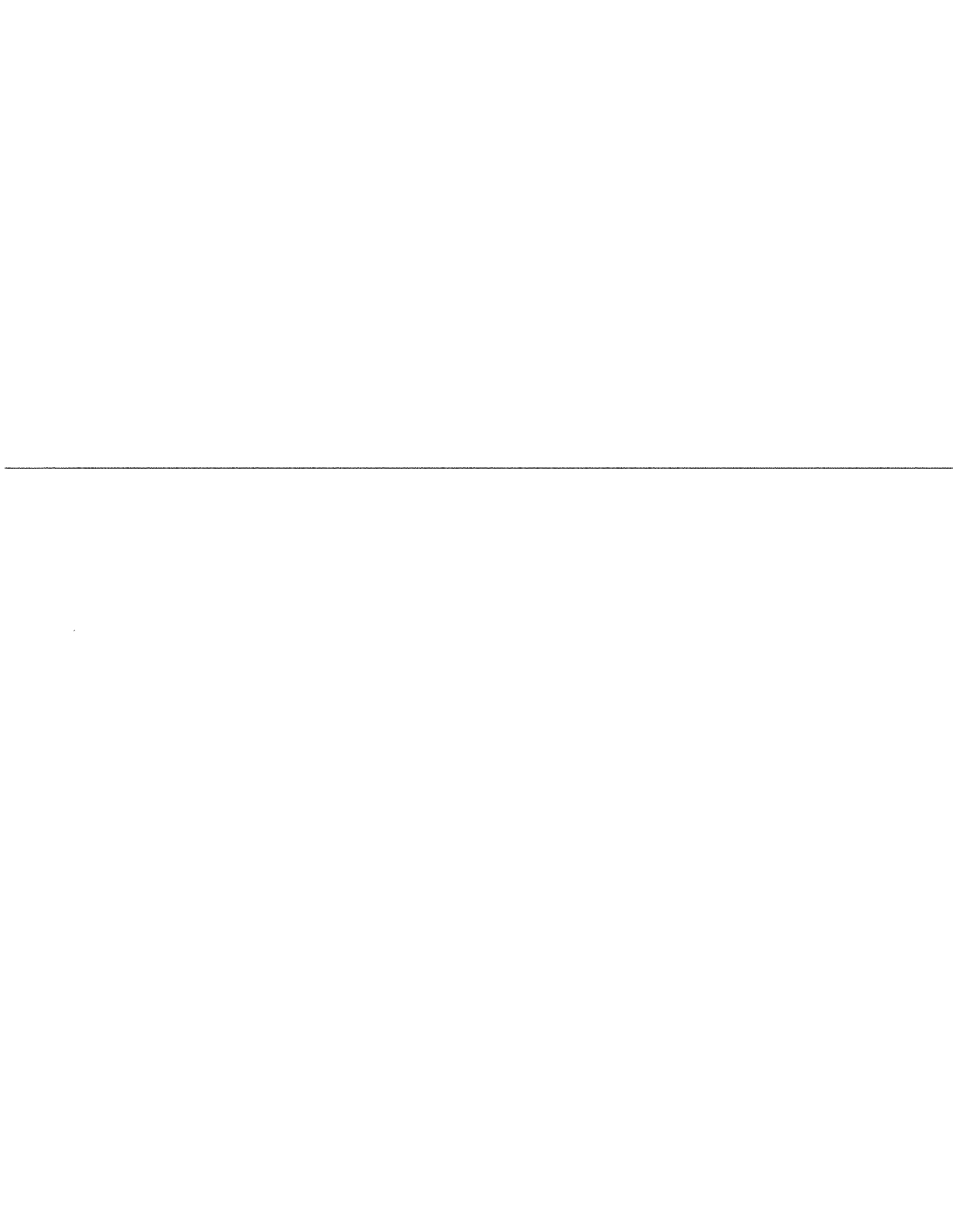


EXHIBIT NO. 1
PROPOSED TARIFF

FOR Monroe Co.
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

MONROE COUNTY WATER DISTRICT
(Name of Utility)

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

_____ SHEET NO. _____

RATES & CHARGES

Monthly Rates – Phase I:

5/8" x 3/4 " Meter

First	2,000 gallons	\$15.96 Minimum Bill
Next	3,000 gallons	5.85 per 1,000 gallons
Next	5,000 gallons	4.97 per 1,000 gallons
Over	10,000 gallons	4.21 per 1,000 gallons

1 " Meter

First	5,000 gallons	\$33.51 Minimum Bill
Next	5,000 gallons	4.97 per 1,000 gallons
Over	10,000 gallons	4.21 per 1,000 gallons

2 " Meter

First	20,000 gallons	\$100.46 Minimum Bill
Over	20,000 gallons	4.21 per 1,000 gallons

WHOLESALE WATER RATE: \$2.11 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 _____

FOR Monroe Co.
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

MONROE COUNTY WATER DISTRICT
(Name of Utility)

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

_____ SHEET NO. _____

RATES & CHARGES

Monthly Rates – Phase II:

5/8" x 3/4 " Meter

First	2,000 gallons	\$17.15 Minimum Bill
Next	3,000 gallons	6.90 per 1,000 gallons
Next	5,000 gallons	5.70 per 1,000 gallons
Over	10,000 gallons	4.80 per 1,000 gallons

1 " Meter

First	5,000 gallons	\$37.85 Minimum Bill
Next	5,000 gallons	5.70 per 1,000 gallons
Over	10,000 gallons	4.80 per 1,000 gallons

2 " Meter

First	20,000 gallons	\$114.35 Minimum Bill
Over	20,000 gallons	4.80 per 1,000 gallons

WHOLESALE WATER RATE: \$2.11 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 _____

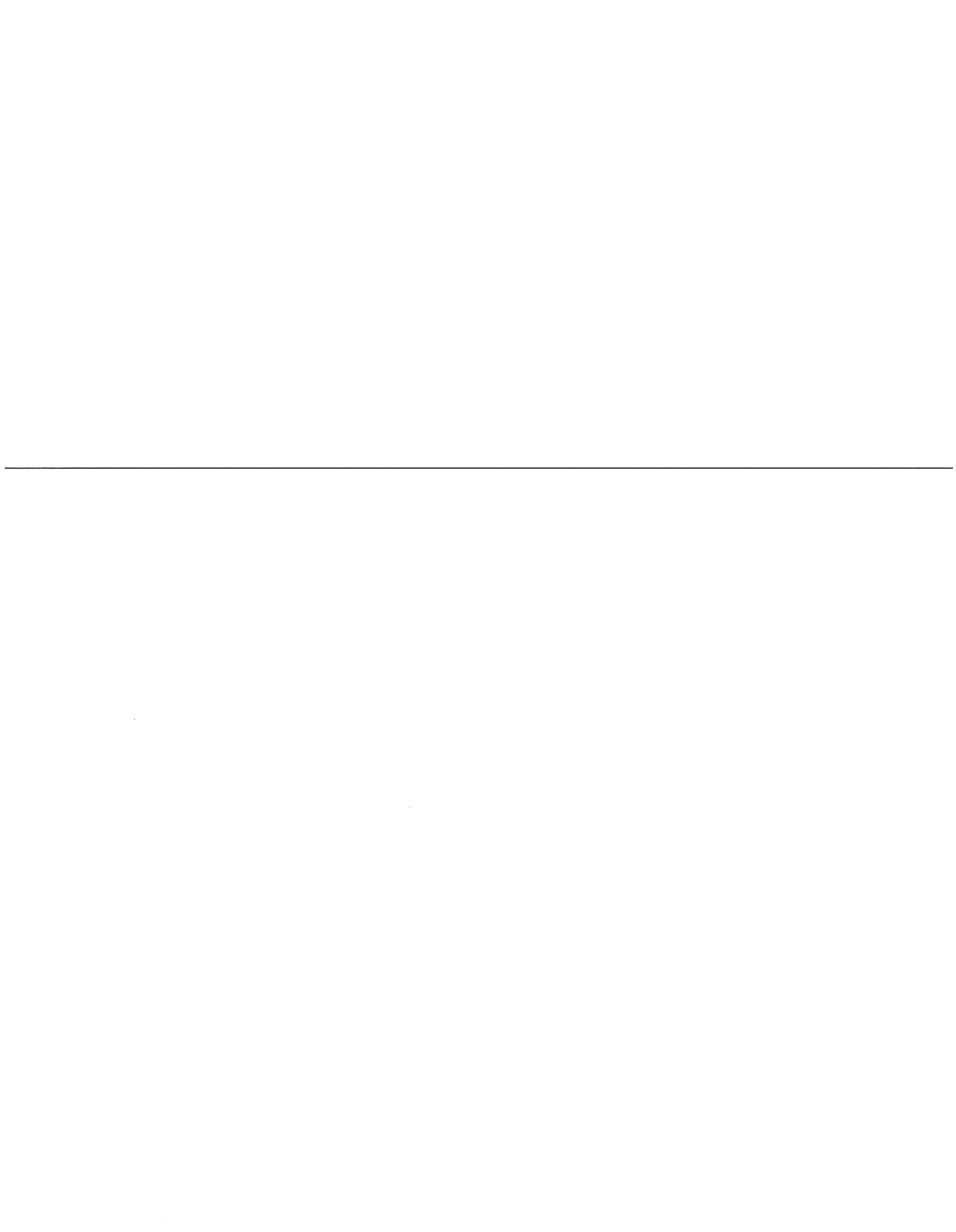


EXHIBIT NO. 2

**COMPARISON –
PROPOSED & CURRENT
TARRIFFS**

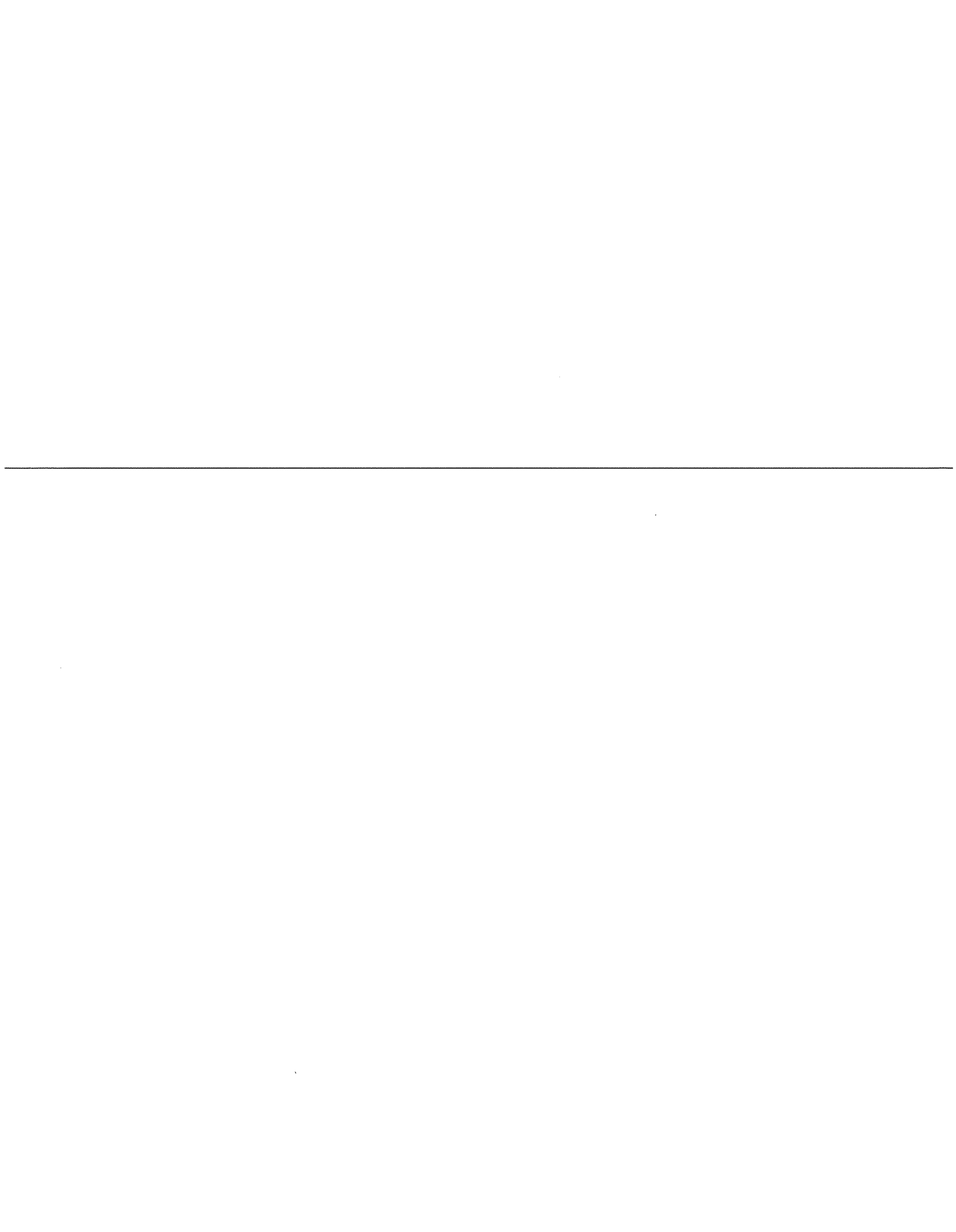


EXHIBIT NO. 3

**PRO FORMA
FINANCIAL STATEMENTS**

	2009 Annual Report	Differences	Adj. Ref.	Pro Forma Operations
Operating Revenues:				
Revenue - Metered Water Sales	\$ 1,134,222	\$ 55,583	(a)	\$ 1,189,805
Other Operating Revenues:				
Forfeited Discounts	23,297	0		23,297
Misc. Service revenues	36,396	0		36,396
Total Other Operating Revenues	\$ 59,693	\$ 0		\$ 59,693
Total Operating Revenues	\$ 1,193,915	\$ 55,583		\$ 1,249,498
Operating Expenses:				
Operation & Maintenance:				
Salaries & Wages - Employees	\$ 259,424	\$ 29,618	(b)	\$ 289,042
Salaries & Wages - Commissioners	6,000	0		6,000
Employee Pension & Benefits	20,683	44,552	(c)	65,235
Purchased Water	356,768	31,740	(d)	388,508
Purchased Power	48,122	0		48,122
Materials & Supplies	62,072	29,543	(e)	91,615
Contractual Services - Accounting	8,000	0		8,000
Contractual Services - Management	14,278	(13,850)	(f)	428
Contractual Services - Water Testing	6,992	0		6,992
Contractual Services - Other	40,093	0		40,093
Transportation	19,757	0		19,757
Insurance - Gen. Liability	16,987	(1,507)	(g)	15,480
Insurance - Workers Compensation	5,673	948	(g)	6,621
Insurance - Other	45,256	(44,200)	(g)	1,056
Bad Debt Expense	5,273	0		5,273
Miscellaneous	22,626	(9,095)	(h)	13,531
Total Operation & Maintenance	\$ 938,004	\$ 67,749		\$ 1,005,753
Depreciation	238,082	52,588	(i)	290,670
Taxes Other Than Income:				
Payroll Taxes	20,628	1,483	(j)	22,111
Other Tax & License	2,305	0		2,305
Utility Operating Expenses	\$ 1,199,019	\$ 121,820		\$ 1,320,839
Net Utility Operating Income	\$ (5,104)	\$ (66,237)		\$ (71,341)
Other Income & Deductions:				
Interest Income	15,270	0		15,270
Net Income Available for Debt Service	\$ 10,166	\$ (66,237)		\$ (56,071)

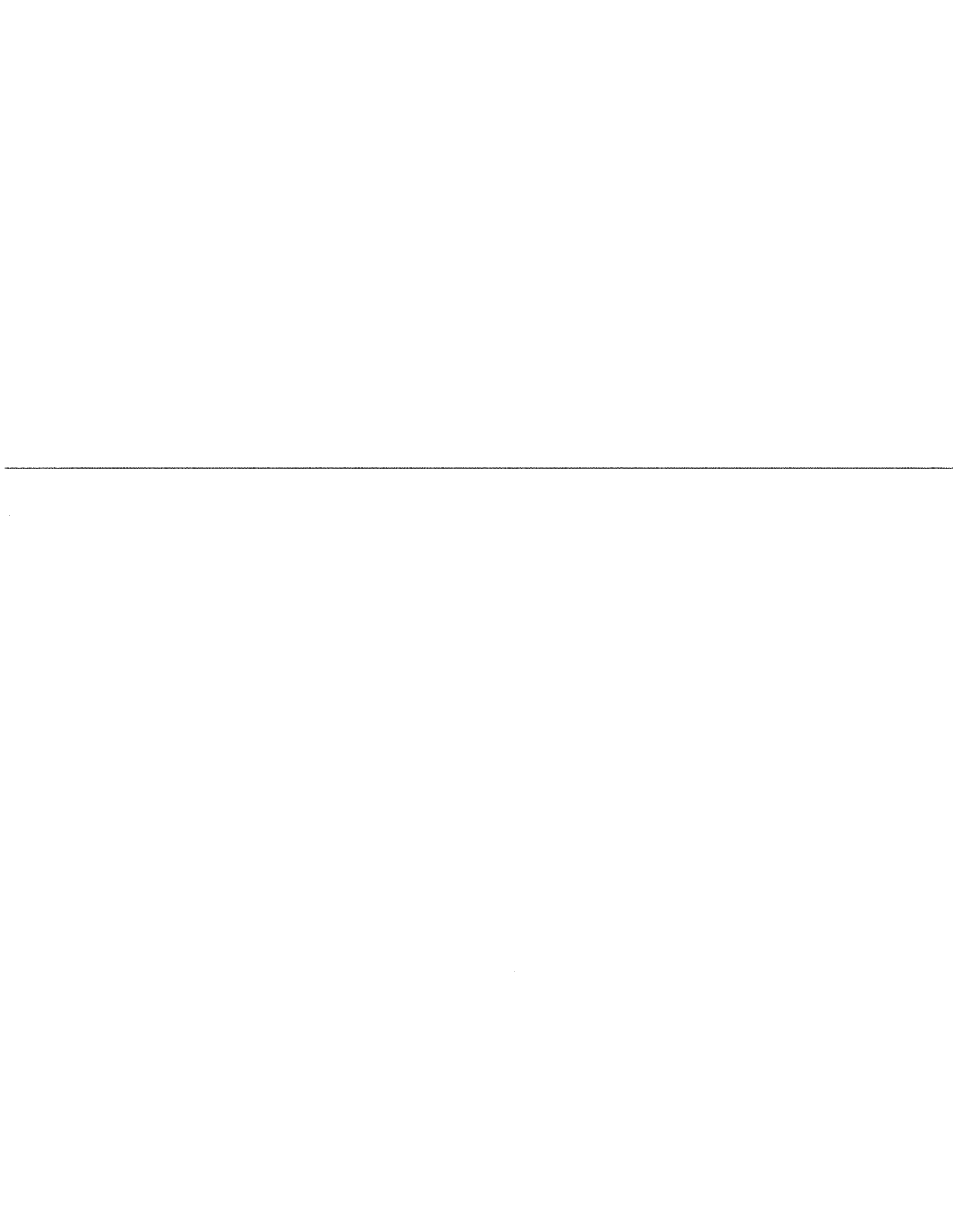


EXHIBIT 4

**PRO FORMA
ADJUSTMENT DESCRIPTIONS**

Ref.**Adjustment Description**

- (a) **Revenue from Water Sales:** This adjustment reflects the results of Commission Staff's billing analysis and the current tarified rate.
 - (b) **Salaries & Wages - Employees:** This adjustment reflects the test period actual hours and the pay rates that became effective in 2011.
 - (c) **Employee Pensions & Benefits:** This adjustment reflects the current retirement contribution rate and the employee insurance premiums.
 - (d) **Purchased Water:** This adjustment reflects the purchased water rate increase that became effective on January 1, 2011.
 - (e) **Materials & Supplies:** This adjustment corrects this expense to reflect the amounts that were reported in the test-period.
-
- (f) **Contractual Services - Management:** This adjustment removes capital expenditures from operating expenses.
 - (g) **Insurance** This adjustment reflects the current premiums for General Liability, workers compensation insurance, and bond coverage's.
 - (h) **Miscellaneous:** This adjustment corrects this expense to reflect the amounts that were reported in the test-period.
 - (i) **Depreciation:** This adjustment reflects revised depreciation lives recommended by Commission Staff.
 - (j) **Payroll Taxes:** This adjustment computes payroll taxes using the normalized payroll.

Adjustment: (a) Revenue from Water Sales

	<u>Bills</u>	<u>Gallons</u>	<u>Amount</u>
Normalized Revenue from Water Sales - Existing	3,363	208,787,540	\$ 1,189,805
Less: Reported Revenue from Water Sales			<u>1,134,222</u>
Pro Forma Adjustment			<u>\$ 55,583</u>

Adjustment:**(b) Salaries & Wages**

Employee No.	Date Hired	2011 Wages	2009 Hours		Total
			Regular	Overtime	
Office Manager	04/16/93	\$ 17.40	2,080.00	63.00	\$ 37,836
Distribution Crew Supervisor	02/10/97	\$ 16.55	2,080.00	141.00	37,925
Accounts Receivable III	07/12/99	\$ 11.61	2,080.00	12.50	24,367
Customer Service Rep. Sup.	09/29/00	\$ 14.70	2,080.00	284.50	36,849
General Manager	03/19/01	\$ 21.63	2,080.00	54.00	46,742
Accounts Receivable III	04/01/02	\$ 11.15	2,080.00	44.00	23,928
Meter Tester/Equip. Operator II	10/14/02	\$ 14.70	2,080.00	144.50	33,762
Laborer II	05/11/04	\$ 11.39	2,080.00	42.50	24,417
Laborer	02/15/10	\$ 9.44	2,080.00	38.00	20,173
Accounts Receivable I	02/14/11	\$ 8.50	358.00	0.00	3,043
					<u>\$ 289,042</u>
Pro Forma Salaries & Wages - Employees					\$ 289,042
Less: Reported 2009 Salaries & Wages - Employees					<u>259,424</u>
Pro Forma Adjustment					<u>\$ 29,618</u>

Adjustment: (c) Employee Pension and Benefits

Employee No.	Pro Forma Sal. & Wages Emp	Employee Insurance Benefits				Annual	8.00%	Totals
		Health	Dental Premium	Dental Emp Cont	Life			
Office Manager	\$ 37,836	\$ 409.36	\$ 34.58	\$ (10.00)	\$ 5,265	\$ 3,027	\$ 8,292	
Distribution Crew Supervisor	37,925	236.52	0.00	0.00	2,892	3,034	5,926	
Accounts Receivable III	24,367	0.00	0.00	0.00	119	1,949	2,068	
Customer Service Rep. Sup.	36,849	514.81	34.58	(10.00)	6,656	2,948	9,604	
General Manager	46,742	524.25	34.58	(10.00)	6,881	3,739	10,620	
Accounts Receivable III	23,928	524.25	34.58	(10.00)	6,761	1,914	8,675	
Meter Tester/Equip. Operator II	33,762	387.46	0.00	0.00	4,830	2,701	7,531	
Laborer II	24,417	514.81	34.58	(10.00)	6,768	1,953	8,721	
Laborer	20,173	154.31	34.58	(10.00)	2,184	1,614	3,798	
Accounts Receivable I	3,043	0.00	0.00	0.00	0	0	0	
	<u>\$ 289,042</u>	<u>\$ 3,265.77</u>	<u>\$ 207.48</u>	<u>\$ (60.00)</u>	<u>\$42,356</u>	<u>\$ 22,879</u>	<u>\$ 65,235</u>	

Pro Forma Salaries & Wages - Employees
Less: Reported 2009 Salaries & Wages - Employees
Pro Forma Adjustment

\$ 65,235
<u>20,683</u>
<u>\$ 44,552</u>

Adjustment: (d) Purchased Water

Transaction Date	Description	Service		Gallons	Amount
		From	To		
03/06/09	400 Hwy 1049	01/05/09	02/02/09	4,700,000	6,533.56
04/13/09	400 Hwy 1049	02/02/09	03/02/09	4,752,600	6,606.11
05/12/09	400 Hwy 1049	03/02/09	04/01/09	4,785,200	6,651.43
06/09/09	400 Hwy 1049	04/01/09	05/01/09	4,557,900	6,335.48
07/13/09	400 Hwy 1049	05/01/09	06/01/09	5,215,000	7,249.13
08/07/09	400 Hwy 1049	06/01/09	07/01/09	5,667,000	7,863.51
09/14/09	400 Hwy 1049	07/01/09	08/03/09	5,679,700	7,894.78
10/12/09	400 Hwy 1049	08/03/09	09/01/09	4,567,000	6,348.69
11/10/09	400 Hwy 1049	09/01/09	10/01/09	4,772,000	6,633.08
12/11/09	400 Hwy 1049	10/01/09	11/02/09	4,424,500	6,150.06
	400 Hwy 1049	11/02/09	12/01/09	4,287,800	5,960.04
	400 Hwy 1049	12/01/09	01/04/09	5,278,700	7,337.39
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
03/06/09	5219 Old Mulkey	01/05/09	02/02/09	14,460,000	20,099.40
04/13/09	5219 Old Mulkey	02/02/09	03/02/09	14,100,000	19,599.00
05/12/09	5219 Old Mulkey	03/02/09	04/01/09	14,003,000	19,464.17
06/09/09	5219 Old Mulkey	04/01/09	05/01/09	13,125,000	18,243.75
07/13/09	5219 Old Mulkey	05/01/09	06/01/09	13,597,000	18,899.83
08/07/09	5219 Old Mulkey	06/01/09	07/01/09	15,364,000	21,355.96
09/14/09	5219 Old Mulkey	07/01/09	08/03/09	16,609,000	23,086.51
10/12/09	5219 Old Mulkey	08/03/09	09/01/09	14,900,000	20,711.00
11/10/09	5219 Old Mulkey	09/01/09	10/01/09	14,823,000	20,603.97
12/11/09	5219 Old Mulkey	10/01/09	11/02/09	13,794,000	19,173.66
	5219 Old Mulkey	11/02/09	12/01/09	12,248,000	17,024.00
	5219 Old Mulkey	12/01/09	01/04/09	15,214,000	21,147.46
03/06/09	5221 Magnolia	01/05/09	02/02/09	1,948,800	2,708.83
04/13/09	5221 Magnolia	02/02/09	03/02/09	1,876,700	2,608.61
05/12/09	5221 Magnolia	03/02/09	04/01/09	1,794,700	2,494.63
06/09/09	5221 Magnolia	04/01/09	05/01/09	1,944,900	2,703.41
07/13/09	5221 Magnolia	05/01/09	06/01/09	1,817,200	2,525.91
08/07/09	5221 Magnolia	06/01/09	07/01/09	1,896,300	2,635.86
09/14/09	5221 Magnolia	07/01/09	08/03/09	1,224,000	1,701.50
10/12/09	5221 Magnolia	08/03/09	09/01/09	1,455,700	2,023.42
11/10/09	5221 Magnolia	09/01/09	10/01/09	1,271,300	1,767.11
12/11/09	5221 Magnolia	10/01/09	11/02/09	2,149,800	2,988.22
	5221 Magnolia	11/02/09	12/01/09	2,279,700	3,168.78
	5221 Magnolia	12/01/09	01/04/09	3,343,000	4,646.77
				<u>253,926,500</u>	<u>352,945.02</u>

Test-Period Purchased Water - Gallons	253,926.50
Purchased Water Rate Effective 01/01/2011	\$ 1.53
Pro Forma Purchased Water Expense	<u>388,508.00</u>
Less: Reported Purchased Water Expense	<u>356,768.00</u>
Pro Forma Adjustment	<u>31,740.00</u>

Workpaper: (e) Materials & Supplies

Account		
No.	Title	Amount
05250-0000	Uniforms	\$ 7,980
05300-0000	Supplies (Gen)	7,215
05310-0000	Supplies (In ground)	10,615
05350-0000	Utility Repairs - Maint	18,134
05360-0000	Equip Repairs - Maint	12,307
05400-0000	Office Expense	30,710
05410-0000	Office Maint - Repair	4,654
Materials & Supplies		<u>\$ 91,615</u>
Less: Materials & Supplies - 2009 Annual Report		<u>62,072</u>
Pro Forma Adjustment		<u>\$ 29,543</u>

Adjustment: (f) Contractual Services - Management

<u>Transaction Date</u>	<u>Description</u>		<u>Amount</u>
01/14/09	2008 Admin fee	Admin. Fee - WRIS ID: WX21171027 Grant: 324N-2008	\$ (6,250)
04/14/09	R Hammer/Rhoton	Water Line Extensions	(2,400)
05/12/09	Engineer	Water Line Extensions	(4,000)
08/07/09	Engineering	Water Line Extensions	(1,200)
Total Capital Expenditures			<u>\$ (13,850)</u>

Workpaper: (g) Insurance

<u>Insurance Type/Account</u>	<u>Policy Period</u>		<u>Annual Premium</u>	<u>Reported Premium</u>	<u>Pro Forma Adjustment</u>
	<u>From</u>	<u>To</u>			
KACO - General Liability	2010	2011	\$ 15,480	\$ 16,987	\$ (1,507)
KACO - Workers Compensation	2010	2011	6,621	5,673	948
Other - Bonds	0	0	1,056	45,256	(44,200)
Totals			<u>\$23,157.00</u>	<u>\$67,916.00</u>	<u>\$ (44,759)</u>

Adjustment: (h) Miscellaneous

Account		Amount
No.	Title	
05210-0000	Telephone	\$ 4,961
05800-0000	Dues & Subs	6,494
05850-0000	Meetings & Educational	2,026
05900-0000	Miscellaneous Expense	50
Miscellaneous		\$ 13,531
Less: Miscellaneous - 2009 Annual Report		22,626
Pro Forma Adjustment		\$ (9,095)

Adjustment: (i) Depreciation

	Dep Lives	UPIS 12/31/08	Additions	UPIS 12/31/09
Land & Rights		\$ 126,842	\$ -	\$ 126,842
Structures & Improvements	50	413,031	957	413,988
Pumping Equipment	50	201,255	7,580	208,835
Distribution Reservoirs	50	1,291,622	560	1,292,182
Transmission & Distribution Mains	50	7,434,752	45,043	7,479,795
Services	50	120,774	0	120,774
Meters & Installations	50	624,274	48,298	672,572
Other Plant	50	32,370	0	32,370
Furniture & Equipment	10	85,363	0	85,363
Transportation Equipment	5	173,102	0	173,102
Power Operated Equipment	20	218,680	1,580	220,260
CWIP		77,763	594,140	671,903
Totals		\$10,799,828	\$ 698,158	\$11,497,986

		Staff Depreciation	
		Lives	Expense
Structures & Improvements	\$ 126,842	38	\$ 3,338
Pumping Equipment	413,988	20	20,699
Distribution Reservoirs	208,835	45	4,641
Transmission & Distribution Mains	1,292,182	50	25,844
Services	7,479,795	40	186,995
Meters & Installations	120,774	40	3,019
Other Plant	672,572	35	19,216
Furniture & Equipment	32,370	23	1,407
Transportation Equipment	85,363	7	12,195
Power Operated Equipment	173,102	13	13,316
CWIP	220,260		0
Totals	\$10,826,083		\$ 290,670
Less: Reported Depreciation Expense			238,082
Pro Forma Adjustment			\$ 52,588

	District	NARUC Service Lives - Small Water Utilities		
		Low	High	Average
Structures & Improvements	50	35	40	38
Pumping Equipment	50	20		20
Distribution Reservoirs	50	30	60	45
Transmission & Distribution Mains	50	50	75	63
Services	50	30	50	40
Meters & Installations	50	35	45	40
Other Plant	50	30	40	35
Furniture & Equipment	10	20	25	23
Transportation Equipment	5	7	7	7
Power Operated Equipment	20	10	15	13

Adjustment:**(j) Payroll Taxes**

<u>Employee No.</u>	<u>Pro Forma Payroll</u>	<u>FICA \$ 76,000 7.65%</u>
Office Manager	\$ 37,836	\$ 2,894
Distribution Crew Supervisor	37,925	2,901
Accounts Receivable III	24,367	1,864
Customer Service Rep. Sup.	36,849	2,819
General Manager	46,742	3,576
Accounts Receivable III	23,928	1,830
Meter Tester/Equip. Operator II	33,762	2,583
Laborer II	24,417	1,868
Laborer	20,173	1,543
Accounts Receivable I	3,043	233
Pro Forma Totals	<u>\$ 289,042</u>	<u>\$ 22,111</u>

Pro Forma Payroll Taxes	\$ 22,111
Less: Test Period Payroll Taxes	<u>20,628</u>
Pro Forma Adjustment	<u>\$ 1,483</u>

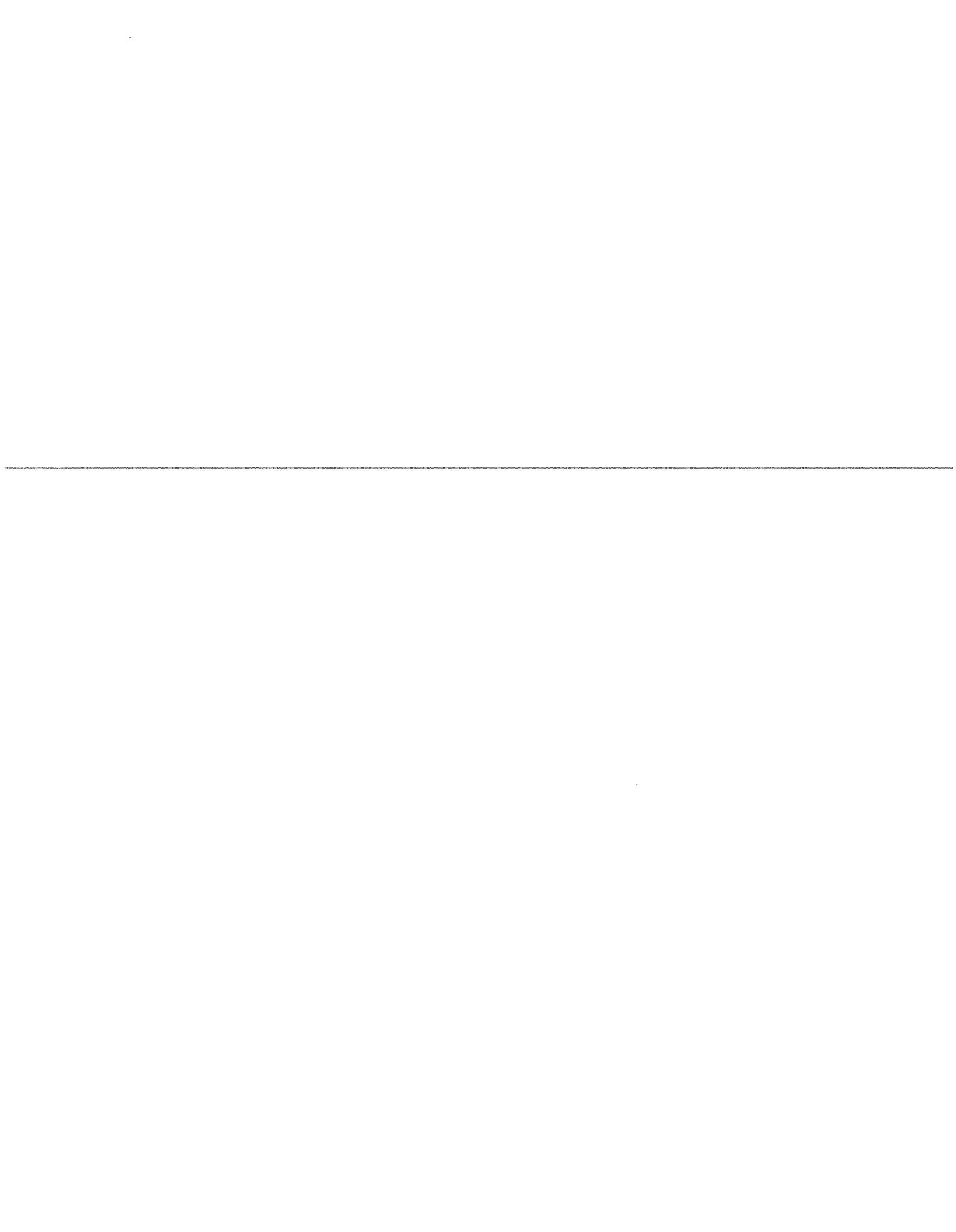


EXHIBIT 5
BILLING ANALYSIS

<u>Meter Size</u>	<u>Existing</u>	<u>Phase I</u>	<u>Phase II</u>
5/8 x 3/4 Inch Meter	\$ 1,021,905.11	\$ 1,150,486.46	\$ 1,283,425.11
1 Inch Meter	29,987.20	34,799.35	39,590.31
2 Inch Meter	126,796.08	148,015.55	168,699.00
Wholesale	11,116.86	14,045.85	14,045.85
Totals	<u>\$ 1,189,805.25</u>	<u>\$ 1,347,347.21</u>	<u>\$ 1,505,760.27</u>
Proposed Rates		\$ 1,347,347.21	\$ 1,505,760.27
Existing Rate		1,189,805.25	1,189,805.25
Increase		<u>\$ 157,541.96</u>	<u>\$ 315,955.02</u>
Percentage Increase		<u>13.241%</u>	<u>26.555%</u>
Phase II Revenue			1,505,760.27
Phase I Revenue			1,347,347.21
Phase II Increase			<u>\$ 158,413.06</u>
Percentage Increase			<u>11.757%</u>

5/8 X 3/4 Inch Meters

EXISTING RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	39,706	65,668,950	\$ 14.78	\$586,854.68
NEXT	3,000		53,915,880	\$ 4.88	263,109.49
NEXT	5,000		25,565,300	\$ 4.24	108,396.87
OVER	10,000		17,651,130	\$ 3.60	63,544.07
TOTAL		<u>39,706</u>	<u>162,801,260</u>		<u>\$1,021,905.11</u>

PHASE I RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	39,706	65,668,950	\$ 15.96	\$633,707.76
NEXT	3,000	0	53,915,880	\$ 5.85	315,407.90
NEXT	5,000	0	25,565,300	\$ 4.97	127,059.54
OVER	10,000	0	17,651,130	\$ 4.21	74,311.26
TOTAL		<u>39,706</u>	<u>162,801,260</u>		<u>\$1,150,486.46</u>

PHASE II RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	39,706	65,668,950	\$ 17.15	\$680,957.90
NEXT	3,000		53,915,880	\$ 6.90	372,019.57
NEXT	5,000		25,565,300	\$ 5.70	145,722.21
OVER	10,000		17,651,130	\$ 4.80	84,725.42
TOTAL		<u>39,706</u>	<u>162,801,260</u>		<u>\$1,283,425.11</u>

1 Inch Meters

EXISTING RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	310	1,213,840	\$ 29.42	\$9,120.20
NEXT	5,000		731,580	\$ 4.24	3,101.90
OVER	10,000		4,934,750	\$ 3.60	17,765.10
TOTAL		310	6,880,170		\$29,987.20

PHASE I RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	310	1,213,840	\$ 33.51	\$10,388.10
NEXT	5,000	0	731,580	\$ 4.97	3,635.95
OVER	10,000	0	4,934,750	\$ 4.21	20,775.30
TOTAL		310	6,880,170		\$34,799.35

PHASE II RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	310	1,213,840	\$ 37.85	\$11,733.50
NEXT	5,000		731,580	\$ 5.70	4,170.01
OVER	10,000		4,934,750	\$ 4.80	23,686.80
TOTAL		310	6,880,170		\$39,590.31

2 Inch Meters

EXISTING RATES

		<u>BILLS</u>	<u>GALLONS</u>	<u>RATE</u>	<u>REVENUE</u>
FIRST	20,000	317	4,855,550	\$ 86.62	\$27,458.54
OVER	20,000		27,593,760	\$ 3.60	99,337.54
TOTAL		<u>317</u>	<u>32,449,310</u>		<u>\$126,796.08</u>

PHASE I RATES

		<u>BILLS</u>	<u>GALLONS</u>	<u>RATE</u>	<u>REVENUE</u>
FIRST	20,000	317	4,855,550	\$ 100.46	\$31,845.82
OVER	20,000	0	27,593,760	\$ 4.21	116,169.73
TOTAL		<u>317</u>	<u>32,449,310</u>		<u>\$148,015.55</u>

PHASE II RATES

		<u>BILLS</u>	<u>GALLONS</u>	<u>RATE</u>	<u>REVENUE</u>
FIRST	20,000	317	4,855,550	\$ 114.35	\$36,248.95
OVER	20,000		27,593,760	\$ 4.80	132,450.05
TOTAL		<u>317</u>	<u>32,449,310</u>		<u>\$168,699.00</u>

WHOLESALE

EXISTING RATES

	BILLS	GALLONS	RATE	REVENUE
	24	6,656,800	\$ 1.67	11,116.86
TOTAL	24	6,656,800		\$11,116.86

PHASE I RATES

	BILLS	GALLONS	RATE	REVENUE
NEXT 0	24	6,656,800	\$ 2.11	14,045.85
TOTAL	24	6,656,800		\$14,045.85

PHASE II RATES

	BILLS	GALLONS	RATE	REVENUE
NEXT 0	24	6,656,800	\$ 2.11	14,045.85
TOTAL	24	6,656,800		\$14,045.85

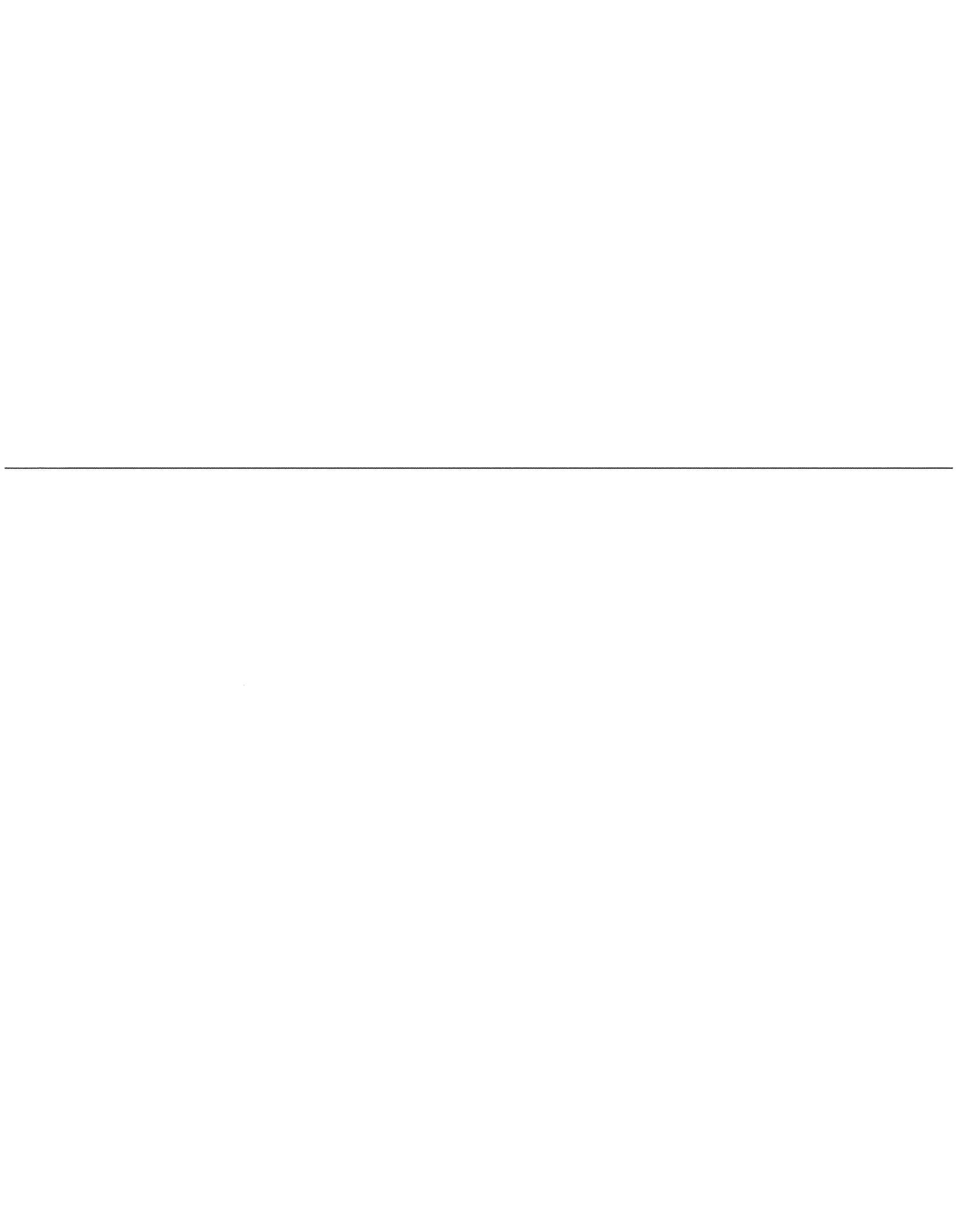


EXHIBIT 6
COST-OF-SERVICE
STUDY

ALLOCATION OF PLANT VALUE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Water Treatment Equipment	\$671,902		\$671,902	
Land & Land Rights	126,842		126,842	
Structures and Improvements	413,988		413,988	
Pumping Equipment	208,835		208,835	
Distribution Reservoirs & Standpipes	1,292,182		1,292,182	
Transmission & Distribution Mains	7,479,795		7,479,795	
Power Operated Equipment	220,260		220,260	
Meters & Meter Installations	672,572			672,572
Services	120,774			120,774
SUBTOTAL	\$11,207,150	\$0	\$10,413,804	\$793,346
PERCENT	100.00%	0	92.92%	7.08%
General Plant (1)				
Transportation Equipment	173,102		160,848	12,254
Office Furniture & Equipment	85,363		79,320	6,043
Other Plant and Misc. Equipment	32,370		30,079	2,291
TOTAL VALUE	\$11,497,985	\$0	\$10,684,051	\$813,934

(1) General Plant allocated based on overall weighted allocation of all other plant.
 Note: Figures used were derived from 2009 annual report

ALLOCATION OF DEPRECIATION EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Structures and Improvements	\$124,358		\$124,358	
Pumping Equipment	58,784		58,784	
Distribution Reservoirs & Standpipes	280,743		280,743	
Meters & Meter Installations	231,121			\$231,121
Power Operated Equipment	136,053		136,053	
Services	52,218			52,218
Transmission & Distribution Mains	2,245,096		2,245,096	
SUBTOTAL	\$3,128,373	\$0.00	\$2,845,034	\$283,339
PERCENT	100.00%	0.00%	90.94%	9.06%
Transportation Equipment	116,831		106,250	10,581
Office Furniture & Equipment	79,903		72,666	7,237
Other Plant and Misc.	16,677		15,166	1,511
TOTAL DEPRECIATION	\$3,341,784	\$0.00	\$3,039,116	\$302,668

Note: Figures used were derived from 2009 annual report

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Employee Salaries	\$163,019		163,019	
Employee Pension & Benefits	36,596		36,596	
Payroll taxes	12,471		12,471	
Employee Salaries- Customer	51,338			51,338
Employee Pension & Benefits-Customer	10,743			10,743
Payroll taxes- Customer	3,927			3,927
Purchased Water	388,508	388,508		
Contractual Services - Meter reading	40,093			40,093
Bad Debt Expense	5,273			5,273
Purchased Power	48,122	48,122		
SUBTOTAL	\$760,090	\$436,630	\$212,086	\$111,374
LESS COMMODITY	-\$436,630			
SUBTOTAL	\$323,460		\$212,086	\$111,374
PERCENT	100.00%		65.57%	34.43%
Employee Salaries - Commissioners	6,000		3,934	2,066
Employee Salaries - Office	74,685		48,969	25,716
Employee Pension & Benefits- Office	17,896		11,734	6,162
Payroll taxes- Office	5,713		3,746	1,967
Contractual Services - Accounting	8,000		5,245	2,755
Contractual Services - Management	428		281	147
Contractual Services - Water testing	6,992		4,585	2,407
Materials & Supplies	91,615		60,070	31,545
Transportation Expense	19,757		12,954	6,803
Insurance General Liability	15,480		10,150	5,330
Insurance- Workers Compensation	6,621		4,341	2,280
Insurance- Other	1,056		692	364
Other Tax & License	2,305		1,511	794
Miscellaneous Expense	13,531		8,872	4,659
TOTAL	\$1,030,169	\$436,630	\$389,171	\$204,368

SUMMARY OF ALLOCATIONS

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		92.92%	7.08%
Total Debt Service	\$258,535		\$240,233	\$18,302
Depreciation Percentages	100.00%		90.94%	9.06%
Total Depreciation	290,670		264,344	26,326
Total Operation & Maintenance	1,030,169	\$436,630.00	389,171	204,368
Total Revenue Requirement	1,579,374.00	436,630.00	893,748.49	248,995.51
<i>Less: Other Income</i>				<i>-15,270.00</i>
<i>Less: Other Operating Revenue</i>		<i>-\$14,056.38</i>		<i>-59,693.00</i>
<i>Less: wholesale revenue</i>		<i>\$422,573.62</i>		
Revenue Requirement - water sales	\$1,490,354.62	\$422,573.62	\$893,748.49	\$174,032.51

REV. REQ. FROM ALL WATER SALES \$1,504,861.00

CALCULATION OF WATER RATES

	TOTAL	FIRST 2,000	NEXT 3,000	NEXT 5,000	OVER 10,000
FROM BILLING ANALYSIS:					
COMMODITY PERCENTS	100.00%	33.05%	27.42%	0.136346011	0.258963332
ACTUAL COMMODITY SALES	202,130,740	66,807,290	55,419,280	27,559,720	52,344,450
PEAK DEMAND WEIGHTED FACTOR		2	1.7	1.3	1
PEAK DEMAND WEIGHTED SALES	315,999,442	133,614,580	94,212,776	35,827,636	52,344,450
DEMAND PERCENTS	100.00%	42.28%	29.81%	11.34%	16.56%
COMMODITY COSTS	\$422,573.62	\$139,667.02	\$115,859.30	\$57,616.23	\$109,431.07
DEMAND COSTS	\$893,748.49	\$377,905.19	\$266,464.16	\$101,332.13	\$148,047.01
CUSTOMER COSTS	\$174,032.51	\$174,032.51			
TOTAL COSTS	\$1,490,354.62	\$691,604.72	\$382,323.46	\$158,948.35	\$257,478.08
DIVIDE BY BILLS/GALLONS		40,333	55,419,280	27,559,720	52,344,450
CALCULATED RATES		\$17.15	\$6.90	\$5.77	\$4.92
RECOMMENDED RATES					
	FIRST 2,000	NEXT 3,000	NEXT 5,000	OVER 10,000	
	\$17.15	\$6.90	\$5.70	\$4.80	

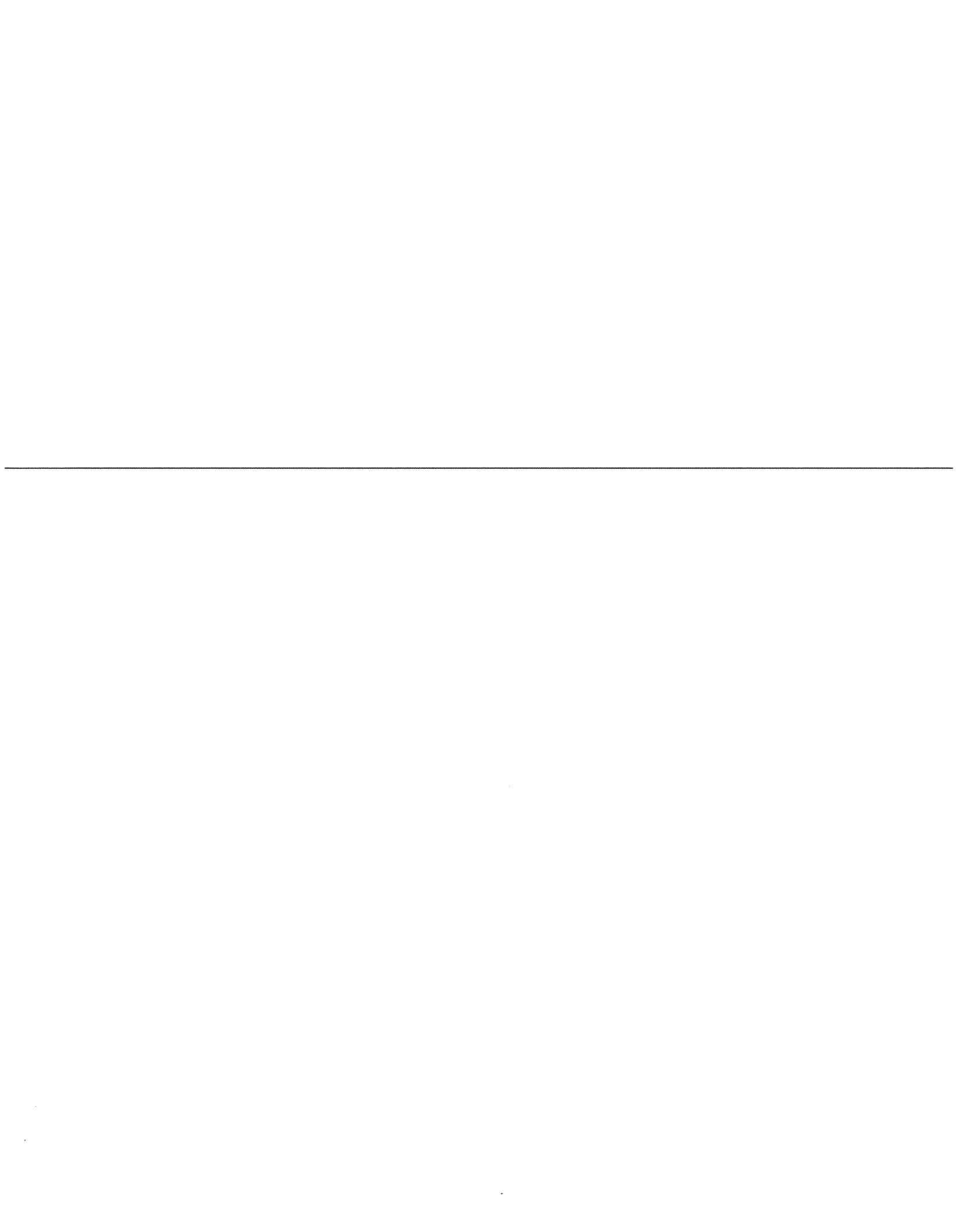


EXHIBIT 7

**REVENUE REQUIREMENT
DETERMINATION**

Revenue Requirement

	Average			Maximum
	Debt Service		Coverage	
Debt Service Coverage	\$ 215,446	x	0.2	= \$ 43,089
Debt Service				215,446
Add: Pro Forma Operating Expenses				1,005,753
Depreciation				290,670
Taxes Other Than Income				24,416
Total Revenue Requirement				\$ 1,579,374
Less: Other Income & Deductions				15,270
Revenue Requirement from Operations				\$ 1,564,104
Less: Other Operating Revenues				59,693
Revenue Requirement from Water Sales				\$ 1,504,411
Less: Pro Forma Revenue - Water Sales				1,189,805
Requested Increase				\$ 314,606
Percentage Increase				26.442%

Cash Flow

Total Revenue Requirement	\$ 1,579,374
Less: Operating Expenses	1,320,839
Net Operating Income	\$ 258,535
Add: Depreciation & Amortization	290,670
Sub-total	\$ 549,205
Less: Debt Service	215,446
Net Cash Flow	\$ 333,759

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

Bonds	2012	2013	2014	Total
1978	\$ 16,000	\$ 15,400	\$ 14,800	\$ 46,200
1987	22,950	22,400	22,800	68,150
1990	47,000	47,000	46,950	140,950
1992	28,525	28,450	28,350	85,325
1994	31,350	30,810	31,225	93,385
1998	27,423	27,040	27,613	82,075
1999	14,973	15,259	15,045	45,276
2003	28,330	28,493	28,155	84,978
Totals	<u>\$ 216,550</u>	<u>\$ 214,851</u>	<u>\$ 214,938</u>	<u>\$ 646,339</u>

3 Year Avg.

\$ 215,446

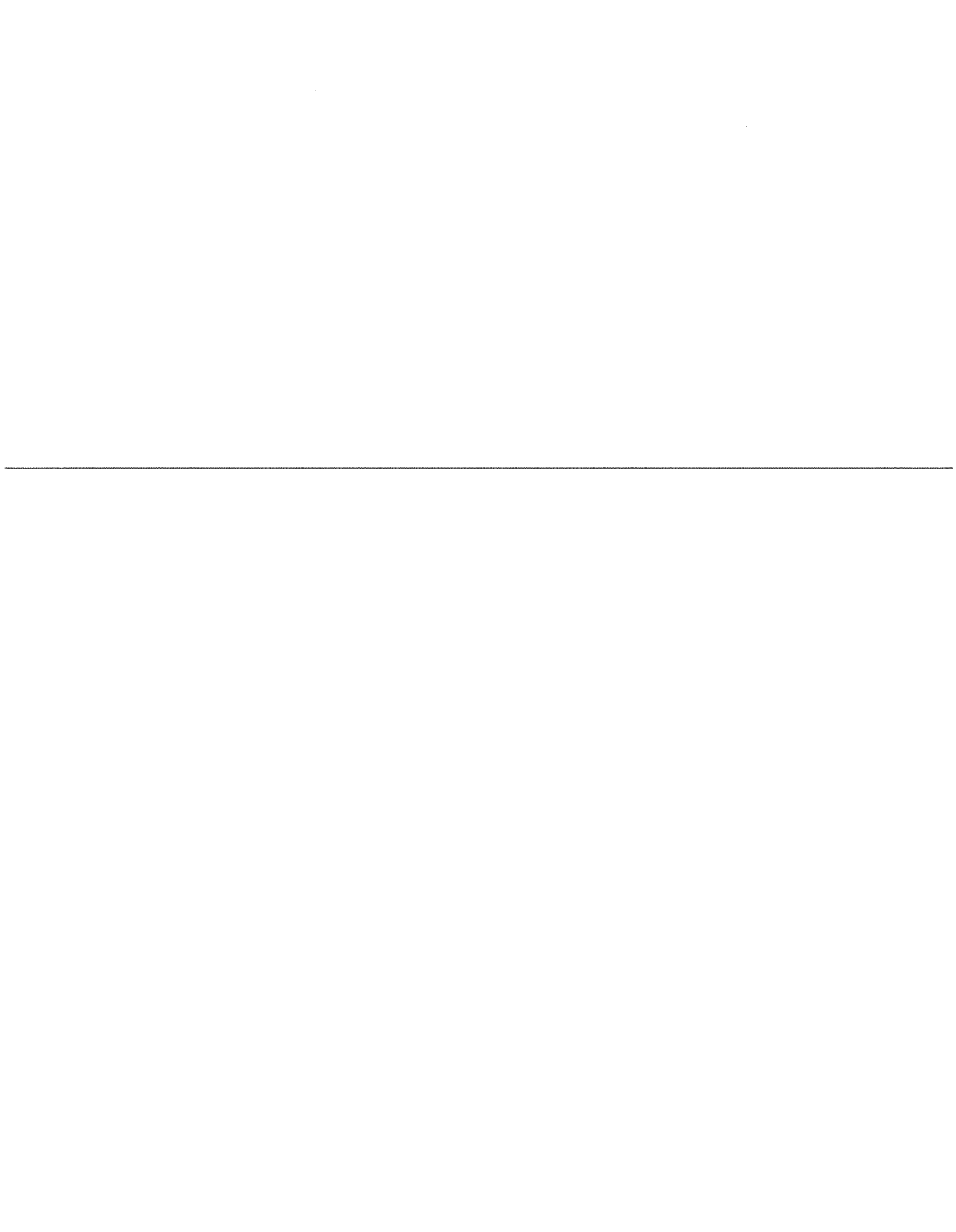


EXHIBIT 8

**IMPACT ON AVERAGE BILL
BY METER SIZE**

COMPARISON OF PHASE I RATES 5/8 x 3/4 INCH METER

	Current Rate	Phase I Rate	Percentage <u>Change</u>
First 2,000	\$ 14.78	\$ 15.96	8.0%
Next 3,000	\$ 4.88	\$ 5.85	19.9%
Next 5,000	\$ 4.24	\$ 4.97	17.2%
Over 10,000	\$ 3.60	\$ 4.21	16.9%
WHOLESALE	\$ 1.67	\$ 2.11	26.3%

<u>Usage</u>		<u>Monthly Bill</u>	Percentage <u>Change</u>
2,000	\$ 14.78	\$ 15.96	8.0%
3,000	\$ 19.66	\$ 21.81	10.9%
4,000	\$ 24.54	\$ 27.66	12.7%
5,000	\$ 29.42	\$ 33.51	13.9%
6,000	\$ 33.66	\$ 38.48	14.3%
7,000	\$ 37.90	\$ 43.45	14.6%
8,000	\$ 42.14	\$ 48.42	14.9%
9,000	\$ 46.38	\$ 53.39	15.1%
10,000	\$ 50.62	\$ 58.36	15.3%
15,000	\$ 68.62	\$ 79.41	15.7%
20,000	\$ 86.62	\$ 100.46	16.0%
30,000	\$ 122.62	\$ 142.56	16.3%
50,000	\$ 194.62	\$ 226.76	16.5%
75,000	\$ 284.62	\$ 332.01	16.7%
100,000	\$ 374.62	\$ 437.26	16.7%
200,000	\$ 734.62	\$ 858.26	16.8%
500,000	\$ 1,814.62	\$ 2,121.26	16.9%

COMPARISON OF PHASE II RATES 5/8 x 3/4 INCH METER

	Phase I Rate	Phase II Rate	Percentage <u>Change</u>
First 2,000	\$ 15.96	\$ 17.15	7.5%
Next 3,000	\$ 5.85	\$ 6.90	17.9%
Next 5,000	\$ 4.97	\$ 5.70	14.7%
Over 10,000	\$ 4.21	\$ 4.80	14.0%

<u>Usage</u>		<u>Monthly Bill</u>	<u>Percentage Change</u>
2,000	\$ 15.96	\$ 17.15	7.5%
3,000	\$ 21.81	\$ 24.05	10.3%
4,000	\$ 27.66	\$ 30.95	11.9%
5,000	\$ 33.51	\$ 37.85	13.0%
6,000	\$ 38.48	\$ 43.55	13.2%
7,000	\$ 43.45	\$ 49.25	13.3%
8,000	\$ 48.42	\$ 54.95	13.5%
9,000	\$ 53.39	\$ 60.65	13.6%
10,000	\$ 58.36	\$ 66.35	13.7%
15,000	\$ 79.41	\$ 90.35	13.8%
20,000	\$ 100.46	\$ 114.35	13.8%
30,000	\$ 142.56	\$ 162.35	13.9%
50,000	\$ 226.76	\$ 258.35	13.9%
75,000	\$ 332.01	\$ 378.35	14.0%
100,000	\$ 437.26	\$ 498.35	14.0%
200,000	\$ 858.26	\$ 978.35	14.0%
500,000	\$ 2,121.26	\$ 2,418.35	14.0%

COMPARISON OF PHASE I RATES 1 INCH METER

	Current Rate	Phase I Rate	Percentage Change
First 5,000	\$ 29.42	\$ 33.51	13.9%
Next 5,000	\$ 4.24	\$ 4.97	17.2%
Over 10,000	\$ 3.60	\$ 4.21	16.9%

Usage	Monthly Bill	Percentage Change
2,000	\$ 29.42	13.9%
3,000	\$ 29.42	13.9%
4,000	\$ 29.42	13.9%
5,000	\$ 29.42	13.9%
6,000	\$ 33.66	14.3%
7,000	\$ 37.90	14.6%
8,000	\$ 42.14	14.9%
9,000	\$ 46.38	15.1%
10,000	\$ 50.62	15.3%
15,000	\$ 68.62	15.7%
20,000	\$ 86.62	16.0%
30,000	\$ 122.62	16.3%
50,000	\$ 194.62	16.5%
75,000	\$ 284.62	16.7%
100,000	\$ 374.62	16.7%
200,000	\$ 734.62	16.8%
500,000	\$ 1,814.62	16.9%

COMPARISON OF PHASE II RATES 1 INCH METER

	Phase I Rate	Phase II Rate	Percentage Change
First 2,000	\$ 33.51	\$ 37.85	13.0%
Next 5,000	\$ 4.97	\$ 5.70	14.7%
Over 10,000	\$ 4.21	\$ 4.80	14.0%

Usage	Monthly Bill	Percentage Change
2,000	\$ 33.51	13.0%
3,000	\$ 33.51	13.0%
4,000	\$ 33.51	13.0%
5,000	\$ 33.51	13.0%
6,000	\$ 38.48	13.2%
7,000	\$ 43.45	13.3%
8,000	\$ 48.42	13.5%
9,000	\$ 53.39	13.6%
10,000	\$ 58.36	13.7%
15,000	\$ 79.41	13.8%
20,000	\$ 100.46	13.8%
30,000	\$ 142.56	13.9%
50,000	\$ 226.76	13.9%
75,000	\$ 332.01	14.0%
100,000	\$ 437.26	14.0%
200,000	\$ 858.26	14.0%
500,000	\$ 2,121.26	14.0%

COMPARISON OF PHASE I RATES 2 INCH METER

	Current Rate	Phase I Rate	Percentage <u>Change</u>
First 20,000	\$ 86.62	\$ 100.46	16.0%
Over 20,000	\$ 3.60	\$ 4.21	16.9%

<u>Usage</u>		<u>Monthly Bill</u>	<u>Percentage Change</u>
2,000	\$ 100.46	\$ 114.35	13.8%
3,000	\$ 100.46	\$ 114.35	13.8%
4,000	\$ 100.46	\$ 114.35	13.8%
5,000	\$ 100.46	\$ 114.35	13.8%
6,000	\$ 100.46	\$ 114.35	13.8%
7,000	\$ 100.46	\$ 114.35	13.8%
8,000	\$ 100.46	\$ 114.35	13.8%
9,000	\$ 100.46	\$ 114.35	13.8%
10,000	\$ 100.46	\$ 114.35	13.8%
15,000	\$ 100.46	\$ 114.35	13.8%
20,000	\$ 100.46	\$ 114.35	13.8%
30,000	\$ 142.56	\$ 162.35	13.9%
50,000	\$ 226.76	\$ 258.35	13.9%
75,000	\$ 332.01	\$ 378.35	14.0%
100,000	\$ 437.26	\$ 498.35	14.0%
200,000	\$ 858.26	\$ 978.35	14.0%
500,000	\$ 2,121.26	\$ 2,418.35	14.0%

COMPARISON OF PHASE II RATES 2 INCH METER

	Phase I Rate	Phase II Rate	Percentage <u>Change</u>
First 20,000	\$ 100.46	\$ 114.35	13.8%
Over 20,000	\$ 4.21	\$ 4.80	14.0%

<u>Usage</u>		<u>Monthly Bill</u>	<u>Percentage Change</u>
2,000	\$ 100.46	\$ 114.35	13.8%
3,000	\$ 100.46	\$ 114.35	13.8%
4,000	\$ 100.46	\$ 114.35	13.8%
5,000	\$ 100.46	\$ 114.35	13.8%
6,000	\$ 100.46	\$ 114.35	13.8%
7,000	\$ 100.46	\$ 114.35	13.8%
8,000	\$ 100.46	\$ 114.35	13.8%
9,000	\$ 100.46	\$ 114.35	13.8%
10,000	\$ 100.46	\$ 114.35	13.8%
15,000	\$ 100.46	\$ 114.35	13.8%
20,000	\$ 100.46	\$ 114.35	13.8%
30,000	\$ 142.56	\$ 162.35	13.9%
50,000	\$ 226.76	\$ 258.35	13.9%
75,000	\$ 332.01	\$ 378.35	14.0%
100,000	\$ 437.26	\$ 498.35	14.0%
200,000	\$ 858.26	\$ 978.35	14.0%
500,000	\$ 2,121.26	\$ 2,418.35	14.0%

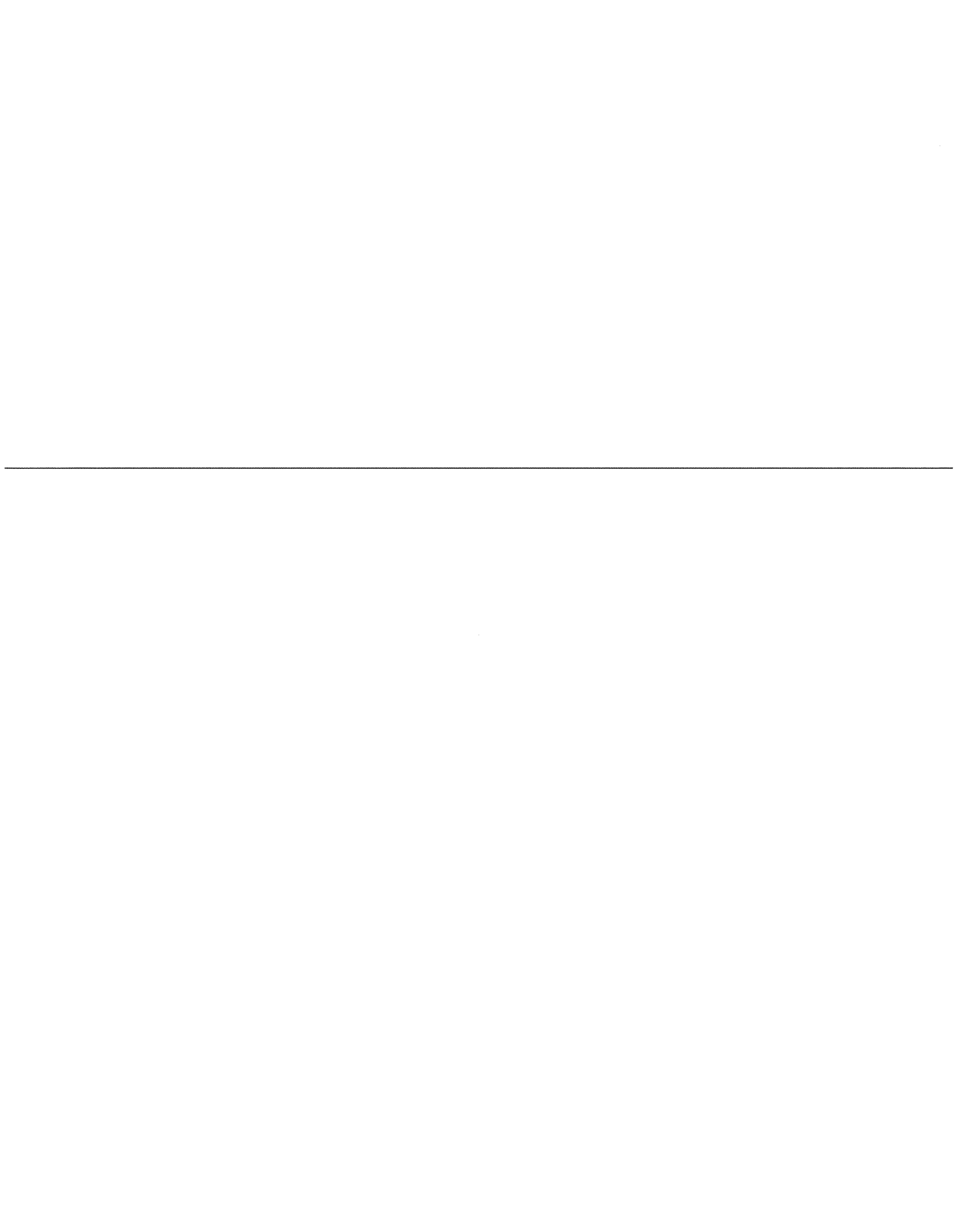


EXHIBIT 9

**ANALYSIS OF
DEPRECIATION**

	Dep Lives	UPIS 12/31/08	Additions	UPIS 12/31/09
Land & Rights		\$ 126,842	\$ -	\$ 126,842
Structures & Improvements	50	413,031	957	413,988
Pumping Equipment	50	201,255	7,580	208,835
Distribution Reservoirs	50	1,291,622	560	1,292,182
Transmission & Distribution Mains	50	7,434,752	45,043	7,479,795
Services	50	120,774	0	120,774
Meters & Installations	50	624,274	48,298	672,572
Other Plant	50	32,370	0	32,370
Furniture & Equipment	10	85,363	0	85,363
Transportation Equipment	5	173,102	0	173,102
Power Operated Equipment	20	218,680	1,580	220,260
CWIP		77,763	594,140	671,903
Totals		<u>\$10,799,828</u>	<u>\$ 698,158</u>	<u>\$11,497,986</u>

Staff Depreciation

		Lives	Expense
Structures & Improvements	\$ 126,842	38	\$ 3,338
Pumping Equipment	413,988	20	20,699
Distribution Reservoirs	208,835	45	4,641
Transmission & Distribution Mains	1,292,182	50	25,844
Services	7,479,795	40	186,995
Meters & Installations	120,774	40	3,019
Other Plant	672,572	35	19,216
Furniture & Equipment	32,370	23	1,407
Transportation Equipment	85,363	7	12,195
Power Operated Equipment	173,102	13	13,316
CWIP	220,260		0
Totals	<u>\$10,826,083</u>		<u>\$ 290,670</u>
Less: Reported Depreciation Expense			<u>238,082</u>
Pro Forma Adjustment			<u>\$ 52,588</u>

NARUC Service Lives - Small Water Utilities

	District	Low	High	Average
Structures & Improvements	50	35	40	38
Pumping Equipment	50	20		20
Distribution Reservoirs	50	30	60	45
Transmission & Distribution Mains	50	50	75	63
Services	50	30	50	40
Meters & Installations	50	35	45	40
Other Plant	50	30	40	35
Furniture & Equipment	10	20	25	23
Transportation Equipment	5	7	7	7
Power Operated Equipment	20	10	15	13

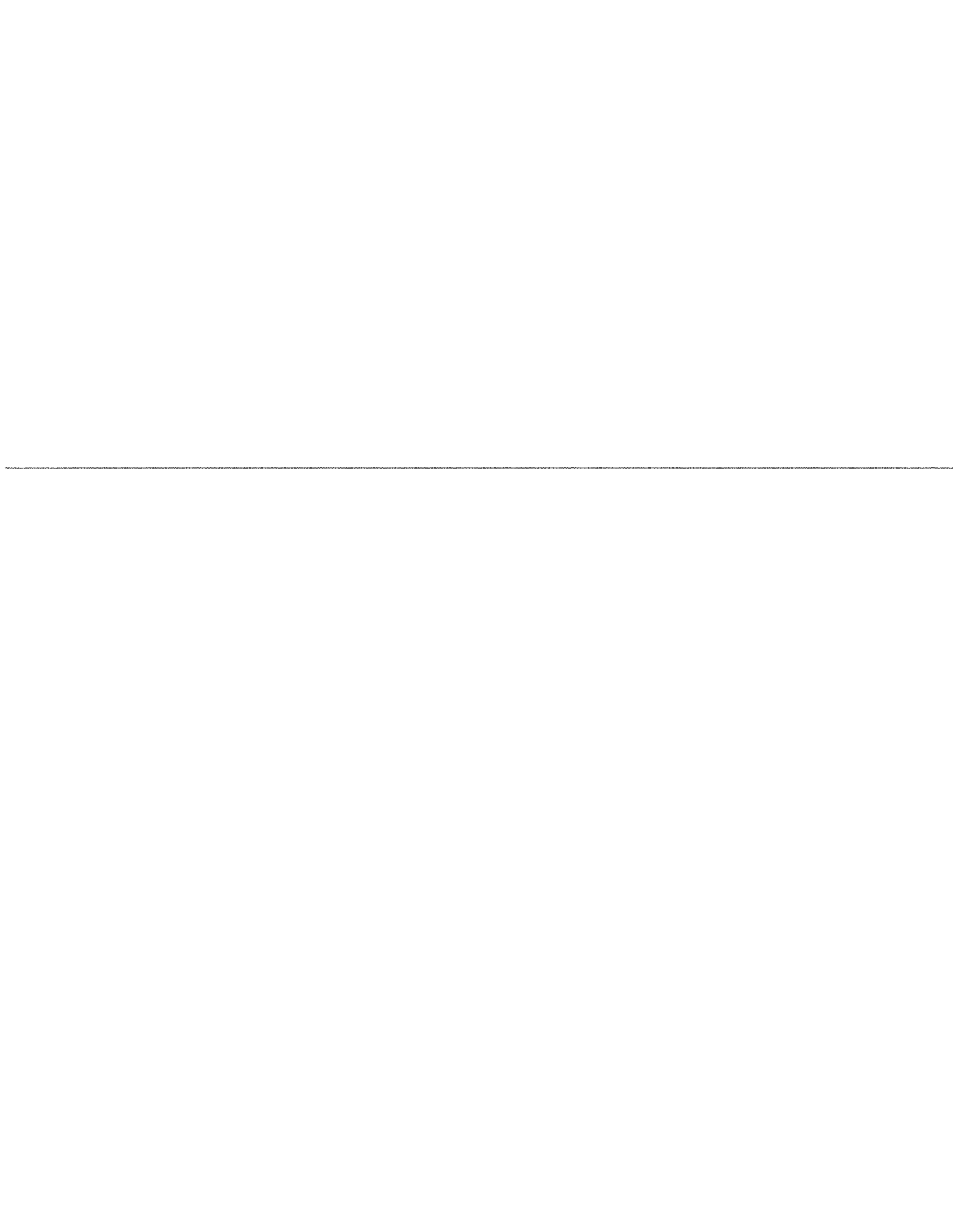


EXHIBIT 10

**MONTHLY MANAGERIAL
REPORTS**

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING January 2009**

INCOME:

Water sold	105,771.04
Connection Fees	
Tap – On Fees	560.00
Non/Sufficient Fund Checks	383.81
Returned Check Fees	150.00
Reconnection Fees	325.00
Inspection Fee	
Misc.- sale of supplies, etc.	1,649.96
<hr/>	
KIA payment	
Interest	359.25
Total Income:	109,199.06

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	11,847.44
Salaries and Wages (Office)	4,222.47
Salaries (Commissioners)	454.25
Retirement Expense	3,509.51
MetLife/employer	2,173.02
Employee w/h	1,336.49
Payroll Taxes	7,885.58
Federal Payroll Taxes	4,027.26
Federal Payroll Tax Exp	1,771.22
Employee St Income w/h Taxes	1,283.76
City of Tompkinsville Occup tax	455.47
Monroe Co Treasurer Occup tax	347.87
PSC Tax Assessment	
Insurance Withholding Payable	547.92
AFLAC	500.07
Pre Paid Service	47.85
School Tax Payable	2,834.18
Monroe Co. Board Of Education	2,834.18

Sales Tax Payable		129.98
KY State Treasurer	129.98	
Water Purchase Expense		27,585.80
Meter Deposit Refundable		181.59
Tap On Fees		
Overpayment Refund		222.07
Carol L. Rush	222.07	
Utilities Expense		5,156.99
Tri Co Electric	4,646.96	
City of Tompkinsville	510.03	
Telephone Expense		416.78
Bluegrass Cellular	210.73	
Windstream	206.05	
Transportation Expense		1,481.59
Travis Oil	142.94	
Speedway SuperAmerica	1,311.15	
VISA	27.50	
Uniforms Expense		597.27
Aramark	597.27	
Supplies (General) Expense		419.68
Bruton's Supply	148.25	
Builders Wholesale	43.68	
B&B Farm Supply	15.00	
Froedge Machine Shop	6.50	
Hill Mfg	160.20	
Zee Medical	46.05	
Transmission & Distribution Main		
Meters & Installations		
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		
Buildings & Improvements		
Supplies (In Ground) Expense		1,271.06
G&C Supply	1,271.06	
Utility Repairs – Maintenance Expense		

Equipment Repairs – Maintenance Expense.....568.32

Fishers	47.47
Grandview Welding & Equip	497.15
Carquest	23.70

Office Expense.....3,319.38

US Postal Service	812.98
Dollar General	26.50
VISA	2,093.67
Barren Co Business Supply	39.10
Office Solutions	11.96
Petty Cash	49.19
Automated Direct Mail	25.00
Debbie Thompson	94.42
Iana Dubree	84.38

Penny Pickerell	7.02
Walmart	55.16
Bank Draft	20.00

Office Repairs – Maintenance Expense347.50

Nolan Dubree	300.00
Hill Mfg	47.50

Water Sample Expense.....227.50

McCoy & McCoy	227.50
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Professional Fees Expense.....6,440.00

Kentucky Infrastructure Authority	6,250.00
L. Jill Nixon, CPA	190.00

Meter Readers Expense.....3,340.00

Stephanie Young	3,340.00
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Insurance and Bonds Expense.....2,668.83

Anthem B/C & B/S	2,668.83
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Dues and Subscriptions Expense.....13.86

Ky Underground Protection	13.86
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Meetings and Educational Expense

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost2,850.00

Stigall Engineering Associates 2,850.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 109,939.55

NET GAIN OR LOSS FOR THE MONTH ENDING - 740.49

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING February 2009**

INCOME:

Water sold	93,671.32
Connection Fees	2,550.00
Tap – On Fees	1,345.00
Non/Sufficient Fund Checks	157.29
Returned Check Fees	75.00
Reconnection Fees	175.00
Inspection Fee	200.00
Misc.- sale of supplies, ½ electric bill, etc.	2,829.47

~~KIA payment~~

Interest	328.59
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Total Income: 101,331.67

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	10,166.82
Salaries and Wages (Office)	4,359.10
Salaries (Commissioners)	454.25
Retirement Expense	2,972.89
MetLife/employer	1,848.58
Employee w/h	1,124.31
Payroll Taxes	6,157.95
Federal Payroll Taxes	3,459.97
Federal Payroll Tax Exp	1,591.16
Employee St Income w/h Taxes	1,106.82
City of Tompkinsville Occup tax	
Monroe Co Treasurer Occup tax	
PSC Tax Assessment	
Insurance Withholding Payable	547.92
AFLAC	500.07
Pre Paid Service	47.85
School Tax Payable	2,844.01
Monroe Co. Board Of Education	2,844.01
Sales Tax Payable	143.68
KY State Treasurer	143.68

Water Purchase Expense		36,953.84
Meter Deposit Refundable		300.38
Tap On Fees		
Overpayment Refund		
Utilities Expense		5,072.76
Tri Co Electric	4,504.31	
City of Tompkinsville	568.45	
Telephone Expense		452.27
Bluegrass Cellular	181.79	
Windstream	270.48	
Transportation Expense		1,300.65
Travis Oil	131.27	
Speedway SuperAmerica	1,169.38	
Uniforms Expense		532.05
Aramark	532.05	
Supplies (General) Expense		524.92
Bruton's Supply	255.00	
Lyon Lumber	41.85	
Consolidated Paper Group	110.00	
Hill Mfg	118.07	
Transmission & Distribution Main		3,918.02
G&C Supply	635.30	
HD Supply Waterworks	3,282.72	
Meters & Installations		2,924.08
G&C Supply	2,799.08	
HD Supply Waterworks	125.00	
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		
Buildings & Improvements		
Supplies (In Ground) Expense		639.54
G&C Supply	639.54	
Utility Repairs – Maintenance Expense		73.54
Jr's Plumbing Supply	73.54	

Equipment Repairs – Maintenance Expense.....1,051.92

Fishers	225.48
Grandview Welding & Equip	29.76
T-ville Industrial Repair	50.00
G&C Supply	746.68

Office Expense.....2,210.95

US Postal Service	1,322.41
Dollar General	98.10
VISA	75.44
Barren Co Business Supply	73.70
Office Solutions	145.60
Petty Cash	64.01
Sam’s Club	232.80
United Systems & Software	18.00

Zee Medical	160.89
Bank Draft	20.00

Office Repairs – Maintenance Expense200.00

Nolan Dubree	200.00
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Water Sample Expense.....305.00

McCoy & McCoy	305.00
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Professional Fees Expense

Meter Readers Expense3,337.00

Stephanie Young	3,337.00
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Insurance and Bonds Expense2,729.25

Anthem B/C & B/S	2,729.25
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Dues and Subscriptions Expense75.00

Ky Rural Water Association	75.00
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Meetings and Educational Expense.....42.50

Johnny Poland	25.64
Wayne Watson	16.86

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost6,400.00

Stigall Engineering Associates	6,400.00
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Construction Expense – Hwy 163 Relocation

Bond Fund Account	18,400.00
Emergency Operating Account	3,000.00
Total Operating Expenses:	118,090.29
NET GAIN OR LOSS FOR THE MONTH ENDING	- 16,758.62

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING March 2009**

INCOME:

Water sold	102,554.44
Connection Fees	1,530.00
Tap – On Fees	960.00
Non/Sufficient Fund Checks	1,084.17
Returned Check Fees	100.00
Reconnection Fees	325.00
Inspection Fee	50.00
Misc.- sale of supplies, Bluegrass lease, meter test, etc.	13,050.41

KIA payment

Interest	372.38
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Total Income: 120,026.40

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	12,624.78
Salaries and Wages (Office)	5,443.28
Salaries (Commissioners)	454.25
Retirement Expense	2,690.46
MetLife/employer	1,660.31
Employee w/h	1,030.15
Payroll Taxes	6,364.45
Federal Payroll Taxes	3,483.35
Federal Payroll Tax Exp	1,900.34
Employee St Income w/h Taxes	980.76
City of Tompkinsville Occup tax	
Monroe Co Treasurer Occup tax	
PSC Tax Assessment	
Insurance Withholding Payable	547.92
AFLAC	500.07
Pre Paid Service	47.85
School Tax Payable	2,568.81
Monroe Co. Board Of Education	2,568.81
Sales Tax Payable	113.20
KY State Treasurer	113.20

Water Purchase Expense		29,341.79
Meter Deposit Refundable		74.24
Tap On Fees		
Overpayment Refund		
Utilities Expense		5,806.55
Tri Co Electric	5,120.19	
City of Tompkinsville	686.36	
Telephone Expense		418.68
Bluegrass Cellular	181.79	
South Central RTC	236.89	
Transportation Expense		1,695.79
Travis Oil	327.42	
Speedway SuperAmerica	1,368.37	
Uniforms Expense		556.61
Aramark	506.61	
Donya Dicken	50.00	
Supplies (General) Expense		377.65
Bruton's Supply	161.03	
G&C Supply	12.00	
Hill Mfg	204.62	
Transmission & Distribution Main		3,987.51
G&C Supply	1,177.69	
HD Supply Waterworks	2,809.82	
Meters & Installations		2,656.27
G&C Supply	44.50	
HD Supply Waterworks	120.00	
CI Thornburg	561.77	
Neptune Equipment Co	1,930.00	
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		
Buildings & Improvements		
Supplies (In Ground) Expense		3,834.93
G&C Supply	2,888.10	
HD Supply Waterworks	946.83	

Utility Repairs – Maintenance Expense

Equipment Repairs – Maintenance Expense.....1,023.35

Fishers	114.95
Grandview Welding & Equip	67.50
T-ville Industrial Repair	95.00
G&C Supply	131.19
Carquest	24.00
Gentry's Service Center	208.71
Richard's Garage	68.00
Travis Tire	314.00

Office Expense.....1,765.01

US Postal Service	1,030.65
Dollar General	6.70
VISA	243.60
Barren Co Business Supply	104.15
Monroe Press	226.63
Petty Cash	96.82
IGA	21.46
Safety Deposit Box	15.00
Bank Draft	20.00

Office Repairs – Maintenance Expense1,320.00

Nolan Dubree	200.00
Southern Ky Glass	440.00
Floormaster Cleaning	680.00

Water Sample Expense.....955.00

McCoy & McCoy	955.00
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Professional Fees Expense.....95.00

L. Jill Nixon	95.00
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Meter Readers Expense.....3,327.00

Stephanie Young	3,327.00
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Insurance and Bonds Expense.....2,830.75

Anthem B/C & B/S	2,729.25
KACo Insurance Agency	101.50

Dues and Subscriptions Expense.....2.42

Ky Rural Water Association	2.42
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Meetings and Educational Expense.....176.00

Patrick Myatt	176.00
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Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost4,420.00

 Stigall Engineering Associates 4,420.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 116,871.70

NET GAIN OR LOSS FOR THE MONTH ENDING + 3,154.70

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING April 2009**

INCOME:

Water sold	88,667.29
Connection Fees	3,060.00
Tap – On Fees	1,720.00
Non/Sufficient Fund Checks	146.96
Returned Check Fees	50.00
Reconnection Fees	150.00
Inspection Fee	100.00
Misc.- sale of supplies, meter relocation, etc.	1,938.76
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KIA (2) payments WX21171028	32,903.53
Interest	363.32

Total Income: 129,099.86

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	9,890.64
Salaries and Wages (Office)	4,316.90
Salaries (Commissioners)	454.25
Retirement Expense	3,237.70
MetLife/employer	1,991.80
Employee w/h	1,245.90
Payroll Taxes	6,275.15
Federal Payroll Taxes	2,790.14
Federal Payroll Tax Exp	1,506.57
Employee St Income w/h Taxes	1,168.46
City of Tompkinsville Occup tax	458.55
Monroe Co Treasurer Occup tax	351.43
PSC Tax Assessment	
Insurance Withholding Payable	547.92
AFLAC	500.07
Pre Paid Service	47.85
School Tax Payable	2,829.76
Monroe Co. Board Of Education	2,829.76
Sales Tax Payable	106.73
KY State Treasurer	106.73

Water Purchase Expense		28,813.72
Meter Deposit Refundable		283.83
Tap On Fees		
Overpayment Refund		
Utilities Expense		5,215.25
Tri Co Electric	4,756.45	
City of Tompkinsville	458.80	
Telephone Expense		412.67
Bluegrass Cellular	181.79	
South Central RTC	230.88	
Transportation Expense		1,027.07
Speedway SuperAmerica	1,027.07	
Uniforms Expense		712.70
Aramark	712.70	
Supplies (General) Expense		65.98
Bruton's Supply	47.43	
B&B Farm Supply	18.55	
Transmission & Distribution Main		425.24
G&C Supply	425.24	
Meters & Installations		1,992.69
G&C Supply	696.92	
HD Supply Waterworks	849.51	
CI Thornburg	446.26	
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		
Buildings & Improvements		
Supplies (In Ground) Expense		
Utility Repairs – Maintenance Expense		6,832.95
Micro Comm	4,050.00	
Monroe Feed & Farm	280.00	
KY TN Tractor	12.95	
L&T Service	2,490.00	

Equipment Repairs – Maintenance Expense	954.29
Fishers	343.04
Grandview Welding & Equip	606.25
Travis Tire	5.00
Office Expense	2,148.08
US Postal Service	905.12
Dollar General	20.40
VISA	87.50
Barren Co Business Supply	82.81
Automated Direct Mail	25.35
Better Quality Business	6.53
Debbie Thompson	80.41
Floormaster Cleaning	40.00
Jana Dubree	106.70
Penny Pickerell	129.43
Office Solution	146.98
United System & Software	455.15
Zee Medical Supply	41.70
Bank Draft	20.00
Office Repairs – Maintenance Expense	200.00
Nolan Dubree	200.00
Water Sample Expense	235.00
McCoy & McCoy	235.00
Professional Fees Expense	2,400.00
Wayne Nichols	2,400.00
Meter Readers Expense	3,336.00
Stephanie Young	3,336.00
Insurance and Bonds Expense	2,729.25
Anthem B/C & B/S	2,729.25
Dues and Subscriptions Expense	44.64
Ky Underground Protection	9.64
Sam’s Club	35.00
Meetings and Educational Expense	307.27
Richard O. Ross	74.25
Wayne Watson	75.00
VISA	158.02
Miscellaneous Expense	

Equipment606.00

Dickson 606.00

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost16,523.53

Stigall Engineering Associates 16,523.53

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 124,325.21

NET GAIN OR LOSS FOR THE MONTH ENDING + 4,774.65

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING May 2009**

INCOME:

Water sold	96,776.54
Connection Fees	3,060.00
Tap – On Fees	1,160.00
Non/Sufficient Fund Checks	67.54
Returned Check Fees	50.00
Reconnection Fees	300.00
Inspection Fee	300.00
Misc.- sale of supplies, meter relocation, office reimburse etc.	342.39
KIA (2) payments WX21171027	12,250.00
Interest	343.63

Total Income: 114,650.10

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	9,821.87
Salaries and Wages (Office)	4,273.77
Salaries (Commissioners)	454.25
Retirement Expense	2,558.99
MetLife/employer	1,572.67
Employee w/h	986.32
Payroll Taxes	5,244.31
Federal Payroll Taxes	2,826.76
Federal Payroll Tax Exp	1,498.38
Employee St Income w/h Taxes	919.17
PSC Tax Assessment	
Insurance Withholding Payable	547.92
AFLAC	500.07
Pre Paid Service	47.85
School Tax Payable.....	2,439.85
Monroe Co. Board Of Education	2,439.85
Sales Tax Payable.....	120.72
KY State Treasurer	120.72
Water Purchase Expense	28,610.23

Meter Deposit Refundable130.29

Tap On Fees

Overpayment Refund

Utilities Expense3,892.66

Tri Co Electric 3,608.44

City of Tompkinsville 284.22

Telephone Expense413.76

Bluegrass Cellular 181.79

South Central RTC 231.97

Transportation Expense1,460.52

Speedway SuperAmerica 1,079.48

Travis Oil Company 381.04

Uniforms Expense.....604.78

Aramark 604.78

Supplies (General) Expense900.39

Bruton's Supply 290.47

B&B Farm Supply 61.14

G&C Supply 77.40

Hill Mfg 471.38

Transmission & Distribution Main360.95

HD Supply Waterworks 360.95

Meters & Installations4,925.99

G&C Supply 3,823.35

HD Supply Waterworks 1,102.64

Infrastructure

Furniture & Equipment

Transportation Equipment

Power Operated Equipment

Buildings & Improvements

Supplies (In Ground) Expense.....169.07

G&C Supply 169.07

Utility Repairs – Maintenance Expense.....196.00

Travis Oil & Ready Mix 196.00

Equipment Repairs – Maintenance Expense.....3,861.02

Fishers	28.60
Carquest	12.42
Travis Tire	3.00
Ditchwitch of Ky	692.06
Gentry’s Service Center	2,831.47
Goodman	219.00
Whayne Supply	29.47
Wigg’s Alternator Repair	45.00

Office Expense.....1,444.01

US Postal Service	884.61
Dollar General	21.10
VISA	91.84
Barren Co Business Supply	126.60
Office Solution	141.99
Petty Cash	99.74
Zee Medical Supply	58.13
Bank Draft	20.00

Office Repairs – Maintenance Expense395.92

Nolan Dubree	200.00
Floormaster Cleaning	40.00
Jr’s Plumbing Supply	155.92

Water Sample Expense.....235.00

McCoy & McCoy	235.00
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Professional Fees Expense.....4,000.00

Wayne Nichols	4,000.00
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Meter Readers Expense.....3,332.00

Stephanie Young	3,332.00
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Insurance and Bonds Expense2,790.64

Anthem B/C & B/S	2,790.64
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Dues and Subscriptions Expense

Meetings and Educational Expense.....139.12

Sherrri A. Proffitt	139.12
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Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment	16.00
CI Thornburg	16.00
Construction Expense – WTP Design Study Cost	6,920.50
Stigall Engineering Associates	6,920.50
Construction Expense – Hwy 163 Relocation	
Bond Fund Account	18,400.00
Emergency Operating Account	3,000.00
	Total Operating Expenses: 111,660.53
 NET GAIN OR LOSS FOR THE MONTH ENDING	 + 2,989.57

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING June 2009**

INCOME:

Water sold	93,235.39
Connection Fees	3,060.00
Tap – On Fees	1,240.00
Non/Sufficient Fund Checks	104.14
Returned Check Fees	50.00
Reconnection Fees	100.00
Inspection Fee	50.00
Misc.- sale of supplies, ½ electric bills reimburse etc.	2,014.22
Interest	373.44

Total Income: 100,227.19

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	12,911.94
Salaries and Wages (Office)	5,370.18
Salaries (Commissioners)	454.25
Retirement Expense	2,546.22
MetLife/employer	1,564.16
Employee w/h	982.06
Payroll Taxes	6,554.55
Federal Payroll Taxes	3,728.51
Federal Payroll Tax Exp	1,932.80
Employee St Income w/h Taxes	893.24
PSC Tax Assessment	
Insurance Withholding Payable	500.07
AFLAC	500.07
School Tax Payable	2,684.20
Monroe Co. Board Of Education	2,684.20
Sales Tax Payable	112.69
KY State Treasurer	112.69
Water Purchase Expense	27,282.64

Meter Deposit Refundable167.14

Tap On Fees

Overpayment Refund

Utilities Expense3,710.44

Tri Co Electric 3,604.72

City of Tompkinsville 105.72

Telephone Expense405.73

Bluegrass Cellular 181.79

South Central RTC 223.94

Transportation Expense1,354.95

Speedway SuperAmerica 1,076.84

Travis Oil Company 278.11

Uniforms Expense.....558.21

Aramark 558.21

Supplies (General) Expense427.59

Bruton's Supply 97.84

Lyon Lumber 15.75

G&C Supply 314.00

Transmission & Distribution Main8,613.98

HD Supply Waterworks 345.24

G&C Supply 8,268.74

Meters & Installations1,369.98

G&C Supply 1,369.98

Infrastructure

Furniture & Equipment

Transportation Equipment

Power Operated Equipment108.73

G&C Supply 108.73

Buildings & Improvements

Supplies (In Ground) Expense.....714.70

G&C Supply 714.70

Utility Repairs – Maintenance Expense.....3,884.50

Scotty's Contract & Stone 134.50

Superior Tank 3,750.00

Equipment Repairs -- Maintenance Expense.....942.26

Fishers	92.57
Carquest	97.69
Travis Tire	622.00
Richard's Garage	65.00
Tompkinsville Ind Repair	65.00

Office Expense.....2,556.55

US Postal Service	699.54
Dollar General	46.00
VISA	178.55
Barren Co Business Supply	148.41
Monroe Co Press	132.85
Petty Cash	64.19
IGA	52.56

Bank Fees	60.00
United Systems & Software	1,174.45

Office Repairs – Maintenance Expense240.00

Nolan Dubree	200.00
Floormaster Cleaning	40.00

Water Sample Expense.....235.00

McCoy & McCoy	235.00
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Professional Fees Expense8,045.00

Campbell Myers & Rutledge, CPAs	8,000.00
L. Jill Nixon	45.00

Meter Readers Expense3,338.00

Stephanie Young	3,338.00
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Insurance and Bonds Expense.....3,612.37

Anthem B/C & B/S	2,759.77
Rowland Insurance Agency	852.60

Dues and Subscriptions Expense8.22

KY Underground Protection	8.22
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Meetings and Educational Expense.....30.00

VISA	30.00
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Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost	2,685.00
Stigall Engineering Associates	2,685.00
Construction Expense – Hwy 163 Relocation	
Bond Fund Account	18,400.00
Emergency Operating Account.....	3,000.00
	Total Operating Expenses: 122,825.09
NET GAIN OR LOSS FOR THE MONTH ENDING	- 22,597.90

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING July 2009**

INCOME:

Water sold	102,118.09
Connection Fees	2,040.00
Tap – On Fees	1,400.00
Non/Sufficient Fund Checks	63.61
Returned Check Fees	50.00
Reconnection Fees	650.00
Inspection Fee	200.00
Misc.- sale of supplies, ½ electric bills reimburse etc.	1,216.92
Interest	327.16

Total Income: 108,065.78

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	9,534.57
Salaries and Wages (Office)	4,418.15
Salaries (Commissioners)	454.25
Retirement Expense	3,289.80
MetLife/employer	2,026.54
Employee w/h	1,263.26
Payroll Taxes	6,237.39
Federal Payroll Taxes	2,822.91
Federal Payroll Tax Exp	1,481.38
Employee St Income w/h Taxes	1,167.06
City of Tompkinsville Occup tax	435.55
Monroe Co Treasurer Occup tax	330.49
PSC Tax Assessment	1,885.90
Public Service Commission	1,885.90
Insurance Withholding Payable	
School Tax Payable	2,582.49
Monroe Co. Board Of Education	2,582.49
Sales Tax Payable	123.23
KY State Treasurer	123.23

Water Purchase Expense		28,674.87
Meter Deposit Refundable		297.48
Tap On Fees		
Overpayment Refund		
Utilities Expense		3,871.55
Tri Co Electric	3,796.58	
City of Tompkinsville	74.97	
Telephone Expense		404.13
Bluegrass Cellular	181.56	
South Central RTC	222.57	
Transportation Expense		1,966.58
Speedway SuperAmerica	1,536.12	
Travis Oil Company	430.46	
Uniforms Expense		698.09
Aramark	698.09	
Supplies (General) Expense		1,067.99
Bruton's Supply	741.21	
Consolidated Paper Group	115.00	
Hill Mfg	211.78	
Transmission & Distribution Main		2,316.07
HD Supply Waterworks	809.35	
G&C Supply	1,506.72	
Meters & Installations		2,428.73
G&C Supply	1,594.66	
HD Supply Waterworks	834.07	
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		
Buildings & Improvements		
Supplies (In Ground) Expense		1,742.26
G&C Supply	1,742.26	
Utility Repairs – Maintenance Expense		610.41
Scotty's Contract & Stone	147.91	
Alex Buck	462.50	

Equipment Repairs – Maintenance Expense.....944.94

Fishers	69.06
Grandview Welding & Equipment	458.88
Travis Tire	417.00

Office Expense.....1,571.38

US Postal Service	324.93
Dollar General	60.00
VISA	412.45
Barren Co Business Supply	178.89
Automated Direct Mail	25.69
Debbie Thompson	56.21
Jana Dubree	37.95
Kenneth Pedigo	100.00
Penny Pickerell	28.60

Office Solutions	153.99
Zee Medical	110.17
Bank Fees	20.00
United Systems & Software	62.50

Office Repairs – Maintenance Expense240.00

Nolan Dubree	200.00
Floormaster Cleaning	40.00

Water Sample Expense.....1,368.85

McCoy & McCoy	970.00
HACH	398.85

Professional Fees Expense

Meter Readers Expense3,336.00

Stephanie Young	3,336.00
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Insurance and Bonds Expense.....24,443.65

Anthem B/C & B/S	2,764.11
Smith Manus	101.50
KACo Workers Comp	4,590.63
KACo Insurance Agency	16,987.41

Dues and Subscriptions Expense.....27.05

KY Underground Protection	27.05
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Meetings and Educational Expense

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost14,279.21

Stigall Engineering Associates 14,279.21

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 140,215.02

NET GAIN OR LOSS FOR THE MONTH ENDING - 32,149.24

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING August 2009**

INCOME:

Water sold	106,251.65
Connection Fees	2,550.00
Tap – On Fees	1,480.00
Non/Sufficient Fund Checks	1,062.34
Returned Check Fees	75.00
Reconnection Fees	100.00
Inspection Fee	50.00
Misc.- sale of supplies, reimburse w/h Ins. etc.	713.66
Interest	306.21

Total Income: 112,588.86

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	11,498.55
Salaries and Wages (Office)	5,449.45
Salaries (Commissioners)	454.25
Retirement Expense	2,494.26
MetLife/employer	1,542.85
Employee w/h	951.41
Payroll Taxes	6,112.40
Federal Payroll Taxes	3,427.21
Federal Payroll Tax Exp	1,791.14
Employee St Income w/h Taxes	894.05
PSC Tax Assessment	
Insurance Withholding Payable	1,000.14
AFLAC	1,000.14
School Tax Payable	2,821.14
Monroe Co. Board Of Education	2,821.14
Sales Tax Payable	
Water Purchase Expense	31,855.33
Meter Deposit Refundable	384.98

Tap On Fees

Overpayment Refund

Utilities Expense3,901.15

Tri Co Electric 3,825.87

City of Tompkinsville 75.28

Telephone Expense410.09

Bluegrass Cellular 184.28

South Central RTC 225.81

Transportation Expense1,863.07

Speedway SuperAmerica 1,160.41

Travis Oil Company 702.66

Uniforms Expense639.48

Aramark 639.48

Supplies (General) Expense577.81

Bruton's Supply 87.90

G&C Supply 172.20

Hill Mfg 104.31

Lyon Lumber 16.20

HD Supply Waterworks 197.20

Transmission & Distribution Main2,715.36

HD Supply Waterworks 2,448.00

G&C Supply 267.36

Meters & Installations7,928.42

G&C Supply 3,927.62

HD Supply Waterworks 1,528.10

Neptune Equipment 2,472.70

Infrastructure

Furniture & Equipment

Transportation Equipment

Power Operated Equipment928.95

KY TN Tractor 249.95

G&C Supply 679.00

Buildings & Improvements460.00

Jim Wheatley 460.00

Supplies (In Ground) Expense4,673.32

G&C Supply 4,673.32

Utility Repairs – Maintenance Expense.....3,815.58

Scotty's Contract & Stone	342.84
KY TN	10.74
L&T Service	3,462.00

Equipment Repairs – Maintenance Expense.....301.11

Fishers	145.90
Grandview Welding & Equipment	17.71
Travis Tire	137.50

Office Expense.....1,627.44

US Postal Service	1,252.16
Dollar General	25.10
VISA	121.53
Barren Co Business Supply	33.90
Deposit Slips	32.61
Petty Cash	94.25
IGA	47.89
Bank Fees	20.00

Office Repairs – Maintenance Expense240.00

Nolan Dubree	200.00
Floormaster Cleaning	40.00

Water Sample Expense.....270.00

McCoy & McCoy	270.00
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Professional Fees Expense.....1,200.00

Wayne Nichols, PE	1,200.00
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Meter Readers Expense.....3,343.00

Stephanie Young	3,343.00
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Insurance and Bonds Expense.....2,764.11

Anthem B/C & B/S	2,764.11
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Dues and Subscriptions Expense.....25.20

KY Underground Protection	25.20
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Meetings and Educational Expense.....311.29

Richard O. Ross	77.00
VISA	234.29

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost4,800.00

Stigall Engineering Associates 4,300.00

Wilson Real Estate & Auction 500.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account.....18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 126,265.88

NET GAIN OR LOSS FOR THE MONTH ENDING - 13,677.02

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING September 2009**

INCOME:

Water sold	110,360.96
Connection Fees	510.00
Tap – On Fees	1,065.00
Non/Sufficient Fund Checks	404.57
Returned Check Fees	150.00
Reconnection Fees	400.00
Inspection Fee	
Misc.- reimbursements w/h Ins & phone etc.	109.46
KIA payment – WTP Design	23,884.71
Interest	307.83
Total Income:	137,192.53

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	9,638.68
Salaries and Wages (Office)	4,443.40
Salaries (Commissioners)	454.25
Retirement Expense	3,006.24
MetLife/employer	1,870.84
Employee w/h	1,135.40
Payroll Taxes	5,527.31
Federal Payroll Taxes	2,929.53
Federal Payroll Tax Exp	1,500.85
Employee St Income w/h Taxes	1,096.93
PSC Tax Assessment	
Insurance Withholding Payable	500.07
AFLAC	500.07
School Tax Payable.....	2,944.76
Monroe Co. Board Of Education	2,944.76
Sales Tax Payable	
Water Purchase Expense	32,682.79

Meter Deposit Refundable		159.67
Tap On Fees		
Overpayment Refund		
Utilities Expense		3,903.69
Tri Co Electric	3,826.23	
City of Tompkinsville	77.46	
Telephone Expense		403.79
Bluegrass Cellular	181.56	
South Central RTC	222.23	
Transportation Expense		1,866.51
Speedway SuperAmerica	1,524.92	
Travis Oil Company	341.59	
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Uniforms Expense		684.03
Aramark	684.03	
Supplies (General) Expense		325.94
Bruton's Supply	145.54	
G&C Supply	47.40	
Consolidated Paper Group	115.00	
B&B Farm Supply	18.00	
Transmission & Distribution Main		1,556.06
G&C Supply	1,556.06	
Meters & Installations		1,995.12
G&C Supply	1,995.12	
Infrastructure		
Furniture & Equipment		
Transportation Equipment		
Power Operated Equipment		283.51
HD Supply Waterworks	283.51	
Buildings & Improvements		496.72
VISA	496.72	
Supplies (In Ground) Expense		197.82
HD Supply Waterworks	197.82	
Utility Repairs – Maintenance Expense		109.34
Scotty's Contract & Stone	109.34	

Equipment Repairs – Maintenance Expense.....809.11

Fishers	165.91
Ditchwitch of KY	48.20
Monroe Feed & Farm	540.00
Wigg's Alternator Repair	55.00

Office Expense.....5,108.62

US Postal Service	693.91
Dollar General	137.35
VISA	300.71
Barren Co Business Supply	37.05
Better Quality Business	330.00
Jana Dubree	178.20
Office Solutions	153.99
United Systems & Software	3,219.10

Zee Medical Supply	58.31
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Office Repairs – Maintenance Expense427.14

Nolan Dubree	200.00
Floormaster Cleaning	40.00
Hill Mfg	187.14

Water Sample Expense.....970.00

McCoy & McCoy	970.00
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Professional Fees Expense

Meter Readers Expense3,347.00

Stephanie Young	3,347.00
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Insurance and Bonds Expense.....2,764.11

Anthem B/C & B/S	2,764.11
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Dues and Subscriptions Expense.....17.55

KY Underground Protection	17.55
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Meetings and Educational Expense.....122.27

Public Service Commission	50.00
VISA	72.27

Miscellaneous Expense50.00

American Cancer Society	50.00
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Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost1,667.00

Stigall Engineering Associates 1,650.00

Monroe County Court Clerk 17.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 107,862.50

NET GAIN OR LOSS FOR THE MONTH ENDING + 29,330.03

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING October 2009**

INCOME:

Water sold	104,355.56
Connection Fees	9,180.00
Tap – On Fees	2,160.00
Non/Sufficient Fund Checks	266.52
Returned Check Fees	125.00
Reconnection Fees	550.00
Inspection Fee	900.00
Misc.- meter relocation, sale of supplies, etc.	5,204.42

KIA payment – WTP Design

Interest	331.87
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Total Income: 123,073.37

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....9,481.35

Salaries and Wages (Office)4,394.42

Salaries (Commissioners)454.25

Retirement Expense2,500.80

MetLife/employer 1,560.54

Employee w/h 940.26

Payroll Taxes5,959.85

Federal Payroll Taxes 2,821.61

Federal Payroll Tax Exp 1,472.38

Employee St Income w/h Taxes 921.44

City of Tompkinsville Occup tax 425.95

Monroe Co Treasurer Occup tax 318.47

PSC Tax Assessment

Insurance Withholding Payable450.21

AFLAC 450.21

School Tax Payable.....3,053.90

Monroe Co. Board Of Education 3,053.90

Sales Tax Payable.....314.42

KY State Treasurer 314.42

Water Purchase Expense	29,083.11
Meter Deposit Refundable	418.13
Tap On Fees	
Other Income Refund	275.00
Jerry Pitcock	275.00
Utilities Expense	3,892.87
Tri Co Electric	3,776.46
City of Tompkinsville	116.41
Telephone Expense	399.51
Bluegrass Cellular	181.56
South Central RTC	217.95
Transportation Expense	1,581.24
Speedway SuperAmerica	1,204.45
Travis Oil Company	376.79
Uniforms Expense	884.19
Aramark	884.19
Supplies (General) Expense	420.00
Bruton's Supply	143.17
G&C Supply	47.40
Consolidated Paper Group	221.53
Lyon Lumber	7.90
Transmission & Distribution Main	245.74
G&C Supply	161.49
HD Supply Waterworks	84.25
Meters & Installations	3,145.62
G&C Supply	2,433.12
Neptune Equipment Co	712.50
Infrastructure	
Furniture & Equipment	
Transportation Equipment	
Power Operated Equipment	259.00
G&C Supply	259.00
Buildings & Improvements	
Supplies (In Ground) Expense	12.75
G&C Supply	12.75

Utility Repairs – Maintenance Expense	470.85
Scotty’s Contract & Stone	470.85
Equipment Repairs – Maintenance Expense	448.93
Fishers	34.83
D&S Car & Truck Repair	40.00
Jerry’s Transmission	374.10
Office Expense	4,109.90
US Postal Service	878.00
Automated Direct Mail	26.05
VISA	42.50
Barren Co Business Supply	81.96
Better Quality Business	3.02
Jana Dubree	39.16
Debbie Thompson	90.97
United Systems & Software	2,670.00
Zee Medical Supply	150.05
Petty Cash	97.24
Penny Pickerell	10.95
Stop Payment Charge	20.00
Office Repairs – Maintenance Expense	340.00
Nolan Dubree	300.00
Floormaster Cleaning	40.00
Water Sample Expense	332.50
McCoy & McCoy	332.50
Professional Fees Expense	
Meter Readers Expense	3,351.00
Stephanie Young	3,351.00
Insurance and Bonds Expense	4,030.27
Anthem B/C & B/S	2,948.27
KACo Workers Comp Fund	1,082.00
Dues and Subscriptions Expense	33.08
KY Underground Protection	14.00
Monroe Co Press	19.08
Meetings and Educational Expense	711.19
Jana Dubree	180.96
VISA	110.23
United Systems & Software	420.00
Miscellaneous Expense	

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost3,120.00

Stigall Engineering Associates 2,620.00

Wilson real Estate & Auction 500.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 105,574.08

NET GAIN OR LOSS FOR THE MONTH ENDING + 17,499.29

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING November 2009**

INCOME:

Water sold	93,582.27
Connection Fees	2,550.00
Tap – On Fees	920.00
Non/Sufficient Fund Checks	54.24
Returned Check Fees	50.00
Reconnection Fees	425.00
Inspection Fee	250.00
Misc.- meter relocation, office supplies, phone reimburse, etc.	181.29

~~KIA payment – WTP Design~~

Interest	331.33
----------	--------

Total Income: 98,344.13

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	13,572.19
Salaries and Wages (Office)	5,523.46
Salaries (Commissioners)	454.25
Retirement Expense	2,416.33
MetLife/employer	1,504.22
Employee w/h	912.11
Payroll Taxes	5,758.80
Federal Payroll Taxes	3,232.81
Federal Payroll Tax Exp	1,630.49
Employee St Income w/h Taxes	895.50
City of Tompkinsville Occup tax	
Monroe Co Treasurer Occup tax	
PSC Tax Assessment	
Insurance Withholding Payable	
AFLAC	
School Tax Payable	2,878.63
Monroe Co. Board Of Education	2,878.63

Sales Tax Payable

KY State Treasurer

Water Purchase Expense29,004.16

Meter Deposit Refundable240.63

Tap On Fees

Other Income Refund

Utilities Expense3,589.16

Tri Co Electric 3,484.12

City of Tompkinsville 105.04

Telephone Expense416.31

Bluegrass Cellular 181.56

South Central RTC 234.75

Transportation Expense2,078.66

Speedway SuperAmerica 1,653.65

Travis Oil Company 425.01

Uniforms Expense.....755.71

Aramark 755.71

Supplies (General) Expense725.97

Bruton's Supply 156.60

G&C Supply 47.40

Airgas Mid America 152.50

Lyon Lumber 251.40

Hill Mfg 118.07

Transmission & Distribution Main9,816.91

G&C Supply 1,533.15

HD Supply Waterworks 7,747.75

Tompkinsville Industrial Repair 536.01

Meters & Installations3,569.03

G&C Supply 2,405.70

Neptune Equipment Co 712.50

HD Supply Waterworks 450.83

Infrastructure

Furniture & Equipment

Transportation Equipment

Power Operated Equipment

Buildings & Improvements

Supplies (In Ground) Expense	893.18
G&C Supply	84.46
HD Supply Waterworks	808.72
Utility Repairs – Maintenance Expense	1,590.00
D&K Meter Repair	1,590.00
Equipment Repairs – Maintenance Expense	627.58
Fishers	164.80
Carquest	129.36
Ditchwitch of KY	197.75
Grandview Welding & Equipment	47.17
Travis Tire	88.50
Office Expense	2,047.87
US Postal Service	703.13
Sam’s Club	138.40
VISA	658.47
Barren Co Business Supply	296.97
United Systems & Software	94.95
Zee Medical Supply	155.95
Office Repairs – Maintenance Expense	386.00
Nolan Dubree	200.00
Floormaster Cleaning	40.00
Fire 1 Fire Equipment	146.00
Water Sample Expense	247.00
McCoy & McCoy	235.00
Dollar Store	12.00
Professional Fees Expense	
Meter Readers Expense	3,348.00
Stephanie Young	3,348.00
Insurance and Bonds Expense	2,948.27
Anthem B/C & B/S	2,948.27
Dues and Subscriptions Expense	1,250.00
Kentucky Rural Water Assoc	1,250.00
Meetings and Educational Expense	186.18
VISA	186.18

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment

Construction Expense – WTP Design Study Cost2,446.90

Stigall Engineering Associates 2,395.00

Monroe County Press 51.90

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

Emergency Operating Account.....3,000.00

Total Operating Expenses: 118,171.18

NET GAIN OR LOSS FOR THE MONTH ENDING - 19,827.05

**MONROE COUNTY WATER DISTRICT
OPERATING REPORT
MONTH ENDING December 2009**

INCOME:

Water sold	100,575.07
Connection Fees	510.00
Tap – On Fees	800.00
Non/Sufficient Fund Checks	406.29
Returned Check Fees	125.00
Reconnection Fees	100.00
Inspection Fee	
Misc.- meter relocation, sale of supplies, master meter reimburse, etc.	1,477.83
<hr/>	
KIA payment – WTP Design	
Interest	336.59
Total Income:	104,330.78

OPERATING EXPENSES:

Salaries and Wages (Maintenance).....	11,827.84
Salaries and Wages (Office)	5,059.86
Salaries (Commissioners)	454.25
Retirement Expense	3,179.03
MetLife/employer	1,986.03
Employee w/h	1,193.00
Payroll Taxes	7,391.24
Federal Payroll Taxes	4,024.13
Federal Payroll Tax Exp	2,132.09
Employee St Income w/h Taxes	1,235.02
City of Tompkinsville Occup tax	
Monroe Co Treasurer Occup tax	
PSC Tax Assessment	
Insurance Withholding Payable	900.42
AFLAC	900.42
School Tax Payable	2,578.70
Monroe Co. Board Of Education	2,578.70

Sales Tax Payable

KY State Treasurer

Water Purchase Expense28,311.94

Meter Deposit Refundable147.29

Tap On Fees

Other Income Refund

Utilities Expense3,390.05

Tri Co Electric 3,250.30

City of Tompkinsville 139.75

Telephone Expense414.22

Bluegrass Cellular 181.56

South Central RTC 232.66

Transportation Expense1,749.44

Speedway SuperAmerica 1,386.87

Travis Oil Company 362.57

Uniforms Expense.....610.00

Aramark 610.00

Supplies (General) Expense425.61

Bruton's Supply 205.39

G&C Supply 128.22

Consolidated Paper Group 92.00

Transmission & Distribution Main2,508.00

G&C Supply 831.44

HD Supply Waterworks 1,676.56

Meters & Installations2,931.92

G&C Supply 194.50

Neptune Equipment Co 1,930.00

HD Supply Waterworks 807.42

Infrastructure

Furniture & Equipment

Transportation Equipment

Power Operated Equipment

Buildings & Improvements

Supplies (In Ground) Expense

Utility Repairs – Maintenance Expense.....226.72

D&K Meter Repair 226.72

Equipment Repairs – Maintenance Expense.....1,590.76

Fishers	257.79
Whayne Supply	328.87
Ditchwitch of KY	456.46
Grandview Welding & Equipment	7.64
Travis Tire	540.00

Office Expense.....1,829.77

US Postal Service	705.50
Monroe County Press	48.95
VISA	712.46
Barren Co Business Supply	78.85
Zee Medical Supply	29.55
Petty Cash	87.48
Office Solutions	166.98

Office Repairs – Maintenance Expense285.00

Nolan Dubree	200.00
Floormaster Cleaning	40.00
Southern KY Glass	45.00

Water Sample Expense.....1,088.00

McCoy & McCoy	1,005.00
Glasgow Water Co.	83.00

Professional Fees Expense.....288.00

L. Jill Nixon	288.00
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Meter Readers Expense3,346.00

Stephanie Young	3,346.00
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Insurance and Bonds Expense2,948.27

Anthem B/C & B/S	2,948.27
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Dues and Subscriptions Expense35.85

KY Underground Protection	35.85
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Meetings and Educational Expense

Miscellaneous Expense

Equipment

Distribution Reservoirs

Pumping Equipment.....150.00

Leroy Geraldts	150.00
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Construction Expense – WTP Design Study Cost2,265.95

Stigall Engineering Associates 1,740.00

Monroe County Press 25.95

Douglas S. McPherson 500.00

Construction Expense – Hwy 163 Relocation

Bond Fund Account18,400.00

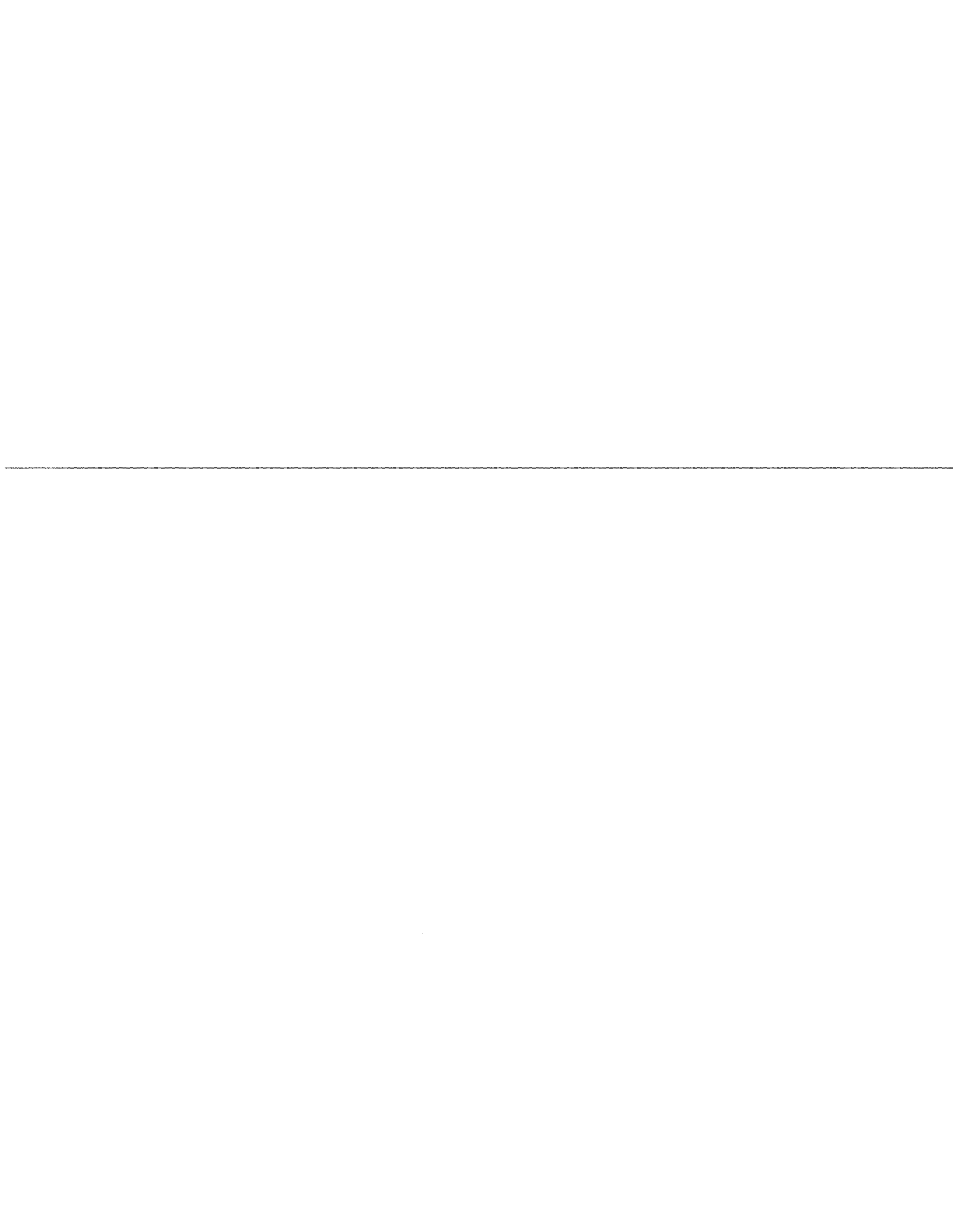
Emergency Operating Account.....3,000.00

Total Operating Expenses: 107,334.13

NET GAIN OR LOSS FOR THE MONTH ENDING - 3,003.35

Monroe County Water District

2009	Water Sold	Total Income	Water Purchased	Salary	Total Expenses	Net Gain or Loss	Emergency Operating & 2 - CD's	Depreciation Fund & 3 - CD's	Sinking Fund	Meter Deposits	Revenue Account	Operating Account	Total Money
January	105,771.04	109,199.06	27,585.80	16,524.16	109,939.55	- 740.49	63,126.63 107,085.70	178,201.43 150,000.00	51,899.69	45,526.00	424,009.36	32,485.01	1,052,323.82
February	93,671.32	101,331.67	36,953.84	14,980.17	118,090.29	-16,758.62	66,175.38 107,311.26	178,777.93 150,000.00	70,331.51	45,404.62	425,201.23	14,423.00	1,057,624.93
March	102,554.44	120,026.40	29,341.79	18,522.31	116,871.70	+ 3,154.70	69,175.38 107,515.42	179,331.91 150,000.00	88,797.71	45,722.71	419,033.86	22,573.13	1,082,150.12
April	88,667.29	129,099.86	28,813.72	14,661.79	124,325.21	+ 4,774.65	72,291.95 107,741.88	179,794.16 150,000.00	107,276.24	45,733.06	423,098.72	23,265.98	1,109,201.99
May	96,776.54	114,650.10	28,610.23	14,549.89	111,660.53	+ 2,989.57	75,350.21 107,961.50	180,241.71 150,000.00	125,766.51	46,104.18	437,716.28	11,627.15	1,134,767.54
June	93,235.39	100,227.19	27,282.64	18,736.37	122,825.09	- 22,597.90	78,417.01 108,139.38	180,714.60 150,000.00	144,281.31	46,247.95	412,839.33	13,821.77	1,134,461.35
July	102,118.09	108,065.78	28,674.87	14,406.97	140,215.02	- 32,149.24	81,484.51 108,311.82	181,172.80 150,000.00	90,895.87	47,094.17	370,640.88	23,641.41	1,053,241.46
August	106,261.65	112,588.86	31,855.33	17,402.25	126,265.88	- 13,677.02	84,554.70 108,490.28	181,641.56 150,000.00	109,379.12	47,231.57	356,979.26	22,406.49	1,060,682.98
September	110,360.96	137,192.53	32,682.79	14,536.33	107,862.50	+ 29,330.03	87,625.02 108,669.04	182,105.70 150,000.00	127,874.06	47,674.56	393,891.90	14,568.67	1,112,408.95
October	104,355.56	123,073.37	29,083.11	14,330.02	105,574.08	+ 17,499.29	90,697.94 108,842.32	182,560.12 150,000.00	146,384.71	48,000.65	416,828.77	9,017.54	1,152,332.05
November	93,582.27	98,344.13	29,004.16	19,549.90	118,171.18	- 19,827.05	93,775.88 109,021.66	150,000.00 183,030.04	164,914.58	47,721.95	389,960.59	15,876.24	1,154,300.94
December	100,575.07	104,330.78	28,311.94	17,341.95	107,334.13	- 3,003.35	96,856.35 109,195.50	150,000.00 183,490.20	183,459.69	47,906.37	393,943.81	8,562.99	1,173,414.91



NOTICE

Notice is hereby given that the Monroe County Water District seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates in the total amount of \$1,504,411 on an annual basis, which is an increase of approximately 26.4 percent. Monroe County Water District is proposing to phase in its requested increase in rates in two phases. The initial phase will produce annual operating revenues from water sales of \$1,347,347, an increase in of \$157,541 or an increase of approximately 11.69 percent over normalized revenues from water sales of \$1,189,605. The Phase II rate increase will produce annual operating revenues from water sales of \$1,504,411, an increase in of \$158,413 or an increase of approximately 10.52 percent over normalized revenues from the phase I increase of \$1,347,347. Phase II rates will become effective one year from the date that Phase I rates take effect.

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

Meter Size	Total Increase	Percentage
5/8 x 3/4 Inch Meter	\$ 261,520	82.771%
1 Inch Meter	9,603	3.039%
2 Inch Meter	41,903	13.263%
Wholesale	2,929	0.927%
Totals	\$ 315,955	100.000%

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

Proposed Phase I Rate Increase					
		Current			Proposed
		Rate			Rate
5/8 inch Meter:					
First	2,000	\$14.78	Minimum Bill	\$15.96	Minimum Bill
Next	3,000	4.88	per 1,000 gallons	5.85	per 1,000 gallons
Next	5,000	4.24	per 1,000 gallons	4.97	per 1,000 gallons
All Over	10,000	3.60	per 1,000 gallons	4.21	per 1,000 gallons
1-inch Meter:					
First	5,000	\$29.42	Minimum Bill	\$33.51	Minimum Bill
Next	5,000	4.24	per 1,000 gallons	4.97	per 1,000 gallons
All Over	10,000	3.60	per 1,000 gallons	4.21	per 1,000 gallons
2-inch Meter:					
First	20,000	\$86.62	Minimum Bill	\$100.46	Minimum Bill
All Over	20,000	3.60	per 1,000 gallons	4.21	per 1,000 gallons
WHOLESALE		\$1.67	per 1,000 gallons	\$2.11	per 1,000 gallons

Proposed Phase II Rate Increase					
		Current		Proposed	
5/8 inch Meter:		Rate		Rate	
First	2,000	\$14.78	Minimum Bill	\$17.15	Minimum Bill
Next	3,000	4.88	per 1,000 gallons	6.90	per 1,000 gallons
Next	5,000	4.24	per 1,000 gallons	5.70	per 1,000 gallons
All Over	10,000	3.60	per 1,000 gallons	4.80	per 1,000 gallons
1-inch Meter:					
First	5,000	\$29.42	Minimum Bill	\$37.85	Minimum Bill
Next	5,000	4.24	per 1,000 gallons	5.70	per 1,000 gallons
All Over	10,000	3.60	per 1,000 gallons	4.80	per 1,000 gallons
2-inch Meter:					
First	20,000	\$86.62	Minimum Bill	\$114.35	Minimum Bill
All Over	20,000	3.60	per 1,000 gallons	4.80	per 1,000 gallons

IMPACT ON AVERAGE CUSTOMER BILL

Meter Size	Average Usage	Average Bill			
		Existing Rates	Phase I Rates	Increase	
				Amount	%
5/8 x 3/4" Meter	4,100	\$ 25.03	\$ 28.25	\$ 3.22	12.85%
1" Meter	22,194	\$ 102.32	\$ 118.96	\$ 16.64	16.26%
2" Meter	102,364	\$ 383.13	\$ 447.21	\$ 64.08	16.73%
Wholesale	277,367	\$ 463.20	\$ 585.24	\$122.04	26.35%

Meter Size	Average Usage	Average Bill			
		Phase I Rates	Phase II Rates	Increase in Average Bill	
				Amount	%
5/8 x 3/4" Meter	4,100	\$ 28.25	\$ 31.64	\$ 3.40	12.02%
1" Meter	22,194	\$ 118.96	\$ 135.86	\$ 16.89	14.20%
2" Meter	102,364	\$ 447.21	\$ 509.70	\$ 62.48	13.97%
Wholesale	277,367	\$ 585.24	\$ 585.24	\$ -	0.000%

The rates contained in this notice are the rates proposed by the Monroe 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 Monroe County Water District at the address below. Any person may examine the rate application and any other filings made by Monroe County Water District at its offices or at the Public Service Commission at the addresses below.

Monroe County Water District
205 Capp Harlan Road
Tompkinsville, Kentucky 42167

Telephone: 270-487-8131

Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602
Telephone: 502-564-3940

Persons may also view and download a copy of the rate application through the Public Service Commission's website at psc.ky.gov.

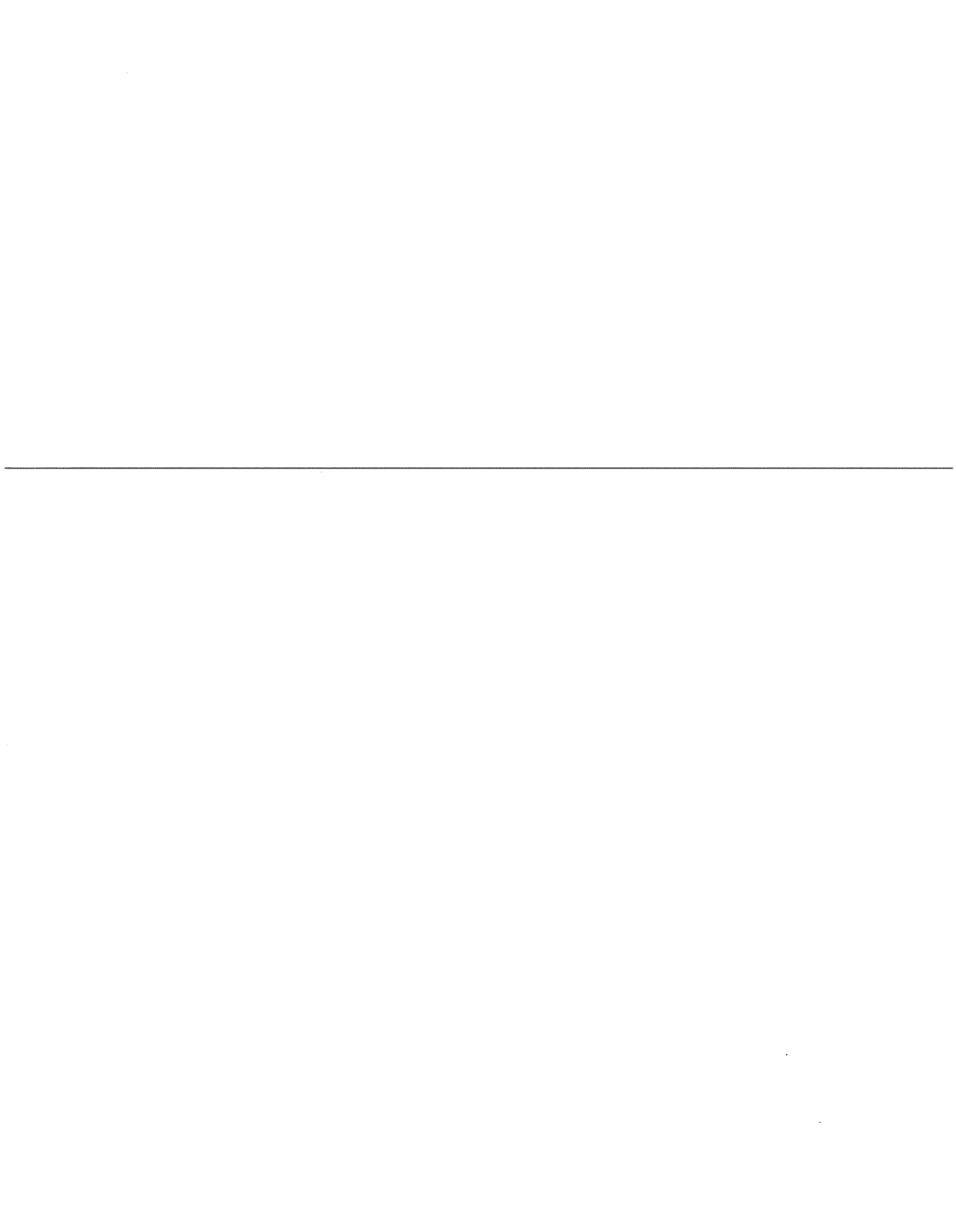


EXHIBIT 12

**2010 AUDITED
FINANCIAL STATEMENTS**

Monroe County Water District
Financial Statements
December 31, 2010 and 2009

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20 – 21

CAMPBELL, MYERS & RUTLEDGE, PLLC

Certified Public Accountants

Skip R. Campbell, CPA
Cindy L. Greer, CPA
L. Joe Rutledge, CPA
Jonathan W. Belcher, CPA
R. Brent Billingsley, CPA

Charles E. Rutledge, CPA
Sammie D. Parsley, CPA
Ryan A. Mosier, CPA
Jenna B. Pace, CPA

410 South Broad
Glasgow, KY 40301
Telephone (270) 651-1111
Fax (270) 651-1111
www.cmr-cpa.com

INDEPENDENT AUDITOR'S REPORT

Monroe County Water District
Tompkinsville, Kentucky

We have audited the accompanying financial statements of Monroe County Water District, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Monroe County Water District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe County Water District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Monroe County Water District, as of December 31, 2010 and 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2011, on our consideration of the Monroe County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants
Glasgow, Kentucky

March 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Monroe County Water District, we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal years ending December 31, 2010 and 2009. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

For the year ending December 31, 2010, total operating and non-operating revenues (including capital contributions) totaled \$1,603,252. This represents a 15% decrease in revenues from the prior year. This change was due to decrease of grant proceeds received in 2010.

Total operating expenses amounted to \$1,214,589, a increase of less than 1% from the prior year. This increase was primarily the result of a increase in water purchase expense.

Total assets increased by \$124,584, and total liabilities decreased by \$124,138. These changes resulted in an increase in net assets of \$248,722.

Overview of the Financial Statements

This report consists of this Management's Discussion and Analysis report, the Independent Auditor's Report, Financial Statements and Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the Financial Statements.

Required Financial Statements

The financial statements of Monroe County Water District report information of Monroe County Water District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Assets includes all of Monroe County Water District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Monroe County Water District creditors (liabilities). It also provides the basis for evaluation of the capital structure of Monroe County Water District and assessing the liquidity and financial flexibility of Monroe County Water District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of Monroe County Water District's operations over the past year and can be used to determine whether Monroe County Water District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period

**Monroe County Water District
Summary of Net Assets
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Total Current Assets	\$ 868,272	\$ 914,966
Total Restricted Assets	573,010	564,856
Net Capital Assets	<u>8,319,325</u>	<u>8,156,201</u>
Total Assets	<u>\$ 9,760,607</u>	<u>\$ 9,636,023</u>
Liabilities		
Total Current Liabilities	\$ 164,413	\$ 209,777
Total Liabilities Payable from Restricted Assets	203,443	190,217
Total Long-term Liabilities	<u>2,863,000</u>	<u>2,955,000</u>
Total Liabilities	<u>\$ 3,230,856</u>	<u>\$ 3,354,994</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 5,361,528	\$ 5,120,404
Restricted for equipment replacement	338,525	333,490
Restricted for debt retirement	115,548	111,608
Restricted - other	994	1,041
Unrestricted	<u>713,156</u>	<u>714,486</u>
Total Net Assets	<u>\$ 6,529,751</u>	<u>\$ 6,281,029</u>

The largest portion (82%) of the District's net assets reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. This represents 5% percent increase from the prior year.

Restricted net assets (7%) represent resources that are subject to external restrictions on how they may be used.

The balance (11%) of unrestricted net assets may be used to meet the District's ongoing obligations to citizens, consumers and creditors.

**Monroe County Water District
Summary of Changes in Net Assets
For the Year Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Total operating revenues	\$ 1,233,001	\$ 1,193,915
Total operating expenses	<u>1,214,589</u>	<u>1,199,019</u>
Operating Income	\$ 18,412	(5,104)
Total non-operating revenue (expenses)	<u>(126,232)</u>	<u>(128,435)</u>
Income before capital contributions	\$ (107,820)	(133,539)
Capital contributions	<u>356,542</u>	<u>628,251</u>
Increase in net assets	\$ 248,722	494,712
Beginning of year	<u>6,281,029</u>	<u>5,786,317</u>
End of year	<u>\$ 6,529,751</u>	<u>\$ 6,281,029</u>

Net assets increased by \$248,722, from the prior year.

Capital Asset Changes

At December 31, 2010, the District had invested \$8,319,325 million in capital assets net of accumulated depreciation. This amount represents a net increase of \$163,124 or 2% more than the previous year. This increase is the result of more construction projects being implemented in 2010 by the District.

The Monroe County Water District completed several projects including over 5 miles of water line extensions during the year of 2010. There were 40 new water connections set for service during the year of 2010. The Monroe County Water District has a very active meter testing program, having tested 525 meters during the year of 2010.

Monroe County Water District has worked diligently on the Monroe – Tompkinsville Regional Water Treatment Plant Project since 2006. Preliminary design work has progressed steadily in 2010. The total project cost is \$16,800,000 which consists of treatment plant, transmission lines, storage tanks, land acquisition, engineering and administration. There is hope of acquiring the location site in 2011 for the treatment plant. The two elevated storage tank property sites were purchased in 2010. Funding applications have been filed. Grant funding has been appropriated from Kentucky General Assembly HB 380 (\$150,000 for design and \$1,200,000 for construction) and HB 608 (\$1,250,000 for construction). Environmental Protection Agency Special Appropriations Projects grant has been designated for our project (\$1,350,000 for construction). Monroe County Water District was placed on the top priority list for the Kentucky Drinking Water State Revolving Fund (\$8,000,000 loan) for this project. Monroe County Water District has been fortunate to have the continued support from the Kentucky Legislators and the Kentucky Division of Water to help assist with moving our project forward. Monroe, Metcalfe and Cumberland Counties all share the need for a more abundant source and a higher quality of raw water. Health issues and restricted water use were continuing concerns in 2010. This is a major project for Monroe County Water District, but the need for upgrading and maintenance projects are also anticipated to help improve the distribution system and to better serve our customers.

Budgetary Highlights

The Monroe County Water District adopts an annual operating budget after careful considerations of prior year and anticipated current year operations. The operating budget includes proposed expenses and the means to finance them. The District's operating budget remains in effect the entire year and is not revised. A budget comparison and analysis is presented on page 18 of this report.

Debt Administration

At December 31, 2010, the District had \$2,948,500 bonds outstanding, a decrease of \$78,000 from the prior year's balance of \$3,026,500. The District incurred \$139,941 in interest expense associated with long term debt, a decrease of \$3,764 due to the increase amount paid on the principle.

Request for Information

This financial report is designed to provide our customers and creditors with a general overview of Monroe County Water District's finances and to demonstrate Monroe County Water District's accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the Monroe County Water District at 205 Capp Harlan Road, Tompkinsville, Kentucky 42167, or by phone (270) 487-8131.

MONROE COUNTY WATER DISTRICT
Statements of Net Assets
December 31, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Current Assets		
Cash	\$ 596,932	\$ 609,988
Accounts receivable	134,218	186,103
Inventory	137,122	118,875
Total Current Assets	<u>868,272</u>	<u>914,966</u>
Non-current Assets		
Restricted Assets		
Cash - Depreciation fund	338,525	333,490
Cash - Bond and interest redemption fund	185,519	183,460
Cash - Meter Deposits	48,966	47,906
Total Restricted Assets	<u>573,010</u>	<u>564,856</u>
<hr/>		
Capital Assets		
Land and land rights	126,842	126,842
Utility plant in service	10,165,731	9,979,311
Furniture and equipment	691,042	719,929
Construction in progress	850,010	671,903
Accumulated depreciation and amortization	<u>(3,514,300)</u>	<u>(3,341,784)</u>
Net Capital Assets	<u>8,319,325</u>	<u>8,156,201</u>
Total Non-current Assets	<u>8,892,335</u>	<u>8,721,057</u>
 Total Assets	 <u>\$ 9,760,607</u>	 <u>\$ 9,636,023</u>

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

Liabilities	<u>2010</u>	<u>2009</u>
Current Liabilities		
Accounts payable	\$ 59,440	\$ 71,103
Construction accounts payable	28,230	80,613
Accrued liabilities	<u>76,743</u>	<u>58,061</u>
Total Current Liabilities	<u>164,413</u>	<u>209,777</u>
Liabilities Payable from Restricted Assets		
Current maturities of long-term debt	79,000	78,000
Customer deposits	47,972	46,865
Accrued interest	<u>69,971</u>	<u>71,852</u>
Total Liabilities Payable from Restricted Assets	<u>196,943</u>	<u>196,717</u>
<hr/>		
Long-term Liabilities		
Long-term debt, less current maturities	<u>2,869,500</u>	<u>2,948,500</u>
Total Long-term Liabilities	<u>2,869,500</u>	<u>2,948,500</u>
 Total Liabilities	 <u>3,230,856</u>	 <u>3,354,994</u>
 Net Assets		
Net Assets		
Invested in capital assets, net of related debt	5,361,528	5,120,404
Restricted for equipment replacement	338,525	333,490
Restricted for debt retirement	115,548	111,608
Restricted - other	994	1,041
Unrestricted	<u>713,156</u>	<u>714,486</u>
 Total Net Assets	 <u>\$ 6,529,751</u>	 <u>\$ 6,281,029</u>

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

MONROE COUNTY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Residential water sales	\$ 1,120,102	\$ 1,111,460
Commerical water sales	68,820	22,762
Penalty collections	24,447	23,297
Miscellaneous	19,632	36,396
Total operating revenues	<u>1,233,001</u>	<u>1,193,915</u>
Operating expenses:		
Water purchases	381,516	356,768
Utilities	58,786	53,083
Repairs and maintenance	28,811	43,746
Meter readers	40,406	40,093
Office expense	36,143	35,364
Transportation expenses	25,638	19,757
Insurance	57,679	56,570
Commissioners' fees	6,000	6,000
Employees' salaries and wages	256,326	259,424
Employees' pensions and benefits	60,888	41,311
Depreciation	228,515	238,082
PSC tax assessment	1,890	1,886
Meter deposit interest expense	563	803
Bad debt expense	4,761	5,273
Professional fees	10,215	22,278
Miscellaneous	16,452	18,581
Total operating expenses	<u>1,214,589</u>	<u>1,199,019</u>
Operating income	<u>18,412</u>	<u>(5,104)</u>
Non-operating revenue (expenses):		
Interest income	13,709	15,270
Interest expense on bonds	(139,941)	(143,705)
Total non-operating revenue (expenses)	<u>(126,232)</u>	<u>(128,435)</u>
Income/(loss) before capital contributions	<u>(107,820)</u>	<u>(133,539)</u>
Capital contributions		
Grant proceeds	319,582	597,651
Tap fees	36,960	30,600
Total capital contributions	<u>356,542</u>	<u>628,251</u>
Increase in net assets	248,722	494,712
Net assets:		
Beginning of year	6,281,029	5,786,317
End of year	<u>\$ 6,529,751</u>	<u>\$ 6,281,029</u>

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

MONROE COUNTY WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,188,922	\$ 1,134,222
Cash payments to suppliers for goods and services	(588,994)	(519,762)
Cash payments to employees for services	(363,620)	(346,828)
Net cash provided (used) by operating activities	<u>236,308</u>	<u>267,632</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(78,000)	(71,500)
Interest paid on long-term debt	(141,822)	(145,430)
Additions to capital assets	(391,639)	(698,158)
Capital contributions	356,542	628,251
Net cash provided (used) in financing activities	<u>(254,919)</u>	<u>(286,837)</u>
Cash flows from investing activities:		
Interest income	<u>13,709</u>	<u>15,270</u>
Net cash provided by (used) in investing activities	<u>13,709</u>	<u>15,270</u>
Net increase (decrease) in cash and cash equivalents	(4,902)	(3,935)
Cash and cash equivalents, beginning of year	1,174,844	1,178,779
Cash and cash equivalents, end of year	<u>\$ 1,169,942</u>	<u>\$ 1,174,844</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 18,412	\$ (5,104)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	228,515	238,082
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	51,885	(72,826)
(Increase) decrease in inventory	(18,247)	(8,697)
Increase (decrease) in accounts payable	(64,046)	97,895
Increase (decrease) in customer deposits	1,107	1,450
Increase (decrease) in accrued expenses	18,682	16,832
Net cash provided (used) by operating activities	<u>\$ 236,308</u>	<u>\$ 267,632</u>

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 1 – Description of Entity and Summary of Significant Accounting Policies

Organization

The Monroe County Water District was organized in 1975 under KRS 74.010 to provide water service to the residents of Monroe County. The District's commissioners are appointed by the Monroe County Judge-Executive.

The District grants credit to customers, substantially all of whom are local residents and commercial businesses in Monroe County.

Measurement Focus and Basis of Accounting

The term *measurement focus* is used to denote what is being measured and reported in the District's financial statements. The District is accounted for on the flow of economic resources measurement focus. Under this measurement focus, all assets and all liabilities associated with the operations are included in the Statement of Net Assets.

The term *basis of accounting* is used to determine when a transaction or event is recognized on the District's financial statements. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Financial Statement Presentation

The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities; (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

On January 1, 2004, the District adopted the provisions of Governmental Accounting Standards Board (GASB) No. 34 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" GASB 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components: (i) invested in capital assets, net of related debt, (ii) restricted, and (iii) unrestricted.

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued

These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted* - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Company's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables

The District uses the direct write-off method to account for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables as of December 31, 2010. The direct write-off method does not significantly depart from generally accepted accounting principles.

Capital Assets

The utility plant in service is stated at cost. The cost of additions to the utility plant and major replacements of retired units of property is capitalized. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statement of revenues, expenses and changes in net assets. The cost of current repairs, maintenance, and minor replacements is charged to expense as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ending December 31, 2010 and 2009 was \$228,515 and \$238,082, respectively.

The estimated useful lives of capital assets are as follows:

Utility plant	50 years
Equipment	10 years
Other	10 years

Cash and Investments

The District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported at fair market value.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds.

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued

Operating Revenues and Expenses

Operating revenues and expenses consists of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions.

Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs and recorded as capital contributions when received. Also included in capital contributions are various grants received for infrastructure and payments received from customers for tap fees.

Income Taxes

The District is exempt from federal and state income taxes.

Extraordinary and Special Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net assets.

Bond and Interest Redemption Fund

The ordinances authorizing the bond issues require monthly deposits of one-twelfth of the annual bond principal requirement and one-sixth of the semi-annual interest requirement. For the year ending December 31, 2010, the District had complied with this requirement

Inventory

Inventory is valued at cost using the first in, first out method. Inventory in the Proprietary Funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense or capital addition as inventory items are consumed.

Use of Estimates

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

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected in accrued liabilities.

Depreciation Fund

The ordinances authorizing the various bond issues of the District require monthly transfers into a depreciation fund until the maximum requirement of \$209,520 is reached. These funds can be used for capital improvements, expansions and extraordinary repairs. For the years ended December 31, 2010 & 2009, the District had a balance in excess of the required amount in the depreciation fund.

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 2 – Capital Assets

Capital asset activity for the year ended December 31, 2010 and 2009, was as follows:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
<i>Capital Assets not being depreciated</i>				
Land & Rights	\$ 126,842	\$ -	\$ -	\$ 126,842
Construction In Progress	671,903	178,107	-	850,010
Total Non-Depreciable Capital Assets	<u>798,745</u>	<u>178,107</u>	<u>-</u>	<u>976,852</u>
<i>Capital Assets being depreciated</i>				
Structures and Improvements	413,988	1,316	-	415,304
Pumping Equipment	208,835	-	-	208,835
Distribution Reservoirs	1,292,182	572	-	1,292,754
Transmission and Distribution Mains	7,479,795	160,724	(16,000)	7,624,519
Services	120,774	-	-	120,774
Meters and Installations	672,571	38,265	-	710,836
Other Plant	32,370	-	-	32,370
Furniture and Equipment	85,363	-	-	85,363
Transportation Equipment	173,102	8,656	-	181,758
Power Operated Equipment	220,260	4,000	(40,000)	184,260
Total Depreciable Capital Assets	<u>10,699,240</u>	<u>213,533</u>	<u>(56,000)</u>	<u>10,856,773</u>
Less: Accumulated Depreciation and Amortization	<u>3,341,784</u>	<u>228,516</u>	<u>(56,000)</u>	<u>3,514,300</u>
Total Net Capital Assets	<u>\$ 8,156,201</u>			<u>\$ 8,319,325</u>
	Balance 01/01/09	Additions	Deletions	Balance 12/31/09
<i>Capital Assets not being depreciated</i>				
Land & Rights	\$ 126,842	\$ -	\$ -	\$ 126,842
Construction In Progress	77,762	594,141	-	671,903
Total Non-Depreciable Capital Assets	<u>204,604</u>	<u>594,141</u>	<u>-</u>	<u>798,745</u>
<i>Capital Assets being depreciated</i>				
Structures and Improvements	413,031	957	-	413,988
Pumping Equipment	201,255	7,580	-	208,835
Distribution Reservoirs	1,291,622	560	-	1,292,182
Transmission and Distribution Mains	7,434,752	45,043	-	7,479,795
Services	120,774	-	-	120,774
Meters and Installations	624,274	48,297	-	672,571
Other Plant	32,370	-	-	32,370
Furniture and Equipment	85,363	-	-	85,363
Transportation Equipment	173,102	-	-	173,102
Power Operated Equipment	218,680	1,580	-	220,260
Total Depreciable Capital Assets	<u>10,595,223</u>	<u>104,017</u>	<u>-</u>	<u>10,699,240</u>
Less: Accumulated Depreciation and Amortization	<u>3,103,702</u>	<u>238,082</u>	<u>-</u>	<u>3,341,784</u>
Total Net Capital Assets	<u>\$ 7,696,125</u>			<u>\$ 8,156,201</u>

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 3 – Long-Term Debt

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

	<u>2010</u>	<u>2009</u>
Series 1978 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$277,000; due in annual installments on January 1 ranging from \$1,000 to \$15,000 through January 2018; interest rate of 5% due semi-annually on January 1 and July 1.	\$ 103,000	\$ 114,000
Series 1987 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$391,000; due in annual installments on January 1 ranging from \$4,000 to \$21,000 through January 2027; interest rate of 5% due semi-annually on January 1 and July 1.	260,000	270,000
Series 1990 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$811,000; due in annual installments on January 1 ranging from \$8,000 to \$45,000 through January 2031; interest rate of 5% due semi-annually on January 1 and July 1.	597,000	615,000
Series 1992 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$490,000; due in annual installments on January 1 ranging from \$4,500 to \$27,000 through January 2031; interest rate of 5% due semi-annually on January 1 and July 1.	372,000	382,000
Series 1994 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$570,000; due in annual installments on January 1 ranging from \$5,000 to \$32,000 through January 2033; interest rate of 4.5% due semi-annually on January 1 and July 1.	453,000	464,000
Series 1998 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$500,000; due in annual installments on January 1 ranging from \$5,000 to \$26,500 through January 2038; interest rate of 4.5% due semi-annually on January 1 and July 1.	437,000	444,500
Series 1999 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$270,000; due in annual installments on January 1 ranging from \$2,500 to \$15,500 through January 2038; interest rate of 4.75% due semi-annually on January 1 and July 1.	239,000	243,000
Series 2003 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$517,000; due in annual installments on January 1 ranging from \$5,500 to \$27,500 through January 2043; interest rate of 4.5% due semi-annually on January 1 and July 1.	487,500	494,000
Total debt	<u>\$ 2,948,500</u>	<u>\$ 3,026,500</u>

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 3 – Long-Term Debt, Continued

Principal and interest maturities of long-term debt are as follows:

	Principal	Interest	Total
2011	\$ 79,000	\$ 139,940	\$ 218,940
2012	84,500	136,128	220,628
2013	87,000	132,050	219,050
2014	91,500	127,851	219,351
2015	95,000	123,438	218,438
2016-20	523,500	543,951	1,067,451
2021-25	612,000	412,233	1,024,233
2026-30	694,000	254,759	948,759
2031-35	372,500	115,830	488,330
2036-40	231,000	44,211	275,211
2041-43	78,500	7,178	85,678
	<u>\$ 2,948,500</u>	<u>\$ 2,037,569</u>	<u>\$ 4,986,069</u>

Long-term debt activities for the year ended December 31, 2010 and 2009 are as follows:

	Balance 01/01/10	Additions	Debt Payments and Reductions	Balance 12/31/10	Amount Due within One Year
Series 1978	\$ 114,000	\$ -	\$ (11,000)	\$ 103,000	\$ 11,000
Series 1987	270,000	-	(10,000)	260,000	10,000
Series 1990	615,000	-	(18,000)	597,000	18,000
Series 1992	382,000	-	(10,000)	372,000	10,500
Series 1994	464,000	-	(11,000)	453,000	11,000
Series 1998	444,500	-	(7,500)	437,000	8,000
Series 1999	243,000	-	(4,000)	239,000	4,000
Series 2003	494,000	-	(6,500)	487,500	6,500
	<u>\$ 3,026,500</u>	<u>\$ -</u>	<u>\$ (78,000)</u>	<u>\$ 2,948,500</u>	<u>\$ 79,000</u>

	Balance 01/01/09	Additions	Debt Payments and Reductions	Balance 12/31/09	Amount Due within One Year
Series 1978	\$ 124,000	\$ -	\$ (10,000)	\$ 114,000	\$ 11,000
Series 1987	279,000	-	(9,000)	270,000	10,000
Series 1990	631,000	-	(16,000)	615,000	18,000
Series 1992	391,500	-	(9,500)	382,000	10,000
Series 1994	474,000	-	(10,000)	464,000	11,000
Series 1998	452,000	-	(7,500)	444,500	7,500
Series 1999	246,500	-	(3,500)	243,000	4,000
Series 2003	500,000	-	(6,000)	494,000	6,500
	<u>\$ 3,098,000</u>	<u>\$ -</u>	<u>\$ (71,500)</u>	<u>\$ 3,026,500</u>	<u>\$ 78,000</u>

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 3 – Long-Term Debt, Continued

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and at December 31, 2010 does not expect to incur a liability.

Note 4 – Cash and Investments

The carrying amount of the District's cash deposits was \$1,169,942 and \$1,174,844 for the years ending December 31, 2010 and 2009, respectively and the bank balances all at one institution, were \$1,062,580 and \$1,177,315. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank. The District's deposits included five certificates of deposit totaling approximately \$250,000 for 2010 and 2009 that matured annually. All were with the same financial institution at rates between 3.450% and 2.480% for the year ending December 31, 2010 and 2009, respectively. All of the District's deposits were either insured by FDIC or by collateral pledged by South Central Bank of Monroe County.

Note 5 – Pension Plan

The District provided a defined contribution plan, as of January 1, 2006, to its employees, who meet certain age and length of service requirements set forth by the Board of Commissioners. The plan is a deferred compensation plan as defined by the IRC 457(b). The District contributes 8% of covered payroll and each employee contributes 4% of their wages. For the years ended December 31, 2010 and 2009, employer contributions were \$21,769 and \$20,683 respectively and employee contributions were \$10,885 and \$10,341, respectively. Voluntary contributions were \$2,100 in 2010 and \$2,360 in 2009. Covered payroll was approximately \$235,000 and \$235,000 for years 2010 and 2009, respectively.

Note 6 – Commitments

The District has plans for a new regional water treatment facility to supply Monroe county and other water districts. The total cost of the project is projected to be \$16,800,000. The District has secured grant funds from KIA and EPA for approximately \$3,950,000 and is in the process of securing additional grant and loan funds of \$12,850,000. As of December 31, 2009 the District has received \$889,548 of the above grant funds.

The District has secured grant funds for highway projects on Highway 163 & Highway 90 from the Kentucky Department of Highways in the amount of \$137,338. As of December 31, 2010 the District has received all but \$33,936 of the funds.

The District also secured KIA grant funds for various water line projects for prior years in the amount of \$400,000. As of December 31, 2010 the District has received all but \$74,484 of the funds.

MONROE COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2010 and 2009

Note 7- Subsequent Events

Management has evaluated subsequent events through March 16, 2011, the date which the financial statements were available to be issued.

Supplemental Information

MONROE COUNTY WATER DISTRICT
Statement of Revenues, Expenditures and
Change in Equity – Budget and Actual
For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Water Sales	\$ 1,247,784	\$ 1,188,922	\$ (58,862)
Penalties and other	<u>49,386</u>	<u>44,079</u>	<u>(5,307)</u>
Total operating revenues	<u>1,297,170</u>	<u>1,233,001</u>	<u>(64,169)</u>
Operating expenses:			
Water purchases	370,000	381,516	(11,516)
Utilities	60,000	58,786	1,214
Materials	50,000	28,811	21,189
Contractual	59,900	40,406	19,494
Insurance	<u>69,000</u>	<u>57,679</u>	<u>11,321</u>
Salaries and benefits	311,351	323,214	(11,863)
Depreciation	280,000	228,515	51,485
Other	<u>108,950</u>	<u>95,662</u>	<u>13,288</u>
Total operating expenses	<u>1,309,201</u>	<u>1,214,589</u>	<u>94,612</u>
Operating income	<u>(12,031)</u>	<u>18,412</u>	<u>30,443</u>
Non-operating revenue (expenses):			
Interest Income & Other	13,676	13,709	33
Interest expense on bonds	<u>(147,000)</u>	<u>(139,941)</u>	<u>7,059</u>
Total non-operating revenue (expenses)	<u>(133,324)</u>	<u>(126,232)</u>	<u>7,092</u>
Income before capital contributions	<u>(145,355)</u>	<u>(107,820)</u>	<u>37,535</u>
Capital contributions			
Grant Proceeds	3,354,000	319,582	(3,034,418)
Tap Fees	<u>39,053</u>	<u>36,960</u>	<u>(2,093)</u>
Total capital contributions	<u>3,393,053</u>	<u>356,542</u>	<u>(3,036,511)</u>
Increase/(Decrease) in net assets	<u>\$ 3,247,698</u>	<u>\$ 248,722</u>	<u>\$ (2,998,976)</u>

CAMPBELL, MYERS & RUTLEDGE, PLLC

Certified Public Accountants

Skip R. Campbell, CPA
Cindy L. Greer, CPA
L. Joe Rutledge, CPA
Jonathan W. Belcher, CPA
R. Brent Billingsley, CPA

Charles E. Rutledge, CPA
Sammie D. Parsley, CPA
Ryan A. Mosier, CPA
Jenna B. Pace, CPA

410 South Broad
Glasgow, KY 40301
Telephone (270) 651-1122
Fax (270) 651-1166
www.cmr-cpa.com

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

Monroe County Water District
Tompkinsville, Kentucky

We have audited the financial statements of Monroe County Water District, as of and for the year ended June 30, 2010 and 2009, which collectively comprise the Monroe County Water District's basic financial statements and have issued our report thereon dated March 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Campbell, Myers & Ratledge, PLLC

Certified Public Accountants
Glasgow, Kentucky

March 16, 2011

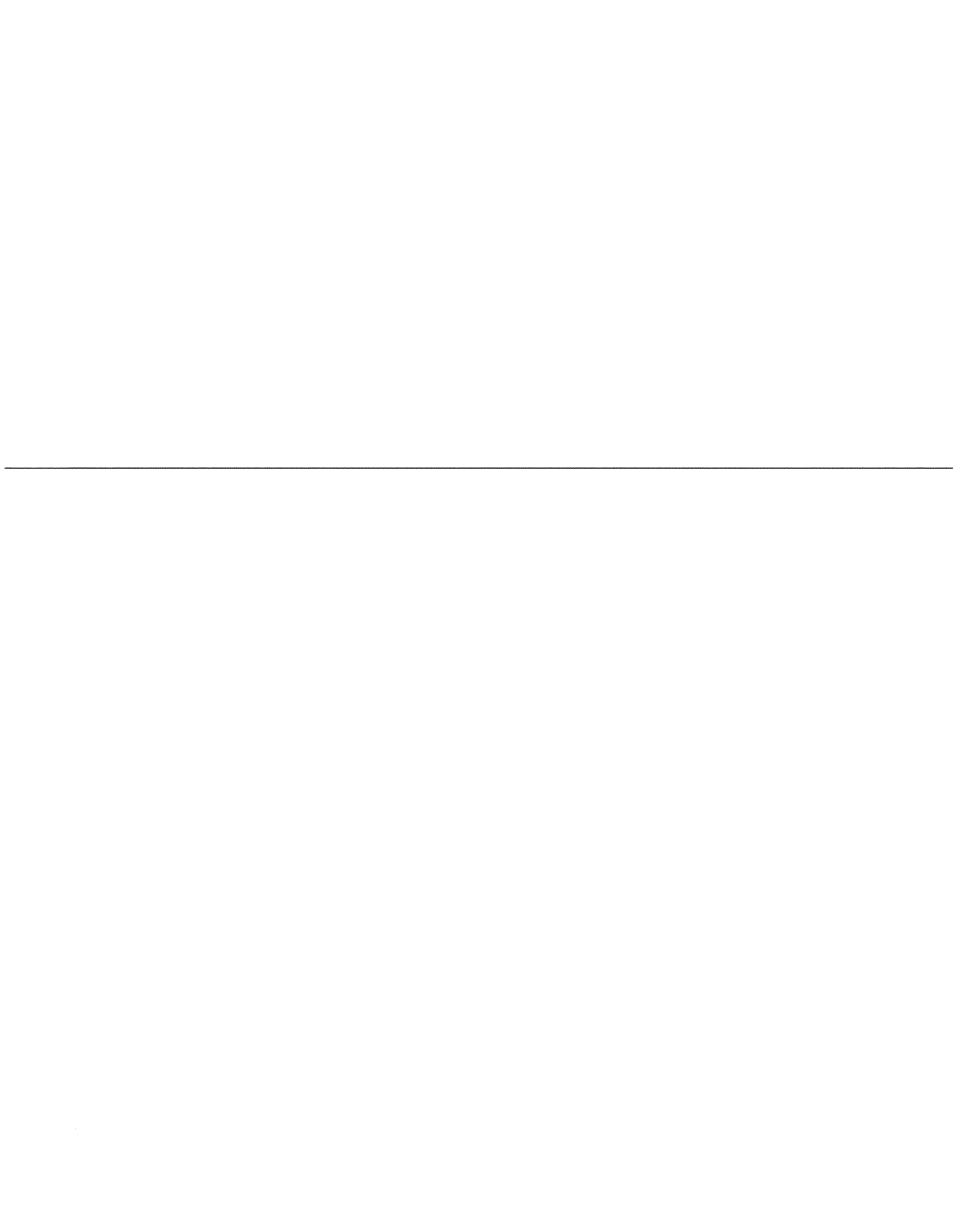


EXHIBIT 13

WRITTEN NOTIFICATION OF INTENT

Monroe County Water District

205 Capp Harlan Road □ Tompkinsville, Kentucky 42167

(270) 487-8131

July 11, 2011

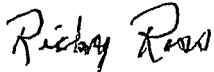
Mr. Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED
JUL 13 2011
PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Monroe County Water District hereby notifies the Public Service Commission, pursuant to 807 KAR 5:001, Section 10(2) and 807 KAR 5:011, Section 8(1), of its intention to file an application for a general adjustment of water rates, using a historical test-period, no sooner than (4) weeks following the Public Service Commission's receipt of this notice.

Sincerely,



Ricky Ross
General Manager

cc: Attorney General, Utility Intervention and Rate Division
