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September 22, 2022

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Re: *McCreary County Water District*

Dear Ms. Bridwell:

Pursuant to KRS 278.180 and 807 KAR 5:011, McCreary County Water District submits proposed revisions to its existing tariff for water service. Because the proposed tariff contains several charges for non-recurring services that are not set forth in McCreary District's existing tariff, McCreary County Water District also submits the information that 807 KAR 5:011, Section 10 requires.

Please contact me if Commission Staff has any questions regarding this filing.

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Gerald E. Wuetcher". The signature is written in a cursive style with a large initial "G".

Gerald E. Wuetcher

GEW
Enclosures

PSC KY. NO. 4

CANCELLING PSC KY. NO. 3

McCreary County Water District

OF

McCreary County, Kentucky

RATES – CHARGES – RULES - REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

McCreary County, Kentucky

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

DATE OF ISSUE September 21 2022
Month / Date / Year

DATE EFFECTIVE October 23, 2022
Month / Date / Year

ISSUED BY /s/ Randy Kidd
(Signature of Officer)

TITLE Chairman

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 1

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Monthly Water Rates (Phase 1)

(Effective Through July 26, 2023)

Residential & Non-Residential Meter

First 2,000 gallons \$23.46 Minimum Bill
Over 2,000 gallons \$0.00965 per gallon

Federal Correctional Facility

First 1,950,000 gallons \$14,823.21 Minimum Bill
Over 1,950,000 gallons \$0.00759 per gallon

Cumberland Falls State Park

First 600,000 gallons \$4,560.99 Minimum Bill
All Over 600,000 gallons \$0.00759 per gallon

Whitley County Water District

Oneida, Tennessee \$0.00759 per gallon

Fibrotex USA \$0.00759 per gallon

Pine Knot Job Center \$0.00759 per gallon

McCreary County Housing Authority \$0.00759 per gallon

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who receive service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility. (T)

DATE OF ISSUE August 2, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE July 27, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00301 DATED July 27, 2022

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 2

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Monthly Water Rates (Phase 2)

(Effective After July 26, 2023)

Residential & Non-Residential Meter

First 2,000 gallons \$24.42 Minimum Bill
Over 2,000 gallons \$0.01004 per gallon

Federal Correctional Facility

First 1,950,000 gallons \$15,430.93 Minimum Bill
Over 1,950,000 gallons \$0.00790 per gallon

Cumberland Falls State Park

First 600,000 gallons \$4,747.98 Minimum Bill
All Over 600,000 gallons \$0.00790 per gallon

Whitley County Water District \$0.00790 per gallon
Oneida, Tennessee \$0.00790 per gallon
Fibrotex USA \$0.00790 per gallon
Pine Knot Job Center \$0.00790 per gallon
McCreary County Housing Authority \$0.00790 per gallon

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who receive service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district’s standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility. (T)

DATE OF ISSUE August 2, 2022
MONTH / DATE / YEAR

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ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00301 DATED July 27, 2022

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 3

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Non-Recurring Charges

Connection/Turn-On Charge	\$ 12.50	(N)
Connection/Turn-On Charge (After Hours)*	\$ 50.00	(N)
Termination Charge	\$ 12.50	(N)
Reconnection Charge	\$ 12.50	
Reconnection Charge (After Hours)*	\$ 50.00	(N)
Meter Reread	\$ 12.50	
Service Call/Investigation	\$ 12.50	(N)
Service Call/Investigation (After Hours)*	\$ 50.00	(N)
Meter Test Request	\$ 12.50	
Damage to District Equipment	Actual Cost	(T)
Meter Relocate	Actual Cost	(T)
Meter Connection/Tap-On Charge (5/8-Inch x 3/4-Inch Meter)**	\$800.00	
Meter Connection/Tap-On Charge (All Larger Meters)**	Actual Cost	
Returned Check Fee	\$ 8.05***	
Late Payment Charge	10 percent	(N)
Water Main Extension/Service Line Connection Estimate	Actual Cost	(N)

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 4

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

* Regular working hours for the utility’s maintenance staff is 8:00 a.m. to 4:00 p.m., Monday through Friday, excluding holidays. Upon customer request, and subject to availability of maintenance staff, services may be performed outside regular working hours at the after-hours rate.

**Meter connection fee does not include any expense for boring in rock areas or any expense for rock removal. Customer will be assessed an additional charge for any rock boring or removal. The charge for rock removal shall be applied per linear trench foot and shall not exceed the actual cost of excavation. (N)
(N)
(N)
(N)

***If a returned check charge is assessed against a customer who receives water and sewer service, the revenue from that charge will be allocated equally between the District’s water and sewer operations.

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 5

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

1. DEFINITIONS

a. "Commercial sales" means sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations, business or manufacturing establishments if the water is not used principally in manufacturing or processing functions.

b. "Commission" means Kentucky Public Service Commission.

c. "Customer" shall mean any person, firm, corporation, entity or municipality supplied with water service by McCreary County Water District pursuant to these Rules and Regulations.

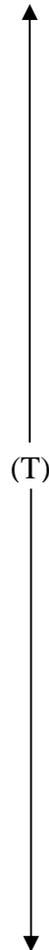
d. "District" means McCreary County Water District acting through its officers, managers, or other duly authorized employees or agents.

e. "Fire department" means a firefighting organization operated and controlled by any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district.

f. "Industrial sales" means sales to manufacturing or processing establishments if the water is used principally in manufacturing or processing function.

g. "Residential sales" means sales to single premise residences, to multiple premises residences where each premise is served through a single Meter, or premises served through a single Meter with multiple owners if the usage is primary for residential purposes.

h. "Standard service" means service supplied through a 5/8-inch by 3/4-inch meter



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TITLE Chairman

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COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 6

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

2. RULES AND REGULATIONS GOVERNING RENDERING OF SERVICE

These Rules and Regulations, and any subsequent amendments or revisions, govern the District's provision of water service to all customers.

3. REQUESTS FOR WATER SERVICE

a. Each applicant for water service must execute an application and a contract for water service for each Premises for which the applicant seeks water service. The information provided in the application and contract shall be true, accurate and current. The applicant is responsible for advising the District of any changes in the information. Providing false, misleading, or inaccurate information in the application or contract is grounds for discontinuance of water service.

b. Applications for water service are not transferable. New occupants of premises must apply for service before commencing use of water service. If a Customer transfers ownership of the property receiving water service and ceases to reside at the property and the acquiring party or a person acting on behalf of or under the authority of the acquiring party takes possession of the premises and is the primary recipient of water service to that property, the acquiring party or new party in possession must submit an application and execute a contract for water service with the District. The District may, after reasonable notice, discontinue water service to the property until the acquiring party or new party in possession has executed a contract for service.

c. A Customer who has contracted for water service with the District is responsible for payment of all water service furnished to the Premises until such time as the Customer properly notifies the District to discontinue service for his/her account at the Premises.

d. No Customer shall use water for any purpose other than that for which he/she shall have requested service and the District has approved.

(N)

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SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 7

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

e. No Customer may resell water except as permitted by these Rules and Regulations.

f. The District may refuse service to a Customer with an outstanding, unpaid balance for water or sewer service that the District has previously provided until the balance owed is paid.

g. An Applicant for water service must present identification card containing the applicant's photo. In lieu of photo identification, the applicant may present an alternate form of identification such as an identification card with applicant's name issued by a Kentucky county government or any food stamp identification card, electronic benefit transfer card, or supplemental nutrition assistance card issued by Kentucky state government that shows the applicant's name. A credit card or debit card showing the applicant's name is not an acceptable alternate form of identification.

↑
(N)
↓

h. Unless applicant otherwise advises the District, an application shall be considered an application for standard service. If an applicant requests non-standard service, the applicant must provide justification for the installation of a meter larger than 5/8-inch by 3/4-inch and must pay to the District the cost of any special installation necessary to meet the applicant's requirements.

i. If an applicant requests the District to provide an estimate of the cost to make a connection or main extension and District employees must visit the proposed service site to prepare such estimate, the District may assess a charge to the applicant equal to the labor and travel expenses necessary to prepare the estimate. If the applicant executes a contract for service within 90 days of the District's providing such estimate, the amount charged will be credited to the cost of the service connection or main extension.

↑
(N)
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SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 8

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

4. TERMS AND CONDITIONS OF BILLING AND PAYMENT

a. Bills for water service by Meter will be rendered monthly with ending dates as the District determines.

b. All bills for water and sewer service are due and payable when rendered and are considered delinquent if not paid by the due date set forth on the bill. Failure to pay will render the Customer subject to disconnection and subject to payment of termination and reconnection fees in Tariff. If any bill for water and sewer service is not paid in accordance with this Tariff, the District may discontinue service in accordance with these Rules and Regulations.

c. A Customer is responsible for furnishing the District with the correct billing addresses (e-mail or postal address). Failure to receive a bill does not excuse non-payment nor permit an extension of the date when the account would be considered delinquent.

d. Bills will be sent to the billing address (e-mail or postal address) provided in the application for service unless the District is notified in writing by the Customer of a change of billing address.

e. The District is not bound by bills rendered under mistake of fact as to the quantity of service rendered.

f. If a Customer disputes a bill, the Customer's accounts shall be considered current while the dispute is pending if the customer continues to make undisputed payments and stays current on subsequent bills.

g. The use of water by the same Customer at different premises or localities will not be combined.

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SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 9

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

h. If payment is not received by the due date specified on the bill, the Customer will be assessed a Late Payment Charge. Any late payment charge shall be waived for any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or from another public or charitable source.

i. The District maintains a night depository box for the convenience of Customers and retrieves the deposited payments at the start of each business day. Payments deposited in the night deposit box, except for those made in response to a termination for service notice, will be considered as received on the previous business day.

j. Customers may make payment by credit or debit card online, in person at the District’s office or at the offices of the District’s designated agents, or by telephone. If payment by credit or debit card is attempted and declined, the customer’s obligation to pay the billed amount on the due date remains unchanged. Credit and debit card payments are subject to a convenience fee assessed by the card processor (not the District). Prior to processing the transaction, the customer will be informed of the fee amount.

k. A single bill will be issued monthly to the Customer who has executed the current Water Service Contract for the service to Meter connections serving more than one residential or commercial unit. The Customer has is responsible for payment of all charges for service associated with the meter, including all water provided through the meter.

l. Residential Customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers pay a fixed monthly amount determined by the District based on historical or estimated usage. A Customer may enroll in such a plan at any time. The District will issue bills so as to bring each customer’s account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a Customer fails to pay

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 10

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

bills as required under the plan, the District may remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

5. DEPOSITS

a. A minimum deposit of \$50.00 will be assessed upon the Customer’s request for water service. The District may refuse or disconnect service if the deposit is not paid.

b. The District may require a deposit in addition to the initial deposit if a Customer’s classification of service changes or its usage changes substantially change in usage, except that an additional deposit will not be required of a residential customer whose payment record is satisfactory unless the customer’s classification of service changes or the deposit is recalculated at the customer's request in accordance with Commission regulations.

c. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date on the deposit. Interest accrued will be refunded to the Customer or credited to the Customer’s bill on an annual basis, except that no refund or credit will be made if the Customer’s bill is delinquent on the anniversary date of the deposit. If interest is paid or credited to the Customer’s bill prior to twelve (12) months after the date of the deposit or last paid interest date, the payment or credit will be prorated.

d. Upon termination of service, the deposit, any principal amounts, and interest earned, and owing will be credited to the final bill with any remainder refunded to the customer.

e. A deposit may be waived upon a customer’s showing of satisfactory credit or payment history. Deposits will be returned after one (1) year if the Customer has established a satisfactory payment history. In determining whether a Customer has a satisfactory credit or payment history, the District will consider the Customer’s previous payment history with the

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 11

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

District and, if no previous history with the District, statements from other utilities, banks or other financial institutions attesting to the Customer's payment or credit history.

f. If a deposit has been waived or returned and the Customer fails to maintain a satisfactory payment record, the District may require a deposit. It may also may require a deposit after having waived or returned a deposit if the Customer's classification of service or usage changes.

g. If a deposit is held longer than 18 months, the deposit will be recalculated at the Customer's request based on the customer's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the District may collect any underpayment and shall refund any overpayment by check or credit to the customer's bill. No refund will be made if the customer's bill is delinquent at the time of the recalculation.

6. METER BILL ADJUSTMENT

a. Whenever a meter in service is found upon periodic request or complaint test to be more than two percent (2%) fast, additional tests shall be conducted in accordance with the Commission's regulations to determine the average error of the Meter.

b. If test results on a Customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in instances in which the Customer obtained service through fraud, theft, or deception, the District will determine the period during which the error has existed, and will re-compute and adjust the Customer's bill to provide a refund to the customer or collect any under-billed amount.

c. Any readjustment will be based upon the period during which the error is known to have existed. If this period cannot be determined with reasonable certainty, the time period will be estimated. In all instances of customer over-billing, the Customer's account will be credited, or

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SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 12

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

the over-billed amount refunded at the Customer's discretion within thirty (30) days after final meter test results. A customer will not be required to repay any under-billing over a period less than a period coextensive with the under-billing.

d. The period of recovery for under-billing will be limited to the most recent twenty-four (24) months of under-billing unless the underbilling is the result of Customer fraud, theft or deception. (N)
(N)
(N)

e. If a meter has ceased to register, or a meter reading cannot be obtained, the quantity of water to be billed will be based upon an average of six months' consumption. If said meter readings are not available for an entire six-month period, the District may estimate water bill, subject to adjustment once a six-month average of actual meter readings can be calculated.

f. When a Meter is found to have an error in excess of two percent (2%) fast or slow the amount of refund or the amount to be collected by the District shall be calculated using that percentage of error as determined by the test. The percent error shall be that difference between one hundred percent (100%) and that amount of error as indicated by the test.

7. NON-RECURRING CHARGES

The District will assess a charge for the following non-recurring services:

a. A Meter Test Charge will be assessed if a customer requests the District performs a test on a Customer's meter to check for accuracy and the test shows the Customer's meter is not more than two percent (2%) fast.

b. A Reconnection Charge will be assessed to reconnect service that has been terminated for non-payment of service or for violation of these Rules and Regulations or the Commission regulations.

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 13

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

c. A Termination Charge will be assessed when a District representative makes a trip to a customer's premises for the purpose of terminating service for nonpayment. (N)

d. A Returned Payment Charge will be assessed when a Customer's payment is not honored by the Customer's financial institution either due to insufficient funds or other reason when the Customer is at fault.

e. A Service Call/Investigation Charge will be assessed when a Customer requests the presence of District personnel to investigate a service problem and the problem is a result of the Customer's own plumbing facilities, beyond the District's delivery point, or not caused by failure of the District's facilities. Any maintenance and repair of facilities beyond the District's delivery point is the responsibility of the Customer. (N)

f. A Customer who maliciously, willfully, or negligently breaks, damages, destroys, uncovers, defaces, or tampers with any structure, appurtenance, or equipment which is part of the District's water works, shall be subject to disconnection of water service and shall pay the cost of repairing or replacing the structure or appurtenance.

g. A Meter Connection Charge will be assessed for initial installation and connection of water service on the Customer's property.

h. A Connection/Turn-on charge will be assessed for a new service turn-on, seasonal turn-on, or temporary service. The charge will not be made for initial installation of service where a Meter Connection/Tap-on Charge is applicable. (N)

i. A customer or other authorized person who requests that a meter be relocated, changed, or modified or requests a meter that has been removed at the customer's request be reset will be assessed the District's cost to perform such relocation, modification or re-setting.

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 14

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

j. A Late Payment Charge will be assessed if payment is not received by the due date specified on the bill. A late payment charge shall be waived for any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or from another public or charitable source.

k. Cost Estimate Charge will be assessed to any person requesting a service connection or water main extension that requires District personnel to travel to the site of the proposed connection or extension and take measurements to determine the cost of the extension or service connection. If requesting party executes an agreement for service or contract for water main extension within 90 days of receiving estimate of length or cost, the amount of charge will be credited to the applicable meter connection charge or water main extension charge.

(N)

8. CUSTOMER COMPLAINTS

A Customer may submit a complaint with the District in person, by telephone, mail or e-mail. The District will address all complaints in accordance the Commission’s regulations.

9. DISCONTINUANCE AND RECONNECTION OF SERVICE

a. Discontinuance of Water Service

(1) A Customer requesting discontinuance of water service or transfer of service to another location shall provide the District with three business days’ notice. Unless the contract for water service provides otherwise, the Customer will not be responsible for charges for service beyond the three (3) day notice period if the Customer provides reasonable access to the meter during the notice period. If the Customer requests discontinuance of service by telephone and a dispute arises regarding the request, he or she bears the burden of demonstrating that the request was made.

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 15

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

(2) The District may discontinue a Customer’s water service for non-payment of bills for water or sewer service upon providing the Customer with at least five (5) days written notice delivered by mail or personally delivered to him/her or a member of his/her household, However, no service will be discontinued until twenty (20) days after the mailing date of the original bill.

(3) Service rendered under any application, contract or agreement may be discontinued without notice for the following reasons:

(a) Fraudulent use of water;

(b) Interfering or tampering by the Customer, or others with the knowledge of the Customer, with any Meter, connection, service pipe, curb stop, seal or any other appliance of the District controlling or regulating the Customer’s water supply;

(c) Existence on the Customer’s Premises of a dangerous condition relating to water service that could subject a person to imminent harm or result in substantial damage to the property of the District’s or others;

(d) Willful or indifferent waste of water due to any cause which adversely affects either water service to other Customers or the District’s utility operations;

(e) Unauthorized use by illegal use or theft;

(f) Misrepresentation in the water service application or contract;

(g) Resale of water without the District’s approval; or

(h) Connections, cross-connections, or permitting the same of any separate water supply to the Customer’s premises.

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TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 16

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

(4) Upon ten (10) days advance notice in writing of the reasons for the proposed discontinuance and the corrective action required to avoid discontinuance and the Customer's failure to take such action, the District may discontinue service for the following reasons:

(a) Non-compliance with the Commission's regulations, these Rules and Regulations or, if the Customer also receives sewer service from the District, the District's Rules and Regulations pertaining to sewer service; or

(b) Non-compliance with state, local or other codes; or

(c) For failure to provide the District's employees free and reasonable access to the Premises or for obstructing the way of ingress to the Meter or other appliance of the District controlling or regulating the Customer's water supply; or (N)
(N)
(N)

(d) For failure to report to the District additions to the property or fixtures to be supplied or additional use to be made of water;

(5) If prior to discontinuance a residential customer presents to the District a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, the District shall not discontinue service before thirty (30) days after the original termination date.

(6) In cases where water is provided to multiple units through a single meter, the person making application shall be responsible for all water bills and other legitimate charges. Any violation of these Rules and Regulations with reference to any of the units, shall be deemed a violation as to all, and the District may enforce compliance with these Rules by shutting off the entire service. (N)
(N)
(N)
(N)

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SIGNATURE OF OFFICER

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(7) Discontinuing the supply of water to a Premises for any such reason shall not prevent the District from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.

(8) The District will negotiate reasonable partial payment plans at the request of residential customers who have received a termination notice for non-payment of bills but is not obligated to do so for Customers who are delinquent under an existing partial payment plan. Plans that extend for a period longer than thirty (30) days will be in writing. The District may discontinue Customer's service without additional notice if the customer fails to meet his or her obligations under a partial payment plan.

b. **Renewal of Water Service After Discontinuance**

(1) When water service to a Premises has been terminated for any reason other than temporary vacancy, it will be restored only after the conditions, circumstances or practices which caused its discontinuance are corrected to the District's satisfaction and upon payment of all charges due and payable by the Customer in accordance with these Rules. The District shall reconnect existing service within twenty-four (24) hours or close of the next business day, whichever is later, after correction of the practice or condition giving rise to the discontinuance of service and payment of all charges due and payable.

(2) No Customer whose service has been turned off shall turn on service or have same done by anyone other than the District.

(3) Water service will not be turned on unless the Customer or a representative of the Customer is physically present at the Premises or has executed a Water Turn-on Release Form expressly consenting to the turn on of service without his or her presence or the presence of a representative of the Customer at the Premises.

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(N)
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c. Service will not be supplied or continued to any premises if at the time of application for service the Applicant is merely acting as an agent of a present or former customer who is indebted to the District for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Absent evidence to the contrary, an applicant will be presumed to be agent of a former customer if (1) the Applicant lived in the customer's household when was service was discontinued for nonpayment; (2) the Applicant was at least 18 years of age at the time the unpaid service was provided to the former customer's household and the Applicant received the benefit of the service; and (3) the former customer is residing in the premises for which the Applicant is requesting water service.

10. METERS

a. Water will be sold by Meter measurement only.

b. All Meters, except detector devices and/or fire service line Meters, will be installed, maintained and replaced by; and at the expense of the District, but in case of damage to such Meters by reason of any act, neglect or omission on the Customer's part the Customer shall pay to the District the cost of the meter's repair upon presentation of a bill for such costs.

c. The District alone shall determine the type and size of Meter that shall be placed on any service pipe, and such Meters will be furnished, installed and removed by the District alone, and shall remain its property.

d. Each Premise shall be supplied through an independent Meter setting unless the District otherwise authorizes.

e. All Meters are accurately tested before installation and are also periodically tested in accordance with the Commission's regulations. The District may at any time remove any Meter



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for periodic tests or for repairs or replacement and may, at its option and expense, test any Meter when the District has reason to believe that it is registering inaccurately.

(N)
(N)

f. The District shall test any Meter upon a Customer's written request if the request is not made more frequently than once each twelve (12) months. The Customer shall be given the opportunity to be present at the requested test. The Customer will be charged a fee of \$12.50 if the said Meter be found less than two percent incorrect to the prejudice of the Customer.

g. The District reserves the right to put seals on any water Meter, or on couplings in and for any premises, and may shut off the supply if such seals are found broken or removed.

h. After meter placement, a Customer may request a change in the meter's location. The District will relocate the Meter at the Customer's expense if the location is acceptable.

i. Meters must be located in a utility easement or public right-of-way.

j. Meters may be located either in an outdoor Meter box or vault, at the option of the District. The location of the Meter must be acceptable to the District and allow for the Meter to be easily examined, tested, repaired, read, removed or replaced. The Meter box or vault shall be located in a convenient and readily accessible location acceptable to the District. The Meter box or vault must be constructed to protect the Meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water. After the District installs a Meter, a Customer shall not tamper with, alter, repair or remove the Meter or allow anyone other than the District to do so. Any plumbing, piping, grading or structural modification which could result in the relocation of the Meter or impact accessibility must first be approved by the District.

↑
(N)
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k. The point of delivery is at the meter or vault. Customer is responsible for installation and maintenance of all water lines, plumbing and equipment beyond the meter.

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11. SERVICE LINES

a. The District will furnish and install for the purpose of connecting its distribution system to the Customer's premises that portion of the service connection from its main to and including the meter and meter box. In areas where the District's distribution system follows well-defined streets and roads, the Customer's point of service will be located at that point on or near the street right-of-way or property line most accessible to the District from its distribution system. In areas where the distribution system does not follow streets and roads, the point of service will be located as near the Customer's property line as practicable. Prior to installation of the meter, the District will consult with the Customer as to the most practical location.

b. All service lines must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced except where services are not intended for use during freezing weather and are actually drained during such periods.

c. Customer must present evidence of a plumbing permit from the appropriate regulatory agency before service will be established.

d. The Applicant/Customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of his/her service line plumbing, including a shut-off valve, one-way check valve, and pressure reducing valve, installed on his/her property beginning at the outlet side of the water meter.

e. A service line running from the point of connection to the water main to the point of delivery shall not be located on any private property other than the Applicant's property. No service line running from the point of delivery to the point of consumption shall be located on property other than the Applicant's property unless the Applicant has obtained from the other



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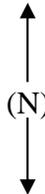
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property owners a private utility easement for the service line and properly recorded such easement with the County Clerk's office.

f. The installation and maintenance of the water service line must be in accordance with these Rules and Regulations and the regulations of the Kentucky Department for Public Health. The service line shall be kept in good repair at all times.



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g. Cross-Connections.

(1) No water service connection shall be made or installed to any residential building unless such service connection is protected by a backflow prevention assembly. Residential service connections shall be considered as low hazard applications and all such connections shall have at a minimum a dual check valve backflow preventer installed between the water meter and the residence. The District may require additional or alternate backflow prevention assemblies if the degree of hazard constitutes a higher level of protection for the public water system.

(2) No water service or supply connection shall be installed or permitted to be installed to any non-residential facility unless the water service connection is protected by a backflow prevention assembly. The type of protection device required shall be determined at the time of installation of the service and shall be commensurate with the degree of hazard at the point of such service connection. At a minimum, the service connection shall be installed with a dual check valve backflow preventer. In the event the purpose or use of a non-residential facility changes and the new purpose or change creates a higher degree of hazard, then customer receiving service at the non-residential facility shall replace the backflow prevention with an assembly that provides acceptable protection.

(3) All water service connections that are in existence as of August 29, 2019 and lack the minimum backflow prevention assemblies required herein shall become compliant with this regulation's requirements within a reasonable period after the Customer or property owner has received notice of the service connection's non-compliance. Installation of the backflow prevention shall be at the Customer or property owner's expense. If the District determines that a hazard to health exists, then a backflow prevention assembly meeting the requirements of this regulation may be installed on an existing service connection. Backflow prevention assemblies shall not be installed on existing service connections until after the Customer or property owner has been informed of the actual and potential hazards that may be created as a result of such backflow assembly installation. Notices provided shall include the following: "When cross

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control devices are properly installed, they create a closed water system. A properly sized thermal expansion tank shall be installed in the cold-water supply located as near the water heater as possible.”

(4) A customer shall make its water system open for inspection at all reasonable times to authorized representatives of the District to determine whether cross connections or other structural or sanitary hazards, including violation of this rule, exist. If the District discovers or learns of such condition, it may deny or immediately discontinue service to the facility by providing a physical break in the service line until the customer has corrected the condition in conformance with state and local laws and regulations. Water service to any facility shall be discontinued if the backflow prevention assembly required by this regulation has been removed, bypassed, or if any unprotected cross connection exists on the premises and will not be restored until such conditions or defects are corrected.

(5) The cross-connection of the District’s system with any auxiliary water supply is prohibited.

(6) No connection shall be made to a premise that has or uses a well that has or is being until District personnel have inspected and verified the well’s disconnection and separation.

h. No service line installation shall use galvanized pipe or fittings.

i. Public Service Commission Regulations provide that in no event shall the pressure at a customer’s service pipe under normal conditions fall below thirty (30) pounds per square inch. Accordingly, no meter shall be located on an Applicant’s service line at a point that does not deliver a minimum pressure of 30 pounds per square inch at the meter point. If the District cannot deliver the minimum required pressure at the proposed meter point, it will undertake reasonable efforts to obtain the minimum pressure and, if such reasonable efforts will not achieve the minimum required pressure, advise the Applicant that service will not be provided and inform him of his or her rights

(N)
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(N)
(N)

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of his or her rights under KRS 278.260 to obtain review of the District's action and will also notify the Public Service Commission of its actions.

j. If the Applicant/Customer's point of usage is at a higher elevation than the meter, the customer should consult with a reputable engineering firm to properly size the service line from the meter to the point of usage.

k. If the Customer engages in repeated acts of theft of service at a specific premises, the District may, after notice to the property owner, remove the service to that premises. Any subsequent request for service will require the payment of an additional connection

l. Piping on the premises of the Applicant/Customer must be installed to ensure that connections are conveniently located with respect to the District's lines and mains. Applicant/Customer must provide a place for metering that is always unobstructed and accessible

m. The District may require the Applicant/Customer at his/her own expense, to install a back-flow preventer and pressure regulator.

n. All taps and connections to the District's mains must be made by or under the direction and supervision of District personnel and will incur a meter connection/tap-on charge.

o. Any customer having boilers and/or pressure vessels that receive water from the District must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the District to be interrupted or discontinued.

p. Any customer desiring nonstandard service shall pay the cost of any special installation necessary to meet his particular requirements for the service other than standard water



(N)
(N)

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taps. This includes fire hydrants, check valves, pressure reducing valves when customer requests pressure less than 100 psi, and surge relief valves.

12. FIRE PROTECTION

a. Fire hydrants installed prior to June 7, 1992, that do not meet the requirements set out in 807 KAR 5066, Section 10(2)(b), shall not be used for firefighting purposes. However, fire departments may access and withdraw water from flush hydrants to fill the tanks on a fire engine for firefighting or fire protection training purposes.

b. Unless otherwise permitted by the District, fire hydrants meeting the requirements of 807 KAR 5:066, Section 10(2)(b) shall be used only by fire departments and only for firefighting and fire training purposes. The use of a fire hydrant by persons other than authorized fire department personnel or for purposes other than firefighting or fire protection training shall be considered a "theft of service" and may be prosecuted in accordance with the laws of the Commonwealth of Kentucky. Unauthorized users shall be assessed an investigation charge, the cost of any damages to the District's property, and the full cost of any water withdrawn.

c. The District will furnish a fire department with water from a fire hydrant connected directly to its water main for a period not to exceed four (4) hours of usage for a fire event. If a fire event requires more than four hours of water usage, the owner of the property on which the fire event occurs may be billed for all water usage in excess of the four hours.

d. Except as noted paragraph c above, a fire department may withdraw water from the District' water distribution system at no charge to fight a fire or train firefighters provided it maintains an estimate of the amount of water used for such purposes during the calendar month and reports the amount of this usage to the District in writing no later than the tenth day of the following calendar month. Negative reports of water usage are required. In lieu of a written report,



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a report may be submitted telephonically or by electronic mail. In such cases, the District will maintain a written record of the report.

e. A fire department that fails to submit the required report in a timely manner shall be assessed the cost of water withdrawn from the District’s system. A non-reporting fire department shall be presumed to use 0.3 percent of the District’s total water sales for the calendar month in which it fails to submit a report. A non-reporting fire department may present evidence of its actual usage to rebut the presumption and the District shall adjust the presumed usage accordingly. In addition, a fire department that fails to submit the required monthly report in a timely manner shall be assess a penalty of \$10.00 for each failure.

f. A non-reporting fire department shall be billed for its water usage for firefighting or fire training purposes at the District’s lowest usage rate block. (N)
(N)

g. The District may install fire hydrants for private fire protection purposes if the requirements of 807 KAR 5066, Section 10(2)(b) are met. The location, installation, and responsibility for the maintenance of such facilities shall be subject to negotiation between the District and the Applicant/Customer. (N)
(N)
(N)
(N)

h. The District reserves the right to determine the delivery point for private fire protection service, including private hydrants, automatic fire sprinkler systems, standpipes, and other appurtenances that a Customer installs to assist in extinguishing fires.

i. The District’s water distribution system is designed primarily for rural domestic consumption. It is not designed nor intended for use for fire protection. Any Customer relying upon the District’s system for fire protection does so at its own risk and assumes full responsibility for the consequences of such reliance.

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13. MONITORING OF CUSTOMER USAGE

At least once annually, the District will monitor each Customer's usage as follows:

a. The customer's annual usage for the most recent 12-month period will be compared with the annual usage for the 12 months immediately preceding that period.

b. If the annual usage for the two periods are substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all customers, no further review will be done.

c. If the annual usages differ by 100 percent or more and cannot be attributed to a readily identified common cause, the District will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year. (T)

d. If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the District will contact the Customer by telephone or in writing to determine whether, there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.

e. Where the deviation is not otherwise explained, the District will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.

f. The District will notify the Customer of the investigation and its findings and will make any refunds or back billing in accordance with the Commission's regulations.

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g. In addition to the annual monitoring, the District will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing processes or customer inquiry.

14. RIGHTS AND RESPONSIBILITIES

a. Customers Requiring Uninterrupted Supply

(1) The District will endeavor to provide reasonable service but does not guarantee a sufficient or consistent pressure or an absolutely uninterrupted supply of water, and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as for steam boilers, domestic hot water systems, gas engines, etc.

(2) The District is not responsible for accidents or damages to fixtures or devices that take a supply of water directly from the service pipes and depend upon the hydraulic pressure of the District's pipe system for supplying water under working pressure.

b. Interruptions in Water Supply

(1) The District reserves the right at any time to shut off the water in the Mains without notice in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for fire protection or other emergencies whenever the public welfare may so require in accordance with Commission Regulations. Notwithstanding any other provision in these Rules or any contract or agreement between the District and any Customer, when, in the District's judgment, sufficient supplies of water are not available to the District, for any reason, to meet all existing and reasonably anticipated demands for service or to preserve and replenish its storage in amounts sufficient to provide fire

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protection on its system, the District shall have the right to restrict, limit, curtail or interrupt water service to or water usage by any Customer or Customers.

(2) The temporary shutting off of water from any Premises for any cause, whether non-payment of bills, leaking pipes, fixtures, etc. shall not cancel a contract for water supply service except at the option of the District or upon notice from the Customer.

c. District's Liability

(1) The District is not liable or responsible to any person or persons for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause whatsoever. The District will use reasonable care and diligence to prevent interruptions and fluctuations in the service but does not guarantee that such will not occur.

(2) The District will make every effort to maintain a pressure on its distribution system that is required for reasonable service and is compliant with federal and state requirements but does not guarantee to furnish at all times any given quantity of water at any given pressure for fire uses or for general purposes.

(3) The District is not responsible for accidents or damages to boilers, hot water tanks, etc., resulting from the discontinuance of service, nor by reason of the breaking of any main, water pipe, fixture or appliance whether owned by the District or Customer. No person shall be entitled to damages or have any portion of a payment refunded for any interruption of service. The District will exercise every care in this matter. In the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.

(4) The District is not an insurer of property or persons and does not undertake to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. It agrees to furnish such supply of water as is available. It shall be free and exempt from any claims

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for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

d. No person shall turn the water on or off at any street valve, District stop, curb stop or other street connection, or at meter setting or meter vault, or disconnect, remove or bypass any meter without the District’s consent. The District has the right to prosecute for any damage resulting from any unauthorized tampering with District property.

e. No electric wires shall be grounded on the District’s mains or on any District Service Lines or pipes or fixtures of any kind which have a metallic connection with the District’s mains.

f. The District retains the right to prosecute for any damage resulting violation of this Rule. Water furnished to any Customer, except if sold to a water utility for resale, is for the Customer’s use only and such water shall not be resold by the Customer to any other person, firm, or corporation on the customer’s premises or for use on any other premise.

g. A Customer shall grant or convey, or shall cause to be granted or conveyed, to the District a perpetual easement and right of way across any property that he or she owns or controls wherever said easement or right of way is necessary for the District’s water facilities and lines necessary to furnish services to the Customer. (N)
(N)
(N)

h. The service connection provided by the District to the Customer has a definite capacity. No addition to the equipment or load connected to the connection is allowed without the District’s consent. Failure to provide notice of additions or changes in load, and to obtain the District’s consent for such additions or changes, shall render the Customer liable for any damage to the District’s lines or equipment caused by the additional or changed installation.

i. An Applicant/Customer is responsible for accurately identifying and marking all underground facilities which it owns and which are located on its property prior to the District’s installation of a service connection from the District’s distribution system to the meter and meter (N)
(N)

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box. Applicant/Customer assumes responsibility for all damages and losses resulting from its failure to accurately identify and mark such facilities and releases and indemnifies the District from any claims for damages that result from the Applicant/Customer's failure to accurately identify and mark such facilities.

(N)
(N)
(N)
(N)
(N)

j. Customer shall notify the District immediately should his or her service be unsatisfactory for any reason or should he or she discover any defects, problems, trouble, or accidents affecting the District's water system.

15. WATER MAIN EXTENSIONS

a. Upon request of applicant(s) for a water main extension, the District shall determine the total length and cost of the proposed extension (exclusive of meter connections). The District shall make an extension of fifty (50) feet or less to its existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more. If the total length of the extension exceeds the product of fifty (50) feet multiplied by the number of applicants, the Applicant(s) shall contract with the District for construction of the extension using one of the following three (3) methods:

(1) Option A. The Applicants shall deposit with the District the total cost of the extension less the cost of fifty (50) feet of the extension for each applicant for service. Unless the Applicants otherwise agreed in writing, each Applicant shall deposit an equal portion of the required amount. The deposit shall not relieve an Applicant from his or her obligation to pay a connection/tap-on fee for a meter connection to the extension. For a period of ten (10) years following completion of the water main extension, the District shall annually refund to the Applicants collectively an amount equal to the cost of fifty (50) feet of the extension for each additional customer who directly connected to the water main extension service during the year. The total amount refunded shall not exceed the amount deposited with the District. At the end of the ten-year period, any portion of deposited funds that have not been refunded shall become the District's property. Applicants making deposits shall be responsible for maintaining a current

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 32

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

address on file with the District to ensure prompt and correct payment of any refund. Applicants must contract to use the water service for a minimum of one (1) year. In addition, each Applicant shall pay the approved meter connection fee applicable at the time of his or her application for the meter connection. The meter connection fee shall not be considered part of the refundable cost of the extension

(2) Option B. The Applicants shall deposit with the District the total cost of the extension less the cost of fifty (50) feet of the extension for each applicant for service. For a period of five (5) years after construction of the extension, each additional customer whose service line is directly connected to the extension installed, and not to extensions or laterals therefrom, shall be required to contribute to the cost of the extension based on a recomputation of the District’s portion of the total cost and the amount contributed by the customers. The District shall refund to those Customers that have previously contributed to the cost of the extension that amount necessary to reduce their contribution to the currently calculated amount for each Customer connected to the extension. All Customers directly connected to the extension for a five-year period after it is placed in service shall contribute equally to the cost of construction of the extension. In addition, each Customer shall pay the approved tap-on fee applicable at the time of his or her application for the meter connection. The meter connection fee shall not be considered part of the refundable cost of the extension and may be changed during the refund period. After the five-year refund period expires, any additional customer shall be connected to the extension for the amount of the approved tap-on fee only. After the five-year refund period expires, refunds shall be made to all contributing customers using the methodology set forth in Option A.

(3) Option C. Applicants may at their own expense construct the water main extension and donate the extension to the District. The extension shall be construction in accordance with the District’s specifications and subject to the District’s supervision and approval. Applicants shall assume responsibility for and reimburse the District for all legal, engineering, and administrative costs that the District incurs to review, supervise, inspect, and test the water main extension, as well as obtaining all necessary legal and regulatory approvals. Applicants shall

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 33

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

warrant the fitness of the main extension for a period of one year following the transfer of ownership to the District.

b. Persons requesting a cost estimate of a proposed water main extension that requires District employees to visit the proposed service site to prepare such estimate, the District may assess a charge to the applicant equal to the labor and travel expenses necessary to prepare the estimate. If the applicant executes a contract for service within 90 days of the District's providing such estimate, the amount charged will be credited to the cost of the main. (N)
(N)
(N)
(N)
(N)

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 34

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

16. LEAK ADJUSTMENTS

a. Any Customer, except a customer purchasing water to provide wholesale water service, may request a bill adjustment for all water usage resulting from a leak in its service line between the meter and the premises. (T) (T)

b. A request for leak adjustment must be in writing on a Leak Adjustment Request Form and made prior to the payment of the bill for which the adjustment is sought.

c. A Customer must provide sufficient evidence to reasonably demonstrate the existence and repair of the leak. Such evidence may include such a plumber's statement, invoices for materials and labor, and sworn affidavits from persons with knowledge of the leak's existence and repair. Plastic pipe for repair of underground water service lines must be certified to withstand a working pressure of 200 pounds per square inch or greater and be CTS pipe. The use of radiator clamps, King Nipples or equivalent will not be accepted. (N) (N) (N) (N) (N) (N)

d. Water usage resulting from the leak will be determined by comparing the Customer's usage during the leak billing period to the Customer's average usage for the previous twelve (12) billing periods. Water usage in excess of the average customer usage will be billed at 50 percent of the applicable rate schedule. If a customer applying for a leak adjustment has not been a customer of the District for twelve (12) consecutive months, the average residential usage will be used to determine the amount of the adjustment.

e. An adjustment may cover a maximum of two billing periods. (N)

f. A customer may receive a leak adjustment only once during a twelve (12) month period.

g. A Customer remains responsible for the full amount of bill pending review of his or her request and his or service will be discontinued for non-payment if not paid in full. If service

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DATE EFFECTIVE October 23, 2022
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ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 35

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

is discontinued, the full amount plus a termination fee and reconnection fee must be paid before service will be restored and any adjustment made, will be credited to the account. (N)

h. No leak adjustment shall exceed \$5,000. (N)

17. SPECIAL USER AGREEMENTS FOR NON-STANDARD SERVICE

An Applicant requesting non-standard service shall execute the applicable agreement as a condition for service:

- a. Agreement for Special Service – Nonstandard Size Meter
- b. Agreement for Multi-Family development (Master Meter)
- c. Agreement for Multi-Family Development (Units with Individual Meters)
- d. Agreement for Mobile Home Park Service (Master Meter)
- e. Agreement for Mobile Home Park Service (Sites with Individual Meters)
- f. Agreement for Special Service – Sprinkler System and Fire Service Connection

If requested non-standard service is not applicable to the contract forms listed above, the District may require Applicant to execute a contract applicable to the requested non-standard service.

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 37

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

b. Back

Water costs money... don't waste it!
A dripping faucet or fixture can waste 3 gallons a day...a total of 1095 gallons a year.
Conserve Water and Save Money!
A reminder from your local water utility where we're dedicated to quality and service.

Waste per month at 60 psi water pressure			
Diameter of stream	Gallons	Cubic Feet	Units 100 cu. ft.
1/4"	393,833	52,660	520
3/16"	222,000	29,600	296
1/8"	98,666	13,155	131
1/16"	24,666	3,288	32

↑ A continuous leak from a hole this size would, over a one month period, waste water in the amounts shown above.

MAKE CHECK OR MONEY ORDER PAYABLE TO:
McCREARY COUNTY WATER DISTRICT
 P.O. BOX 488 • WHITLEY CITY, KY 42653-0488
 ACCOUNT NUMBER MUST BE ON CHECK

AFTER HOURS EMERGENCY NUMBER: WATER AND SEWER - (606) 376-2941
 Our Drop Box is Located Beside Drive Thru Window.

Failure to Receive Bill Does Not Exempt You From Payment, Late Charges, Collection Fee, or Disconnection.
 It is the Responsibility of You, Our Customer, to Ensure We Have Access to All Water Meters.

For Utility questions or concerns please Phone (606) 376-2540 or Fax (606) 376-5507

CODES WT = WATER
 SWR = SEWER

THIS PORTION MUST BE RETURNED WITH PAYMENT FOR PROPER CREDIT TO YOUR ACCOUNT. WHEN PAYING IN PERSON, PLEASE BRING ENTIRE BILL.

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 38

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

19. Forms

- a. Application for Water Service (N)
- b. Agreement for Water Service (N)
- c. Agreement for Standard Water Service (New Meter Connection) (N)
- d. Agreement for Special Service – Nonstandard Size Meter
- e. Agreement for Multi-Family Development (Master Meter)
- f. Agreement for Multi-Family Development (Units with Individual Meters)
- g. Agreement for Mobile Home Park Service (Master Meter)
- h. Agreement for Mobile Home Park Service (Sites with Individual Meters)
- i. Agreement for Special Service – Sprinkler System and Fire Service Connection
- j. Request for Leak Adjustment (N)
- k. Partial Payment Plan Agreement (N)
- l. Water Turn-on Release Form (N)

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

**APPLICATION FOR
WATER SERVICE**



**APPLICATION FOR WATER SERVICE
(ALL USERS)**

Date _____

Customer Name _____

Service Address _____ Apt # _____

City/State _____ Zip Code _____

Billing Address (if different from service address):

Street _____

City/State _____ Zip Code _____

Account Holder: First _____ Middle _____ Last _____

DL# _____

Account Holder's Telephone number:

Home _____

Cell _____

Please Circle primary use of building: Residential Commercial

Do you own or rent service address? Own _____ Rent _____

If renting, Name of Landlord/Owner _____

Landlord/Owner Phone # _____

Do you have rental agreement? Yes _____ No _____

If so, please provide a copy of rental agreement with this contract.

Do you owe the District for water service furnished at the service address or another address?
Yes _____ No _____

Is there any person who will be residing at the service address that owes the District for water service furnished at the service address or another address? Yes _____ No _____

May the District contact you by text message to your cell phone to provide you with alerts or other information? Yes _____ No _____

List any person(s) who are authorized to received information regarding your account or to issue instructions to the District regarding your account or service:

1. Name: _____ Relationship: _____

2. Name: _____ Relationship: _____

3. Name: _____ Relationship: _____

OFFICE USE ONLY	
RECEIPT #	_____
DEPOSIT AMOUNT	_____
CASH	CHECK# _____
C/C	MONEY ORDER _____

**AGREEMENT FOR
STANDARD SERVICE**

WATER USER AGREEMENT

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses,

WHEREAS, Applicant desires to purchase water services from the District, Applicant hereby enters into this water user’s agreement as required by the Rules and Regulations of the District;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant at the property located at _____.
2. Applicant agrees to **pay the bill for service** by the due date specified on the bill for water furnished to the property previously identified and to continue to be responsible for such service until the District in writing to the contrary.
3. Applicant agrees to pay a deposit as required by the District’s Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed.
4. Applicant agrees to comply with and be bound by the District’s Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District’s Rules and Regulations, or which the District has or hereafter adopts and imposes.
5. Applicant acknowledges that Applicant’s failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.
6. Applicant represents that all information set forth in its Application Form is true and accurate to the best of Applicant’s knowledge Applicant further acknowledges that providing

false, misleading, or inaccurate information in the application or contract is grounds for discontinuance of water service.

7. This Agreement constitutes all terms and understandings of the Parties regarding the provision of water service to the property previously identified in this Agreement.

APPLICANT: MCCRERY COUNTY WATER DISTRICT:

Signature Signature

Print Name Title

WITNESS: WITNESS:

**AGREEMENT FOR
STANDARD SERVICE
(NEW METER CONNECTION)**

WATER USER AGREEMENT
STANDARD METER SERVICE

This agreement, dated this ____ day of _____, 20__ between _____, (“Customer”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses,

WHEREAS, Customer desires to purchase water services from the District, Customer hereby enters into this water user’s agreement as required by the Rules and Regulations of the District;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Customer in connection with the property to be served by this agreement. The property to be served is a _____ located at _____.
2. Customer understands and agrees that no more than one residence, including mobile homes, or business may connect to one water meter. If multiple buildings are built on the same property, each building must have its own water meter.
3. Customer agrees to **pay a meter connection fee of \$800.00** to the District. Upon payment of this fee, the District agrees to connect to its distribution main and install a standard size (5/8-inch x 3/4-inch) meter service at or near Customer’s property line, subject to distance limitations set forth the District’s Rules and Regulations. Customer shall connect Customer’s service line to the District’s water distribution system and commence to use water from that system on the date water is made available to customer. The District’s charges to Customer will commence upon the date that water service is made available.
4. Customer understands and agrees that Customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of Customer’s service line plumbing, including a shut-off valve, one-way check valve, and pressure reducing valve, installed on Customer’s property beginning at the outlet side of the water meter.
5. Customer agrees that: the service line must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced except where services

are not intended for use during freezing weather and are actually drained during such periods, that the installation and maintenance of the water service line must be in accordance with the District's Rules and Regulations and the regulations of the Kentucky Department for Public Health and that the service line shall be kept in good repair at all times.

6. Customer acknowledges and agrees that evidence of a plumbing permit from the appropriate regulatory agency must be presented to the District before service will be established.

7. Customer acknowledges that Customer is responsible for accurately identifying and marking all underground facilities on Customer's property owned by the Customer and that Customer is responsible for all damages resulting from Customer's failure to do so and releases and indemnifies the District from any claims for damages resulting from Customer's failure to accurately identify and mark such facilities.

8. Customer agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

9. Customer agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Customer has established a satisfactory payment history or upon termination of service and payment of all accounts owed.

10. Customer agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Customer agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

11. Customer acknowledges that Customer's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

12. Customer agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Customer, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Customer for the purpose of ingress to and egress from those lands.

13. This Agreement constitutes all terms and understandings of the Parties regarding the provision of water service to the property previously identified in this Agreement.

[Reserved]

14.

CUSTOMER:

MCCREARY
DISTRICT:

COUNTY

WATER

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR SPECIAL
SERVICE – NONSTANDARD
SERVICE**

**AGREEMENT FOR SPECIAL SERVICE
NON-STANDARD SIZED METER**

This agreement, dated this ____ day of _____, 20__ between _____, (“Customer”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses, and has as its standard domestic service connection a 5/8-inch x 3/4-inch size meter;

WHEREAS, Customer requests and has evidenced to District probable consumption of water in excess to that which the District’s standard size connection can provide; and,

WHEREAS, Customer requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Customer in connection with the property to be served by this agreement. The property to be served is located at _____ and shall be served though a ____-inch meter, which shall be located at a point adjacent to the property, and which the District shall install upon Customer’s payment of \$_____ and Customer’s conveyance of legal title to all lines and appurtenances between the District’s mains and the water meter.
2. Customer shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, for the special connection and, if applicable, a plan showing the location and size of the proposed pipelines and appurtenances, as well as any cross-connections.
3. Customer shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Customer’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter.
4. Customer agrees to pay to the District a service connection fee of \$_____ for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Customer’s property must be separately contracted.
5. Customer agrees to pay a deposit as required by the District’s Rules and Regulations. This deposit is refundable after one (1) year if Customer has established a satisfactory payment history

or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit, if Customer fails to maintain a satisfactory payment record.

6. Customer agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Customer agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

7. Customer agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Customer, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Customer for the purpose of ingress to and egress from those lands.

8. Customer acknowledges that Customer's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

9. Customer agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

10. Customer acknowledges that Customer is responsible for accurately identifying and marking all underground facilities on Customer's property owned by the Customer and that Customer is responsible for all damages resulting from Customer's failure to do so and releases and indemnifies the District from any claims for damages resulting from Customer's failure to accurately identify and mark such facilities.

CUSTOMER:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MULTI-
FAMILY DEVELOPMENT
(MASTER METER)**

AGREEMENT FOR MULTI-FAMILY DEVELOPMENT

MASTER METER

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a Multi-Family Development for rental of housing units within the District’s territory and desires that water service be provided to such development;

WHEREAS, Applicant requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the property to be served by this agreement. The property to be served is located at _____ and shall be served though a ____-inch meter, which shall be located at a point adjacent to the property, and which the District shall install upon Applicant’s payment of \$_____ and Applicant’s conveyance of legal title to all lines and appurtenances between the District’s mains and the water meter.
2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, for the special connection and, if applicable, a plan showing the location and size of the proposed pipelines and appurtenances, as well as any cross-connections.
3. Applicant shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Applicant’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter.
4. Applicant agrees to pay to the District a service connection fee of \$_____ for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Applicant’s property must be separately contracted.

5. Applicant agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit, if Applicant fails to maintain a satisfactory payment record.

6. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

7. Applicant acknowledges that under the monthly charge for service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the District's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility

8. Applicant agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Applicant, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Applicant for the purpose of ingress to and egress from those lands.

9. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

10. Applicant acknowledges that a single bill for water service will be issued monthly to Applicant. Applicant has sole responsibility for payment of all charges for service associated with the meter, including all water provided through the meter.

11. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Applicant's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

12. Applicant acknowledges that Applicant is responsible for accurately identifying and marking all underground facilities on Applicant's property owned by the Applicant and that Applicant is responsible for all damages resulting from Applicant's failure to do so and releases and indemnifies the District from any claims for damages resulting from Applicant's failure to accurately identify and mark such facilities.

[Remainder of Page Intentionally Left Blank]

APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MULTI-
FAMILY DEVELOPMENT
(INDIVIDUAL METERS)**

AGREEMENT FOR MOBILE HOME PARK SERVICE
(INDIVIDUAL METERS INSTALLED)

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park within the District’s territory at _____ for the sale or rental of mobile home sites and desires that water service be provided to such mobile home park;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. Applicant shall provide the District or its designated representative with all preliminary plans and specifications of the proposed mobile home park’s internal water distribution system and any water mains or lines or other facilities necessary to connect the proposed mobile home park to the District’s water distribution system and any other documents necessary for the District to review Applicant’s request for service.
2. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution system and any water mains or lines or other facilities that the District or its designated representative requests and that are reasonably necessary to meet the District’s existing or planned specifications or are necessary to ensure the quality and reliability of water service or the District’s operational efficiency and integrity.
3. Prior to the submission of the final plans of the proposed mobile home park’s internal water distribution system to Kentucky Department of Public Health and Department of Building and Construction and to any other applicable regulatory agency, Applicant shall obtain the District’s approval for such plans. No change to the approved plans shall be made without the District’s written consent.
4. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances regarding the plans and specifications. Applicant shall further present evidence of such regulatory approvals to the District.
5. Applicant shall be responsible for all costs of materials and installation of the proposed water lines and appurtenances, necessary to connect the proposed mobile home park to the

District's distribution and all costs arising out of the inspection and testing of the water lines and appurtenances. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

6. Applicant agrees to permit the District's employees, agents, or representatives reasonable access to the proposed mobile home park upon reasonable notice and at reasonable hours to inspect the proposed water lines and appurtenances.

7. Applicant shall not cover with soil or other material any portion of the proposed water lines and appurtenances until the District or its designate representative has inspected the water line or appurtenance. Applicant shall notify the District or its designated representative at least 24 hours in advance of any action to cover any portion of a proposed water line.

8. Upon Applicant's completion of the installation of the proposed water lines, Applicant shall notify the District in writing of the completion.

9. Within 60 days of completion of construction of the proposed water lines and appurtenances but prior to the District's commencement of water service to the proposed mobile home park, Applicant will furnish the District with a copy of the as-built plans for the water lines and shall grant to the District an easement sufficient to install, repair, replace or construct any facilities necessary to serve each site upon which a mobile home will be placed.

10. Applicant shall convey to District legal title to the mobile home park's internal water distribution system, including all pipelines and appurtenances, free of all liens and encumbrances upon completion of the system's construction and testing, subject to the District's acceptance of the conveyance.

11. Applicant agrees to warrant and guarantee that the internal water distribution system is free from all defects due to faulty materials or workmanship and to be responsible for all expenses or costs related to the maintenance and repair of the water distribution system and for any damages resulting from such defects for a period of twelve months from the date of conveyance to the District.

12. Applicant agrees to pay to the District a **meter connection fee of \$800.00** for each standard size (5/8-inch x 3/4-inch) service connection that District installs within the mobile home park.

13. The District agrees to permit one standard service connection for each mobile home site connected to the internal water distribution system and to furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to such site.

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APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MOBILE HOME
PARK SERVICE
(MASTER METER)**

AGREEMENT FOR MOBILE HOME PARK SERVICE

MASTER METER

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park for the sale or rental of mobile home sites within the District’s territory and desires that water service be provided to such mobile home park;

WHEREAS, Applicant requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the property to be served by this agreement. The proposed mobile home park will be located at _____ and shall be served though a _____-inch meter, which shall be located at a point adjacent to the mobile home park site, and which the District shall install upon Applicant’s payment of \$_____ and Applicant’s conveyance of legal title to all lines and appurtenances between the District’s mains and the District’s meter.

2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances.

3. Applicant shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Applicant’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

4. Applicant agrees to pay to the District a **service connection fee of \$_____** for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Applicant’s property must be separately contracted.

5. Applicant agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit if Applicant fails to maintain a satisfactory payment record.
6. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.
7. Applicant acknowledges that under the monthly charge for service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the District's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility.
8. Applicant agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Applicant, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Applicant for the purpose of ingress to and egress from those lands.
9. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.
10. Applicant acknowledges that a single bill for water service will be issued monthly to Applicant. Applicant has sole responsibility for payment of all charges for service associated with the meter, including all water provided through the meter.
11. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Applicant's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.
12. Applicant acknowledges and agrees that Applicant is responsible for the maintenance and repair of all water lines and appurtenances within the mobile home park and that the District's responsibility for maintain and repair of any water lines or other appurtenances shall not extend beyond the metering point.
13. Applicant acknowledges that Applicant is responsible for accurately identifying and marking all underground facilities on Applicant's property owned by the Applicant and that Applicant is responsible for all damages resulting from Applicant's failure to do so and releases

and indemnifies the District from any claims for damages resulting from Applicant's failure to accurately identify and mark such facilities.

APPLICANT:

MCCREARY COUNTY WATER
DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MOBILE HOME
PARK SERVICE
(INDIVIDUAL METERS)**

AGREEMENT FOR MOBILE HOME PARK SERVICE
(INDIVIDUAL METERS INSTALLED)

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park within the District’s territory at _____ for the sale or rental of mobile home sites and desires that water service be provided to such mobile home park;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. Applicant shall provide the District or its designated representative with all preliminary plans and specifications of the proposed mobile home park’s internal water distribution system and any water mains or lines or other facilities necessary to connect the proposed mobile home park to the District’s water distribution system and any other documents necessary for the District to review Applicant’s request for service.
2. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution system and any water mains or lines or other facilities that the District or its designated representative requests and that are reasonably necessary to meet the District’s existing or planned specifications or are necessary to ensure the quality and reliability of water service or the District’s operational efficiency and integrity.
3. Prior to the submission of the final plans of the proposed mobile home park’s internal water distribution system to Kentucky Department of Public Health and Department of Building and Construction and to any other applicable regulatory agency, Applicant shall obtain the District’s approval for such plans. No change to the approved plans shall be made without the District’s written consent.
4. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances regarding the plans and specifications. Applicant shall further present evidence of such regulatory approvals to the District.
5. Applicant shall be responsible for all costs of materials and installation of the proposed water lines and appurtenances, necessary to connect the proposed mobile home park to the

District's distribution and all costs arising out of the inspection and testing of the water lines and appurtenances. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

6. Applicant agrees to permit the District's employees, agents, or representatives reasonable access to the proposed mobile home park upon reasonable notice and at reasonable hours to inspect the proposed water lines and appurtenances.

7. Applicant shall not cover with soil or other material any portion of the proposed water lines and appurtenances until the District or its designate representative has inspected the water line or appurtenance. Applicant shall notify the District or its designated representative at least 24 hours in advance of any action to cover any portion of a proposed water line.

8. Upon Applicant's completion of the installation of the proposed water lines, Applicant shall notify the District in writing of the completion.

9. Within 60 days of completion of construction of the proposed water lines and appurtenances but prior to the District's commencement of water service to the proposed mobile home park, Applicant will furnish the District with a copy of the as-built plans for the water lines and shall grant to the District an easement sufficient to install, repair, replace or construct any facilities necessary to serve each site upon which a mobile home will be placed.

10. Applicant shall convey to District legal title to the mobile home park's internal water distribution system, including all pipelines and appurtenances, free of all liens and encumbrances upon completion of the system's construction and testing, subject to the District's acceptance of the conveyance.

11. Applicant agrees to warrant and guarantee that the internal water distribution system is free from all defects due to faulty materials or workmanship and to be responsible for all expenses or costs related to the maintenance and repair of the water distribution system and for any damages resulting from such defects for a period of twelve months from the date of conveyance to the District.

12. Applicant agrees to pay to the District a **meter connection fee of \$800.00** for each standard size (5/8-inch x 3/4-inch) service connection that District installs within the mobile home park.

13. The District agrees to permit one standard service connection for each mobile home site connected to the internal water distribution system and to furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to such site.

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APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR SPECIAL
SERVICE – SPRINKLER SYSTEM
AND FIRE SERVICE CONNECTION**

AGREEMENT FOR SPRINKLER SYSTEM AND FIRE SERVICE CONNECTION

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant proposes to construct a private fire protection system to protect its facilities located at _____ and has requested water service for that fire protection system from the District’s water distribution system;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. “Private fire protection system” means a private hydrant, automatic fire sprinkler system, standpipe or other appurtenances that the Applicant installs to assist in extinguishing fires.
2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, including the Kentucky Department of Housing, Buildings and Construction, of its proposed fire protection plans and specifications.
3. Applicant shall obtain the approval of the Kentucky Department of Housing, Buildings and Construction and the Kentucky Department of Public Health and any other applicable governmental agency of the proposed means of prevention of cross-connection or backflow prevention. At a minimum, Applicant shall install double-acting backflow preventers to the proposed fire protection system.
4. Applicant agrees to install all pipelines and appurtenances in accordance with the specifications of the District’s existing or planned distribution system.
5. Applicant agrees to pay the cost of all materials and installation of proposed service lines, including any lines and appurtenances outside of Applicant’s property necessary to serve the proposed fire protection system. Applicant further agrees to pay the cost of the upsizing of existing water lines or construction of parallel water lines to provide adequate pressure and volume at the point of delivery.
6. Applicant agrees to convey to the District full and unencumbered legal title to the facilities installed by the Applicant between the District’s main and delivery point. If water service to the fire protection system is provided through an unmetered connection, the delivery point shall be that point where the service line crosses on to the Applicant’s property. If water service to the fire protection system is provided through a metered connection, the delivery point shall be the

metering point and includes the main valve pit. Upon conveyance of such facilities, the District assumes full responsibility for the operation and maintenance of those facilities.

7. If water service to the fire protection system is provided through a metered connection, the Applicant shall pay a meter connection fee of \$_____ for a _____-inch meter service connection. This fee is for one service connection only. Any additional service connection for Applicant's property must be separately contracted.

8. Applicant shall be assessed a monthly minimum charge of \$_____, which is intended to recover the costs identified in 807 KAR 5:095, Section 5(3) and shall be charged the lowest rate block set forth in its filed tariff for water actually used.

9. If water service to the fire protection system is provided through an unmetered connection, the Applicant shall (a) annually provide to the District its reasonable estimate of water usage for flushing, testing or other purposes and the basis for its estimate; and (b) provide within one month after water service is used to fight a fire its estimate of the water usage to fight the fire and the basis for its estimate.

10. If Applicant's fire protection system includes a fire sprinkler system, Applicant shall annually report to the District (a) the location of the fire sprinkler system, (b) any change in the fire sprinkler system's operating status; (c) the performance of any required maintenance on the fire sprinkler system; and (d) the results of any test or inspection of the fire sprinkler system that 815 KAR 10:060 requires.

11. Applicant agrees and warrants that the fire protection system will be maintained in good and correct condition so as to prevent water loss and contamination of facilities. Should the Applicant fail to properly maintain its fire protection system, the Applicant agrees to reimburse the District for the cost of water loss due to effects of Applicant's failure. Applicant further agrees that its failure to properly maintain its fire protection system constitute adequate grounds for the District to terminate water service to the Applicant.

12. Applicant acknowledges that the District's water distribution system is designed primarily for rural domestic consumption and is not designed nor intended for use for fire protection. Applicant relies upon the District's system for fire protection at its own risk and assumes full responsibility for the consequences of such reliance.

13. Applicant acknowledges the District does not guarantee to furnish at all times any given quantity of water at any given pressure for fire uses or for general purposes.

14. Applicant agrees to indemnify and hold harmless the District from any claim for damages for any loss Applicant suffers because of non-availability of water, loss of water pressure, reduced flow, or any other act or omission of the District.

15. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

16. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

17. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

18. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the fire protection system to be served by this agreement.

19. If water service to the fire protection system is provided through a metered connection, the District agrees to permit a valve pit at a point adjacent or near the Applicant's facility.

20. Water service will be provided after the installation of all lines and appurtenances is completed and the Applicant has conveyed title to all lines and appurtenances, including any valve pit, to the District. The District If service is dependent on the extension or construction of any District facility, service will not be available until such construction is completed.

APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**REQUEST FOR LEAK
ADJUSTMENT**



LEAK ADJUSTMENT REQUEST

Account Name: _____

Service Address: _____

Account Number: _____

1. Date of Repairs: _____

2. Person or Firm Making Repairs _____

3. Materials Used For Repairs: _____

_____.

(Attach receipts for materials used.)

4. Attached a copy of Plumber's Statement regarding repairs if Plumber performed the repairs.

5. Leak Location: _____

a. State Distance from Meter Box _____ feet

b. State Distance from House _____ feet

c. Check all applicable items

_____ Feet from Meter Box

_____ Outside House

_____ Feet from House

_____ Underground Line

_____ Inside House or Structure

_____ Outside Faucet or Spicket

_____ Toilet

Customer acknowledges that the water usage resulting from the leak will be determined by comparing the Customer's usage during the leak billing period to the Customer's average usage for the past twelve (12) billing periods. Water usage in excess of the average customer usage will be billed at 50 percent of the applicable rate schedule. If a customer applying for a leak adjustment has not been a customer of McCreary County Water District ("the District") for 12 consecutive months, the average residential usage will be used to determine the amount of the adjustment. If the Customer's request for an adjustment is approved, its bill for water service during the month in which the leak occurred will be equal to the sum of the cost of water for the Customer's average monthly water usage billed at the District's existing rate schedule and the cost of the water in excess of the Customer's average monthly water usage billed at 50 percent of the applicable rate schedule.

Customer further acknowledge that until Customer's request for an adjustment is approved, the Customer is responsible for the amount billed for water service and the Customer's failure to pay this bill by the billing due date may result in the discontinuance of water service for non-payment. If disconnected for non-payment, the Customer will be required to pay the full amount owed for water service plus the District's current fee for service reconnection before the Customer's water service will be restored and any adjustment is credited to the Customer's account.

Customer further acknowledges that the Customer may apply and receive a leak adjustment only once during a 12-month period and that any adjustment will cover no more than two billing periods.

Customer acknowledges that no adjustment to the Customer's bill for water service will be made until this form, completed in its entirety, signed and dated, receipts and a plumber's statement (if applicable), are returned to the District.

Customer hereby verifies that the Customer has read the information given above and that all statements are true and correct, and that the excess usage in my plumbing system has now been corrected.

Customer's Name: _____

Customer's Phone Number: _____

SIGNED: _____

DATE: _____

PAYMENT PLAN AGREEMENT



Payment Agreement

Account Number: _____ Date: _____, 20__

Account Holder Name: _____

Address: _____

Phone: _____

Account Holder owes McCreary County Water District \$ _____ for water service previously provided and agrees to pay the sum of \$ _____ today and to make payments as listed below on the unpaid balance as well as keep current my regular monthly charges.

Date	Amount	Date	Amount
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____

I have been advised and fully understand that if I fail to make a scheduled payment by the specified date, McCreary County Water District may immediately discontinue my water service and the unpaid balance will become immediately due. Once discontinued, water service will not be restored until the unpaid balance and a reconnection fee are paid.

Customer's Signature

Employee's Signature

McCreary County Water District does not discriminate on the basis of race, color, national origin, sex, age or disability in employment or the provision of services.

WATER TURN-ON RELEASE



**McCreary County Water District
Water Turn-On Release Form**

I am the owner or lawful tenant of the premises located _____ (hereinafter the "Premises"). I have been advised of McCreary County Water District's rule prohibiting the turn-on of water service unless the Customer or the Customer's representative is physically present at the Premises at the time of turn-on. I have also been advised that the purpose of this rule is to prevent potential water damage if water service is restored and faucets, valves, or other uses of water in a premises have been left on or faulty and water runs without proper supervision. Notwithstanding the potential consequences of such an event, I request and authorize the District to turn on water service, both for initial service and turn-ons following a disconnection, even if no one is present at the Premises. I understand that I should turn off all faucets and valves, and confirm their proper operating condition, or turn off the main shut-off valve, and take other precautions necessary to avoid water damage when the water is turned on and no one is present at the Premises.

In consideration of having the District turning on the water service to the Premises when I am not physically present at the Premises:

1. For myself and for my heirs, executors, successor and assigns, I hereby to the fullest extent permitted at law and equity release and forever discharge the District and the District's commissioners, officers, employees and agents from all claims, demands, damages and causes of action relating to any property damage or personal injury, including death, arising from or related to the turning on of water service to the Premises when I or my representative is not present at the Premises.
2. For myself and for my heirs, executors, successor and assigns, I hereby to the fullest extent permitted at law and equity agree to defend, protect, hold harmless and indemnify the District and the District's commissioners, officers, employees and agents from and against any and all claims, demands, damages and causes of action relating to any property damage or personal injury, including death, arising from or related to the turning on of water service to the Premises when I or my representative is not present at the Premises.

I provide the above release and indemnity on the date written below.

Signature: _____

Printed Name: _____

Date: ____/____/____

COMPLIANCE WITH THE REQUIREMENTS OF
807 KAR 5:011, SECTION 10

Section 9: Statutory Notice to Public Service Commission

A revised tariff, completed in accordance with the requirements of 807 KAR 5:011, Section 6 is attached at TAB A.

Section 10, Subsection 1(a): A specific cost justification for the proposed nonrecurring charge, including all supporting documentation necessary to determine the reasonableness of the proposed non-recurring charge.

Specific cost justification for the proposed non-recurring charges is set forth at TAB B. Please note that in establishing the labor component costs for all “after hours” charges, the same methodology was used as the Public Service Commission used in Case No. 2021-00301 to revise certain of McCreary County Water District’s charges for non-recurring services.

Section 10, Subsection 1(b): A copy of the public notice of each requested nonrecurring charge and verification that it has been made pursuant to Section 8 of this administrative regulation;

McCreary County Water District (“McCreary District”) has caused the notice found at TAB C to be published three consecutive weeks beginning September 21, 2022 in the *McCreary County Voice*, a newspaper of general circulation in McCreary District’s service area. McCreary District has also posted the notice in its offices at office at 456 N. Highway 27, Whitley City, Kentucky and will post to its website (www.mccrearywater.com) no later than September 29, 2022 a copy of the public notice and a hyperlink to the location on the Public Service Commission’s Web site where the tariff filing is available.

Section 10, Subsection 1(c): A detailed statement explaining why the proposed revisions were not included in the utility’s most recent general rate case and why current conditions prevent deferring the proposed revisions until the next general rate case.

In Case No. 2021-00301, McCreary District’s most recent rate case, the Public Service Commission found “the calculation of McCreary District’s Nonrecurring Charges shall be revised and only the marginal costs related to the service should be recovered through a special Nonrecurring Charge for service provided during normal working hours.” As McCreary District’s tariff does not currently differentiate between services provided during normal work hours and afterhours, charges for afterhours services are failing to the cost of providing those services. Most of the proposed charges relate to afterhours services. The other charges reflect an effort to recover the marginal costs of certain services that were previously provided at no charge. No labor costs have been included in these charges. As to the proposed late payment fee, McCreary District’s Board of Commissioners determined that a late payment fee was necessary to encourage customers to make timely payment of their bills. This decision came after lengthy discussions on the need for such fee.

As McCreary District recently had a general rate proceeding and is not scheduled for another general rate proceeding for three years,¹ it believes that delaying the implementation of the proposed charges for three years would be unfair to ratepayers who are currently subsidizing the cost of non-recurring services for which they receive no benefit. Such delay may also adversely affect McCreary District's financial condition.

Section 10, Subsection 1(d): A statement identifying each classification of potential or existing customers affected by the rate revision.

The proposed charges will affect the following persons:

Late Payment Charge: Any Customer who fails to pay its bill for water or sewer service by the due date listed on its bill.

Connection/Turn-on Charge: Any applicant for service who requests water service to a property whose water service is turned off or disconnected.

Connection/Turn-on Charge (Afterhours): Any applicant for service who requests water service to a property whose water service is turned off or disconnected and request that the service turn-on be performed after working hours.

Reconnection Charge (Afterhours): Any customer whose service was disconnected for nonpayment or violation of McCreary District's or Public Service Commission's rules and regulations and who requests that reconnection of water service be performed after workhours.

Service Call/Investigation Charge: Any customer who requests the presence of McCreary District personnel to investigate a service problem and the problem is a result of the Customer's own plumbing facilities, beyond McCreary District's delivery point, or not caused by failure of McCreary District's facilities.

Service Call/Investigation Charge (Afterhours): Any customer who requests the presence of McCreary District personnel to investigate after normal work hours a service problem and the problem is a result of the Customer's own plumbing facilities, beyond the District's delivery point, or not caused by failure of McCreary District's facilities.

Termination of Service for Nonpayment Charge: Any customer to whom McCreary District sends a representative to the customer's premise, after proper notice, for the purpose of terminating service at that premise for non-payment.

¹ *Electronic Application of McCreary County Water District for Approval to Issue Securities in the Approximate Principal Amount of \$3,450,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001, Case No. 2022-00009 (Ky. PSC Mar. 16, 2022) at 8 ("McCreary District shall file an application for an adjustment in base rates for its water and sewer divisions within 3 years of the issuance of the final orders in Case No. 2021-00300 and Case No. 2021-00301, to ensure that its rates are sufficient, or in the alternative, file a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary.")*

Excessive Rock Removal Charge: Any applicant for service who requests a meter connection (“tap-on”) and boring through rock formations is necessary to connect the applicant’s structure to McCreary District’s water main or line.

Water Main Extension/Service Line Cost Estimate: Any person who requests a service connection or water main extension that requires District personnel to travel to the site of the proposed connection or extension and take measurements to determine the cost of the extension or service connection and then subsequently fails to execute an agreement for service or contract for water main extension within 90 days of receipt of the cost estimate.

Section 10, Subsection 1(e) A copy of the utility’s income statement and balance sheet for a recent twelve (12) month period or an affidavit from an authorized representative of the utility attesting that the utility’s income statement and balance sheet are on file with the commission.

A copy of McCreary District’s annual report to the Public Service Commission for the for the twelve month’s ending December 31, 2021 and a copy of its Independent Auditor’s Report and Combined Financial Statements for the Years ending December 31, 2020 and December 31, 2021 are attached at TABS D and E.

Section 10, Subsection 2: The proposed rate shall relate directly to the service performed or action taken and shall yield only enough revenue to pay the expenses incurred in rendering the service.

As shown in the cost justification sheets found at TAB B, the proposed rates will produce no more revenue than the cost of providing that service. The Excessive Rock Removal Charge and the Water Main Extension/Service Line Cost Estimate Charge are based upon actual cost. Please note that although 807 KAR 5:006, Section 9, classifies a late payment charge as a nonrecurring charge, KRS 278.0154 expressly permits a water district to charge a late payment fee of 10 percent subject only to the conditions set forth in that statute. Accordingly, the restrictions in 807 KAR 5:011, Section10(2) are not applicable to the proposed late payment fee.

Section 10, Subsection 3(a): If the revenue to be generated from the proposed rate revision exceeds by five (5) percent the total revenues provided by all nonrecurring charges for a recent period of twelve (12) consecutive calendar months ending within ninety (90) days of submitting the tariff filing, the utility shall, in addition to the information established in subsection (1) of this section, file an absorption test.

The proposed nonrecurring charges are not expected to generate more than five percent of the total revenues from non-recurring charges for the 12 month period ending December 31, 2021.

Section 10, Subsection 3(b) The absorption test shall show that the additional net income generated by the tariff filing shall not result in an increase in the rate of return (or other applicable valuation method) to a level greater than that allowed in the most recent general rate case.

Not applicable.

Section 10, Subsection 3(c): As part of the absorption test, a general rate increase received during the twelve (12) month period shall be annualized.

Not applicable.

Section 10, Subsection 4: Upon a utility submitting the tariff filing to the commission, the utility shall transmit by electronic mail a copy in PDF to rateintervention@ag.ky.gov or mail a paper copy to the Attorney General's Office of Rate Intervention, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.

A copy of the tariff filing has been served by email upon each assistant attorney general assigned to the Attorney General's Office of Rate Intervention.

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Reconnection Charge (After Hours)

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

<u>1 hour</u>	<u>\$41.25</u>
---------------	----------------

Total Field Expense \$41.25

2. Clerical and Office Expense

A. Supplies \$5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ 7.50

Total Nonrecurring Charge Expense \$53.75

Use: **\$50.00**

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Call Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

Total Field Expense \$ _____

2. Clerical and Office Expense

A. Supplies \$ 5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ _____

Total Nonrecurring Charge Expense \$ 12.50

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Call Charge (After Hours)

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

<u>1 hour</u>	<u>\$41.25</u>
---------------	----------------

Total Field Expense \$41.25

2. Clerical and Office Expense

A. Supplies \$5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ 7.50

Total Nonrecurring Charge Expense \$53.75

Use: **\$50.00**

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Termination Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

Total Field Expense \$ _____

2. Clerical and Office Expense

A. Supplies \$ 5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ _____

Total Nonrecurring Charge Expense \$ 12.50

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Title Page

	Name of Respondent	Addr Line 1	Addr Line 2	City	State	Zip
Water Districts/Associations						
Annual Report of						
Respondent	McCreary County Water District	P O Box 488		Whitley City		42653

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Principal Payment and Interest Information

	Amount	Yes/No	PSC Case No.
Amount of Principal Payment During Calendar Year	\$329,478.73		
Is Principal Current?		Y	
Is Interest Current?		Y	
Has all long-term debt been approved by the Public Service Commission?		Y	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Services Performed by Independent CPA

	Yes/No	A/C/R	Audit Date
Are your financial statements examined by a Certified Public Accountant?			
Enter Y for Yes or N for No	Y		
If yes, which service is performed?			
Enter an X on each appropriate line			
Audit	X		
Compilation			
Review			
Date of Audit			
Please enclose a copy of the accountant's report with annual report.			

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Additional Requested Information

	Name	Electronic Info
Name of Utility and Web Address	McCreary County Water District	mccreary water.com
Contact Name and Email Address	Stephen Whitaker	stepwhitaker@gmail

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Additional Information Required

Case Num	Date	Explain

Major Water Projects

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

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

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

Projected Costs and Funding Sources/Amounts:

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

Location: (community, area or nearby roads)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Legal Name (Ref Page: 4)

1. Exact name of utility making this report.

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

McCreary County Water District

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Location (Ref Page: 4)

	Name	Address		City	State	Zip	Phone
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.							
principal office in KY	McCreary County Water District	456 N Highway 27	P.O. Box 488	Whitley City	KY	42653	(606) 376-2540
Give name, title, address and TELEPHONE NUMBER of the officer							
to whom correspondence concerning this report should be addressed.							
	Stephen Whitaker	456 N Highway 27	P O Box 488	Whitley City	KY	42653	(606) 376-2540
Location where books are located	Ohio County Water District	456 N Highway 27	P O Box 488	Whitley City	KY	42653	
Name of the Headquartered County							

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Date Organized (Ref Page: 4)

	Date
Date of Organization	11/16/1962

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Laws of Organization (Ref Page: 4)

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Departments (Ref Page: 4)

		List
State whether respondent is a water district or association	Water District	
Name all operating departments other than water	N/A	

McCreary

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History - Number of Employees (Ref Page: 5)

		Count
Number of Full-time employees	20	
Number of Part-time employees	7	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Contacts (Ref Page: 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires	County of Residence
Person to send correspondence:	Superintendent	Whitaker	Stephens	P O Box 488 Whitley City, KY 42653			
Person who prepared this report	CPA	Gilbert	Veronica	490 Pritchardsville Rd, Glasgow KY 42141			
Managers							
	Superintendent	Whitaker	Stephens	PO Box 488 Whitley City, KY 42653	\$97,606.00		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Commissioners (Water Districts Only)

Item	Type either Yes or No
Have visited the Water Commissioner site using the link provided below.	Yes
Attest Commissioners listed below are correct for the report period and current commissioner details are up to date.	Yes

Title	First Name	Last Name	Appointment	TermExpires	County Of Residence	Salary
Chairman	Randy	Kidd	11/10/2019	11/6/2023	McCreary	6000.00
Secretary	Maynard	New	11/12/2017	11/6/2021	McCreary	6000.00
Commissioner	Doug	Sexton	11/6/2020	11/6/2024	McCreary	6000.00
Commissioner	Mark	Sumner	10/11/2021	11/6/2025	McCreary	6000.00
Commissioner	Coy	Taylor	11/6/2018	11/6/2022	McCreary	6000.00
Treasurer	Raymond	Taylor	11/6/2020	11/6/2024	McCreary	6000.00

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
UTILITY PLANT		
Utility Plant (101-106)	\$46,202,252.96	\$46,808,106.82
Less: Accumulated Depreciation and Amortization (108-110)	\$19,149,242.58	\$19,795,565.42
Net Plant	\$27,053,010.38	\$27,012,541.40
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$27,053,010.38	\$27,012,541.40
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)	\$583,010.68	\$591,717.55
Other Special Funds (127)		
Total Other Property and Investments	\$583,010.68	\$591,717.55
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$1,000.00	\$1,800.00
Special Deposits (132)	\$272,068.33	\$582,077.08
Other Special Deposits (133)		
Working Funds (134)	\$71,572.11	\$170,945.56
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$692,286.80	\$728,097.98
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)	\$1,506,745.59	\$1,668,645.00
Materials and Supplies (151-153)	\$114,090.33	\$135,342.02
Stores Expense (161)		
Prepayments (162)	\$1,131.63	\$1,131.63
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)	\$2,818.80	\$5,277.60
Accrued Utility Revenues (173)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$2,661,713.59	\$3,293,316.87
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)		
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)	\$760,684.65	\$648,521.15
Research and Development Expenditure (187)		
Total Deffered Debits	\$760,684.65	\$648,521.15
TOTAL ASSETS AND OTHER DEBITS	\$31,058,419.30	\$31,546,096.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
EQUITY CAPITAL		
Appropriated Retained Earnings (214)		
Retained Earnings From Income before contributions (215.1)	(\$12,681,164.34)	(\$12,876,708.88)
Donated Capital (215.2)	\$29,356,261.75	\$29,839,984.23
Total Equity Capital	\$16,675,097.41	\$16,963,275.35
LONG-TERM DEBT		
Bonds (221)	\$8,681,805.85	\$8,296,558.61
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$4,726,761.11	\$4,508,626.54
Total Long Term Debt	\$13,408,566.96	\$12,805,185.15
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$123,424.35	\$246,879.86
Notes Payable (232)		\$524,131.66
Accounts Payable to Associated Co. (233)	\$85,313.15	\$86,806.97
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$39,510.80	\$39,871.30
Accrued Taxes (236)	\$7,605.65	\$8,881.11
Accrued Interest (237)	\$96,995.95	\$114,900.26
Matured Long-Term Debt (239)	\$427,030.56	\$481,101.84
Matured Interest (240)		
Tax Collections Payable (241)	\$12,718.83	\$11,578.28
Misc. Current and Accrued Liabilities (242)	\$173,392.29	\$204,398.61
Total Current and Accrued Liabilities	\$965,991.58	\$1,718,549.89
DEFFERRED CREDITS		
Unamortized Premium on Debt (251)	\$8,763.35	\$59,086.58
Advances for Construction (252)	\$0.00	
Other Deferred Credits (253)		
Total Deferred Credits	\$8,763.35	\$59,086.58
OPERATING RESERVES		
Accumulated Provision For:		
Property Insurance (261)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
Injuries and Damages (262)		
Pensions and Benefits (263)		
Miscellaneous Operating Reserves (265)		
Total Operating Reserves		
Total Equity Capital and Liabilities	\$31,058,419.30	\$31,546,096.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
UTILITY OPERATING INCOME		
Operating Revenues (400)	\$3,781,410.23	\$4,359,028.72
Operating Expenses (401)	\$2,938,995.76	\$3,127,798.16
Depreciation Expenses (403)	\$1,092,601.00	\$1,070,301.01
Amortization of Utility Plant Acquisition Adjustment (406)	\$43,068.84	\$43,068.84
Amortization Expense (407)		
Taxes Other Than Income (408.10-408.13)	\$75,522.64	\$77,515.70
Utility Operating Expenses	\$4,150,188.24	\$4,318,683.71
Utility Operating Income	(\$368,778.01)	\$40,345.01
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)		
Total Utility Operating Income	(\$368,778.01)	\$40,345.01
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$11,151.72	\$5,094.58
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		\$7,031.00
Miscellaneous Nonutility Expenses (426)	\$63,648.31	
Total Other Income and Deductions	(\$52,496.59)	\$12,125.58
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408.20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$256,388.93	\$250,863.29
Amortization of Debt Discount and Exp. (428)		
Amortization of Premium on Debt (429)	(\$79.91)	(\$2,230.93)
Total Interest Expense	\$256,309.02	\$248,632.36
EXTRAORDINARY ITEMS		
Extraordinary Income (433)		
Extraordinary Deductions (434)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
Total Extraordinary Items		
NET INCOME BEFORE CONTRIBUTIONS	(\$677,583.62)	(\$196,161.77)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Statement of Retained Earnings (Ref Page: 12)

Description	Total
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end:)	
Total Appropriated Retained Earnings	
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	(\$12,681,164.34)
Balance transferred from Net Income Before Contributions (435)	(\$196,161.77)
Changes to account:	
Appropriations of Retained Earnings (436)	
Adjustments to Retained Earnings (439)	
(requires Commission approval prior to use):	
Credits	
	\$617.23
Debits	
Balance End of Year	(\$12,876,708.88)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Tapping Fees	Grants	Other	Total
Donated Capital (215.2)				
Balance Beginning of the Year	\$1,949,358.51	\$26,000,966.87	\$1,405,936.37	\$29,356,261.75
Credits				
Proceeds from capital contributions (432)	\$51,275.00	\$400,650.30	\$31,797.18	\$483,722.48
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
Balance End of Year	\$2,000,633.51	\$26,401,617.17	\$1,437,733.55	\$29,839,984.23

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Utility Plant in Service (101)	\$46,271,536.35
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased or Sold (104)	
Construction Work in Progress (105)	\$536,570.47
Completed Construction Not Classified (106)	
Total Utility Plant	\$46,808,106.82

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accumulated Depreciation (Acct. 108) (Ref Page: 13)

Description	Total
Balance First of Year	\$19,052,337.94
Credit during year	
Accruals Charged to Account 108.1	\$1,070,301.00
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
(specify)	
Salvage Value Recovered on Plant Retired	
Other Credits	
(specify)	
Total Credits	\$1,070,301.00
Debits during year:	
Book Cost of Plant Retired	\$467,047.00
Cost of Removal	
Other Debits	
(specify)	
Total Debits	\$467,047.00
Balance at End of Year	\$19,655,591.94

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Organization (301)									
Franchises (302)									
Land and Land Rights (303)	\$430,269.46	\$0.00	\$0.00	\$430,269.46	\$0.00	\$0.00	\$166,033.46	\$0.00	\$264,236.00
Structures and Improvements (304)	\$12,360,575.21	\$0.00	\$0.00	\$12,360,575.21	\$258,270.00	\$8,369,915.12	\$2,338,290.00	\$934,315.95	\$459,784.14
Collecting and Impounding Reservoirs (305)	\$678,634.00	\$0.00	\$0.00	\$678,634.00	\$0.00	\$678,634.00	\$0.00	\$0.00	\$0.00
Lakes, Rivers and Other Intakes (306)	\$3,081,820.59	\$0.00	\$0.00	\$3,081,820.59	\$0.00	\$0.00	\$3,081,820.59	\$0.00	\$0.00
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)	\$86,114.00	\$0.00	\$0.00	\$86,114.00	\$0.00	\$86,114.00	\$0.00	\$0.00	\$0.00
Power Generation Equipment (310)	\$225,000.00	\$0.00	\$0.00	\$225,000.00	\$0.00	\$225,000.00	\$0.00	\$0.00	\$0.00
Pumping Equipment (311)	\$1,651,453.74	\$0.00	\$0.00	\$1,651,453.74	\$0.00	\$1,651,453.74	\$0.00	\$0.00	\$0.00
Water Treatment Equipment (320)	\$3,246,627.97	\$0.00	\$0.00	\$3,246,627.97	\$0.00	\$0.00	\$3,246,627.97	\$0.00	\$0.00
Distribution Reservoirs and Standpipes (330)	\$3,385,134.14	\$0.00	\$0.00	\$3,385,134.14	\$0.00	\$0.00	\$0.00	\$3,385,134.14	\$0.00
Transmission and Distribution Mains (331)	\$14,300,661.14	\$2,273,591.97	\$443,147.00	\$16,131,106.11	\$0.00	\$0.00	\$0.00	\$16,131,106.11	\$0.00
Services (333)	\$1,344,171.75	\$29,030.40	\$0.00	\$1,373,202.15	\$0.00	\$0.00	\$0.00	\$1,373,202.15	\$0.00
Meters and Meter Installations (334)	\$1,152,679.44	\$19,353.60	\$0.00	\$1,172,033.04	\$0.00	\$0.00	\$0.00	\$1,172,033.04	\$0.00
Hydrants (335)	\$230,503.67	\$4,704.00	\$0.00	\$235,207.67	\$0.00	\$0.00	\$0.00	\$235,207.67	\$0.00
Backflow Prevention Devices (336)									

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Other Plant and Misc. Equipment (339)	\$979,539.15	\$0.00	\$0.00	\$979,539.15	\$0.00	\$0.00	\$968,000.00	\$0.00	\$11,539.15
Office Furniture and Equip. (340)	\$121,193.35	\$16,698.17	\$0.00	\$137,891.52	\$0.00	\$0.00	\$0.00	\$0.00	\$137,891.53
Transportation Equipment (341)	\$310,517.28	\$47,913.00	\$23,900.00	\$334,530.28	\$0.00	\$0.00	\$0.00	\$0.00	\$334,530.28
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)	\$49,552.18	\$0.00	\$0.00	\$49,552.18	\$0.00	\$0.00	\$0.00	\$0.00	\$49,552.18
Laboratory Equipment (344)	\$78,000.00	\$0.00	\$0.00	\$78,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$78,000.00
Power Operated Equipment (345)	\$549,957.14	\$0.00	\$0.00	\$549,957.14	\$0.00	\$0.00	\$0.00	\$0.00	\$549,957.14
Communication Equipment (346)									
Miscellaneous Equipment (347)	\$84,888.00	\$0.00	\$0.00	\$84,888.00	\$0.00	\$0.00	\$0.00	\$0.00	\$84,888.00
Other Tangible Plant (348)									
Total Water Plant	\$44,347,292.21	\$2,391,291.14	\$467,047.00	\$46,271,536.35	\$258,270.00	\$11,011,116.86	\$9,800,772.02	\$23,230,999.06	\$1,970,378.42

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Balance Beg	Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Organization (301)							
Franchises (302)							
Land and Land Rights (303)							
Structures and Improvements (304)	\$3,814,672.97		\$317,404.00	\$0.00	\$0.00	\$0.00	\$4,132,076.97
Collecting and Impounding Reservoirs (305)	\$675,100.10		\$10,858.00	\$0.00	\$0.00	\$0.00	\$685,958.10
Lake, River and Other Intakes (306)	\$844,381.00		\$120,656.00	\$0.00	\$0.00	\$0.00	\$965,037.00
Wells and Springs (307)							
Infiltration Galleries and Tunnels (308)							
Supply Mains (309)	\$86,114.00		\$1,378.00	\$0.00	\$0.00	\$0.00	\$87,492.00
Power Generating Equipment (310)	\$75,312.00		\$18,000.00	\$0.00	\$0.00	\$0.00	\$93,312.00
Pumping Equipment (311)	\$588,044.74		\$60,328.00	\$0.00	\$0.00	\$0.00	\$648,372.74
Water Treatment Equipment (320)	\$2,325,247.10		\$81,348.00	\$0.00	\$0.00	\$0.00	\$2,406,595.10
Distributions Reservoirs and Standpipes (330)	\$1,582,462.00		\$66,688.00	\$0.00	\$0.00	\$0.00	\$1,649,150.00
Transmission and Distribution Mains (331)	\$6,451,368.33		\$234,874.00	\$0.00	\$443,147.00	\$0.00	\$6,243,095.33
Services (333)	\$982,243.87		\$33,967.00	\$0.00	\$0.00	\$0.00	\$1,016,210.87
Meters and Meter Installations (334)	\$173,926.00		\$66,743.84	\$0.00	\$0.00	\$0.00	\$240,669.84
Hydrants (335)	\$121,634.53		\$4,657.00	\$0.00	\$0.00	\$0.00	\$126,291.53
Backflow Prevention Devices (336)							
Other Plant and Miscellaneous Equipment (339)	\$409,844.75		\$43,475.00	\$0.00	\$0.00	\$0.00	\$453,319.75
Office Furniture and Equip. (340)	\$118,403.09		\$3,317.00	\$0.00	\$0.00	\$0.00	\$121,720.09
Transportation Equipment (341)	\$257,682.07		\$21,565.00	\$0.00	\$23,900.00	\$0.00	\$255,347.07
Stores Equipment (342)							

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Balance Beg	Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Tools, Shop and Garage Equip (343)	\$49,552.00		\$0.00	\$0.00	\$0.00	\$0.00	\$49,552.00
Laboratory Equipment (344)	\$78,000.00		\$0.00	\$0.00	\$0.00	\$0.00	\$78,000.00
Power Operated Equipment (345)	\$460,259.03		\$23,260.00	\$0.00	\$0.00	\$0.00	\$483,519.03
Communication Equipment (346)							
Miscellaneous Equipment (347)	\$54,995.00		\$4,851.00	\$0.00	\$0.00	\$0.00	\$59,846.00
Other Tangible Plant (348)							
Totals	\$19,149,242.58		\$1,113,369.84	\$0.00	\$467,047.00	\$0.00	\$19,795,565.42

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Total
Balance First of Year	\$96,904.64
Credit during year	
Accruals Charged to Account 110.1	\$43,068.84
Accruals Charged to Account 110.2	
Other Credits	
(specify)	
Total Credits	\$43,068.84
Debits during year:	
Book Cost of Plant Retired	
Other Debits	
(specify)	
Total Debits	
Balance end of Year	\$139,973.48

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Description	Total
Accounts and Notes Receivable	
Customer Accounts Receivable (141)	\$438,813.49
Other Accounts Receivable (142)	
N/R Taps and Ext	\$14,269.13
Returned Checks	\$142.33
Unbilled Revenue	\$274,873.03
Total Other Accounts Receivable	\$289,284.49
Notes Receivable (144)	
Total Notes Receivable	
Total Accounts and Notes Receivable	\$728,097.98
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	
Add:	
Provision for uncollectibles for current year	
Collections of accountst previously written off	
Other	
(specify)	
Total Additions	
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	
Balance end of Year	
Total Accounts and Notes Receivable - Net	\$728,097.98

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Investments and Special Funds (Ref Page: 17)

Description (a)	Face or Par Value (b)	Year End Book Cost
Investment in Associated Companies (123)		
Total Investment in Associated Companies		
Utility Investments (124)		
Total Utility Investments		
Other Investments (125)		
Total Other Investments		
Sinking Funds (126)		
Regions 2012D	\$0.00	\$239,894.08
FMHA Sinking Fund	\$0.00	\$92,333.89
KIA Sinking Fund	\$0.00	\$28,173.45
KRW Sinking Fund	\$0.00	\$3,971.48
KRW Sinking Fund 2	\$0.00	\$12,393.75
KRW Sinking Fund 3	\$0.00	\$14,062.30
Regions 2013B	\$0.00	\$123,170.43
Regions 2020E	\$0.00	\$77,718.17
Total Sinking Funds	\$0.00	\$591,717.55
Other Special Funds (127)		
Total Other Special Funds		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Plant Materials and Supplies (151)	\$135,342.02
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$135,342.02

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Total
Prepaid Insurance	\$1,131.63
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments	
(Specify)	
Total Prepayments	\$1,131.63

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	
Other Deferred Debits (186.2)	\$648,521.15
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	\$648,521.15

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Amt Written Off during year	Year End Balance
Unamortized Debt Discount and Expense (181)		
Total Unamortized Debt Discount and Expense		
Unamortized Premium on Debt (251)		
Bond Premium	\$0.00	\$59,086.58
Total Unamortized Premium on Debt	\$0.00	\$59,086.58

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Long Term Debt (Ref Page: 22)

Description of Obligation (a)	Issue Date (b)	Mature Date (c)	Interest Expense for Year Rate (d)	Interest Expense for Year Amount(e)	Principal per Balance Sheet Date (f)
Net Pension Liability			0.0000	\$0.00	\$2,290,811.50
KIA F04-03			1.0000	\$0.00	\$276,097.54
Government Capital Corp BBT			3.9450	\$0.00	\$512,896.62
Deferred Inflows of Resource			0.0000	\$0.00	\$391,373.88
Net Pension OPEB			0.0000	\$0.00	\$685,531.00
Net Inflows of Resource OPEB			0.0000	\$0.00	\$351,916.00
Total			0.0000	\$0.00	\$4,508,626.54

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Bonds - Account 221 (Ref Page: 23)

	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Val of Amt. Held by or for Respondent (3)	Actually Outstanding at Close of Year (4)	Interest During Year Accrued (5)	Interest During Year Actually Paid (6)
	\$0.00	\$0.00	\$0.00	\$1,117,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$541,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$2,285,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$555,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,073,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,283,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,441,058.61	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$8,296,558.61	\$0.00	\$0.00

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt (10)	Amounts Paid (11)	Remaing Bonds Outstanding (12)
RD 91-33		1.8750	\$1,142,500.00	\$25,000.00	\$1,117,500.00
RD 91-35		1.8750	\$554,000.00	\$12,500.00	\$541,500.00
2012D		3.2000	\$2,395,000.00	\$110,000.00	\$2,285,000.00
2013B		2.3000	\$660,000.00	\$105,000.00	\$555,000.00
RD 93-37		2.5000	\$1,091,000.00	\$18,000.00	\$1,073,000.00
Series2019		1.3750	\$1,304,000.00	\$20,500.00	\$1,283,500.00
Series2020		3.0000	\$1,479,537.34	\$38,478.73	\$1,441,058.61
Total			\$8,626,037.34	\$329,478.73	\$8,296,558.61

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Nominal Date of Issue	Date of Maturity	Int. Rate	Int. Payment	Principal Amt Per Bal Sheet
Account 232 - Notes Payable					
KY Rural Water		2.23.22	2.3500	\$0.00	\$524,131.66
Total Account 232				\$0.00	\$524,131.66
Account 234 - Notes Payable to Associated Companies					
Total Account 234					

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accounts Payable to Associated Companies (Acct. 233) (Ref Page: 24)

Description		Total
Show Payable to Each Associated Company Separately		
(Specify)	Due to McCreary Co Water District Sewer	\$86,806.97
Total		\$86,806.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Balance First of Year	\$7,605.65
Accruals Charged:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer`s portion) (408.12)	\$77,515.70
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$77,515.70
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer`s portion) (408.12)	\$76,240.24
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$76,240.24
Balance end of year	\$8,881.11

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description of Debt (a)	Balance Beg of Year (b)	Interest Accrued(c)	Interest Paid (d)	Balance End of Year (e)
Long Term Debt:				
	\$0.00	\$0.00	\$0.00	\$0.00
91-33	\$5,407.88	\$21,535.60	\$21,646.86	\$5,296.62
	\$0.00	\$0.00	\$0.00	\$0.00
2012D	\$47,435.63	\$91,773.75	\$93,322.50	\$45,886.88
91-35	\$2,626.29	\$10,446.73	\$10,504.68	\$2,568.34
	\$0.00	\$0.00	\$0.00	\$0.00
2013B	\$11,374.38	\$19,948.76	\$21,348.76	\$9,974.38
93-37	\$6,851.99	\$27,385.58	\$27,493.75	\$6,743.82
2020	\$10,263.99	\$50,597.30	\$38,322.11	\$22,539.18
91-38 Capitalized	\$4,538.78	\$0.00	\$0.00	\$4,470.22
Rural Water Marsh Creek Capitalized	\$0.00	\$0.00	\$0.00	\$9,871.93
Notes Payable:				
KIA	\$354.06	\$4,042.56	\$4,105.50	\$291.12
	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
BBT	\$8,142.95	\$25,116.12	\$26,001.30	\$7,257.77
	\$0.00	\$0.00	\$0.00	\$0.00
Customer Deposits:				
	\$0.00	\$16.89	\$16.89	\$0.00
Other				
	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00
Total Acct. No 237	\$96,995.95	\$250,863.29	\$242,762.35	\$114,900.26

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Description	Balance End Year
	Deferred Revenue	\$17,332.91
	Implicit Subsidy OPEB	\$20,100.00
	Unrecognized Gain	\$15,574.00
	Accrued Payroll	\$112,552.30
	Retirement Payable	\$38,839.40
Total Miscellaneous Current and Accrued Liabilities		\$204,398.61

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
Operating Revenues			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	5,662	5,758	\$2,668,516.55
Sales to Commercial Customers (461.2)	247	249	\$273,334.13
Sales to Industrial Customers (461.3)	6	6	\$49,051.29
Sales to Public Authorities (461.4)	344	245	\$1,020,190.21
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)			
Total Metered Sales	6,259	6,258	\$4,011,092.18
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)			
Interdepartmental Sales (467)			
Total Sales of Water	6,259	6,258	\$4,011,092.18
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			\$291,473.00
Rents from Water Property (472)			\$56,463.54
Interdepartments Rents (473)			
Other Water Revenues (474)			
Total Other Water Revenues			\$347,936.54
Total Water Operating Revenues			\$4,359,028.72

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp-Op. (d)	Supply and Exp-Maint. (e)	Water Treatmnt. Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Salaries and Wages-Employees (601)	\$977,237.81	\$11,669.14	\$24,277.27	\$247,384.17	\$48,958.78	\$157,036.34	\$197,895.69	\$237,583.13	\$52,433.29
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$23,249.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23,249.54
Employee Pensions and Benefits (604)	\$508,198.17	\$5,817.78	\$12,103.70	\$125,248.75	\$24,408.92	\$82,575.43	\$99,528.84	\$131,212.56	\$27,302.20
Purchased Water (610)									
Purchased Power (615)	\$345,038.17	\$0.00	\$0.00	\$283,721.82	\$0.00	\$49,431.91	\$0.00	\$11,884.44	\$0.00
Fuel for Power Production (616)									
Chemicals (618)	\$150,834.42	\$0.00	\$0.00	\$150,834.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Materials and Supplies (620)	\$304,507.08	\$0.00	\$0.00	\$57,303.03	\$0.00	\$196,168.68	\$0.00	\$35,747.93	\$15,287.44
Contractual Services - Eng. (631)									
Contractual Services - Acct. (632)	\$47,555.56	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.48
Contractual Services - Legal (633)	\$87,243.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$87,243.13
Contractual Services - Management Fees (634)	\$1,112.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,112.74
Contractual Serves - Water Testing (635)	\$1,762.40	\$0.00	\$0.00	\$1,762.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)	\$407,212.43	\$0.00	\$570.00	\$125,975.49	\$0.00	\$125,625.08	\$0.00	\$65,465.61	\$89,576.25
Rental of Bld./Real Property (641)									

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatmnt. Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Rental of Equipment (642)									
Transportation Expenses (650)	\$89,098.48	\$0.00	\$0.00	\$2,880.32	\$0.00	\$71,536.76	\$9,459.62	\$1,080.16	\$4,141.62
Insurance - Vehicle (656)									
Insurance - General Liability (657)	\$27,403.80	\$3,425.32	\$3,425.32	\$3,425.32	\$3,425.32	\$3,424.72	\$3,424.72	\$3,424.72	\$3,428.36
Insurance - Worker's Compensation (658)	\$11,606.94	\$115.09	\$263.31	\$2,886.13	\$556.45	\$1,824.00	\$2,304.34	\$3,065.55	\$592.07
Insurance - Other (659)	\$28,565.37	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$11,194.38
Advertising Expenses (660)	\$16,359.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,359.38
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)	\$9,435.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,435.15
Water Resource Conservation Expense (668)									
Bad Debt (670)									
Miscellaneous Expenses (675)	\$91,377.59	\$0.00	\$0.00	\$16,771.81	\$0.00	\$25,514.35	\$0.00	\$15,380.71	\$33,710.72
Total	\$3,127,798.16	\$29,453.34	\$49,065.61	\$1,026,619.67	\$85,775.48	\$721,563.28	\$321,039.22	\$513,270.82	\$381,010.75

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Water Purchased For Resale (Omit 000' s) (b)	Water Pumped from Wells (Omit 000' s) (c)	Total Water Pumped and Purchased (Omit 000' s) (d)	Water Sold To Customers (Omit 000' s) (e)
January	0	61,084	61,084	28,972
February	0	57,825	57,825	31,151
March	0	60,393	60,393	32,728
April	0	57,005	57,005	29,012
May	0	59,431	59,431	31,196
June	0	57,087	57,087	34,620
July	0	60,834	60,834	35,888
August	0	60,103	60,103	35,941
September	0	61,293	61,293	36,919
October	0	62,049	62,049	35,642
November	0	69,451	69,451	34,857
December	0	53,670	53,670	33,529
Total for the year	0	720,225	720,225	400,455

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Gallons	Date
Maximum Gallons pumped by all methods in any one day (Omit 000`s)	2,244,000	6/27/2021
Minimum Gallons pumped by all methods in any one day (Omit 000`s)	449,938	4/29/2021

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

List
If water is purchased indicate the following:
Vendor
Point of Delivery

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Entity Receiving Water	Maximum Daily	Maximum Monthly
<p>If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract</p>		
<p>to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons.</p>		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Statistics (Ref Page: 30)

Description	Gallons (Omit 000` s)	Percent
1. Water Produced, Purchased and Distributed		
2. Water Produced	720,225	
3. Water Purchased		
4. Total Produced and Purchased	720,225	
6. Water Sales:		
7. Residential	245,097	
8. Commercial	20,317	
9. Industrial	5,790	
10. Bulk Loading Stations		
11. Wholesale		
12. Public Authorities		
13. Other Sales (explain)	129,251	
14. Total Water Sales	400,455	
16. Other Water Used		
17. Utility/water treatment plant	146,028	
18. Wastewater plant	1,200	
19. System flushing	61,696	
20. Fire department	376	
21. Other Usage (explain)	Contractor flushing, adjustments, Tank Cleaning 15,516	
22. Total Other Water Used	224,816	
24. Water Loss		
25. Tank Overflows		
26. Line Breaks	4,925	
27. Line Leaks		
28. Excavation Damages		
29. Theft		
30. Other Loss (Explain)	This number is actual unaccounted for water loss 90,029	
31. Total Water Loss	94,954	

Note: Line 14 + Line 22 + Line 31 must equal Line 4

Water Loss Percentage

Line 31 divided by Line 4

13.1839

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Plant Statistics (Ref Page: 31)

Give the following information	
Number of fire hydrants, by size	
Number of private fire hydrants, by size	None
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well	Plant A Pumping Plant B River Lake Impound
If produced whether supply is by gravity, pumping or a combination	Plant A Pumping Plant B Gravity
Type, capacity, and elevation of reservoirs at overflow and ground level	N/A
Miles of main by size and kind	N/A
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.	A Mixed media with antricity gravity 4 filters with 133 sq feet each 3 GPM per sq feet B Mixed Media gravity 4 filters with 234 sq feet each 3 GPM per sq feet
Type of disinfectant, number of units and capacity in pounds per 24 hours	A Wallace and Tierman 2 units @ 200 pounds per 24 hours 1 unit @ 100 lbs per 24 hours B Portacall 2 units @ 200 per 24 hours
Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty	Raw Water 2-HD electric HP 100 1200 GPM Raw Finished water A-2HD electric HP 100 1200 GPM 2 HD electric HP 60 700 GPM 2 HD electric HP 40 350 GPM B 4 ID electric H 750 500 GPM 4 Nooster Pumps electric HP 700 GPM Backwash 1 HD electric HP 50 2500 GPM
Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH	
Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report	
Capacity of clear well	A Wells 100,000 Gallons B Well #1 450,000 Gallons Well #2 185,000 Gallons
Peak month, in gallons of water sold	November
Peak day, in gallons of water sold	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Plant Statistics - Part B (Ref Page: 31)

		Type
Choose one to indicate the type of Water Supply		Well

Plant Statistics - Part C (Ref Page: 31)

		Type
Choose one to indicate the type of Water Supply Method		Combination

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
------	---------	---------	-------	---------

NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.

Identifications pages (ref 4-6) have been completed.

Balance Sheet - Assets and Other Debts (ref. pg 7)

Utility Plant (Accts 101-106) agrees with Sched: Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant	46808106.82	46808106.82	OK	
---	-------------	-------------	----	--

Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	19795565.42	19795565.42	OK	
--	-------------	-------------	----	--

Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Acquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
---	---	---	----	--

Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
--	---	---	----	--

Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
---	---	---	----	--

Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	591717.55	591717.55	OK	
--	-----------	-----------	----	--

Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	0	0	OK	
--	---	---	----	--

Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	728097.98	728097.98	OK	
---	-----------	-----------	----	--

Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	135342.02	135342.02	OK	
--	-----------	-----------	----	--

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	1131.63	1131.63	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	0	0	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debits agrees with Sched: Misc. Deferred Debits (ref pg 20) Line: Total 186	648521.15	648521.15	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	0	0	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	-12876708.88	-12876708.88	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	29839984.23	29839984.23	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	8296558.61	8296558.61	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	8296558.61	8296558.61	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	4508626.54	4508626.54	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	524131.66	524131.66	OK	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233	86806.97	86806.97	OK	
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234	0	0	OK	
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	7605.65	7605.65	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	8881.11	8881.11	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	96995.95	96995.95	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	114900.26	114900.26	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	204398.61	204398.61	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamorted Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251	59086.58	59086.58	OK	
Accts 252 Advances for Contruction agrees with Sched: Advances for Contstruction (Accts 252) (ref pg 21) Line: Total 252	0	0	OK	
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits	31546096.97	31546096.97	OK	
Comparitive Operating Statement (ref pg 10)				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	4359028.72	4359028.72	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	3127798.16	3127798.16	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	77515.70	77515.70	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	77515.70	77515.70	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	250863.29	250863.29	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-196161.77	-196161.77	OK	
Miscellaneous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	46271536.35	46271536.35	OK	
The analysis of water utility plant accounts Cols c though k has been completed (Ref pg 14)				
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				
Sched: Misc. Defferred Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	0	0	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Schedule of Bond Maturities has been completed (ref pg 23)				
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				
The analysis of water opertating revenue Cols c,d and e have been completed. (Ref pg 28)				
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	720225	720225	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	400455	400455	OK	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	0	0	OK	
Schedule Water Statistics (ref pg 30) Lines 14,22 and 31 must equal Line 4	720225	720225	OK	
Have visited the Water Commissioner site. (Water Districts ONLY)				Yes
Attest Commissioners listed on the Commissioner Schedule are correct for the report period and current commissioner details are up to date. (Water Districts ONLY)				Yes
Oath Page Has been Completed				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Upload supporting documents

Document	Description	Supports
SD_25200_2021_1.pdf	Audit Report	Audit Report

OATH

Commonwealth of Kentucky)
County of McCreary) ss:

Stephen Whitaker makes oath and says
(Name of Officer)

that he/she is Manager / Supt. of
(Official title of officer)

McCreary County Water District
(Exact legal title or name of respondent)

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

January 1, 2021, to and including December 31, 2021

Stephen Whitaker
(Signature of Officer)

subscribed and sworn to before me, a Notary, in and for
the State and County named in the above this May 19, 2022

(Apply Seal Here)

My Commission expires 07/13/2022
Kathy Drell
(Signature of officer authorized to administer oath)

McCreary County Water District
Water and Sewer Divisions
* * * *
Independent Auditor's Report
and Combined Financial Statements
December 31, 2021 and 2020

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

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**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

Our discussion and analysis of the McCreary County Water District, Water and Sewer Divisions' financial performance provides an overview of the Company's financial activities for the years ended December 31, 2021 and 2020. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

For the year ended December 31, 2021, total operating and non-operating revenues (including capital contributions) totaled \$6,354,066 and operating expenses and non-operating expenses amounted to \$6,392,141, creating a decrease in net position of \$38,075. At year end, net position totaled \$23,821,807 of which \$25,815,439 (net of related debt) was invested in capital assets, and \$785,061 was restricted for debt service and construction. This left a net amount of \$(2,778,693) of unrestricted net position.

For the year ended December 31, 2020, total operating and non-operating revenues (including capital contributions) totaled \$5,744,877 and operating expenses and non-operating expenses amounted to \$6,165,585, creating a decrease in net position of \$420,708. At year end, net position totaled \$23,859,882 of which \$25,930,223 (net of related debt) was invested in capital assets, and \$762,719 was restricted for debt service and construction. This left a net amount of \$(2,833,060) of unrestricted net position.

Overview of the Financial Statements

This report consists of Management's Discussion and Analysis, 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 McCreary County Water District, Water and Sewer Divisions report information of the Company 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 Position includes all of utility's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to utility creditors (liabilities). It also provides the basis for evaluation of the capital structure of the utility and assessing the liquidity and financial flexibility of the utility.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the utility's operations over the past year and can be used to determine whether the utility 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.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

Condensed Comparative Financial Analysis:

McCreary County Water District
Water and Sewer Divisions
Statements of Net Position-Summary
December 31, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Total Current Assets	\$ 2,093,559	\$ 1,427,483
Total Restricted Assets	785,061	762,719
Net Capital Assets	<u>39,013,065</u>	<u>37,529,370</u>
Total Assets	<u>\$ 41,891,685</u>	<u>\$ 39,719,572</u>
Deferred Outflows of Resources	<u>795,075</u>	<u>853,226</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,686,760</u>	<u>\$ 40,572,798</u>
Liabilities		
Total Current Liabilities	\$ 1,646,721	\$ 1,028,772
Total Non-current Liabilities	16,326,249	15,332,354
Total Liabilities	<u>\$ 17,972,970</u>	<u>\$ 16,361,126</u>
Deferred Inflows of Resources	<u>\$ 891,983</u>	<u>\$ 351,790</u>
Net Position:		
Invested in capital assets, net of related debt	\$ 25,815,439	\$ 25,930,223
Restricted for debt service and construction	785,061	762,719
Unrestricted	<u>(2,778,693)</u>	<u>(2,833,060)</u>
Total Net Position	<u>\$ 23,821,807</u>	<u>\$ 23,859,882</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 42,686,760</u>	<u>\$ 40,572,798</u>

The largest portion per year (108.37% and 108.68% respectively) of the utility's net position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. The utility used these capital assets to provide services to citizens and consumers. Consequently, these assets are not available for future spending.

Restricted net position per year (3.30% and 3.20% respectively) represent resources that are subject to external restrictions on how they may be used.

The balance per year (-11.67% and -11.88% respectively) of unrestricted net position may be used to meet the utility's ongoing obligations to citizens, consumers and creditors.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

McCreary County Water District
Water and Sewer Divisions
Statements of Operations
For the Years Ended December 31, 2021 and 2020

	2021	2020
Total operating revenues	\$ 5,775,377	\$ 5,131,605
Total operating expenses	6,088,858	5,849,876
Operating loss	(313,481)	(718,271)
Net non-operating expenses	(125,244)	(194,958)
Loss before capital contributions	(438,725)	(913,229)
Capital contributions	400,650	492,521
Change in net position	(38,075)	(420,708)
Beginning of year	23,859,882	24,280,590
End of year	\$ 23,821,807	\$ 23,859,882

During 2021, net position decreased by \$38,075 and consisted of an operating loss of (\$313,481), net non-operating revenue and expenses of (\$125,244) and capital contributions of \$400,650.

During 2020, net position decreased by \$420,708 and consisted of an operating loss of (\$718,271), net non-operating revenue and expenses of (\$194,958) and capital contributions of \$492,521.

Capital Asset Changes

At December 31, 2021, the Utility had invested \$39,013,065 in capital assets, net of accumulated depreciation. This amount represents a net increase of \$1,483,695 from the previous year. The net increase consisted of additions to capital assets of \$3,091,284 less depreciation expense of \$1,607,589. The additions were mainly financed with proceeds of debt borrowings.

At December 31, 2020, the Utility had invested \$37,529,370 in capital assets, net of accumulated depreciation. This amount represents a net decrease of \$223,290 from the previous year. The net decrease consisted of additions to capital assets of \$1,402,621 less depreciation expense of \$1,625,911. The additions were mainly financed with proceeds of debt borrowings.

Debt Administration

At December 31, 2021, the utility had total debt equal to \$13,197,626 which consisted of \$12,545,236 of bonds outstanding, \$652,390 of notes payable, and capital leases of \$0. At the beginning of the year total debt equaled \$11,599,147. The increase in debt of \$1,598,479 was due to additions to debt of \$3,620,045 less scheduled principal payments of \$2,021,566.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

At December 31, 2020, the utility had total debt equal to \$11,599,147 which consisted of \$10,875,093 of bonds outstanding, \$724,054 of notes payable, and capital leases of \$0. At the beginning of the year total debt equaled \$11,165,118. The increase in debt of \$434,029 was due to additions to debt of \$3,159,000 less scheduled principal payments of \$2,724,971.

Other Matters

During 2015, the District implemented GASB No. 68, Accounting and Financial Reporting for Pensions. This standard requires cost sharing governments to report a net pension liability, pension expense and pension related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the governments in the plan; therefore, included in long term liabilities is a net pension liability of \$2,819,754 for 2021, and \$3,202,344 for 2020.

During 2018, the District retrospectively implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This standard requires cost-sharing governments to report a net OPEB liability, OPEB expense, and OPEB related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the participants in the plan. Therefore, included in long-term liabilities is a net OPEB liability of \$846,493 for 2021 and \$1,007,893 for 2020.

Request for Information

This financial report is designed to provide our customers and creditors with a general overview of McCreary County Water District, Water and Sewer Divisions' finances and to demonstrate the utility's accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the McCreary County Water District, Whitley City, Kentucky.

FAULKNER, KING & WENZ, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined financial statements of the business-type activities of McCreary County Water District, Water and Sewer Divisions as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of McCreary County Water District, Water and Sewer Divisions as of December 31, 2021 and 2020 and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation

of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as

well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of proportionate share of the net pension and OPEB liabilities and the schedule of contributions on pages 1 through 4 and 39 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise McCreary County Water District, Water and Sewer Divisions' basic financial statements. The accompanying combining statements of net position, revenues, expenses and changes in net position, and cash flows are presented for purposes of additional analysis, and are not a required part of the combined financial statements of the McCreary County Water District, Water and Sewer Divisions. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements,*

Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of net position, revenues, expenses and changes in net position, and cash flows, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of McCreary County Water District, Water and Sewer Divisions' 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 the effectiveness of the McCreary County Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McCreary County Water District's internal control over financial reporting and compliance.

Faulkner, King & Wenz, PSC

September 7, 2022

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF NET POSITION
DECEMBER 31, 2021 and 2020**

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 805,662	\$ 329,956
Unbilled revenues	370,185	327,260
Accounts receivable	643,735	550,858
Other receivables	96,764	53,678
Inventory	176,081	164,599
Prepaid expenses	1,132	1,132
Total current assets	2,093,559	1,427,483
Non-current assets:		
Restricted assets:		
Cash and cash equivalents	344,279	380,833
Investments	440,782	381,886
Capital assets:		
Utility plant	65,426,776	63,361,437
Less accumulated depreciation	(28,798,194)	(27,687,028)
Construction in process	2,384,483	1,854,961
Total non-current assets	39,798,126	38,292,089
Deferred Outflows of Resources:		
Deferred outflows - OPEB	466,717	443,463
Deferred outflows - pension	328,358	409,763
Total deferred outflows	795,075	853,226
Total assets and deferred outflows of resources	\$ 42,686,760	\$ 40,572,798

LIABILITIES

Current liabilities:		
Accounts payable	\$ 605,811	\$ 166,527
Accrued interest	143,040	123,281
Taxes payable	23,567	24,440
Other accrued liabilities	296,808	197,983
Customer deposits	39,871	39,511
Notes payable - current	74,493	71,665
Revenue bonds - current portion	463,131	405,365
Total current liabilities	1,646,721	1,028,772
Non-current liabilities:		
Revenue bonds - net current portion	12,082,105	10,469,728
Notes payable	577,897	652,389
Net OPEB liability	846,493	1,007,893
Net pension liability	2,819,754	3,202,344
Total non-current liabilities	16,326,249	15,332,354
Total liabilities	17,972,970	16,361,126
Deferred Inflows of Resources		
Deferred inflows - OPEB	427,643	225,244
Deferred inflows - pension	464,340	126,546
Total deferred inflows	891,983	351,790

NET POSITION

Invested in capital assets, net of related debt	25,815,439	25,930,223
Restricted for debt service and construction	785,061	762,719
Unrestricted	(2,778,693)	(2,833,060)
Total net position	23,821,807	23,859,882
Total liabilities, deferred inflows of resources and net position	\$ 42,686,760	\$ 40,572,798

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

McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Residential sales	\$ 3,059,984	\$ 2,884,899
Commercial sales	474,008	450,965
Industrial sales	95,334	100,777
Governmental sales	1,746,227	1,492,531
Other sales	399,824	202,433
Total operating revenues	<u>5,775,377</u>	<u>5,131,605</u>
Operating expenses		
General and administrative costs	209,949	379,685
Payroll and related expenses	2,765,783	2,483,862
Repairs and maintenance	275,042	251,626
Other supplies and expenses	1,230,495	1,108,792
Depreciation and amortization	1,607,589	1,625,911
Total operating expenses	<u>6,088,858</u>	<u>5,849,876</u>
Operating loss	<u>(313,481)</u>	<u>(718,271)</u>
Nonoperating revenues (expenses)		
Interest income	6,272	11,982
Other income	164,736	108,769
Gain on sale of fixed assets	7,031	-
Interest expense	(303,283)	(315,709)
Net nonoperating expenses	<u>(125,244)</u>	<u>(194,958)</u>
Loss before contributions	(438,725)	(913,229)
Capital grants received	<u>400,650</u>	<u>492,521</u>
Change in net position	(38,075)	(420,708)
Total net position beginning of year	<u>23,859,882</u>	<u>24,280,590</u>
Total net position end of year	<u>\$ 23,821,807</u>	<u>\$ 23,859,882</u>

The accompanying notes are an integral part of the financial statements

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	\$ 5,596,489	\$ 4,920,521
Operating expenses:		
General and administrative	(209,949)	(379,685)
Payroll and related expenses	(2,711,429)	(2,196,565)
Repairs and maintenance	(275,042)	(251,626)
Other supplies and expenses	(704,381)	(1,286,759)
Net cash provided by operating activities	1,695,688	805,886
 Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,091,284)	(1,402,621)
Proceeds from sale of capital assets	7,031	-
Principal paid on debt	(2,021,566)	(2,724,971)
Proceeds from debt borrowings	3,620,045	3,159,000
Interest paid on debt	(283,524)	(324,096)
Capital contributions	400,650	492,521
Net cash used in capital and related financing activities	(1,368,648)	(800,167)
 Cash Flows from Investing Activities		
Interest income from investments	6,272	11,982
Other cash receipts	164,736	108,769
Net cash provided by investing activities	171,008	120,751
 Net increase in cash, cash equivalents, and restricted cash	498,048	126,470
 Cash, cash equivalents, and restricted cash at beginning of year	1,092,675	966,205
 Cash, cash equivalents, and restricted cash at end of year	\$ 1,590,723	\$ 1,092,675
 Unrestricted cash and cash equivalents	\$ 805,662	\$ 329,956
Restricted cash and cash equivalents	785,061	762,719
 Total cash and cash equivalents, at end of year	\$ 1,590,723	\$ 1,092,675

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

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (313,481)	\$ (718,271)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,607,589	1,625,911
Bad debt expense	-	66,160
Change in assets and liabilities:		
Increase in receivables	(178,888)	(277,244)
Increase in inventories	(11,482)	(30,435)
Decrease in prepaids	-	16,424
Increase (decrease) in accounts payable	439,284	(159,818)
Increase in customer deposits	360	2,126
Increase (decrease) in accrued expenses	97,952	(6,264)
Increase in net OPEB obligation	17,745	44,974
Increase in net pension obligation	36,609	242,323
 Net cash provided by operating activities	 \$ 1,695,688	 \$ 805,886

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the McCreary County Water District, Water and Sewer Divisions (the District) conform to accounting principles generally accepted in the United States of America (GAAP). The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

Reporting Entity

The District, consisting of McCreary County Water District Water Division, and McCreary County Water District Sewer Division has been consolidated for reporting purposes. The entities share the same board of commissioners, central offices and employees.

The District is a special district formed for the express purpose of providing water and sewer service within the confines of McCreary County, Kentucky and East Pine Knot Estates. McCreary County Fiscal Court appoints an independent board of commissioners to govern the district. The District operates as an independent entity in that it: is legally separate; holds corporate powers of organization; the Fiscal Court does not impose their will upon the District; and the District does not impose financial benefit or burden upon the Fiscal Court.

Basis of Presentation

GASB Statement of Accounting Standards No. 34, as amended by GASB 63, *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 position, a statement of revenues, expenses and changes in net position and a statement of cash flows. It requires the classification of net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of "invested in capital assets, net of related debt." Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net asset use through external 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 - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The District is an individual fund and is accounted for as a business-type activity fund. It is financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The District's financial statements are prepared on the accrual basis of accounting. By utilizing this method, revenues are recognized when they are earned, and expenses are recognized as they are incurred.

Operating income reported in the financial statements includes revenues and expenses related to the continuing operation of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

Use of Estimates and Assumptions

In preparing financial statements that conform with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses reflected during the reporting period. Accordingly, actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the allowance for doubtful accounts for accounts receivable.

Compensated Absences

Vacation - Vacation days are accrued at the following rate:

- 5 days per year for years 1-3
- 10 days per year for years 3-10
- 15 days per year for years 10-15
- 20 days per year for years 15-xx

These days are carried over if unused to a maximum of 30 days; however, all full-time employees with over three years must take ten days of vacation per year.

Sick - Employees earn two sick days for every two months of employment and may carry over a total of twelve days.

These unpaid compensated absences, if applicable, are recorded as accrued liabilities.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes off balances that are deemed to be uncollectible. The allowance for doubtful accounts of \$266,723 and \$284,960 for the years ended December 31, 2021 and 2020 has been established to reserve for those balances that the entity believes to be uncollectible.

Inventories

Inventories are stated at the lower of cost or market on the basis of "first-in, first-out" (FIFO) inventory method.

Capital and operating grants

Grants that are restricted to the purchase or construction of capital assets are recorded as other income, per GASB 33. The District received \$400,650 and \$492,521 in grants for the years ended December 31, 2021 and 2020 respectively.

Capital Assets

Utility plant is stated at original cost and depreciated over its estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are expensed when incurred. Renewals and betterments are capitalized. The range of useful lives used in computing depreciation is:

<u>Classification</u>	<u>Range of lives</u>
Buildings	40 years
Water systems	40 years
Machinery & equipment	5 years

Total depreciation expense was \$1,607,589 and \$1,625,911 for the years ended December 31, 2021 and 2020 respectively.

Pensions

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the County Employers' Retirement System Plan (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

The investment policies of the District are governed by State statute. Major provisions of the District's investment policy include: depositories must be FDIC insured banking institutions; depositories must fully insure or collateralize all demand and time deposits and repurchase agreements; and securities collateralizing repurchase agreements are to be held by independent third parties.

Bank Deposits

The fair market value of deposits was equivalent to the reported values. All deposits are checking or savings accounts. The carrying amount of the District's bank deposits was \$1,148,141 and \$709,789 for the years ended December 31, 2021 and 2020 respectively and the respective bank balances totaled \$1,304,224 and \$841,089 respectively for the years then ended. The bank balances are covered by \$251,723 of FDIC insurance. The remaining bank balances were fully collateralized. The deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are described as follows:

Category 1 - Insured

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Collateralized with securities held by the pledged financial institution in the institution's name.

Deposits at December 31, 2021, categorized by level of risk, are:

	Risk Category			Bank Balance	Book Value
	1	2	3		
Unrestricted deposits					
Operating accounts	\$ 149,007	\$ -	\$ 800,938	\$ 949,945	\$ 803,862
Depreciation funds	-		-	-	-
Restricted deposits					
Debt service and Depreciation funds	<u>102,716</u>	<u>-</u>	<u>251,563</u>	<u>354,279</u>	<u>344,279</u>
Total deposits	<u>\$ 251,723</u>	<u>\$ -</u>	<u>\$ 1,052,501</u>	<u>\$ 1,304,224</u>	<u>\$ 1,148,141</u>

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits at December 31, 2020, categorized by level of risk, are:

	Risk Category			Bank Balance	Book Value
	1	2	3		
Unrestricted deposits					
Operating accounts	\$ 151,879	\$ -	\$ 308,377	\$ 460,256	\$ 328,956
Depreciation funds	-	-	-	-	-
Restricted deposits					
Debt service and Depreciation funds	<u>101,450</u>	<u>-</u>	<u>279,383</u>	<u>380,833</u>	<u>380,833</u>
Total deposits	<u>\$ 253,329</u>	<u>\$ -</u>	<u>\$ 587,760</u>	<u>\$ 841,089</u>	<u>\$ 709,789</u>

The District also had \$1,800 and \$1,000 of petty cash on hand for the years ended December 31, 2021 and 2020 respectively.

Investments

At December 31, 2021 and 2020, the District's investments included the Federated Treasury Obligations Fund (a money market fund). The investments are categorized to give an indication of the level of risk assumed by the District at year end. The categories are described as follows:

- Category 1 - Investments that are insured, registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 - Uninsured and unregistered investments for which the securities are held by the bank's trust departments or agents in the District's name.
- Category 3 - Uninsured and unregistered investments for which the securities are held by the banks, or by their trust departments or agents but not in the District's name.

Investments at December 31, 2021 categorized by level of risk, are:

	Risk Category			Book Value	Fair Value
	1	2	3		
Treasury MM Fund	<u>\$440,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$440,782</u>	<u>\$440,782</u>
Total investments	<u>\$440,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$440,782</u>	<u>\$440,782</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments at December 31, 2020, categorized by level of risk, are:

	Risk Category			Book Value	Fair Value
	1	2	3		
Treasury MM Fund	<u>\$381,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$381,886</u>	<u>\$381,886</u>
Total investments	<u><u>\$381,886</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$381,886</u></u>	<u><u>\$381,886</u></u>

NOTE 3 - RESTRICTED ASSETS

The restricted assets in the accompanying financial statements are restricted as to use by ordinance (Note 7), external parties or by board designation. A schedule of restricted assets at December 31, 2021 and 2020 are:

A schedule of restricted assets at December 31, 2021 are:

	Investments		Total
	Cash	at cost	
Debt service and Depreciation funds	\$ 344,279	\$ -	\$ 344,279
Construction funds	-	-	-
Treasury MM fund	<u>-</u>	<u>440,782</u>	<u>440,782</u>
Total restricted assets	<u><u>\$ 344,279</u></u>	<u><u>\$ 440,782</u></u>	<u><u>\$ 785,061</u></u>

A schedule of restricted assets at December 31, 2020 are:

	Investments		Total
	Cash	at cost	
Debt service and Depreciation funds	\$ 380,833	\$ -	\$ 380,833
Construction funds	-	-	-
Treasury MM Fund	<u>-</u>	<u>381,886</u>	<u>381,886</u>
Total restricted assets	<u><u>\$ 380,833</u></u>	<u><u>\$ 381,886</u></u>	<u><u>\$ 762,719</u></u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 4 - CAPITAL ASSETS

The following represents the activity for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Disposals	Transfers	Balance 12/31/2021
Operating fixed assets:					
Land	\$ 430,269	\$ -	\$ -	\$ -	\$ 430,269
Buildings & Improvements	22,469,303	-	-	-	22,469,303
Treatment equipment	3,346,273	189,625	(52,868)	-	3,483,030
Distributions	23,919,169	408	(443,555)	2,273,592	25,749,614
Services/meters	3,767,956	76,735	-	-	3,844,691
Other equipment	<u>9,428,467</u>	<u>21,402</u>	<u>-</u>	<u>-</u>	<u>9,449,869</u>
	63,361,437	288,170	(496,423)	2,273,592	65,426,776
Accumulated depreciation	<u>(27,687,028)</u>	<u>(1,607,589)</u>	<u>496,423</u>	<u>-</u>	<u>(28,798,194)</u>
	35,674,409	(1,319,419)	-	2,273,592	36,628,582
Construction in progress	<u>1,854,961</u>	<u>2,803,114</u>	<u>-</u>	<u>(2,273,592)</u>	<u>2,384,483</u>
Utility plant, net	<u>\$37,529,370</u>	<u>\$ 1,483,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$39,013,065</u>

The following represents the activity for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Disposals	Transfers	Balance 12/31/2020
Operating fixed assets:					
Land	\$ 430,269	\$ -	\$ -	\$ -	\$ 430,269
Buildings & Improvements	22,469,303	-	-	-	22,469,303
Treatment equipment	3,249,813	96,460	-	-	3,346,273
Distributions	23,819,631	99,538	-	-	23,919,169
Services/meters	3,717,467	50,489	-	-	3,767,956
Other equipment	<u>9,426,115</u>	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>9,428,467</u>
	63,112,598	248,839	-	-	63,361,437
Accumulated depreciation	<u>(26,061,117)</u>	<u>(1,625,911)</u>	<u>-</u>	<u>-</u>	<u>(27,687,028)</u>
	37,051,481	(1,377,072)	-	-	35,674,409
Construction in progress	<u>701,179</u>	<u>1,153,782</u>	<u>-</u>	<u>-</u>	<u>1,854,961</u>
Utility plant, net	<u>\$37,752,660</u>	<u>\$ (223,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$37,529,370</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT

Outstanding long-term debt consists of revenue bonds collateralized by the revenues of the District. Revenues of the District are to be used first to pay operating and maintenance expenses and second to establish and maintain the revenue bond funds. The District is in compliance with all significant financial requirements as of December 31, 2021.

The District's bonded indebtedness and other long-term debt at December 31, 2021 and 2020, are summarized as follows:

<u>Debt Description</u>	<u>Rate</u>	<u>Original Issue</u>	<u>Principal O/S 2021</u>	<u>Principal O/S 2020</u>
Water District				
BB&T	3.945%	797,355	587,390	659,054
RD Series 2013 D	Variable	1,415,000	660,000	760,000
RD 2013 Series A	1.875%	635,000	554,000	566,500
RD Series 2020E	Variable	495,000	495,000	-
RD Series 2020E	Variable	984,537	984,537	-
RD Series 2020E-1	2.65%	524,132	524,132	-
RD Series 2012 D	Variable	3,205,000	2,395,000	2,500,000
RD Series 2012 D-1	Variable	1,935,000	1,142,500	1,166,500
RD Series 2015	2.500%	1,158,000	1,091,000	1,108,500
RD Series 2020E	Variable	1,535,306	-	1,535,306
RD Series 2020 A	1.375%	1,324,000	1,304,000	1,324,000
KIA CD2-01	1.000%	* 1,510,000	353,228	429,593
Sewer District				
KIA A20-047	.50%	* 1,616,376	1,616,376	-
RD Series 2020E	Variable	234,694	225,463	234,694
United Cumberland	3.16%	65,000	65,000	65,000
RD Series 2012 D	Variable	<u>1,595,000</u>	<u>1,200,000</u>	<u>1,250,000</u>
		19,029,400	13,197,626	11,599,147
Less current maturities			<u>(537,624)</u>	<u>(477,030)</u>
Total long-term debt			<u>\$12,660,002</u>	<u>\$11,122,117</u>

* The original issue of the KIA CD2-01 loan is \$1,510,000. As of December 31, 2021, the District had borrowed \$1,474,999 of the original amount.

* The original issue of the KIA A20-047 loan is \$2,794,500. As of December 31, 2021, the District had borrowed \$1,616,376 of the original amount.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

The District's bonded indebtedness and other long-term debt at December 31, 2021 is detailed as follows:

	Principal Balance 12/31/2020	Borrowings	Principal Payments	Principal Balance 12/31/2021	Current	Long-Term
Water District						
RD Series 2020E	\$ -	\$ 495,000	\$ -	\$ 495,000	\$ 10,000	\$ 485,000
RD Series 2020E	-	984,537	-	984,537	28,478	956,059
RD Series 2020E-1	-	524,132	-	524,132	-	524,132
2012 Series D	2,500,000	-	105,000	2,395,000	110,000	2,285,000
2012 Series D1	1,166,500	-	24,000	1,142,500	25,000	1,117,500
2013 Series D	566,500	-	12,500	554,000	12,500	541,500
2013 Series A	760,000	-	100,000	660,000	105,000	555,000
2015 Series	1,108,500	-	17,500	1,091,000	18,000	1,073,000
KIA F04-03	429,593	-	76,365	353,228	77,131	276,097
BB&T	659,054	-	71,664	587,390	74,493	512,897
RD Series 2020	1,535,306	-	1,535,306	-	-	-
RD Series 2020	1,324,000	-	20,000	1,304,000	20,500	1,283,500
Sewer District						
KIA A20-047	-	1,616,376	-	1,616,376	-	1,616,376
Series 2020E	234,694	-	9,231	225,463	6,522	218,941
UC Bank	65,000	-	-	65,000	-	65,000
2012 Series D	1,250,000	-	50,000	1,200,000	50,000	1,150,000
	<u>\$11,599,147</u>	<u>\$ 3,620,045</u>	<u>\$2,021,566</u>	<u>\$13,197,626</u>	<u>\$ 537,624</u>	<u>\$12,660,002</u>

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The District's bonded indebtedness and other long-term debt at December 31, 2020 is detailed as follows:

	Principal Balance 12/31/2019	Borrowings	Principal Payments	Principal Balance 12/31/2020	Current	Long-Term
Water District						
2005 Series A	617,000	-	617,000	-	-	-
2008 Series A	280,500	-	280,500	-	-	-
2008 Series A	129,500	-	129,500	-	-	-
2012 Series D	2,600,000	-	100,000	2,500,000	105,000	2,395,000
2012 Series D1	1,190,000	-	23,500	1,166,500	24,000	1,142,500
2013 Series D	578,500	-	12,000	566,500	12,500	554,000
2013 Series A	860,000	-	100,000	760,000	100,000	660,000
2015 Series	1,125,500	-	17,000	1,108,500	17,500	1,091,000
KIA F04-03	505,200	-	75,607	429,593	76,365	353,228
UC Bank	495,000	-	495,000	-	-	-
BB&T	728,000	-	68,946	659,054	71,665	587,389
RD Series 2019	517,918	-	517,918	-	-	-
RD Series 2020	-	1,535,306	-	1,535,306	-	1,535,306
RD Series 2020	-	1,324,000	-	1,324,000	20,000	1,304,000
Sewer District						
2005 Series A	238,000	-	238,000	-	-	-
Series 2020E	-	234,694	-	234,694	-	234,694
UC Bank	-	65,000	-	65,000	-	65,000
2012 Series D	1,300,000	-	50,000	1,250,000	50,000	1,200,000
	<u>\$11,165,118</u>	<u>\$3,159,000</u>	<u>\$2,724,971</u>	<u>\$11,599,147</u>	<u>\$ 477,030</u>	<u>\$11,122,117</u>

The long-term debt service requirements are as follows:

Year	Principal		Interest		Total	
	Water	Sewer	Water	Sewer	Water	Sewer
2022	\$ 481,102	\$ 56,522	\$ 240,961	\$ 54,726	\$ 722,063	\$ 111,248
2023	999,692	116,797	228,280	65,733	1,227,972	182,530
2024	485,935	124,495	215,412	56,112	701,347	180,607
2025	504,606	124,748	201,761	53,656	706,367	178,404
2026	465,521	130,934	187,420	51,035	652,941	181,969
2027-2031	1,735,792	644,502	750,884	209,676	2,486,676	854,178
2032-2036	1,480,985	693,217	513,241	126,562	1,994,226	819,779
2037-2041	1,389,327	539,598	311,239	47,545	1,700,566	587,143
2042-2046	985,053	327,768	180,792	15,219	1,165,845	342,987
2047-2051	877,774	290,116	98,108	5,514	975,882	295,630
2052-2056	490,000	58,142	32,563	218	522,563	58,360
2057-2060	195,000	-	5,445	-	200,445	-
	<u>\$10,090,787</u>	<u>\$3,106,839</u>	<u>\$2,966,106</u>	<u>\$ 685,996</u>	<u>\$13,056,893</u>	<u>\$3,792,835</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

2020 Series E - McCreary County Water and Sewer District Waterworks Revenue Bond, dated September 23, 2020, due in annual installments through February 1, 2050, bearing a variable interest rate.

2020 Series E-1 - McCreary County Water and Sewer District Waterworks Revenue Bond, dated March 23, 2021, due in one annual installment in 2022, bearing an interest rate of 2.65%.

2020 Series A - McCreary County Water District Waterworks Revenue Bond, dated April 1, 2020, due in annual installments through April 1, 2060 bearing an interest rate of 1.375%

2012 Series D - McCreary County Water District Waterworks Revenue Bond, dated May 30, 2012, due in annual installments through January 1, 2040 bearing a variable interest rate.

2012 Series D1 - McCreary County Water District Waterworks Revenue Bond, dated September 30, 2012, due in annual installments through April 1, 2052 bearing a variable interest rate.

2013 Series D - McCreary County Water District Waterworks Revenue Bond, dated February 27, 2013, due in annual installments through October 1, 2052 bearing a variable interest rate.

2013 Series A - McCreary County Water District Waterworks Revenue Bond, dated February 27, 2013, due in annual installments through July 1, 2030 bearing an interest rate of 1.875%.

KIA CD2-01 - As of December 31, 2005 the District had drawn \$1,474,999 on a KIA loan secured by a pledge of revenues. The loan bears an interest rate of 1.00% with a life of twenty years maturing in 2026.

KIA A20-047 - As of December 31, 2021 the District had drawn \$1,616,376 on a KIA loan secured by a pledge of revenues. The loan bears an interest rate of .50% with a life of thirty years maturing in 2052.

2012 Series D - McCreary County Water District Sewer System Revenue Bond, dated May 30, 2012, due in annual installments through February 1, 2041, bearing a variable interest rate.

United Cumberland Bank - Installment loan dated July 20, 2020, due in annual installments through January 26, 2026, bearing an interest rate of 3.16%.

BB&T Bank - Installment loan dated September 7, 2018, due in annual installments through August 1, 2028, bearing an interest rate of 3.945%

Series 2015 - McCreary County Water District Water System Revenue Bond, dated February 5, 2016, due in annual installments through April 1, 2055, bearing an interest rate of 2.5%.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
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NOTE 6 - NET POSITION

GASB Statement No. 34 (as amended by GASB 63) requires the delineation of Net Position as Invested in Property, Plant and Equipment (capital investments), Restricted and Unrestricted.

The balance of capital investments represents funds that have been used to acquire pump stations, storage facilities, meter stations, etc., constructed and operated by the District, net of outstanding debt. The balance was \$25,815,439 and \$25,930,223 for the years ended December 31, 2021 and 2020 respectively.

The District has the following restricted net position that is reserved in accordance with the District's various bond ordinances (Note 7):

	<u>2021</u>	<u>2020</u>
Construction	\$ -0-	\$ -0-
Depreciation and Debt Service	344,279	380,833
Treasury MM Fund	<u>440,782</u>	<u>381,886</u>
Total Restricted	<u>\$ 785,061</u>	<u>\$ 762,719</u>

The District has a balance of \$(2,778,693) and \$(2,833,060) for unrestricted net position at December 31, 2021 and 2020 respectively.

NOTE 7 - COMPLIANCE WITH BOND ORDINANCES

The District is in compliance with its bond ordinances that require the District to maintain certain reserves and restricted assets as follows:

Bond and Interest Fund - In order to fund the McCreary County Water District and Water Sewer debt, the District makes deposits into these funds to pay for current maturing principal portions and associated interest of bond issues.

Bond Sinking Funds - McCreary County Water District is required by ordinances to transfer funds into various sinking funds for future debt retirement.

Depreciation Fund - The bond resolutions authorizing the bond issues of the water and sewer system require transfers into various depreciation funds to be used for plant acquisitions, extensions and extraordinary repairs and maintenance. Transfers can cease when the fund balance reaches specified levels.

The balance in the depreciation and debt service funds as of December 31, 2021 and 2020 equaled \$344,279 and \$380,833 respectively. The required balance is \$139,700 and \$124,040 respectively.

Construction Funds - The District is required to transfer funds into various funds for the use of funding future projects.

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
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NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the District also carries commercial insurance for all other risks of loss such as workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

NOTE 9 - FAIR VALUE MEASUREMENTS

FASB Statement No. 157, *Fair Value Measurements*, as codified by Accounting Standards Codification (ASC) 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were used by the District.

Level 1 Fair Value Measurements

The fair value of the Federated Treasury Obligations Fund (a money market fund) is based on quoted net asset values of the investments held by the District at year-end.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value:

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Treasury MM fund	<u>\$440,782</u>	-	-	<u>\$440,782</u>
Total assets fair value	<u>\$440,782</u>	-	-	<u>\$440,782</u>

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Treasury MM fund	<u>\$381,886</u>	-	-	<u>\$381,886</u>
Total assets at fair value	<u>\$381,886</u>	-	-	<u>\$381,886</u>

McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
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NOTE 10 - PENSION PLAN

McCreary County Water District (the District) is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the County Employees Retirement System Nonhazardous Pension Plan (CERS Nonhazardous), which is administered by KPPA. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions - Participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per Kentucky Revised Statute (KRS) Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year. For the periods January 1, 2021 through June 30, 2021, and July 1, 2021 through December 31, 2021, the District contributed 19.30% and 21.17%, respectively, of each employee's creditable compensation (covered payroll) to the CERS Nonhazardous Pension Plan, which is equal to the actuarially determined rate set by the Board for each period. The District contributed for the years ended December 31, 2021 and 2020 \$240,149 and \$211,472, respectively, or 100% of the required contribution to the pension plan. Administrative costs of the KPPA are financed through employer contributions and investment earnings.

Plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 and before January 1, 2014 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the District reported a liability of \$2,819,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled-forward from the valuation date to June 30, 2021 using generally accepted actuarial principles.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 10 - PENSION PLAN (CONTINUED)

The District's proportion of the net pension liability was determined using the District's actual contributions for the year ended June 30, 2021. This method is expected to be reflective of the District's long-term contribution effort. For the year ended December 31, 2021, the District's proportion was 0.044226 percent, which is equal to its proportion measured as of June 30, 2021. For the year ended December 31, 2020, the District's proportion was 0.041752 percent, which is equal to its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$276,757. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effects of changes of assumptions	\$ 37,844	\$ -
District contributions subsequent to the measurement date	135,391	-
Difference between projected and actual earnings on plan investments	-	375,826
Changes in proportion and differences between District contributions and proportionate share of contributions	122,744	61,146
Differences between expected and actual liability experience	32,379	27,368
Total	\$ 328,358	\$ 464,340

The \$135,391 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2022	\$ (36,143)
2023	(37,166)
2024	(80,373)
2025	(117,691)

Actuarial Assumptions - The total pension liability, net pension liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or because of duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
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NOTE 10 - PENSION PLAN (CONTINUED)

The actuarial assumptions for CERS nonhazardous employees are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% - 10.30%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was the PUB-2010 General Mortality table for the nonhazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study for the period July 1, 2013 - June 30, 2018.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty		
Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.25 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that each fund receives the employer required contributions each future year as determined by the current funding policy established in statute, as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate does not use a municipal bond rate.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
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NOTE 10 - PENSION PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	5.25%	\$ 3,616,469
Current discount rate	6.25%	\$ 2,819,754
1% increase	7.25%	\$ 2,160,492

Payable to the Pension Plan - As of December 31, 2021 and 2020, the District reported a payable of \$35,295 and \$26,864, respectively, for the outstanding amount of contributions to the pension plan required for the year then ended. The payable only includes the pension portion of the contribution. Please refer to Note 11 for the amount due to the insurance fund.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN

Under the provisions of Kentucky Revised Statute Section 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the County Employees Retirement System (CERS). McCreary County Water District (the District) is a participating employer of the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description - The Kentucky Retirement Systems' (KRS) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS, KERS, and SPRS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the CERS. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Membership in the CERS Nonhazardous Insurance Fund consisted of the following as of June 30, 2020, the date of the latest actuarial valuation:

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WATER AND SEWER DIVISIONS
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NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Membership Status

Inactive plan members currently receiving benefits:	37,037
Inactive plan members entitled to but not yet receiving benefits:	29,208
Active plan members:	80,745
Total plan members:	<u>146,990</u>

Contributions - Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), the CERS Board of Trustees establishes employer and member contribution rates each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year.

For the periods January 1, 2021 through June 30, 2021, and July 1, 2021 through December 31, 2021, the District contributed 4.76% and 5.78%, respectively, of each employee's covered payroll to the insurance fund, which is equal to the actuarially determined rate set by the Board. The District contributed for the years ended December 31, 2021 and 2020 \$62,802 and \$52,156, respectively, or 100% of the required contribution to the insurance fund. Administrative costs of the KPPA are financed through employer contributions and investment earnings.

Employees hired after September 1, 2008 are required to contribute an additional 1% of their covered payroll to the insurance fund. Contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h). These members are classified in the Tier 2/Tier 3 structure of benefits and the 1% contribution to the 401(h) account is non-refundable.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the District reported a liability of \$846,493 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled-forward to June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was determined using the District's actual contributions for the year ended June 30, 2021. This method is expected to be reflective of the District's long-term contribution effort. For the year ended December 31, 2021, the District's proportion was 0.044216 percent, which is equal to its proportion measured as of June 30, 2021. For the year ended December 31, 2020, the District's proportion was 0.041740 percent, which is equal to its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized OPEB expense of \$65,475. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

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NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effects of changes of assumptions	\$ 224,421	\$ 787
District contributions subsequent to the measurement date (including implicit subsidy)	64,818	-
Differences between projected and actual earnings on plan investments	-	132,422
Differences between expected and actual liability experience	133,111	252,735
Changes in proportion and differences between District contributions and proportionate share of contributions	44,367	41,699
Total	\$ 466,717	\$ 427,643

The \$64,818 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date of \$36,965 and the December 31, 2021 implicit subsidy of \$27,853, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending December 31,		
2022	\$	20,547
2023		430
2024		(4,104)
2025		(42,617)

Implicit Subsidy - The fully insured premiums KPPA pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for non-Medicare eligible retirees. Participating employers should adjust their contributions by the implicit subsidy to determine the total employer contribution for GASB Statement No. 75 purposes. This adjustment is needed for contributions made during the measurement period and for the purpose of deferred outflows related to contributions made after the measurement date. McCreary County Water District's implicit subsidy for the years ended December 31, 2021 and 2020 was \$27,853 and \$24,736, respectively.

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions - The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. The actuarial assumptions for CERS nonhazardous employees are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%, CERS Nonhazardous
Salary Increase	3.30-10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The mortality table used for active members was the PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study for the period July 1, 2013 - June 30, 2018.

Senate Bill 249, passed during the 2020 legislative session, changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that were payable starting July 1, 2020.

Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Discount Rate - The single discount rate of 5.20% for CERS Nonhazardous is based on the long-term expected rate of return on OPEB plan investments of 6.25% and a long-term municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. The projection of cash flows used to determine the discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty		
Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	100.00%	

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 5.20 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current rate.

Discount rate	District's proportionate share of net OPEB liability
1% decrease	4.20% \$ 1,162,229
Current discount rate	5.20% \$ 846,493
1% increase	6.20% \$ 587,380

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates (see details in *Actuarial Assumptions* above), as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	District's proportionate share of net OPEB liability
1% decrease	\$ 609,375
Current healthcare cost trend rate	\$ 846,493
1% increase	\$ 1,132,699

Payable to the OPEB Plan - As of December 31, 2021 and 2020, the District reported a payable of \$9,636 and \$6,626, respectively, for the outstanding amount of contributions to the insurance plan required for the years then ended. The payable only includes the insurance portion of the contribution. Please refer to Note 10 for the amount due to the pension plan.

NOTE 12 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and the financial markets. The continued spread of the disease represents a risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the District will depend upon future developments, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending December 31, 2022.

Subsequent events were evaluated through September 7, 2022, which is the date the financial statements were available to be issued.

Supplemental Information

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	McCreary County			Total
	Water	Sewer	Eliminations	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 641,334	\$ 164,328	\$	\$ 805,662
Unbilled revenues	274,873	95,312		370,185
Accounts receivable, net	453,224	190,511		643,735
Other receivables	5,278	91,486		96,764
Due from associated division	1,581,838	-	(1,581,838)	-
Inventory	135,342	40,739		176,081
Prepaid expenses	1,132	-		1,132
Total current assets	<u>3,093,021</u>	<u>582,376</u>	<u>(1,581,838)</u>	<u>2,093,559</u>
Non-current assets:				
Restricted cash and cash equivalents	264,574	79,705		344,279
Investments	440,782	-		440,782
Capital assets:				
Utility plant	46,056,191	19,370,585		65,426,776
Less accumulated depreciation	(19,655,184)	(9,143,010)		(28,798,194)
Construction in process	536,209	1,848,274		2,384,483
Total non-current assets	<u>27,642,572</u>	<u>12,155,554</u>		<u>39,798,126</u>
Deferred outflows of resources:				
Deferred outflows - other post-employment benefits	382,121	84,596		466,717
Deferred outflows - pension	266,204	62,154		328,358
Total deferred outflows	<u>648,325</u>	<u>146,750</u>	<u>-</u>	<u>795,075</u>
Total assets and deferred outflows of resources	<u>\$ 31,383,918</u>	<u>\$ 12,884,680</u>	<u>\$ (1,581,838)</u>	<u>\$ 42,686,760</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 246,880	\$ 358,931	\$	\$ 605,811
Accrued interest	114,900	28,140		143,040
Due to associated division	-	1,581,838	(1,581,838)	-
Taxes payable	20,458	3,109		23,567
Other accrued liabilities	227,811	68,997		296,808
Customer deposits	39,871	-		39,871
Notes payable - current	74,493	-		74,493
Revenue bonds - current portion	406,609	56,522		463,131
Total current liabilities	<u>1,131,022</u>	<u>2,097,537</u>	<u>(1,581,838)</u>	<u>1,646,721</u>
Non-current liabilities:				
Revenue bonds - net current portion	9,096,788	2,985,317		12,082,105
Notes payable	512,897	65,000		577,897
Net other post-employment benefits liability	685,531	160,962		846,493
Net pension liability	2,290,395	529,359		2,819,754
Total non-current liabilities	<u>12,585,611</u>	<u>3,740,638</u>		<u>16,326,249</u>
Deferred inflows of resources:				
Deferred inflows - other post-employment benefits	351,916	75,727		427,643
Deferred inflows - pension	391,374	72,966		464,340
Total deferred inflows	<u>743,290</u>	<u>148,693</u>	<u>-</u>	<u>891,983</u>
Total liabilities and deferred inflows of resources	<u>\$ 14,459,923</u>	<u>\$ 5,986,868</u>	<u>\$ (1,581,838)</u>	<u>\$ 18,864,953</u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 16,846,429	\$ 8,969,010		\$ 25,815,439
Restricted for debt service and construction	705,356	79,705		785,061
Unrestricted	(627,790)	(2,150,903)	-	(2,778,693)
Total net position	<u>16,923,995</u>	<u>6,897,812</u>	<u>-</u>	<u>23,821,807</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 31,383,918</u>	<u>\$ 12,884,680</u>	<u>\$ (1,581,838)</u>	<u>\$ 42,686,760</u>

See Independent Auditor's Report.

McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	McCreary County		Total
	Water	Sewer	
Operating revenues			
Residential sales	\$ 2,666,715	\$ 393,269	\$ 3,059,984
Commercial sales	273,334	200,674	474,008
Industrial sales	49,051	46,283	95,334
Governmental sales	1,020,190	726,037	1,746,227
Other sales and fees	293,275	106,549	399,824
Total operating revenues	<u>4,302,565</u>	<u>1,472,812</u>	<u>5,775,377</u>
Operating expenses			
General and administrative costs	173,140	36,809	209,949
Payroll and contractual services	2,142,695	623,088	2,765,783
Repairs and maintenance	-	275,042	275,042
Other supplies and expenses	888,861	341,634	1,230,495
Depreciation	1,070,301	537,288	1,607,589
Total operating expenses	<u>4,274,997</u>	<u>1,813,861</u>	<u>6,088,858</u>
Operating income (loss)	<u>27,568</u>	<u>(341,049)</u>	<u>(313,481)</u>
Nonoperating revenues (expenses)			
Interest income	5,095	1,177	6,272
Other income	139,536	25,200	164,736
Loss on abandoned fixed assets	-	-	-
Gain (loss) on disposal of fixed assets	7,031	-	7,031
Interest expense	(248,634)	(54,649)	(303,283)
Total nonoperating revenues	<u>(96,972)</u>	<u>(28,272)</u>	<u>(125,244)</u>
Loss before contributions	(69,404)	(369,321)	(438,725)
Capital grants received	<u>400,650</u>	<u>-</u>	<u>400,650</u>
Change in net position	331,246	(369,321)	(38,075)
Total net position on December 31, 2020	<u>16,592,749</u>	<u>7,267,133</u>	<u>23,859,882</u>
Total net position on December 31, 2021	<u>\$ 16,923,995</u>	<u>\$ 6,897,812</u>	<u>\$ 23,821,807</u>

See Independent Auditor's Report

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF CASH FLOWS
DECEMBER 31, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash received from customers	\$ 4,094,473	\$ 1,502,016	\$ 5,596,489
Operating expenses:			
General and administrative	(173,140)	(36,809)	(209,949)
Payroll and related expenses	(2,096,846)	(614,583)	(2,711,429)
Repairs and maintenance	-	(275,042)	(275,042)
Other supplies and expenses	(690,649)	(13,732)	(704,381)
Net cash provided by operating activities	<u>1,133,838</u>	<u>561,850</u>	<u>1,695,688</u>
 Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,072,948)	(2,018,336)	(3,091,284)
Proceeds from sale of capital assets	-	7,031	7,031
Principal paid on debt	(1,962,335)	(59,231)	(2,021,566)
Proceeds from debt borrowings	2,003,669	1,616,376	3,620,045
Interest paid on debt	(228,875)	(54,649)	(283,524)
Capital contributions	400,650	-	400,650
Net cash used in capital and related financing activities	<u>(859,839)</u>	<u>(508,809)</u>	<u>(1,368,648)</u>
 Cash Flows from Investing Activities			
Interest income from investments	5,095	1,177	6,272
Other cash receipts	139,536	25,200	164,736
Net cash provided by investing activities	<u>144,631</u>	<u>26,377</u>	<u>171,008</u>
 Net increase in cash and cash equivalents	418,630	79,418	498,048
Cash and cash equivalents, at beginning of year	<u>927,652</u>	<u>165,023</u>	<u>1,092,675</u>
Cash and cash equivalents, at end of year	<u>\$ 1,346,282</u>	<u>\$ 244,441</u>	<u>\$ 1,590,723</u>
 Unrestricted cash and cash equivalents	\$ 641,334	\$ 164,328	\$ 805,662
Restricted cash and cash equivalents	<u>705,356</u>	<u>79,705</u>	<u>785,061</u>
Total cash and cash equivalents, at end of year	<u>\$ 1,346,690</u>	<u>\$ 244,033</u>	<u>\$ 1,590,723</u>

See Independent Auditor's Report.

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
DECEMBER 31, 2021

	Water	Sewer	Total
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income (loss)	\$ 27,568	\$ (341,049)	\$ (313,481)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	1,070,301	537,288	1,607,589
Change in assets and liabilities:			
Increase in receivables	(38,270)	(140,618)	(178,888)
(Increase) decrease in inventories	(21,252)	9,770	(11,482)
Increase in accounts payable	123,456	315,828	439,284
Increase in customer deposits	360	-	360
Increase in accrued liabilities	81,463	16,489	97,952
Increase in net OPEB obligation	11,544	6,201	17,745
Increase in net pension obligation	34,305	2,304	36,609
Net cash provided by operating activities	\$ 1,289,475	\$ 406,213	\$ 1,695,688

See Independent Auditor's Report.

McCreary County Water District
Schedule of Proportionate Share of the Net Pension Liability
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.044226%	0.041752%	0.044240%	0.045494%
District's proportionate share of the net pension liability	\$ 2,819,754	\$ 3,202,344	\$ 3,111,418	\$ 2,770,845
District's covered employee payroll	\$ 1,129,658	\$ 1,069,480	\$ 1,115,926	\$ 1,127,618
District's share of the net pension liability as a percentage of its covered employee payroll	249.61%	299.43%	278.82%	245.73%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.043724%	0.043507%	0.040430%	0.042430%
District's proportionate share of the net pension liability	\$ 2,559,300	\$ 2,142,121	\$ 1,738,371	\$ 1,376,595
District's covered employee payroll	\$ 1,064,570	\$ 1,024,456	\$ 949,859	\$ 973,416
District's share of the net pension liability as a percentage of its covered employee payroll	240.41%	209.10%	183.01%	141.42%
Plan fiduciary net position as a percentage of the total pension liability	53.32%	55.50%	59.97%	66.80%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined (measured) as of June 30, of the fiscal year presented.

McCreary County Water District
Schedule of Pension Contributions
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required employer contributions	\$ 240,149	\$ 211,472	\$ 200,597	\$ 167,189
Contributions relative to contractually required employer contributions	<u>240,149</u>	<u>211,472</u>	<u>200,597</u>	<u>167,189</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,182,327	\$ 1,091,554	\$ 1,129,480	\$ 1,088,383
Employer contributions as a percentage of covered-employee payroll	20.31%	19.37%	17.76%	15.36%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required employer contributions	\$ 160,610	\$ 134,208	\$ 126,892	\$ 127,882
Contributions relative to contractually required employer contributions	<u>160,610</u>	<u>134,208</u>	<u>126,892</u>	<u>127,882</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,128,886	\$ 1,015,760	\$ 1,009,246	\$ 965,456
Employer contributions as a percentage of covered-employee payroll	14.23%	13.21%	12.57%	13.25%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Contractually required employer contributions exclude the portion of contributions paid to the CERS, but allocated to the insurance fund of the CERS.

The above contributions only include those contributions allocated directly to the CERS pension fund.

The amounts presented for each fiscal year were determined (measured) as of December 31, the reporting year end of the District.

McCreary County Water District
Schedule of Proportionate Share of the Net OPEB Liability
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.044216%	0.041740%	0.044229%
District's proportionate share of the net OPEB liability	\$ 846,493	\$ 1,007,893	\$ 743,912
District's covered employee payroll	\$ 1,129,658	\$ 1,069,480	\$ 1,115,926
District's share of the net OPEB liability as a percentage of its covered employee payroll	74.93%	94.24%	66.66%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%
	<u>2018</u>	<u>2017</u>	
District's proportion of the net OPEB liability	0.045494%	0.043724%	
District's proportionate share of the net OPEB liability	\$ 807,737	\$ 879,002	
District's covered employee payroll	\$ 1,127,618	\$ 1,064,570	
District's share of the net OPEB liability as a percentage of its covered employee payroll	71.63%	82.57%	
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%	

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined (measured) as of June 30, of the fiscal year presented.

McCreary County Water District
Schedule of OPEB Contributions
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required employer contributions	\$ 62,802	\$ 52,156	\$ 56,587
Contributions relative to contractually required employer contributions	<u>62,802</u>	<u>52,156</u>	<u>56,587</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,182,327	\$ 1,091,554	\$ 1,129,480
Employer contributions as a percentage of covered-employee payroll	5.31%	4.78%	5.01%
	<u>2018</u>	<u>2017</u>	
Contractually required employer contributions	\$ 54,241	\$ 53,219	
Contributions relative to contractually required employer contributions	<u>54,241</u>	<u>53,219</u>	
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	
District's covered employee payroll	\$ 1,088,383	\$ 1,128,886	
Employer contributions as a percentage of covered-employee payroll	4.98%	4.71%	

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Contractually required employer contributions exclude the portion of contributions paid to the CERS, but allocated to the pension fund of the CERS.

The above contributions only include those contributions allocated directly to the CERS insurance fund.

The amounts presented for each fiscal year were determined (measured) as of December 31, the reporting year end of the District.

**McCreary County Water District
Schedule of Changes in Benefits and Assumptions
As of and for the Year Ended December 31, 2021**

County Employee Retirement System

Changes of benefit terms

During the **2021** legislative session, House Bill 169 was enacted, which updated the disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of a duty related disability.

During the **2018** legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty.

- Pension - Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.
- Insurance - The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty.

Changes in assumptions

There have been no actuarial assumption or method changes for the year ending **June 30, 2021**.

There have been no actuarial assumption or method changes for the year ending **June 30, 2020**.

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2019**:

- The rate of inflation, payroll growth rate, salary increases, and investment rate of return assumptions remain the same as those adopted for the June 30, 2017 valuation.
- The salary increase assumption was increased from an average of 3.05% to a range that varies by service of 3.30% - 10.30%.
- The mortality tables used were updated to the following:

Active members - PUB 2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Healthy retired members - System specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Disabled retired members - PUB 2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality scale using a base year of 2010.

McCreary County Water District
Schedule of Changes in Benefits and Assumptions (continued)
As of and for the Year Ended December 31, 2021

County Employee Retirement System

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2017**:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The payroll growth assumption was reduced from 4.00% to 2.00%.
- The salary increase assumption was reduced from 4.00% average to 3.05% average.

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2015**:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to 0.75%.
- The payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

McCreary County Water District
 Schedule of Expenditures of Federal Awards
 December 31, 2021

			Total Federal Expenditures
Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Program/Award	FYE 12/31/21
Rural Development	10.760	Rural Development Stearns to Smithtown Water Line Replacement Loan / Grant	\$ 1,168,515 Major
USDA	14.228	US Department of Housing & Urban Development Marsh Creek to HWY 92 Water Line Replacement Block Grant	<u>444,169 Major</u>
Total			<u>\$ 1,612,684</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of McCreary County Water District under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of McCreary County Water District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of McCreary County Water District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rates

McCreary County Water District has elected not to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

Note 4. Pass-Through Awards

There were no awards passed through to recipients.

FAULKNER, KING & WENZ, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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JOHN M. WENZ, CPA
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INDEPENDENT AUDITOR'S 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

Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

We have audited, in accordance with the 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, the combined financial statements of the business-type activities of the McCreary County Water District, Water and Sewer Divisions (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated September 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Faulkner, King & Wenz, PSC

September 7, 2022

FAULKNER, KING & WENZ, PSC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

Report on Compliance for Major Federal Program

Opinion on Each Major Federal Program

We have audited McCreary County Water District, Water and Sewer divisions, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2021. McCreary County Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, McCreary County Water District, Water and Sewer divisions complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McCreary County Water District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of McCreary County Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to McCreary County Water District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McCreary County Water District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McCreary County Water District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding McCreary County Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McCreary County Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of McCreary County Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Faulkner, King & Wenz, PSC

September 7, 2022

McCREARY COUNTY WASTER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X no
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Type of auditor's report issued on compliance for major federal programs: unmodified

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal program(s):

CFDA Numbers	<u>Name of Federal Program or Cluster</u>
10.760	Rural Development
14.228	US Department of Housing & Urban Development

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ yes X no

COMPLIANCE WITH THE REQUIREMENTS OF
807 KAR 5:011, SECTION 10

Section 9: Statutory Notice to Public Service Commission

A revised tariff, completed in accordance with the requirements of 807 KAR 5:011, Section 6 is attached at TAB A.

Section 10, Subsection 1(a): A specific cost justification for the proposed nonrecurring charge, including all supporting documentation necessary to determine the reasonableness of the proposed non-recurring charge.

Specific cost justification for the proposed non-recurring charges is set forth at TAB B. Please note that in establishing the labor component costs for all “after hours” charges, the same methodology was used as the Public Service Commission used in Case No. 2021-00301 to revise certain of McCreary County Water District’s charges for non-recurring services.

Section 10, Subsection 1(b): A copy of the public notice of each requested nonrecurring charge and verification that it has been made pursuant to Section 8 of this administrative regulation;

McCreary County Water District (“McCreary District”) has caused the notice found at TAB C to be published three consecutive weeks beginning September 21, 2022 in the *McCreary County Voice*, a newspaper of general circulation in McCreary District’s service area. McCreary District has also posted the notice in its offices at office at 456 N. Highway 27, Whitley City, Kentucky and will post to its website (www.mccrearywater.com) no later than September 29, 2022 a copy of the public notice and a hyperlink to the location on the Public Service Commission’s Web site where the tariff filing is available.

Section 10, Subsection 1(c): A detailed statement explaining why the proposed revisions were not included in the utility’s most recent general rate case and why current conditions prevent deferring the proposed revisions until the next general rate case.

In Case No. 2021-00301, McCreary District’s most recent rate case, the Public Service Commission found “the calculation of McCreary District’s Nonrecurring Charges shall be revised and only the marginal costs related to the service should be recovered through a special Nonrecurring Charge for service provided during normal working hours.” As McCreary District’s tariff does not currently differentiate between services provided during normal work hours and afterhours, charges for afterhours services are failing to the cost of providing those services. Most of the proposed charges relate to afterhours services. The other charges reflect an effort to recover the marginal costs of certain services that were previously provided at no charge. No labor costs have been included in these charges. As to the proposed late payment fee, McCreary District’s Board of Commissioners determined that a late payment fee was necessary to encourage customers to make timely payment of their bills. This decision came after lengthy discussions on the need for such fee.

As McCreary District recently had a general rate proceeding and is not scheduled for another general rate proceeding for three years,¹ it believes that delaying the implementation of the proposed charges for three years would be unfair to ratepayers who are currently subsidizing the cost of non-recurring services for which they receive no benefit. Such delay may also adversely affect McCreary District's financial condition.

Section 10, Subsection 1(d): A statement identifying each classification of potential or existing customers affected by the rate revision.

The proposed charges will affect the following persons:

Late Payment Charge: Any Customer who fails to pay its bill for water or sewer service by the due date listed on its bill.

Connection/Turn-on Charge: Any applicant for service who requests water service to a property whose water service is turned off or disconnected.

Connection/Turn-on Charge (Afterhours): Any applicant for service who requests water service to a property whose water service is turned off or disconnected and request that the service turn-on be performed after working hours.

Reconnection Charge (Afterhours): Any customer whose service was disconnected for nonpayment or violation of McCreary District's or Public Service Commission's rules and regulations and who requests that reconnection of water service be performed after workhours.

Service Call/Investigation Charge: Any customer who requests the presence of McCreary District personnel to investigate a service problem and the problem is a result of the Customer's own plumbing facilities, beyond McCreary District's delivery point, or not caused by failure of McCreary District's facilities.

Service Call/Investigation Charge (Afterhours): Any customer who requests the presence of McCreary District personnel to investigate after normal work hours a service problem and the problem is a result of the Customer's own plumbing facilities, beyond the District's delivery point, or not caused by failure of McCreary District's facilities.

Termination of Service for Nonpayment Charge: Any customer to whom McCreary District sends a representative to the customer's premise, after proper notice, for the purpose of terminating service at that premise for non-payment.

¹ *Electronic Application of McCreary County Water District for Approval to Issue Securities in the Approximate Principal Amount of \$3,450,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001, Case No. 2022-00009 (Ky. PSC Mar. 16, 2022) at 8 ("McCreary District shall file an application for an adjustment in base rates for its water and sewer divisions within 3 years of the issuance of the final orders in Case No. 2021-00300 and Case No. 2021-00301, to ensure that its rates are sufficient, or in the alternative, file a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary.")*

Excessive Rock Removal Charge: Any applicant for service who requests a meter connection (“tap-on”) and boring through rock formations is necessary to connect the applicant’s structure to McCreary District’s water main or line.

Water Main Extension/Service Line Cost Estimate: Any person who requests a service connection or water main extension that requires District personnel to travel to the site of the proposed connection or extension and take measurements to determine the cost of the extension or service connection and then subsequently fails to execute an agreement for service or contract for water main extension within 90 days of receipt of the cost estimate.

Section 10, Subsection 1(e) A copy of the utility’s income statement and balance sheet for a recent twelve (12) month period or an affidavit from an authorized representative of the utility attesting that the utility’s income statement and balance sheet are on file with the commission.

A copy of McCreary District’s annual report to the Public Service Commission for the for the twelve month’s ending December 31, 2021 and a copy of its Independent Auditor’s Report and Combined Financial Statements for the Years ending December 31, 2020 and December 31, 2021 are attached at TABS D and E.

Section 10, Subsection 2: The proposed rate shall relate directly to the service performed or action taken and shall yield only enough revenue to pay the expenses incurred in rendering the service.

As shown in the cost justification sheets found at TAB B, the proposed rates will produce no more revenue than the cost of providing that service. The Excessive Rock Removal Charge and the Water Main Extension/Service Line Cost Estimate Charge are based upon actual cost. Please note that although 807 KAR 5:006, Section 9, classifies a late payment charge as a nonrecurring charge, KRS 278.0154 expressly permits a water district to charge a late payment fee of 10 percent subject only to the conditions set forth in that statute. Accordingly, the restrictions in 807 KAR 5:011, Section10(2) are not applicable to the proposed late payment fee.

Section 10, Subsection 3(a): If the revenue to be generated from the proposed rate revision exceeds by five (5) percent the total revenues provided by all nonrecurring charges for a recent period of twelve (12) consecutive calendar months ending within ninety (90) days of submitting the tariff filing, the utility shall, in addition to the information established in subsection (1) of this section, file an absorption test.

The proposed nonrecurring charges are not expected to generate more than five percent of the total revenues from non-recurring charges for the 12 month period ending December 31, 2021.

Section 10, Subsection 3(b) The absorption test shall show that the additional net income generated by the tariff filing shall not result in an increase in the rate of return (or other applicable valuation method) to a level greater than that allowed in the most recent general rate case.

Not applicable.

Section 10, Subsection 3(c): As part of the absorption test, a general rate increase received during the twelve (12) month period shall be annualized.

Not applicable.

Section 10, Subsection 4: Upon a utility submitting the tariff filing to the commission, the utility shall transmit by electronic mail a copy in PDF to rateintervention@ag.ky.gov or mail a paper copy to the Attorney General's Office of Rate Intervention, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.

A copy of the tariff filing has been served by email upon each assistant attorney general assigned to the Attorney General's Office of Rate Intervention.

TAB A

PSC KY. NO. 4

CANCELLING PSC KY. NO. 3

McCreary County Water District

OF

McCreary County, Kentucky

RATES – CHARGES – RULES - REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

McCreary County, Kentucky

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

DATE OF ISSUE September 21 2022
Month / Date / Year

DATE EFFECTIVE October 23, 2022
Month / Date / Year

ISSUED BY /s/ Randy Kidd
(Signature of Officer)

TITLE Chairman

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 1

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Monthly Water Rates (Phase 1)

(Effective Through July 26, 2023)

Residential & Non-Residential Meter

First 2,000 gallons \$23.46 Minimum Bill
Over 2,000 gallons \$0.00965 per gallon

Federal Correctional Facility

First 1,950,000 gallons \$14,823.21 Minimum Bill
Over 1,950,000 gallons \$0.00759 per gallon

Cumberland Falls State Park

First 600,000 gallons \$4,560.99 Minimum Bill
All Over 600,000 gallons \$0.00759 per gallon

Whitley County Water District

Oneida, Tennessee \$0.00759 per gallon

Fibrotex USA \$0.00759 per gallon

Pine Knot Job Center \$0.00759 per gallon

McCreary County Housing Authority \$0.00759 per gallon

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who receive service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility. (T)

DATE OF ISSUE August 2, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE July 27, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00301 DATED July 27, 2022

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 2

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Monthly Water Rates (Phase 2)

(Effective After July 26, 2023)

Residential & Non-Residential Meter

First 2,000 gallons	\$24.42 Minimum Bill
Over 2,000 gallons	\$0.01004 per gallon

Federal Correctional Facility

First 1,950,000 gallons	\$15,430.93 Minimum Bill
Over 1,950,000 gallons	\$0.00790 per gallon

Cumberland Falls State Park

First 600,000 gallons	\$4,747.98 Minimum Bill
All Over 600,000 gallons	\$0.00790 per gallon

Whitley County Water District

Oneida, Tennessee \$0.00790 per gallon

Fibrotex USA \$0.00790 per gallon

Pine Knot Job Center \$0.00790 per gallon

McCreary County Housing Authority \$0.00790 per gallon

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who receive service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility. (T)

DATE OF ISSUE August 2, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE July 27, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00301 DATED July 27, 2022

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 3

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Non-Recurring Charges

Connection/Turn-On Charge	\$ 12.50	(N)
Connection/Turn-On Charge (After Hours)*	\$ 50.00	(N)
Termination Charge	\$ 12.50	(N)
Reconnection Charge	\$ 12.50	
Reconnection Charge (After Hours)*	\$ 50.00	(N)
Meter Reread	\$ 12.50	
Service Call/Investigation	\$ 12.50	(N)
Service Call/Investigation (After Hours)*	\$ 50.00	(N)
Meter Test Request	\$ 12.50	
Damage to District Equipment	Actual Cost	(T)
Meter Relocate	Actual Cost	(T)
Meter Connection/Tap-On Charge (5/8-Inch x 3/4-Inch Meter)**	\$800.00	
Meter Connection/Tap-On Charge (All Larger Meters)**	Actual Cost	
Returned Check Fee	\$ 8.05***	
Late Payment Charge	10 percent	(N)
Water Main Extension/Service Line Connection Estimate	Actual Cost	(N)

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 4

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

* Regular working hours for the utility’s maintenance staff is 8:00 a.m. to 4:00 p.m., Monday through Friday, excluding holidays. Upon customer request, and subject to availability of maintenance staff, services may be performed outside regular working hours at the after-hours rate.

**Meter connection fee does not include any expense for boring in rock areas or any expense for rock removal. Customer will be assessed an additional charge for any rock boring or removal. The charge for rock removal shall be applied per linear trench foot and shall not exceed the actual cost of excavation. (N)
(N)
(N)
(N)

***If a returned check charge is assessed against a customer who receives water and sewer service, the revenue from that charge will be allocated equally between the District’s water and sewer operations.

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 5

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

1. DEFINITIONS

a. "Commercial sales" means sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations, business or manufacturing establishments if the water is not used principally in manufacturing or processing functions.

b. "Commission" means Kentucky Public Service Commission.

c. "Customer" shall mean any person, firm, corporation, entity or municipality supplied with water service by McCreary County Water District pursuant to these Rules and Regulations.

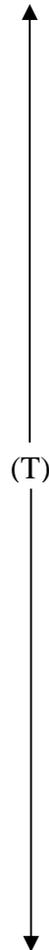
d. "District" means McCreary County Water District acting through its officers, managers, or other duly authorized employees or agents.

e. "Fire department" means a firefighting organization operated and controlled by any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district.

f. "Industrial sales" means sales to manufacturing or processing establishments if the water is used principally in manufacturing or processing function.

g. "Residential sales" means sales to single premise residences, to multiple premises residences where each premise is served through a single Meter, or premises served through a single Meter with multiple owners if the usage is primary for residential purposes.

h. "Standard service" means service supplied through a 5/8-inch by 3/4-inch meter



DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 6

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

2. RULES AND REGULATIONS GOVERNING RENDERING OF SERVICE

These Rules and Regulations, and any subsequent amendments or revisions, govern the District's provision of water service to all customers.

3. REQUESTS FOR WATER SERVICE

a. Each applicant for water service must execute an application and a contract for water service for each Premises for which the applicant seeks water service. The information provided in the application and contract shall be true, accurate and current. The applicant is responsible for advising the District of any changes in the information. Providing false, misleading, or inaccurate information in the application or contract is grounds for discontinuance of water service.

b. Applications for water service are not transferable. New occupants of premises must apply for service before commencing use of water service. If a Customer transfers ownership of the property receiving water service and ceases to reside at the property and the acquiring party or a person acting on behalf of or under the authority of the acquiring party takes possession of the premises and is the primary recipient of water service to that property, the acquiring party or new party in possession must submit an application and execute a contract for water service with the District. The District may, after reasonable notice, discontinue water service to the property until the acquiring party or new party in possession has executed a contract for service.

c. A Customer who has contracted for water service with the District is responsible for payment of all water service furnished to the Premises until such time as the Customer properly notifies the District to discontinue service for his/her account at the Premises.

d. No Customer shall use water for any purpose other than that for which he/she shall have requested service and the District has approved.



DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
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ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

AREA McCreary County, Ky

PSC KY NO. 4

Original SHEET NO. 7

McCreary County Water District

CANCELLING PSC KY NO. _____

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e. No Customer may resell water except as permitted by these Rules and Regulations.

f. The District may refuse service to a Customer with an outstanding, unpaid balance for water or sewer service that the District has previously provided until the balance owed is paid.

g. An Applicant for water service must present identification card containing the applicant's photo. In lieu of photo identification, the applicant may present an alternate form of identification such as an identification card with applicant's name issued by a Kentucky county government or any food stamp identification card, electronic benefit transfer card, or supplemental nutrition assistance card issued by Kentucky state government that shows the applicant's name. A credit card or debit card showing the applicant's name is not an acceptable alternate form of identification.

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h. Unless applicant otherwise advises the District, an application shall be considered an application for standard service. If an applicant requests non-standard service, the applicant must provide justification for the installation of a meter larger than 5/8-inch by 3/4-inch and must pay to the District the cost of any special installation necessary to meet the applicant's requirements.

i. If an applicant requests the District to provide an estimate of the cost to make a connection or main extension and District employees must visit the proposed service site to prepare such estimate, the District may assess a charge to the applicant equal to the labor and travel expenses necessary to prepare the estimate. If the applicant executes a contract for service within 90 days of the District's providing such estimate, the amount charged will be credited to the cost of the service connection or main extension.

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AREA McCreary County, Ky

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4. TERMS AND CONDITIONS OF BILLING AND PAYMENT

a. Bills for water service by Meter will be rendered monthly with ending dates as the District determines.

b. All bills for water and sewer service are due and payable when rendered and are considered delinquent if not paid by the due date set forth on the bill. Failure to pay will render the Customer subject to disconnection and subject to payment of termination and reconnection fees in Tariff. If any bill for water and sewer service is not paid in accordance with this Tariff, the District may discontinue service in accordance with these Rules and Regulations.

c. A Customer is responsible for furnishing the District with the correct billing addresses (e-mail or postal address). Failure to receive a bill does not excuse non-payment nor permit an extension of the date when the account would be considered delinquent.

d. Bills will be sent to the billing address (e-mail or postal address) provided in the application for service unless the District is notified in writing by the Customer of a change of billing address.

e. The District is not bound by bills rendered under mistake of fact as to the quantity of service rendered.

f. If a Customer disputes a bill, the Customer's accounts shall be considered current while the dispute is pending if the customer continues to make undisputed payments and stays current on subsequent bills.

g. The use of water by the same Customer at different premises or localities will not be combined.

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h. If payment is not received by the due date specified on the bill, the Customer will be assessed a Late Payment Charge. Any late payment charge shall be waived for any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or from another public or charitable source.

i. The District maintains a night depository box for the convenience of Customers and retrieves the deposited payments at the start of each business day. Payments deposited in the night deposit box, except for those made in response to a termination for service notice, will be considered as received on the previous business day.

j. Customers may make payment by credit or debit card online, in person at the District's office or at the offices of the District's designated agents, or by telephone. If payment by credit or debit card is attempted and declined, the customer's obligation to pay the billed amount on the due date remains unchanged. Credit and debit card payments are subject to a convenience fee assessed by the card processor (not the District). Prior to processing the transaction, the customer will be informed of the fee amount.

k. A single bill will be issued monthly to the Customer who has executed the current Water Service Contract for the service to Meter connections serving more than one residential or commercial unit. The Customer has is responsible for payment of all charges for service associated with the meter, including all water provided through the meter.

l. Residential Customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers pay a fixed monthly amount determined by the District based on historical or estimated usage. A Customer may enroll in such a plan at any time. The District will issue bills so as to bring each customer's account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a Customer fails to pay

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bills as required under the plan, the District may remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

5. DEPOSITS

a. A minimum deposit of \$50.00 will be assessed upon the Customer’s request for water service. The District may refuse or disconnect service if the deposit is not paid.

b. The District may require a deposit in addition to the initial deposit if a Customer’s classification of service changes or its usage changes substantially change in usage, except that an additional deposit will not be required of a residential customer whose payment record is satisfactory unless the customer’s classification of service changes or the deposit is recalculated at the customer's request in accordance with Commission regulations.

c. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date on the deposit. Interest accrued will be refunded to the Customer or credited to the Customer’s bill on an annual basis, except that no refund or credit will be made if the Customer’s bill is delinquent on the anniversary date of the deposit. If interest is paid or credited to the Customer’s bill prior to twelve (12) months after the date of the deposit or last paid interest date, the payment or credit will be prorated.

d. Upon termination of service, the deposit, any principal amounts, and interest earned, and owing will be credited to the final bill with any remainder refunded to the customer.

e. A deposit may be waived upon a customer’s showing of satisfactory credit or payment history. Deposits will be returned after one (1) year if the Customer has established a satisfactory payment history. In determining whether a Customer has a satisfactory credit or payment history, the District will consider the Customer’s previous payment history with the

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District and, if no previous history with the District, statements from other utilities, banks or other financial institutions attesting to the Customer's payment or credit history.

f. If a deposit has been waived or returned and the Customer fails to maintain a satisfactory payment record, the District may require a deposit. It may also may require a deposit after having waived or returned a deposit if the Customer's classification of service or usage changes.

g. If a deposit is held longer than 18 months, the deposit will be recalculated at the Customer's request based on the customer's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the District may collect any underpayment and shall refund any overpayment by check or credit to the customer's bill. No refund will be made if the customer's bill is delinquent at the time of the recalculation.

6. METER BILL ADJUSTMENT

a. Whenever a meter in service is found upon periodic request or complaint test to be more than two percent (2%) fast, additional tests shall be conducted in accordance with the Commission's regulations to determine the average error of the Meter.

b. If test results on a Customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in instances in which the Customer obtained service through fraud, theft, or deception, the District will determine the period during which the error has existed, and will re-compute and adjust the Customer's bill to provide a refund to the customer or collect any under-billed amount.

c. Any readjustment will be based upon the period during which the error is known to have existed. If this period cannot be determined with reasonable certainty, the time period will be estimated. In all instances of customer over-billing, the Customer's account will be credited, or

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the over-billed amount refunded at the Customer’s discretion within thirty (30) days after final meter test results. A customer will not be required to repay any under-billing over a period less than a period coextensive with the under-billing.

d. The period of recovery for under-billing will be limited to the most recent twenty-four (24) months of under-billing unless the underbilling is the result of Customer fraud, theft or deception. (N)
(N)
(N)

e. If a meter has ceased to register, or a meter reading cannot be obtained, the quantity of water to be billed will be based upon an average of six months’ consumption. If said meter readings are not available for an entire six-month period, the District may estimate water bill, subject to adjustment once a six-month average of actual meter readings can be calculated.

f. When a Meter is found to have an error in excess of two percent (2%) fast or slow the amount of refund or the amount to be collected by the District shall be calculated using that percentage of error as determined by the test. The percent error shall be that difference between one hundred percent (100%) and that amount of error as indicated by the test.

7. NON-RECURRING CHARGES

The District will assess a charge for the following non-recurring services:

a. A Meter Test Charge will be assessed if a customer requests the District performs a test on a Customer’s meter to check for accuracy and the test shows the Customer’s meter is not more than two percent (2%) fast.

b. A Reconnection Charge will be assessed to reconnect service that has been terminated for non-payment of service or for violation of these Rules and Regulations or the Commission regulations.

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c. A Termination Charge will be assessed when a District representative makes a trip to a customer's premises for the purpose of terminating service for nonpayment. (N)

d. A Returned Payment Charge will be assessed when a Customer's payment is not honored by the Customer's financial institution either due to insufficient funds or other reason when the Customer is at fault.

e. A Service Call/Investigation Charge will be assessed when a Customer requests the presence of District personnel to investigate a service problem and the problem is a result of the Customer's own plumbing facilities, beyond the District's delivery point, or not caused by failure of the District's facilities. Any maintenance and repair of facilities beyond the District's delivery point is the responsibility of the Customer. (N)

f. A Customer who maliciously, willfully, or negligently breaks, damages, destroys, uncovers, defaces, or tampers with any structure, appurtenance, or equipment which is part of the District's water works, shall be subject to disconnection of water service and shall pay the cost of repairing or replacing the structure or appurtenance.

g. A Meter Connection Charge will be assessed for initial installation and connection of water service on the Customer's property.

h. A Connection/Turn-on charge will be assessed for a new service turn-on, seasonal turn-on, or temporary service. The charge will not be made for initial installation of service where a Meter Connection/Tap-on Charge is applicable. (N)

i. A customer or other authorized person who requests that a meter be relocated, changed, or modified or requests a meter that has been removed at the customer's request be reset will be assessed the District's cost to perform such relocation, modification or re-setting.

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j. A Late Payment Charge will be assessed if payment is not received by the due date specified on the bill. A late payment charge shall be waived for any bill or portion of a bill for which a customer has received third-party billing assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program or from another public or charitable source.

k. Cost Estimate Charge will be assessed to any person requesting a service connection or water main extension that requires District personnel to travel to the site of the proposed connection or extension and take measurements to determine the cost of the extension or service connection. If requesting party executes an agreement for service or contract for water main extension within 90 days of receiving estimate of length or cost, the amount of charge will be credited to the applicable meter connection charge or water main extension charge.

(N)

8. CUSTOMER COMPLAINTS

A Customer may submit a complaint with the District in person, by telephone, mail or e-mail. The District will address all complaints in accordance the Commission’s regulations.

9. DISCONTINUANCE AND RECONNECTION OF SERVICE

a. Discontinuance of Water Service

(1) A Customer requesting discontinuance of water service or transfer of service to another location shall provide the District with three business days’ notice. Unless the contract for water service provides otherwise, the Customer will not be responsible for charges for service beyond the three (3) day notice period if the Customer provides reasonable access to the meter during the notice period. If the Customer requests discontinuance of service by telephone and a dispute arises regarding the request, he or she bears the burden of demonstrating that the request was made.

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(2) The District may discontinue a Customer's water service for non-payment of bills for water or sewer service upon providing the Customer with at least five (5) days written notice delivered by mail or personally delivered to him/her or a member of his/her household, However, no service will be discontinued until twenty (20) days after the mailing date of the original bill.

(3) Service rendered under any application, contract or agreement may be discontinued without notice for the following reasons:

(a) Fraudulent use of water;

(b) Interfering or tampering by the Customer, or others with the knowledge of the Customer, with any Meter, connection, service pipe, curb stop, seal or any other appliance of the District controlling or regulating the Customer's water supply;

(c) Existence on the Customer's Premises of a dangerous condition relating to water service that could subject a person to imminent harm or result in substantial damage to the property of the District's or others;

(d) Willful or indifferent waste of water due to any cause which adversely affects either water service to other Customers or the District's utility operations;

(e) Unauthorized use by illegal use or theft;

(f) Misrepresentation in the water service application or contract;

(g) Resale of water without the District's approval; or

(h) Connections, cross-connections, or permitting the same of any separate water supply to the Customer's premises.

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(4) Upon ten (10) days advance notice in writing of the reasons for the proposed discontinuance and the corrective action required to avoid discontinuance and the Customer's failure to take such action, the District may discontinue service for the following reasons:

(a) Non-compliance with the Commission's regulations, these Rules and Regulations or, if the Customer also receives sewer service from the District, the District's Rules and Regulations pertaining to sewer service; or

(b) Non-compliance with state, local or other codes; or

(c) For failure to provide the District's employees free and reasonable access to the Premises or for obstructing the way of ingress to the Meter or other appliance of the District controlling or regulating the Customer's water supply; or (N)

(d) For failure to report to the District additions to the property or fixtures to be supplied or additional use to be made of water; (N)

(5) If prior to discontinuance a residential customer presents to the District a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, the District shall not discontinue service before thirty (30) days after the original termination date.

(6) In cases where water is provided to multiple units through a single meter, the person making application shall be responsible for all water bills and other legitimate charges. Any violation of these Rules and Regulations with reference to any of the units, shall be deemed a violation as to all, and the District may enforce compliance with these Rules by shutting off the entire service. (N)

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(7) Discontinuing the supply of water to a Premises for any such reason shall not prevent the District from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.

(8) The District will negotiate reasonable partial payment plans at the request of residential customers who have received a termination notice for non-payment of bills but is not obligated to do so for Customers who are delinquent under an existing partial payment plan. Plans that extend for a period longer than thirty (30) days will be in writing. The District may discontinue Customer's service without additional notice if the customer fails to meet his or her obligations under a partial payment plan.

b. **Renewal of Water Service After Discontinuance**

(1) When water service to a Premises has been terminated for any reason other than temporary vacancy, it will be restored only after the conditions, circumstances or practices which caused its discontinuance are corrected to the District's satisfaction and upon payment of all charges due and payable by the Customer in accordance with these Rules. The District shall reconnect existing service within twenty-four (24) hours or close of the next business day, whichever is later, after correction of the practice or condition giving rise to the discontinuance of service and payment of all charges due and payable.

(2) No Customer whose service has been turned off shall turn on service or have same done by anyone other than the District.

(3) Water service will not be turned on unless the Customer or a representative of the Customer is physically present at the Premises or has executed a Water Turn-on Release Form expressly consenting to the turn on of service without his or her presence or the presence of a representative of the Customer at the Premises.

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c. Service will not be supplied or continued to any premises if at the time of application for service the Applicant is merely acting as an agent of a present or former customer who is indebted to the District for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Absent evidence to the contrary, an applicant will be presumed to be agent of a former customer if (1) the Applicant lived in the customer's household when was service was discontinued for nonpayment; (2) the Applicant was at least 18 years of age at the time the unpaid service was provided to the former customer's household and the Applicant received the benefit of the service; and (3) the former customer is residing in the premises for which the Applicant is requesting water service.

10. METERS

a. Water will be sold by Meter measurement only.

b. All Meters, except detector devices and/or fire service line Meters, will be installed, maintained and replaced by; and at the expense of the District, but in case of damage to such Meters by reason of any act, neglect or omission on the Customer's part the Customer shall pay to the District the cost of the meter's repair upon presentation of a bill for such costs.

c. The District alone shall determine the type and size of Meter that shall be placed on any service pipe, and such Meters will be furnished, installed and removed by the District alone, and shall remain its property.

d. Each Premise shall be supplied through an independent Meter setting unless the District otherwise authorizes.

e. All Meters are accurately tested before installation and are also periodically tested in accordance with the Commission's regulations. The District may at any time remove any Meter



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for periodic tests or for repairs or replacement and may, at its option and expense, test any Meter when the District has reason to believe that it is registering inaccurately.

(N)
(N)

f. The District shall test any Meter upon a Customer's written request if the request is not made more frequently than once each twelve (12) months. The Customer shall be given the opportunity to be present at the requested test. The Customer will be charged a fee of \$12.50 if the said Meter be found less than two percent incorrect to the prejudice of the Customer.

g. The District reserves the right to put seals on any water Meter, or on couplings in and for any premises, and may shut off the supply if such seals are found broken or removed.

h. After meter placement, a Customer may request a change in the meter's location. The District will relocate the Meter at the Customer's expense if the location is acceptable.

i. Meters must be located in a utility easement or public right-of-way.

j. Meters may be located either in an outdoor Meter box or vault, at the option of the District. The location of the Meter must be acceptable to the District and allow for the Meter to be easily examined, tested, repaired, read, removed or replaced. The Meter box or vault shall be located in a convenient and readily accessible location acceptable to the District. The Meter box or vault must be constructed to protect the Meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water. After the District installs a Meter, a Customer shall not tamper with, alter, repair or remove the Meter or allow anyone other than the District to do so. Any plumbing, piping, grading or structural modification which could result in the relocation of the Meter or impact accessibility must first be approved by the District.

(N)

k. The point of delivery is at the meter or vault. Customer is responsible for installation and maintenance of all water lines, plumbing and equipment beyond the meter.

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11. SERVICE LINES

a. The District will furnish and install for the purpose of connecting its distribution system to the Customer's premises that portion of the service connection from its main to and including the meter and meter box. In areas where the District's distribution system follows well-defined streets and roads, the Customer's point of service will be located at that point on or near the street right-of-way or property line most accessible to the District from its distribution system. In areas where the distribution system does not follow streets and roads, the point of service will be located as near the Customer's property line as practicable. Prior to installation of the meter, the District will consult with the Customer as to the most practical location.

b. All service lines must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced except where services are not intended for use during freezing weather and are actually drained during such periods.

c. Customer must present evidence of a plumbing permit from the appropriate regulatory agency before service will be established.

d. The Applicant/Customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of his/her service line plumbing, including a shut-off valve, one-way check valve, and pressure reducing valve, installed on his/her property beginning at the outlet side of the water meter.

e. A service line running from the point of connection to the water main to the point of delivery shall not be located on any private property other than the Applicant's property. No service line running from the point of delivery to the point of consumption shall be located on property other than the Applicant's property unless the Applicant has obtained from the other



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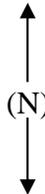
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property owners a private utility easement for the service line and properly recorded such easement with the County Clerk's office.

f. The installation and maintenance of the water service line must be in accordance with these Rules and Regulations and the regulations of the Kentucky Department for Public Health. The service line shall be kept in good repair at all times.



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g. Cross-Connections.

(1) No water service connection shall be made or installed to any residential building unless such service connection is protected by a backflow prevention assembly. Residential service connections shall be considered as low hazard applications and all such connections shall have at a minimum a dual check valve backflow preventer installed between the water meter and the residence. The District may require additional or alternate backflow prevention assemblies if the degree of hazard constitutes a higher level of protection for the public water system.

(2) No water service or supply connection shall be installed or permitted to be installed to any non-residential facility unless the water service connection is protected by a backflow prevention assembly. The type of protection device required shall be determined at the time of installation of the service and shall be commensurate with the degree of hazard at the point of such service connection. At a minimum, the service connection shall be installed with a dual check valve backflow preventer. In the event the purpose or use of a non-residential facility changes and the new purpose or change creates a higher degree of hazard, then customer receiving service at the non-residential facility shall replace the backflow prevention with an assembly that provides acceptable protection.

(3) All water service connections that are in existence as of August 29, 2019 and lack the minimum backflow prevention assemblies required herein shall become compliant with this regulation's requirements within a reasonable period after the Customer or property owner has received notice of the service connection's non-compliance. Installation of the backflow prevention shall be at the Customer or property owner's expense. If the District determines that a hazard to health exists, then a backflow prevention assembly meeting the requirements of this regulation may be installed on an existing service connection. Backflow prevention assemblies shall not be installed on existing service connections until after the Customer or property owner has been informed of the actual and potential hazards that may be created as a result of such backflow assembly installation. Notices provided shall include the following: "When cross

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control devices are properly installed, they create a closed water system. A properly sized thermal expansion tank shall be installed in the cold-water supply located as near the water heater as possible.”

(4) A customer shall make its water system open for inspection at all reasonable times to authorized representatives of the District to determine whether cross connections or other structural or sanitary hazards, including violation of this rule, exist. If the District discovers or learns of such condition, it may deny or immediately discontinue service to the facility by providing a physical break in the service line until the customer has corrected the condition in conformance with state and local laws and regulations. Water service to any facility shall be discontinued if the backflow prevention assembly required by this regulation has been removed, bypassed, or if any unprotected cross connection exists on the premises and will not be restored until such conditions or defects are corrected.

(5) The cross-connection of the District’s system with any auxiliary water supply is prohibited.

(6) No connection shall be made to a premise that has or uses a well that has or is being until District personnel have inspected and verified the well’s disconnection and separation.

h. No service line installation shall use galvanized pipe or fittings.

i. Public Service Commission Regulations provide that in no event shall the pressure at a customer’s service pipe under normal conditions fall below thirty (30) pounds per square inch. Accordingly, no meter shall be located on an Applicant’s service line at a point that does not deliver a minimum pressure of 30 pounds per square inch at the meter point. If the District cannot deliver the minimum required pressure at the proposed meter point, it will undertake reasonable efforts to obtain the minimum pressure and, if such reasonable efforts will not achieve the minimum required pressure, advise the Applicant that service will not be provided and inform him of his or her rights

(N)
(N)
(N)
(N)
(N)
(N)
(N)

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of his or her rights under KRS 278.260 to obtain review of the District's action and will also notify the Public Service Commission of its actions.

j. If the Applicant/Customer's point of usage is at a higher elevation than the meter, the customer should consult with a reputable engineering firm to properly size the service line from the meter to the point of usage.

k. If the Customer engages in repeated acts of theft of service at a specific premises, the District may, after notice to the property owner, remove the service to that premises. Any subsequent request for service will require the payment of an additional connection

l. Piping on the premises of the Applicant/Customer must be installed to ensure that connections are conveniently located with respect to the District's lines and mains. Applicant/Customer must provide a place for metering that is always unobstructed and accessible

m. The District may require the Applicant/Customer at his/her own expense, to install a back-flow preventer and pressure regulator.

n. All taps and connections to the District's mains must be made by or under the direction and supervision of District personnel and will incur a meter connection/tap-on charge.

o. Any customer having boilers and/or pressure vessels that receive water from the District must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the District to be interrupted or discontinued.

p. Any customer desiring nonstandard service shall pay the cost of any special installation necessary to meet his particular requirements for the service other than standard water



(N)
(N)

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taps. This includes fire hydrants, check valves, pressure reducing valves when customer requests pressure less than 100 psi, and surge relief valves.

12. FIRE PROTECTION

a. Fire hydrants installed prior to June 7, 1992, that do not meet the requirements set out in 807 KAR 5066, Section 10(2)(b), shall not be used for firefighting purposes. However, fire departments may access and withdraw water from flush hydrants to fill the tanks on a fire engine for firefighting or fire protection training purposes.

b. Unless otherwise permitted by the District, fire hydrants meeting the requirements of 807 KAR 5:066, Section 10(2)(b) shall be used only by fire departments and only for firefighting and fire training purposes. The use of a fire hydrant by persons other than authorized fire department personnel or for purposes other than firefighting or fire protection training shall be considered a "theft of service" and may be prosecuted in accordance with the laws of the Commonwealth of Kentucky. Unauthorized users shall be assessed an investigation charge, the cost of any damages to the District's property, and the full cost of any water withdrawn.

c. The District will furnish a fire department with water from a fire hydrant connected directly to its water main for a period not to exceed four (4) hours of usage for a fire event. If a fire event requires more than four hours of water usage, the owner of the property on which the fire event occurs may be billed for all water usage in excess of the four hours.

d. Except as noted paragraph c above, a fire department may withdraw water from the District' water distribution system at no charge to fight a fire or train firefighters provided it maintains an estimate of the amount of water used for such purposes during the calendar month and reports the amount of this usage to the District in writing no later than the tenth day of the following calendar month. Negative reports of water usage are required. In lieu of a written report,



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a report may be submitted telephonically or by electronic mail. In such cases, the District will maintain a written record of the report.

e. A fire department that fails to submit the required report in a timely manner shall be assessed the cost of water withdrawn from the District’s system. A non-reporting fire department shall be presumed to use 0.3 percent of the District’s total water sales for the calendar month in which it fails to submit a report. A non-reporting fire department may present evidence of its actual usage to rebut the presumption and the District shall adjust the presumed usage accordingly. In addition, a fire department that fails to submit the required monthly report in a timely manner shall be assess a penalty of \$10.00 for each failure.

f. A non-reporting fire department shall be billed for its water usage for firefighting or fire training purposes at the District’s lowest usage rate block. (N)
(N)

g. The District may install fire hydrants for private fire protection purposes if the requirements of 807 KAR 5066, Section 10(2)(b) are met. The location, installation, and responsibility for the maintenance of such facilities shall be subject to negotiation between the District and the Applicant/Customer. (N)
(N)
(N)
(N)

h. The District reserves the right to determine the delivery point for private fire protection service, including private hydrants, automatic fire sprinkler systems, standpipes, and other appurtenances that a Customer installs to assist in extinguishing fires.

i. The District’s water distribution system is designed primarily for rural domestic consumption. It is not designed nor intended for use for fire protection. Any Customer relying upon the District’s system for fire protection does so at its own risk and assumes full responsibility for the consequences of such reliance.

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13. MONITORING OF CUSTOMER USAGE

At least once annually, the District will monitor each Customer's usage as follows:

a. The customer's annual usage for the most recent 12-month period will be compared with the annual usage for the 12 months immediately preceding that period.

b. If the annual usage for the two periods are substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all customers, no further review will be done.

c. If the annual usages differ by 100 percent or more and cannot be attributed to a readily identified common cause, the District will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year. (T)

d. If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the District will contact the Customer by telephone or in writing to determine whether, there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.

e. Where the deviation is not otherwise explained, the District will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.

f. The District will notify the Customer of the investigation and its findings and will make any refunds or back billing in accordance with the Commission's regulations.

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g. In addition to the annual monitoring, the District will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing processes or customer inquiry.

14. RIGHTS AND RESPONSIBILITIES

a. Customers Requiring Uninterrupted Supply

(1) The District will endeavor to provide reasonable service but does not guarantee a sufficient or consistent pressure or an absolutely uninterrupted supply of water, and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as for steam boilers, domestic hot water systems, gas engines, etc.

(2) The District is not responsible for accidents or damages to fixtures or devices that take a supply of water directly from the service pipes and depend upon the hydraulic pressure of the District's pipe system for supplying water under working pressure.

b. Interruptions in Water Supply

(1) The District reserves the right at any time to shut off the water in the Mains without notice in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for fire protection or other emergencies whenever the public welfare may so require in accordance with Commission Regulations. Notwithstanding any other provision in these Rules or any contract or agreement between the District and any Customer, when, in the District's judgment, sufficient supplies of water are not available to the District, for any reason, to meet all existing and reasonably anticipated demands for service or to preserve and replenish its storage in amounts sufficient to provide fire

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protection on its system, the District shall have the right to restrict, limit, curtail or interrupt water service to or water usage by any Customer or Customers.

(2) The temporary shutting off of water from any Premises for any cause, whether non-payment of bills, leaking pipes, fixtures, etc. shall not cancel a contract for water supply service except at the option of the District or upon notice from the Customer.

c. District's Liability

(1) The District is not liable or responsible to any person or persons for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause whatsoever. The District will use reasonable care and diligence to prevent interruptions and fluctuations in the service but does not guarantee that such will not occur.

(2) The District will make every effort to maintain a pressure on its distribution system that is required for reasonable service and is compliant with federal and state requirements but does not guarantee to furnish at all times any given quantity of water at any given pressure for fire uses or for general purposes.

(3) The District is not responsible for accidents or damages to boilers, hot water tanks, etc., resulting from the discontinuance of service, nor by reason of the breaking of any main, water pipe, fixture or appliance whether owned by the District or Customer. No person shall be entitled to damages or have any portion of a payment refunded for any interruption of service. The District will exercise every care in this matter. In the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.

(4) The District is not an insurer of property or persons and does not undertake to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. It agrees to furnish such supply of water as is available. It shall be free and exempt from any claims

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for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

d. No person shall turn the water on or off at any street valve, District stop, curb stop or other street connection, or at meter setting or meter vault, or disconnect, remove or bypass any meter without the District’s consent. The District has the right to prosecute for any damage resulting from any unauthorized tampering with District property.

e. No electric wires shall be grounded on the District’s mains or on any District Service Lines or pipes or fixtures of any kind which have a metallic connection with the District’s mains.

f. The District retains the right to prosecute for any damage resulting violation of this Rule. Water furnished to any Customer, except if sold to a water utility for resale, is for the Customer’s use only and such water shall not be resold by the Customer to any other person, firm, or corporation on the customer’s premises or for use on any other premise.

g. A Customer shall grant or convey, or shall cause to be granted or conveyed, to the District a perpetual easement and right of way across any property that he or she owns or controls wherever said easement or right of way is necessary for the District’s water facilities and lines necessary to furnish services to the Customer. (N)
(N)
(N)

h. The service connection provided by the District to the Customer has a definite capacity. No addition to the equipment or load connected to the connection is allowed without the District’s consent. Failure to provide notice of additions or changes in load, and to obtain the District’s consent for such additions or changes, shall render the Customer liable for any damage to the District’s lines or equipment caused by the additional or changed installation.

i. An Applicant/Customer is responsible for accurately identifying and marking all underground facilities which it owns and which are located on its property prior to the District’s installation of a service connection from the District’s distribution system to the meter and meter (N)
(N)

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box. Applicant/Customer assumes responsibility for all damages and losses resulting from its failure to accurately identify and mark such facilities and releases and indemnifies the District from any claims for damages that result from the Applicant/Customer's failure to accurately identify and mark such facilities.

(N)
(N)
(N)
(N)
(N)

j. Customer shall notify the District immediately should his or her service be unsatisfactory for any reason or should he or she discover any defects, problems, trouble, or accidents affecting the District's water system.

15. WATER MAIN EXTENSIONS

a. Upon request of applicant(s) for a water main extension, the District shall determine the total length and cost of the proposed extension (exclusive of meter connections). The District shall make an extension of fifty (50) feet or less to its existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more. If the total length of the extension exceeds the product of fifty (50) feet multiplied by the number of applicants, the Applicant(s) shall contract with the District for construction of the extension using one of the following three (3) methods:

(1) Option A. The Applicants shall deposit with the District the total cost of the extension less the cost of fifty (50) feet of the extension for each applicant for service. Unless the Applicants otherwise agreed in writing, each Applicant shall deposit an equal portion of the required amount. The deposit shall not relieve an Applicant from his or her obligation to pay a connection/tap-on fee for a meter connection to the extension. For a period of ten (10) years following completion of the water main extension, the District shall annually refund to the Applicants collectively an amount equal to the cost of fifty (50) feet of the extension for each additional customer who directly connected to the water main extension service during the year. The total amount refunded shall not exceed the amount deposited with the District. At the end of the ten-year period, any portion of deposited funds that have not been refunded shall become the District's property. Applicants making deposits shall be responsible for maintaining a current

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address on file with the District to ensure prompt and correct payment of any refund. Applicants must contract to use the water service for a minimum of one (1) year. In addition, each Applicant shall pay the approved meter connection fee applicable at the time of his or her application for the meter connection. The meter connection fee shall not be considered part of the refundable cost of the extension

(2) Option B. The Applicants shall deposit with the District the total cost of the extension less the cost of fifty (50) feet of the extension for each applicant for service. For a period of five (5) years after construction of the extension, each additional customer whose service line is directly connected to the extension installed, and not to extensions or laterals therefrom, shall be required to contribute to the cost of the extension based on a recomputation of the District’s portion of the total cost and the amount contributed by the customers. The District shall refund to those Customers that have previously contributed to the cost of the extension that amount necessary to reduce their contribution to the currently calculated amount for each Customer connected to the extension. All Customers directly connected to the extension for a five-year period after it is placed in service shall contribute equally to the cost of construction of the extension. In addition, each Customer shall pay the approved tap-on fee applicable at the time of his or her application for the meter connection. The meter connection fee shall not be considered part of the refundable cost of the extension and may be changed during the refund period. After the five-year refund period expires, any additional customer shall be connected to the extension for the amount of the approved tap-on fee only. After the five-year refund period expires, refunds shall be made to all contributing customers using the methodology set forth in Option A.

(3) Option C. Applicants may at their own expense construct the water main extension and donate the extension to the District. The extension shall be construction in accordance with the District’s specifications and subject to the District’s supervision and approval. Applicants shall assume responsibility for and reimburse the District for all legal, engineering, and administrative costs that the District incurs to review, supervise, inspect, and test the water main extension, as well as obtaining all necessary legal and regulatory approvals. Applicants shall

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warrant the fitness of the main extension for a period of one year following the transfer of ownership to the District.

b. Persons requesting a cost estimate of a proposed water main extension that requires District employees to visit the proposed service site to prepare such estimate, the District may assess a charge to the applicant equal to the labor and travel expenses necessary to prepare the estimate. If the applicant executes a contract for service within 90 days of the District's providing such estimate, the amount charged will be credited to the cost of the main. (N)
(N)
(N)
(N)
(N)

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16. LEAK ADJUSTMENTS

a. Any Customer, except a customer purchasing water to provide wholesale water service, may request a bill adjustment for all water usage resulting from a leak in its service line between the meter and the premises. (T) (T)

b. A request for leak adjustment must be in writing on a Leak Adjustment Request Form and made prior to the payment of the bill for which the adjustment is sought.

c. A Customer must provide sufficient evidence to reasonably demonstrate the existence and repair of the leak. Such evidence may include such a plumber's statement, invoices for materials and labor, and sworn affidavits from persons with knowledge of the leak's existence and repair. Plastic pipe for repair of underground water service lines must be certified to withstand a working pressure of 200 pounds per square inch or greater and be CTS pipe. The use of radiator clamps, King Nipples or equivalent will not be accepted. (N) (N) (N) (N) (N) (N)

d. Water usage resulting from the leak will be determined by comparing the Customer's usage during the leak billing period to the Customer's average usage for the previous twelve (12) billing periods. Water usage in excess of the average customer usage will be billed at 50 percent of the applicable rate schedule. If a customer applying for a leak adjustment has not been a customer of the District for twelve (12) consecutive months, the average residential usage will be used to determine the amount of the adjustment.

e. An adjustment may cover a maximum of two billing periods. (N)

f. A customer may receive a leak adjustment only once during a twelve (12) month period.

g. A Customer remains responsible for the full amount of bill pending review of his or her request and his or service will be discontinued for non-payment if not paid in full. If service

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is discontinued, the full amount plus a termination fee and reconnection fee must be paid before service will be restored and any adjustment made, will be credited to the account. (N)

h. No leak adjustment shall exceed \$5,000. (N)

17. SPECIAL USER AGREEMENTS FOR NON-STANDARD SERVICE

An Applicant requesting non-standard service shall execute the applicable agreement as a condition for service:

- a. Agreement for Special Service – Nonstandard Size Meter
- b. Agreement for Multi-Family development (Master Meter)
- c. Agreement for Multi-Family Development (Units with Individual Meters)
- d. Agreement for Mobile Home Park Service (Master Meter)
- e. Agreement for Mobile Home Park Service (Sites with Individual Meters)
- f. Agreement for Special Service – Sprinkler System and Fire Service Connection

If requested non-standard service is not applicable to the contract forms listed above, the District may require Applicant to execute a contract applicable to the requested non-standard service.

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b. Back

Water costs money... don't waste it!
A dripping faucet or fixture can waste 3 gallons a day...a total of 1095 gallons a year.
Conserve Water and Save Money!
A reminder from your local water utility where we're dedicated to quality and service.

Waste per month at 60 psi water pressure			
Diameter of stream	Gallons	Cubic Feet	Units 100 cu. ft.
1/4"	393,833	52,660	520
3/16"	222,000	29,600	296
1/8"	98,666	13,155	131
1/16"	24,666	3,288	32

↑ A continuous leak from a hole this size would, over a one month period, waste water in the amounts shown above.

MAKE CHECK OR MONEY ORDER PAYABLE TO:
McCREARY COUNTY WATER DISTRICT
 P.O. BOX 488 • WHITLEY CITY, KY 42653-0488
 ACCOUNT NUMBER MUST BE ON CHECK

AFTER HOURS EMERGENCY NUMBER: WATER AND SEWER - (606) 376-2941
 Our Drop Box is Located Beside Drive Thru Window.

Failure to Receive Bill Does Not Exempt You From Payment, Late Charges, Collection Fee, or Disconnection.
 It is the Responsibility of You, Our Customer, to Ensure We Have Access to All Water Meters.

For Utility questions or concerns please Phone (606) 376-2540 or Fax (606) 376-5507

CODES WT = WATER
 SWR = SEWER

THIS PORTION MUST BE RETURNED WITH PAYMENT FOR PROPER CREDIT TO YOUR ACCOUNT. WHEN PAYING IN PERSON, PLEASE BRING ENTIRE BILL.

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19. Forms

- a. Application for Water Service (N)
- b. Agreement for Water Service (N)
- c. Agreement for Standard Water Service (New Meter Connection) (N)
- d. Agreement for Special Service – Nonstandard Size Meter
- e. Agreement for Multi-Family Development (Master Meter)
- f. Agreement for Multi-Family Development (Units with Individual Meters)
- g. Agreement for Mobile Home Park Service (Master Meter)
- h. Agreement for Mobile Home Park Service (Sites with Individual Meters)
- i. Agreement for Special Service – Sprinkler System and Fire Service Connection
- j. Request for Leak Adjustment (N)
- k. Partial Payment Plan Agreement (N)
- l. Water Turn-on Release Form (N)

DATE OF ISSUE September 21, 2022
MONTH / DATE / YEAR

DATE EFFECTIVE October 23, 2022
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED _____

**APPLICATION FOR
WATER SERVICE**



**APPLICATION FOR WATER SERVICE
(ALL USERS)**

Date _____

Customer Name _____

Service Address _____ Apt # _____

City/State _____ Zip Code _____

Billing Address (if different from service address):

Street _____

City/State _____ Zip Code _____

Account Holder: First _____ Middle _____ Last _____

DL# _____

Account Holder's Telephone number:

Home _____

Cell _____

Please Circle primary use of building: Residential Commercial

Do you own or rent service address? Own _____ Rent _____

If renting, Name of Landlord/Owner _____

Landlord/Owner Phone # _____

Do you have rental agreement? Yes _____ No _____

If so, please provide a copy of rental agreement with this contract.

Do you owe the District for water service furnished at the service address or another address?
Yes _____ No _____

Is there any person who will be residing at the service address that owes the District for water service furnished at the service address or another address? Yes _____ No _____

May the District contact you by text message to your cell phone to provide you with alerts or other information? Yes _____ No _____

List any person(s) who are authorized to received information regarding your account or to issue instructions to the District regarding your account or service:

1. Name: _____ Relationship: _____

2. Name: _____ Relationship: _____

3. Name: _____ Relationship: _____

OFFICE USE ONLY	
RECEIPT #	_____
DEPOSIT AMOUNT	_____
CASH	CHECK# _____
C/C	MONEY ORDER _____

**AGREEMENT FOR
STANDARD SERVICE**

WATER USER AGREEMENT

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses,

WHEREAS, Applicant desires to purchase water services from the District, Applicant hereby enters into this water user’s agreement as required by the Rules and Regulations of the District;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant at the property located at _____.
2. Applicant agrees to **pay the bill for service** by the due date specified on the bill for water furnished to the property previously identified and to continue to be responsible for such service until the District in writing to the contrary.
3. Applicant agrees to pay a deposit as required by the District’s Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed.
4. Applicant agrees to comply with and be bound by the District’s Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District’s Rules and Regulations, or which the District has or hereafter adopts and imposes.
5. Applicant acknowledges that Applicant’s failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.
6. Applicant represents that all information set forth in its Application Form is true and accurate to the best of Applicant’s knowledge Applicant further acknowledges that providing

false, misleading, or inaccurate information in the application or contract is grounds for discontinuance of water service.

7. This Agreement constitutes all terms and understandings of the Parties regarding the provision of water service to the property previously identified in this Agreement.

APPLICANT: MCCRERY COUNTY WATER DISTRICT:

Signature Signature

Print Name Title

WITNESS: WITNESS:

**AGREEMENT FOR
STANDARD SERVICE
(NEW METER CONNECTION)**

WATER USER AGREEMENT
STANDARD METER SERVICE

This agreement, dated this ____ day of _____, 20__ between _____, (“Customer”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses,

WHEREAS, Customer desires to purchase water services from the District, Customer hereby enters into this water user’s agreement as required by the Rules and Regulations of the District;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Customer in connection with the property to be served by this agreement. The property to be served is a _____ located at _____.

2. Customer understands and agrees that no more than one residence, including mobile homes, or business may connect to one water meter. If multiple buildings are built on the same property, each building must have its own water meter.

3. Customer agrees to **pay a meter connection fee of \$800.00** to the District. Upon payment of this fee, the District agrees to connect to its distribution main and install a standard size (5/8-inch x 3/4-inch) meter service at or near Customer’s property line, subject to distance limitations set forth the District’s Rules and Regulations. Customer shall connect Customer’s service line to the District’s water distribution system and commence to use water from that system on the date water is made available to customer. The District’s charges to Customer will commence upon the date that water service is made available.

4. Customer understands and agrees that Customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of Customer’s service line plumbing, including a shut-off valve, one-way check valve, and pressure reducing valve, installed on Customer’s property beginning at the outlet side of the water meter.

5. Customer agrees that: the service line must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced except where services

are not intended for use during freezing weather and are actually drained during such periods, that the installation and maintenance of the water service line must be in accordance with the District's Rules and Regulations and the regulations of the Kentucky Department for Public Health and that the service line shall be kept in good repair at all times.

6. Customer acknowledges and agrees that evidence of a plumbing permit from the appropriate regulatory agency must be presented to the District before service will be established.

7. Customer acknowledges that Customer is responsible for accurately identifying and marking all underground facilities on Customer's property owned by the Customer and that Customer is responsible for all damages resulting from Customer's failure to do so and releases and indemnifies the District from any claims for damages resulting from Customer's failure to accurately identify and mark such facilities.

8. Customer agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

9. Customer agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Customer has established a satisfactory payment history or upon termination of service and payment of all accounts owed.

10. Customer agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Customer agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

11. Customer acknowledges that Customer's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

12. Customer agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Customer, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Customer for the purpose of ingress to and egress from those lands.

13. This Agreement constitutes all terms and understandings of the Parties regarding the provision of water service to the property previously identified in this Agreement.

[Reserved]

14.

CUSTOMER:

MCCREARY
DISTRICT:

COUNTY

WATER

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR SPECIAL
SERVICE – NONSTANDARD
SERVICE**

**AGREEMENT FOR SPECIAL SERVICE
NON-STANDARD SIZED METER**

This agreement, dated this ____ day of _____, 20__ between _____, (“Customer”), whose mailing address is _____, and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses, and has as its standard domestic service connection a 5/8-inch x 3/4-inch size meter;

WHEREAS, Customer requests and has evidenced to District probable consumption of water in excess to that which the District’s standard size connection can provide; and,

WHEREAS, Customer requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Customer in connection with the property to be served by this agreement. The property to be served is located at _____ and shall be served though a ____-inch meter, which shall be located at a point adjacent to the property, and which the District shall install upon Customer’s payment of \$_____ and Customer’s conveyance of legal title to all lines and appurtenances between the District’s mains and the water meter.
2. Customer shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, for the special connection and, if applicable, a plan showing the location and size of the proposed pipelines and appurtenances, as well as any cross-connections.
3. Customer shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Customer’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter.
4. Customer agrees to pay to the District a service connection fee of \$_____ for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Customer’s property must be separately contracted.
5. Customer agrees to pay a deposit as required by the District’s Rules and Regulations. This deposit is refundable after one (1) year if Customer has established a satisfactory payment history

or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit, if Customer fails to maintain a satisfactory payment record.

6. Customer agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Customer agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

7. Customer agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Customer, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Customer for the purpose of ingress to and egress from those lands.

8. Customer acknowledges that Customer's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

9. Customer agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

10. Customer acknowledges that Customer is responsible for accurately identifying and marking all underground facilities on Customer's property owned by the Customer and that Customer is responsible for all damages resulting from Customer's failure to do so and releases and indemnifies the District from any claims for damages resulting from Customer's failure to accurately identify and mark such facilities.

CUSTOMER:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MULTI-
FAMILY DEVELOPMENT
(MASTER METER)**

AGREEMENT FOR MULTI-FAMILY DEVELOPMENT

MASTER METER

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a Multi-Family Development for rental of housing units within the District’s territory and desires that water service be provided to such development;

WHEREAS, Applicant requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the property to be served by this agreement. The property to be served is located at _____ and shall be served through a ____-inch meter, which shall be located at a point adjacent to the property, and which the District shall install upon Applicant’s payment of \$_____ and Applicant’s conveyance of legal title to all lines and appurtenances between the District’s mains and the water meter.
2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, for the special connection and, if applicable, a plan showing the location and size of the proposed pipelines and appurtenances, as well as any cross-connections.
3. Applicant shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Applicant’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter.
4. Applicant agrees to pay to the District a service connection fee of \$_____ for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Applicant’s property must be separately contracted.

5. Applicant agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit, if Applicant fails to maintain a satisfactory payment record.

6. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

7. Applicant acknowledges that under the monthly charge for service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the District's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility

8. Applicant agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Applicant, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Applicant for the purpose of ingress to and egress from those lands.

9. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

10. Applicant acknowledges that a single bill for water service will be issued monthly to Applicant. Applicant has sole responsibility for payment of all charges for service associated with the meter, including all water provided through the meter.

11. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Applicant's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

12. Applicant acknowledges that Applicant is responsible for accurately identifying and marking all underground facilities on Applicant's property owned by the Applicant and that Applicant is responsible for all damages resulting from Applicant's failure to do so and releases and indemnifies the District from any claims for damages resulting from Applicant's failure to accurately identify and mark such facilities.

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APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MULTI-
FAMILY DEVELOPMENT
(INDIVIDUAL METERS)**

AGREEMENT FOR MOBILE HOME PARK SERVICE

(INDIVIDUAL METERS INSTALLED)

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park within the District’s territory at _____ for the sale or rental of mobile home sites and desires that water service be provided to such mobile home park;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. Applicant shall provide the District or its designated representative with all preliminary plans and specifications of the proposed mobile home park’s internal water distribution system and any water mains or lines or other facilities necessary to connect the proposed mobile home park to the District’s water distribution system and any other documents necessary for the District to review Applicant’s request for service.
2. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution system and any water mains or lines or other facilities that the District or its designated representative requests and that are reasonably necessary to meet the District’s existing or planned specifications or are necessary to ensure the quality and reliability of water service or the District’s operational efficiency and integrity.
3. Prior to the submission of the final plans of the proposed mobile home park’s internal water distribution system to Kentucky Department of Public Health and Department of Building and Construction and to any other applicable regulatory agency, Applicant shall obtain the District’s approval for such plans. No change to the approved plans shall be made without the District’s written consent.
4. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances regarding the plans and specifications. Applicant shall further present evidence of such regulatory approvals to the District.
5. Applicant shall be responsible for all costs of materials and installation of the proposed water lines and appurtenances, necessary to connect the proposed mobile home park to the

District's distribution and all costs arising out of the inspection and testing of the water lines and appurtenances. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

6. Applicant agrees to permit the District's employees, agents, or representatives reasonable access to the proposed mobile home park upon reasonable notice and at reasonable hours to inspect the proposed water lines and appurtenances.

7. Applicant shall not cover with soil or other material any portion of the proposed water lines and appurtenances until the District or its designate representative has inspected the water line or appurtenance. Applicant shall notify the District or its designated representative at least 24 hours in advance of any action to cover any portion of a proposed water line.

8. Upon Applicant's completion of the installation of the proposed water lines, Applicant shall notify the District in writing of the completion.

9. Within 60 days of completion of construction of the proposed water lines and appurtenances but prior to the District's commencement of water service to the proposed mobile home park, Applicant will furnish the District with a copy of the as-built plans for the water lines and shall grant to the District an easement sufficient to install, repair, replace or construct any facilities necessary to serve each site upon which a mobile home will be placed.

10. Applicant shall convey to District legal title to the mobile home park's internal water distribution system, including all pipelines and appurtenances, free of all liens and encumbrances upon completion of the system's construction and testing, subject to the District's acceptance of the conveyance.

11. Applicant agrees to warrant and guarantee that the internal water distribution system is free from all defects due to faulty materials or workmanship and to be responsible for all expenses or costs related to the maintenance and repair of the water distribution system and for any damages resulting from such defects for a period of twelve months from the date of conveyance to the District.

12. Applicant agrees to pay to the District a **meter connection fee of \$800.00** for each standard size (5/8-inch x 3/4-inch) service connection that District installs within the mobile home park.

13. The District agrees to permit one standard service connection for each mobile home site connected to the internal water distribution system and to furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to such site.

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APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MOBILE HOME
PARK SERVICE
(MASTER METER)**

AGREEMENT FOR MOBILE HOME PARK SERVICE

MASTER METER

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park for the sale or rental of mobile home sites within the District’s territory and desires that water service be provided to such mobile home park;

WHEREAS, Applicant requests service through a non-standard size meter;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the property to be served by this agreement. The proposed mobile home park will be located at _____ and shall be served though a _____-inch meter, which shall be located at a point adjacent to the mobile home park site, and which the District shall install upon Applicant’s payment of \$_____ and Applicant’s conveyance of legal title to all lines and appurtenances between the District’s mains and the District’s meter.

2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances.

3. Applicant shall install the proposed pipelines and appurtenances in accordance with the approved plans and specifications from the Applicant’s premises to the District’s meter and shall pay all costs of materials and installation of the proposed lines that may be necessary to tie into the District’s meter. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

4. Applicant agrees to pay to the District a **service connection fee of \$_____** for the installation of the District’s meter. This fee is for one service connection only. Any additional service connection for Applicant’s property must be separately contracted.

5. Applicant agrees to pay a deposit as required by the District's Rules and Regulations. This deposit is refundable after one (1) year if Applicant has established a satisfactory payment history or upon termination of service and payment of all accounts owed. The District retains the right to require a deposit after refunding the original deposit if Applicant fails to maintain a satisfactory payment record.
6. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.
7. Applicant acknowledges that under the monthly charge for service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the District's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility.
8. Applicant agrees to grant to the District, its successors and assigns, a perpetual easement in, over, under and upon real property owned by Applicant, with the right to erect construct, install and law, and thereafter use, inspect, maintain, replace and remove water lines and appurtenant facilities, together with the right to utilize adjoining real property belonging to Applicant for the purpose of ingress to and egress from those lands.
9. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.
10. Applicant acknowledges that a single bill for water service will be issued monthly to Applicant. Applicant has sole responsibility for payment of all charges for service associated with the meter, including all water provided through the meter.
11. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Applicant's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.
12. Applicant acknowledges and agrees that Applicant is responsible for the maintenance and repair of all water lines and appurtenances within the mobile home park and that the District's responsibility for maintain and repair of any water lines or other appurtenances shall not extend beyond the metering point.
13. Applicant acknowledges that Applicant is responsible for accurately identifying and marking all underground facilities on Applicant's property owned by the Applicant and that Applicant is responsible for all damages resulting from Applicant's failure to do so and releases

and indemnifies the District from any claims for damages resulting from Applicant's failure to accurately identify and mark such facilities.

APPLICANT:

MCCREARY COUNTY WATER
DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR MOBILE HOME
PARK SERVICE
(INDIVIDUAL METERS)**

AGREEMENT FOR MOBILE HOME PARK SERVICE
(INDIVIDUAL METERS INSTALLED)

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant has undertaken to establish a mobile home park within the District’s territory at _____ for the sale or rental of mobile home sites and desires that water service be provided to such mobile home park;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. Applicant shall provide the District or its designated representative with all preliminary plans and specifications of the proposed mobile home park’s internal water distribution system and any water mains or lines or other facilities necessary to connect the proposed mobile home park to the District’s water distribution system and any other documents necessary for the District to review Applicant’s request for service.
2. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution system and any water mains or lines or other facilities that the District or its designated representative requests and that are reasonably necessary to meet the District’s existing or planned specifications or are necessary to ensure the quality and reliability of water service or the District’s operational efficiency and integrity.
3. Prior to the submission of the final plans of the proposed mobile home park’s internal water distribution system to Kentucky Department of Public Health and Department of Building and Construction and to any other applicable regulatory agency, Applicant shall obtain the District’s approval for such plans. No change to the approved plans shall be made without the District’s written consent.
4. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, to include the Kentucky Department of Public Health and Department of Building and Construction, of the mobile park site plan showing the location and size of the proposed pipelines and appurtenances regarding the plans and specifications. Applicant shall further present evidence of such regulatory approvals to the District.
5. Applicant shall be responsible for all costs of materials and installation of the proposed water lines and appurtenances, necessary to connect the proposed mobile home park to the

District's distribution and all costs arising out of the inspection and testing of the water lines and appurtenances. Applicant shall further be responsible for all costs that the District may incur to replace existing water distribution lines or construct parallel water distribution lines to ensure adequate water volumes and water pressure to serve the proposed mobile home park.

6. Applicant agrees to permit the District's employees, agents, or representatives reasonable access to the proposed mobile home park upon reasonable notice and at reasonable hours to inspect the proposed water lines and appurtenances.

7. Applicant shall not cover with soil or other material any portion of the proposed water lines and appurtenances until the District or its designate representative has inspected the water line or appurtenance. Applicant shall notify the District or its designated representative at least 24 hours in advance of any action to cover any portion of a proposed water line.

8. Upon Applicant's completion of the installation of the proposed water lines, Applicant shall notify the District in writing of the completion.

9. Within 60 days of completion of construction of the proposed water lines and appurtenances but prior to the District's commencement of water service to the proposed mobile home park, Applicant will furnish the District with a copy of the as-built plans for the water lines and shall grant to the District an easement sufficient to install, repair, replace or construct any facilities necessary to serve each site upon which a mobile home will be placed.

10. Applicant shall convey to District legal title to the mobile home park's internal water distribution system, including all pipelines and appurtenances, free of all liens and encumbrances upon completion of the system's construction and testing, subject to the District's acceptance of the conveyance.

11. Applicant agrees to warrant and guarantee that the internal water distribution system is free from all defects due to faulty materials or workmanship and to be responsible for all expenses or costs related to the maintenance and repair of the water distribution system and for any damages resulting from such defects for a period of twelve months from the date of conveyance to the District.

12. Applicant agrees to pay to the District a **meter connection fee of \$800.00** for each standard size (5/8-inch x 3/4-inch) service connection that District installs within the mobile home park.

13. The District agrees to permit one standard service connection for each mobile home site connected to the internal water distribution system and to furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to such site.

[Remainder of Page Intentionally Left Blank]

APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**AGREEMENT FOR SPECIAL
SERVICE – SPRINKLER SYSTEM
AND FIRE SERVICE CONNECTION**

AGREEMENT FOR SPRINKLER SYSTEM AND FIRE SERVICE CONNECTION

This agreement, dated this ____ day of _____, 20__ between _____, (“Applicant”), whose address is _____ and McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653, (“the District”) (collectively “the Parties”);

WITNESSETH:

WHEREAS, the District operates a central water system in McCreary County, Kentucky for domestic, livestock, lawn, garden and other uses;

WHEREAS, Applicant proposes to construct a private fire protection system to protect its facilities located at _____ and has requested water service for that fire protection system from the District’s water distribution system;

Now THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set out, subject to the Rules and Regulations of the District and Kentucky Public Service Commission, it is hereby understood and agreed by the parties hereto as follows:

1. “Private fire protection system” means a private hydrant, automatic fire sprinkler system, standpipe or other appurtenances that the Applicant installs to assist in extinguishing fires.
2. Applicant shall take the necessary actions to obtain the approval of the appropriate governmental agencies, including the Kentucky Department of Housing, Buildings and Construction, of its proposed fire protection plans and specifications.
3. Applicant shall obtain the approval of the Kentucky Department of Housing, Buildings and Construction and the Kentucky Department of Public Health and any other applicable governmental agency of the proposed means of prevention of cross-connection or backflow prevention. At a minimum, Applicant shall install double-acting backflow preventers to the proposed fire protection system.
4. Applicant agrees to install all pipelines and appurtenances in accordance with the specifications of the District’s existing or planned distribution system.
5. Applicant agrees to pay the cost of all materials and installation of proposed service lines, including any lines and appurtenances outside of Applicant’s property necessary to serve the proposed fire protection system. Applicant further agrees to pay the cost of the upsizing of existing water lines or construction of parallel water lines to provide adequate pressure and volume at the point of delivery.
6. Applicant agrees to convey to the District full and unencumbered legal title to the facilities installed by the Applicant between the District’s main and delivery point. If water service to the fire protection system is provided through an unmetered connection, the delivery point shall be that point where the service line crosses on to the Applicant’s property. If water service to the fire protection system is provided through a metered connection, the delivery point shall be the

metering point and includes the main valve pit. Upon conveyance of such facilities, the District assumes full responsibility for the operation and maintenance of those facilities.

7. If water service to the fire protection system is provided through a metered connection, the Applicant shall pay a meter connection fee of \$_____ for a _____-inch meter service connection. This fee is for one service connection only. Any additional service connection for Applicant's property must be separately contracted.

8. Applicant shall be assessed a monthly minimum charge of \$_____, which is intended to recover the costs identified in 807 KAR 5:095, Section 5(3) and shall be charged the lowest rate block set forth in its filed tariff for water actually used.

9. If water service to the fire protection system is provided through an unmetered connection, the Applicant shall (a) annually provide to the District its reasonable estimate of water usage for flushing, testing or other purposes and the basis for its estimate; and (b) provide within one month after water service is used to fight a fire its estimate of the water usage to fight the fire and the basis for its estimate.

10. If Applicant's fire protection system includes a fire sprinkler system, Applicant shall annually report to the District (a) the location of the fire sprinkler system, (b) any change in the fire sprinkler system's operating status; (c) the performance of any required maintenance on the fire sprinkler system; and (d) the results of any test or inspection of the fire sprinkler system that 815 KAR 10:060 requires.

11. Applicant agrees and warrants that the fire protection system will be maintained in good and correct condition so as to prevent water loss and contamination of facilities. Should the Applicant fail to properly maintain its fire protection system, the Applicant agrees to reimburse the District for the cost of water loss due to effects of Applicant's failure. Applicant further agrees that its failure to properly maintain its fire protection system constitute adequate grounds for the District to terminate water service to the Applicant.

12. Applicant acknowledges that the District's water distribution system is designed primarily for rural domestic consumption and is not designed nor intended for use for fire protection. Applicant relies upon the District's system for fire protection at its own risk and assumes full responsibility for the consequences of such reliance.

13. Applicant acknowledges the District does not guarantee to furnish at all times any given quantity of water at any given pressure for fire uses or for general purposes.

14. Applicant agrees to indemnify and hold harmless the District from any claim for damages for any loss Applicant suffers because of non-availability of water, loss of water pressure, reduced flow, or any other act or omission of the District.

15. Applicant agrees to comply with and be bound by the District's Rules and Regulations, now in force or as hereafter duly and legally supplemented, amended, or changed. Applicant agrees to pay for water at such rates, time and place as shall be determined by the District and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Rules and Regulations, or which the District has or hereafter adopts and imposes.

16. Applicant acknowledges that Applicant's failure to water charges duly imposed will result in the following consequences: (a) Nonpayment after the due date of the original bill will result in a penalty of **10 percent** of the delinquent amount; (b) Nonpayment within twenty (20) days from the mailing date of the original bill may result in termination of service; and (c) A **termination fee of \$12.50** and a **reconnection fee of \$12.50** will be assessed if service is terminated for non-payment.

17. Applicant agrees that no present or future source of water will be connected to any water lines served by the District's water lines and will disconnect from Customer's present water supply prior to connecting to and switching to the District's system and will eliminate present or future cross-contamination.

18. The District shall furnish, subject to the limitations set out in its Rules and Regulations and its rate schedules filed with the Public Service Commission of Kentucky now in force or as hereafter duly and legally supplemented, amended, or changed, water service to Applicant in connection with the fire protection system to be served by this agreement.

19. If water service to the fire protection system is provided through a metered connection, the District agrees to permit a valve pit at a point adjacent or near the Applicant's facility.

20. Water service will be provided after the installation of all lines and appurtenances is completed and the Applicant has conveyed title to all lines and appurtenances, including any valve pit, to the District. The District If service is dependent on the extension or construction of any District facility, service will not be available until such construction is completed.

APPLICANT:

MCCREARY COUNTY WATER DISTRICT:

Signature

Signature

Print Name

Title

WITNESS:

WITNESS:

**REQUEST FOR LEAK
ADJUSTMENT**



LEAK ADJUSTMENT REQUEST

Account Name: _____

Service Address: _____

Account Number: _____

1. Date of Repairs: _____

2. Person or Firm Making Repairs _____

3. Materials Used For Repairs: _____

_____.

(Attach receipts for materials used.)

4. Attached a copy of Plumber's Statement regarding repairs if Plumber performed the repairs.

5. Leak Location: _____

a. State Distance from Meter Box _____ feet

b. State Distance from House _____ feet

c. Check all applicable items

_____ Feet from Meter Box

_____ Outside House

_____ Feet from House

_____ Underground Line

_____ Inside House or Structure

_____ Outside Faucet or Spicket

_____ Toilet

Customer acknowledges that the water usage resulting from the leak will be determined by comparing the Customer's usage during the leak billing period to the Customer's average usage for the past twelve (12) billing periods. Water usage in excess of the average customer usage will be billed at 50 percent of the applicable rate schedule. If a customer applying for a leak adjustment has not been a customer of McCreary County Water District ("the District") for 12 consecutive months, the average residential usage will be used to determine the amount of the adjustment. If the Customer's request for an adjustment is approved, its bill for water service during the month in which the leak occurred will be equal to the sum of the cost of water for the Customer's average monthly water usage billed at the District's existing rate schedule and the cost of the water in excess of the Customer's average monthly water usage billed at 50 percent of the applicable rate schedule.

Customer further acknowledge that until Customer's request for an adjustment is approved, the Customer is responsible for the amount billed for water service and the Customer's failure to pay this bill by the billing due date may result in the discontinuance of water service for non-payment. If disconnected for non-payment, the Customer will be required to pay the full amount owed for water service plus the District's current fee for service reconnection before the Customer's water service will be restored and any adjustment is credited to the Customer's account.

Customer further acknowledges that the Customer may apply and receive a leak adjustment only once during a 12-month period and that any adjustment will cover no more than two billing periods.

Customer acknowledges that no adjustment to the Customer's bill for water service will be made until this form, completed in its entirety, signed and dated, receipts and a plumber's statement (if applicable), are returned to the District.

Customer hereby verifies that the Customer has read the information given above and that all statements are true and correct, and that the excess usage in my plumbing system has now been corrected.

Customer's Name: _____

Customer's Phone Number: _____

SIGNED: _____

DATE: _____

PAYMENT PLAN AGREEMENT



Payment Agreement

Account Number: _____ Date: _____, 20__

Account Holder Name: _____

Address: _____

Phone: _____

Account Holder owes McCreary County Water District \$ _____ for water service previously provided and agrees to pay the sum of \$ _____ today and to make payments as listed below on the unpaid balance as well as keep current my regular monthly charges.

Date	Amount	Date	Amount
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____
_____/_____,20__	_____	_____/_____,20__	_____

I have been advised and fully understand that if I fail to make a scheduled payment by the specified date, McCreary County Water District may immediately discontinue my water service and the unpaid balance will become immediately due. Once discontinued, water service will not be restored until the unpaid balance and a reconnection fee are paid.

Customer's Signature

Employee's Signature

McCreary County Water District does not discriminate on the basis of race, color, national origin, sex, age or disability in employment or the provision of services.

WATER TURN-ON RELEASE



**McCreary County Water District
Water Turn-On Release Form**

I am the owner or lawful tenant of the premises located _____ (hereinafter the "Premises"). I have been advised of McCreary County Water District's rule prohibiting the turn-on of water service unless the Customer or the Customer's representative is physically present at the Premises at the time of turn-on. I have also been advised that the purpose of this rule is to prevent potential water damage if water service is restored and faucets, valves, or other uses of water in a premises have been left on or faulty and water runs without proper supervision. Notwithstanding the potential consequences of such an event, I request and authorize the District to turn on water service, both for initial service and turn-ons following a disconnection, even if no one is present at the Premises. I understand that I should turn off all faucets and valves, and confirm their proper operating condition, or turn off the main shut-off valve, and take other precautions necessary to avoid water damage when the water is turned on and no one is present at the Premises.

In consideration of having the District turning on the water service to the Premises when I am not physically present at the Premises:

1. For myself and for my heirs, executors, successor and assigns, I hereby to the fullest extent permitted at law and equity release and forever discharge the District and the District's commissioners, officers, employees and agents from all claims, demands, damages and causes of action relating to any property damage or personal injury, including death, arising from or related to the turning on of water service to the Premises when I or my representative is not present at the Premises.
2. For myself and for my heirs, executors, successor and assigns, I hereby to the fullest extent permitted at law and equity agree to defend, protect, hold harmless and indemnify the District and the District's commissioners, officers, employees and agents from and against any and all claims, demands, damages and causes of action relating to any property damage or personal injury, including death, arising from or related to the turning on of water service to the Premises when I or my representative is not present at the Premises.

I provide the above release and indemnity on the date written below.

Signature: _____

Printed Name: _____

Date: ____/____/____

TAB B

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Reconnection Charge (After Hours)

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

<u>1 hour</u>	<u>\$41.25</u>
---------------	----------------

Total Field Expense \$41.25

2. Clerical and Office Expense

A. Supplies \$5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ 7.50

Total Nonrecurring Charge Expense \$53.75

Use: **\$50.00**

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Call Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

Total Field Expense \$ _____

2. Clerical and Office Expense

A. Supplies \$ 5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ _____

Total Nonrecurring Charge Expense \$ 12.50

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Call Charge (After Hours)

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

<u>1 hour</u>	<u>\$41.25</u>
---------------	----------------

Total Field Expense \$41.25

2. Clerical and Office Expense

A. Supplies \$5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ 7.50

Total Nonrecurring Charge Expense \$53.75

Use: **\$50.00**

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Termination Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

Total Field Expense \$ _____

2. Clerical and Office Expense

A. Supplies \$ 5.00

B. Labor _____

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation \$ 7.50

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Total Miscellaneous Expense \$ _____

Total Nonrecurring Charge Expense \$ 12.50

TAB C

NOTICE

On or about September 22, 2022, McCreary County Water District (“McCreary District”) will file revised tariff sheets with the Kentucky Public Service Commission to establish new charges and revised conditions for its provision of water service. In this filing, McCreary District proposes to establish the following new charges:

Late Payment Charge	10 percent
Connection/Turn-On Charge	\$12.50
Connection/Turn-On Charge (After Hours)	\$50.00
Reconnection Charge (After Hours)	\$50.00
Service Call/Investigation Charge	\$12.50
Service Call/Investigation Charge (After Hours)	\$50.00
Termination of Service for Nonpayment Charge	\$12.50
Excessive Rock Removal Charge	Actual Cost
Water Main/Service Line Cost Estimate	Actual Cost

The revised conditions of service include:

- Limiting a leak adjustment to \$5,000 and excluding wholesale water providers from applying for a leak adjustment;
- Prohibiting service to an applicant for service whose proposed service line will run across another’s property unless the applicant presents evidence of a properly recorded private utility easement(s) for the proposed service line;
- Imposing limits on the installation of fire hydrants;
- Imposing limits on the amount of water provided at no charge for firefighting;
- Requiring an applicant to present an accepted form of identification when applying for service; and
- Permitting McCreary District to deny service to applicants who are acting as an agent of a present or former customer who is indebted to McCreary District for service previously supplied at the same or other premises until payment for such indebtedness is made.

McCreary District proposes to place its proposed charges and revised conditions of service into effect on October 23, 2022. The proposed revisions will not affect any customer’s bill for water usage.

Any person may examine the proposed tariff filings at McCreary District’s office at 456 North Hwy 27, Whitley City, Kentucky 42653, Monday through Friday, 8:00 a.m. to 4:00 p.m., or at the Public Service Commission’s offices located at 211 Sower Boulevard, Frankfort, Kentucky,

Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at <https://psc.ky.gov/trf4/TRFListFilings.aspx?Mode=1>.

Comments regarding the proposed revisions may be submitted to the Public Service Commission by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602 or by e-mail to psc.tariffs@ky.gov.

The proposed revisions are the rate and conditions of service proposed by McCreary District. However, the Public Service Commission may order rates to be charged and conditions of service to be observed that differ from those proposed. Such action may result in rates and conditions of service for consumers other than those set forth in this notice.

A person may submit a timely written request for intervention to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the tariff filing.

McCreary County Water District
Initial Date of Publication: September 21, 2022

TAB D

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Title Page

	Name of Respondent	Addr. Line 1	Addr. Line 2	City	State	Zip
Water Districts/Associations						
Annual Report of						
Respondent	McCreary County Water District	P O Box 488		Whitley City		42653

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Principal Payment and Interest Information

	Amount	Yes/No	PSC Case No.
Amount of Principal Payment During Calendar Year	\$329,478.73		
Is Principal Current?		Y	
Is Interest Current?		Y	
Has all long-term debt been approved by the Public Service Commission?		Y	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Services Performed by Independent CPA

	Yes/No	A/C/R	Audit Date
Are your financial statements examined by a Certified Public Accountant?	Y		
Enter Y for Yes or N for No	Y		
If yes, which service is performed?			
Enter an X on each appropriate line			
Audit		X	
Compilation			
Review			
Date of Audit			
Please enclose a copy of the accountant's report with annual report.			

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Additional Requested Information

Name		Electronic Info
Name of Utility and Web Address	McCreary County Water District	mccreary water.com
Contact Name and Email Address	Stephen Whitaker	stepwhitaker@gmail

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Additional Information Required

Case Num	Date	Explain
----------	------	---------

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Major Water Projects

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

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

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

Projected Costs and Funding Sources/Amounts:

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

Location: (community, area or nearby roads)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Legal Name (Ref Page: 4)

1. Exact name of utility making this report.

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

McCreary County Water District

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Location (Ref Page: 4)

	Name	Address	City	State	Zip	Phone
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.						
principal office in KY	McCreary County Water District	456 N Highway 27	P. O. Box 488 Whitley City	KY	42653	(606) 376-2540
Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.						
	Stephen Whitaker	456 N Highway 27	P O Box 488 Whitley City	KY	42653	(606) 376-2540
Location where books are located	Ohio County Water District	456 N Highway 27	P O Box 488 Whitley City	KY	42653	
Name of the Headquartered County						

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Date Organized (Ref Page: 4)

Date
11/16/1962

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Laws of Organization (Ref Page: 4)

List

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

Date and Authority for each consolidation and each merger.

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History-Departments (Ref Page: 4)

List

State whether respondent is a water district or association

Water District

Name all operating departments other than water

N/A

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History - Counties (Ref Page: 5)

McCreary

25200 McCreary County Water District 01/01/2021 - 12/31/2021

History - Number of Employees (Ref Page: 5)

	Count
Number of Full-time employees	20
Number of Part-time employees	7

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Contacts (Ref Page: 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires	County of Residence
Person to send correspondence:	Superintendent	Whitaker	Stephens	P O Box 488 Whitley City, KY 42653			
Person who prepared this report	CPA	Gilbert	Veronica	490 Pritchardsville Rd, Glasgow KY 42141			
Managers	Superintendent	Whitaker	Stephens	PO Box 488 Whitley City, KY 42653	\$97,606.00		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Commissioners (Water Districts Only)

Item Type either Yes or No

Have visited the Water Commissioner site using the link provided below. Yes

Attest Commissioners listed below are correct for the report period and current commissioner details are up to date. Yes

Title	First Name	Last Name	Appointment	TermExpires	County Of Residence	Salary
Chairman	Randy	Kidd	11/10/2019	11/6/2023	McCreary	6000.00
Secretary	Maynard	New	11/12/2017	11/6/2021	McCreary	6000.00
Commissioner	Doug	Sexton	11/6/2020	11/6/2024	McCreary	6000.00
Commissioner	Mark	Sumner	10/11/2021	11/6/2025	McCreary	6000.00
Commissioner	Coy	Taylor	11/6/2018	11/6/2022	McCreary	6000.00
Treasurer	Raymond	Taylor	11/6/2020	11/6/2024	McCreary	6000.00

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
UTILITY PLANT		
Utility Plant (101-106)	\$46,202,252.96	\$46,808,106.82
Less: Accumulated Depreciation and Amortization (108-110)	\$19,149,242.58	\$19,795,565.42
Net Plant	\$27,053,010.38	\$27,012,541.40
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$27,053,010.38	\$27,012,541.40
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)	\$583,010.68	\$591,717.55
Other Special Funds (127)		
Total Other Property and Investments	\$583,010.68	\$591,717.55
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$1,000.00	\$1,800.00
Special Deposits (132)	\$272,068.33	\$582,077.08
Other Special Deposits (133)		
Working Funds (134)	\$71,572.11	\$170,945.56
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$692,286.80	\$728,097.98
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)	\$1,506,745.59	\$1,668,645.00
Materials and Supplies (151-153)	\$114,090.33	\$135,342.02
Stores Expense (161)		
Prepayments (162)	\$1,131.63	\$1,131.63
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)	\$2,818.80	\$5,277.60
Accrued Utility Revenues (173)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$2,661,713.59	\$3,293,316.87
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)		
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)	\$760,684.65	\$648,521.15
Research and Development Expenditure (187)		
Total Deferred Debits	\$760,684.65	\$648,521.15
TOTAL ASSETS AND OTHER DEBITS	\$31,058,419.30	\$31,546,096.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
EQUITY CAPITAL		
Appropriated Retained Earnings (214)	(\$12,681,164.34)	(\$12,876,708.88)
Retained Earnings From Income before contributions (215.1)		
Donated Capital (215.2)	\$29,356,261.75	\$29,839,984.23
Total Equity Capital	\$16,675,097.41	\$16,963,275.35
LONG-TERM DEBT		
Bonds (221)	\$8,681,805.85	\$8,296,558.61
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$4,726,761.11	\$4,508,626.54
Total Long Term Debt	\$13,408,566.96	\$12,805,185.15
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$123,424.35	\$246,879.86
Notes Payable (232)		\$524,131.66
Accounts Payable to Associated Co. (233)	\$85,313.15	\$86,806.97
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$39,510.80	\$39,871.30
Accrued Taxes (236)	\$7,605.65	\$8,881.11
Accrued Interest (237)	\$96,995.95	\$114,900.26
Matured Long-Term Debt (239)	\$427,030.56	\$481,101.84
Matured Interest (240)		
Tax Collections Payable (241)	\$12,718.83	\$11,578.28
Misc. Current and Accrued Liabilities (242)	\$173,392.29	\$204,398.61
Total Current and Accrued Liabilities	\$965,991.58	\$1,718,549.89
DEFERRED CREDITS		
Unamortized Premium on Debt (251)	\$8,763.35	\$59,086.58
Advances for Construction (252)	\$0.00	
Other Deferred Credits (253)		
Total Deferred Credits	\$8,763.35	\$59,086.58
OPERATING RESERVES		
Accumulated Provision For:		
Property Insurance (261)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Previous Year	Current Year
Injuries and Damages (262)		
Pensions and Benefits (263)		
Miscellaneous Operating Reserves (265)		
Total Operating Reserves		
Total Equity Capital and Liabilities	\$31,058,419.30	\$31,546,096.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
UTILITY OPERATING INCOME		
Operating Revenues (400)	\$3,781,410.23	\$4,359,028.72
Operating Expenses (401)	\$2,938,995.76	\$3,127,798.16
Depreciation Expenses (403)	\$1,092,601.00	\$1,070,301.01
Amortization of Utility Plant Acquisition Adjustment (406)	\$43,068.84	\$43,068.84
Amortization Expense (407)		
Taxes Other Than Income (408,10-408,13)	\$75,522.64	\$77,515.70
Utility Operating Expenses	\$4,150,188.24	\$4,318,683.71
Utility Operating Income	(\$368,778.01)	\$40,345.01
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)		
Total Utility Operating Income	(\$368,778.01)	\$40,345.01
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$11,151.72	\$5,094.58
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		\$7,031.00
Miscellaneous Nonutility Expenses (426)	\$63,648.31	
Total Other Income and Deductions	(\$52,496.59)	\$12,125.58
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408,20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$256,388.93	\$250,863.29
Amortization of Debt Discount and Exp. (428)		
Amortization of Premium on Debt (429)	(\$79.91)	(\$2,230.93)
Total Interest Expense	\$256,309.02	\$248,632.36
EXTRAORDINARY ITEMS		
Extraordinary Income (433)		
Extraordinary Deductions (434)		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
Total Extraordinary Items		
NET INCOME BEFORE CONTRIBUTIONS	(\$677,583.62)	(\$196,161.77)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Statement of Retained Earnings (Ref Page: 12)

Description	Total
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end;)	
Total Appropriated Retained Earnings	
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	(\$12,681,164.34)
Balance transferred from Net Income Before Contributions (435)	(\$196,161.77)
Changes to account:	
Appropriations of Retained Earnings (436)	
Adjustments to Retained Earnings (439) (requires Commission approval prior to use):	
Credits	\$617.23
Debits	
Balance End of Year	(\$12,876,708.88)

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Tapping Fees	Grants	Other	Total
Donated Capital (215.2)				
Balance Beginning of the Year	\$1,949,358.51	\$26,000,966.87	\$1,405,936.37	\$29,356,261.75
Credits				
Proceeds from capital contributions (432)	\$51,275.00	\$400,650.30	\$31,797.18	\$483,722.48
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
Balance End of Year	\$2,000,633.51	\$26,401,617.17	\$1,437,733.55	\$29,839,984.23

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Utility Plant in Service (101)	\$46,271,536.35
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased of Sold (104)	
Construction Work in Progress (105)	\$536,570.47
Completed Construction Not Classified (106)	
Total Utility Plant	\$46,808,106.82

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accumulated Depreciation (Acct. 108) (Ref Page: 13)

Description	Total
Balance First of Year	\$19,052,337.94
Credit during year	
Accruals Charged to Account 108.1	\$1,070,301.00
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify) (specify)	
Salvage Value Recovered on Plant Retired	
Other Credits (specify)	
Total Credits	\$1,070,301.00
Debits during year:	
Book Cost of Plant Retired	\$467,047.00
Cost of Removal	
Other Debits (specify)	
Total Debits	\$467,047.00
Balance at End of Year	\$19,655,591.94

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr (f)	Intrngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Organization (301)									
Franchises (302)									
Land and Land Rights (303)	\$430,269.46	\$0.00	\$0.00	\$430,269.46	\$0.00	\$0.00	\$166,033.46	\$0.00	\$264,236.00
Structures and Improvements (304)	\$12,360,575.21	\$0.00	\$0.00	\$12,360,575.21	\$258,270.00	\$8,369,915.12	\$2,338,290.00	\$934,315.95	\$459,784.14
Collecting and Impounding Reservoirs (305)	\$678,634.00	\$0.00	\$0.00	\$678,634.00	\$0.00	\$678,634.00	\$0.00	\$0.00	\$0.00
Lakes, Rivers and Other Intakes (306)	\$3,081,820.59	\$0.00	\$0.00	\$3,081,820.59	\$0.00	\$0.00	\$3,081,820.59	\$0.00	\$0.00
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)	\$86,114.00	\$0.00	\$0.00	\$86,114.00	\$0.00	\$86,114.00	\$0.00	\$0.00	\$0.00
Power Generation Equipment (310)	\$225,000.00	\$0.00	\$0.00	\$225,000.00	\$0.00	\$225,000.00	\$0.00	\$0.00	\$0.00
Pumping Equipment (311)	\$1,651,453.74	\$0.00	\$0.00	\$1,651,453.74	\$0.00	\$1,651,453.74	\$0.00	\$0.00	\$0.00
Water Treatment Equipment (320)	\$3,246,627.97	\$0.00	\$0.00	\$3,246,627.97	\$0.00	\$0.00	\$3,246,627.97	\$0.00	\$0.00
Distribution Reservoirs and Standpipes (330)	\$3,385,134.14	\$0.00	\$0.00	\$3,385,134.14	\$0.00	\$0.00	\$0.00	\$3,385,134.14	\$0.00
Transmission and Distribution Mains (331)	\$14,300,661.14	\$2,273,591.97	\$443,147.00	\$16,131,106.11	\$0.00	\$0.00	\$0.00	\$16,131,106.11	\$0.00
Services (333)	\$1,344,171.75	\$29,030.40	\$0.00	\$1,373,202.15	\$0.00	\$0.00	\$0.00	\$1,373,202.15	\$0.00
Meters and Meter Installations (334)	\$1,152,679.44	\$19,353.60	\$0.00	\$1,172,033.04	\$0.00	\$0.00	\$0.00	\$1,172,033.04	\$0.00
Hydrants (335)	\$230,503.67	\$4,704.00	\$0.00	\$235,207.67	\$0.00	\$0.00	\$0.00	\$235,207.67	\$0.00
Backflow Prevention Devices (336)									

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr (f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmt.	Trans. and Distr.	General Plant
Other Plant and Misc. Equipment (339)	\$979,539.15	\$0.00	\$0.00	\$979,539.15	\$0.00	\$0.00	\$968,000.00	\$0.00	\$11,539.15
Office Furniture and Equip. (340)	\$121,193.35	\$16,698.17	\$0.00	\$137,891.52	\$0.00	\$0.00	\$0.00	\$0.00	\$137,891.53
Transportation Equipment (341)	\$310,517.28	\$47,913.00	\$23,900.00	\$334,530.28	\$0.00	\$0.00	\$0.00	\$0.00	\$334,530.28
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)	\$49,552.18	\$0.00	\$0.00	\$49,552.18	\$0.00	\$0.00	\$0.00	\$0.00	\$49,552.18
Laboratory Equipment (344)	\$78,000.00	\$0.00	\$0.00	\$78,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$78,000.00
Power Operated Equipment (345)	\$549,957.14	\$0.00	\$0.00	\$549,957.14	\$0.00	\$0.00	\$0.00	\$0.00	\$549,957.14
Communication Equipment (346)									
Miscellaneous Equipment (347)	\$84,888.00	\$0.00	\$0.00	\$84,888.00	\$0.00	\$0.00	\$0.00	\$0.00	\$84,888.00
Other Tangible Plant (348)									
Total Water Plant	\$44,347,292.21	\$2,391,291.14	\$467,047.00	\$46,271,536.35	\$258,270.00	\$11,011,116.86	\$9,800,772.02	\$23,230,999.06	\$1,970,378.42

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Balance Beg Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Organization (301)						
Franchises (302)						
Land and Land Rights (303)						
Structures and Improvements (304)	\$3,814,672.97	\$317,404.00	\$0.00	\$0.00	\$0.00	\$4,132,076.97
Collecting and Impounding Reservoirs (305)	\$675,100.10	\$10,858.00	\$0.00	\$0.00	\$0.00	\$685,958.10
Lake, River and Other Intakes (306)	\$844,381.00	\$120,656.00	\$0.00	\$0.00	\$0.00	\$965,037.00
Wells and Springs (307)						
Infiltration Galleries and Tunnels (308)						
Supply Mains (309)	\$86,114.00	\$1,378.00	\$0.00	\$0.00	\$0.00	\$87,492.00
Power Generating Equipment (310)	\$75,312.00	\$18,000.00	\$0.00	\$0.00	\$0.00	\$93,312.00
Pumping Equipment (311)	\$588,044.74	\$60,328.00	\$0.00	\$0.00	\$0.00	\$648,372.74
Water Treatment Equipment (320)	\$2,325,247.10	\$81,348.00	\$0.00	\$0.00	\$0.00	\$2,406,595.10
Distributions Reservoirs and Standpipes (330)	\$1,582,462.00	\$66,688.00	\$0.00	\$0.00	\$0.00	\$1,649,150.00
Transmission and Distribution Mains (331)	\$6,451,368.33	\$234,874.00	\$0.00	\$443,147.00	\$0.00	\$6,243,095.33
Services (333)	\$982,243.87	\$33,967.00	\$0.00	\$0.00	\$0.00	\$1,016,210.87
Meters and Meter Installations (334)	\$173,926.00	\$66,743.84	\$0.00	\$0.00	\$0.00	\$240,669.84
Hydrants (335)	\$121,634.53	\$4,657.00	\$0.00	\$0.00	\$0.00	\$126,291.53
Backflow Prevention Devices (336)						
Other Plant and Miscellaneous Equipment (339)	\$409,844.75	\$43,475.00	\$0.00	\$0.00	\$0.00	\$453,319.75
Office Furniture and Equip. (340)	\$118,403.09	\$3,317.00	\$0.00	\$0.00	\$0.00	\$121,720.09
Transportation Equipment (341)	\$257,682.07	\$21,565.00	\$0.00	\$23,900.00	\$0.00	\$255,347.07
Stores Equipment (342)						

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Balance Beg Yr(c)	Cr-Chg Dep Expl(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Tools, Shop and Garage Equip (343)	\$49,552.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49,552.00
Laboratory Equipment (344)	\$78,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$78,000.00
Power Operated Equipment (345)	\$460,259.03	\$23,260.00	\$0.00	\$0.00	\$0.00	\$483,519.03
Communication Equipment (346)						
Miscellaneous Equipment (347)	\$54,995.00	\$4,851.00	\$0.00	\$0.00	\$0.00	\$59,846.00
Other Tangible Plant (348)						
Totals	\$19,149,242.58	\$1,113,369.84	\$0.00	\$467,047.00	\$0.00	\$19,795,565.42

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Total
Balance First of Year	\$96,904.64
Credit during year	
Accruals Charged to Account 110.1	\$43,068.84
Accruals Charged to Account 110.2	
Other Credits	
(specify)	
Total Credits	\$43,068.84
Debits during year:	
Book Cost of Plant Retired	
Other Debits	
(specify)	
Total Debits	
Balance end of Year	\$139,973.48

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Description	Total
Accounts and Notes Receivable	
Customer Accounts Receivable (141)	\$438,813.49
Other Accounts Receivable (142)	
N/R Taps and Ext	\$14,269.13
Returned Checks	\$142.33
Unbilled Revenue	\$274,873.03
Total Other Accounts Receivable	\$289,284.49
Notes Receivable (144)	
Total Notes Receivable	
Total Accounts and Notes Receivable	\$728,097.98
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	
Add:	
Provision for uncollectibles for current year	
Collections of account previously written off	
Other	
(specify)	
Total Additions	
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	
Balance end of Year	
Total Accounts and Notes Receivable - Net	\$728,097.98

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Investments and Special Funds (Ref Page: 17)

Description (a)	Face or Par Value (b)	Year End Book Cost
Investment in Associated Companies (123)		
Total Investment in Associated Companies		
Utility Investments (124)		
Total Utility Investments		
Other Investments (125)		
Total Other Investments		
Sinking Funds (126)		
Regions 2012D	\$0.00	\$239,894.08
FMHA Sinking Fund	\$0.00	\$92,333.89
KIA Sinking Fund	\$0.00	\$28,173.45
KRW Sinking Fund	\$0.00	\$3,971.48
KRW Sinking Fund 2	\$0.00	\$12,393.75
KRW Sinking Fund 3	\$0.00	\$14,062.30
Regions 2013B	\$0.00	\$123,170.43
Regions 2020E	\$0.00	\$77,718.17
Total Sinking Funds	\$0.00	\$591,717.55
Other Special Funds (127)		
Total Other Special Funds		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Plant Materials and Supplies (151)	\$135,342.02
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$135,342.02

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Total
Prepaid Insurance	\$1,131.63
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments	
(Specify)	
Total Prepayments	\$1,131.63

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	
Other Deferred Debits (186.2)	\$648,521.15
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	\$648,521.15

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Amt Written Off during Year	Year End Balance
Unamortized Debt Discount and Expense (181)		
Total Unamortized Debt Discount and Expense		
Unamortized Premium on Debt (251)		
Bond Premium	\$0.00	\$59,086.58
Total Unamortized Premium on Debt	\$0.00	\$59,086.58

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Long Term Debt (Ref Page: 22)

Description of Obligation (a)	Issue Date (b)	Mature Date (c)	Interest Expense for Year Rate (d)	Interest Expense for Year Amount(e)	Principal per Balance Sheet Date (f)
Net Pension Liability			0.0000	\$0.00	\$2,290,811.50
K/A F04-03			1.0000	\$0.00	\$276,097.54
Government Capital Corp B/T			3.9450	\$0.00	\$512,896.62
Deferred Inflows of Resource			0.0000	\$0.00	\$391,373.88
Net Pension OPEB			0.0000	\$0.00	\$685,531.00
Net Inflows of Resource OPEB			0.0000	\$0.00	\$351,916.00
Total			0.0000	\$0.00	\$4,508,626.54

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Bonds - Account 221 (Ref Page: 23)

	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Val of Amt. Held by or for Respondent (3)	Actually Outstanding at Close of Year (4)	Interest During Year Accrued (5)	Interest During Year Actually Paid (6)
	\$0.00	\$0.00	\$0.00	\$1,117,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$541,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$2,285,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$555,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,073,000.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,283,500.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$1,441,058.61	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$8,296,558.61	\$0.00	\$0.00

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
RD 91-33		1.8750	\$1,142,500.00	\$25,000.00	\$1,117,500.00
RD 91-35		1.8750	\$554,000.00	\$12,500.00	\$541,500.00
2012D		3.2000	\$2,395,000.00	\$110,000.00	\$2,285,000.00
2013B		2.3000	\$660,000.00	\$105,000.00	\$555,000.00
RD 93-37		2.5000	\$1,091,000.00	\$18,000.00	\$1,073,000.00
Series2019		1.3750	\$1,304,000.00	\$20,500.00	\$1,283,500.00
Series2020		3.0000	\$1,479,537.34	\$38,478.73	\$1,441,058.61
Total			\$8,626,037.34	\$329,478.73	\$8,296,558.61

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Description	Nominal Date of Issue	Date of Maturity	Int. Rate	Int. Payment	Principal Amt Per Bal Sheet
Account 232 - Notes Payable						
	KY Rural Water	2.23.22		2.3500	\$0.00	\$524,131.66
Total Account 232					\$0.00	\$524,131.66
Account 234 - Notes Payable to Associated Companies						
Total Account 234						

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Accounts Payable to Associated Companies (Acct. 233) (Ref Page: 24)

	Total
Show Payable to Each Associated Company Separately	
(Specify)	
Total	\$86,806.97
Due to McCreary Co Water District Sewer	\$86,806.97

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Total
Balance First of Year	\$7,605.65
Accruals Charged:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$77,515.70
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$77,515.70
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$76,240.24
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$76,240.24
Balance end of year	\$8,881.11

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Long Term Debt:	Description of Debt (a)	Balance Beg of Year (b)	Interest Accrued(c)	Interest Paid (d)	Balance End of Year (e)
		\$0.00	\$0.00	\$0.00	\$0.00
	91-33	\$5,407.88	\$21,535.60	\$21,646.86	\$5,296.62
		\$0.00	\$0.00	\$0.00	\$0.00
	2012D	\$47,435.63	\$91,773.75	\$93,322.50	\$45,886.88
	91-35	\$2,626.29	\$10,446.73	\$10,504.68	\$2,568.34
		\$0.00	\$0.00	\$0.00	\$0.00
	2013B	\$11,374.38	\$19,948.76	\$21,348.76	\$9,974.38
	93-37	\$6,851.99	\$27,385.58	\$27,493.75	\$6,743.82
	2020	\$10,263.99	\$50,597.30	\$38,322.11	\$22,539.18
	91-38 Capitalized	\$4,538.78	\$0.00	\$0.00	\$4,470.22
	Rural Water Marsh Creek Capitalized	\$0.00	\$0.00	\$0.00	\$9,871.93
Notes Payable:					
	K/A	\$354.06	\$4,042.56	\$4,105.50	\$291.12
		\$0.00	\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00	\$0.00
	B/BT	\$8,142.95	\$25,116.12	\$26,001.30	\$7,257.77
		\$0.00	\$0.00	\$0.00	\$0.00
Customer Deposits:					
		\$0.00	\$16.89	\$16.89	\$0.00
Other					
		\$0.00	\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00	\$0.00
Total Acct. No 237		\$96,995.95	\$250,863.29	\$242,762.35	\$114,900.26

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Description	Balance End Year
Deferred Revenue	\$17,332.91
Implicit Subsidy OPEB	\$20,100.00
Unrecognized Gain	\$15,574.00
Accrued Payroll	\$112,552.30
Retirement Payable	\$38,839.40
Total Miscellaneous Current and Accrued Liabilities	\$204,398.61

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
Operating Revenues			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	5,662	5,758	\$2,668,516.55
Sales to Commercial Customers (461.2)	247	249	\$273,334.13
Sales to Industrial Customers (461.3)	6	6	\$49,051.29
Sales to Public Authorities (461.4)	344	245	\$1,020,190.21
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)			
Total Metered Sales	6,259	6,258	\$4,011,092.18
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)			
Interdepartmental Sales (467)			
Total Sales of Water	6,259	6,258	\$4,011,092.18
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			\$291,473.00
Rents from Water Property (472)			\$56,463.54
Interdepartments Rents (473)			
Other Water Revenues (474)			
Total Other Water Revenues			\$347,936.54
Total Water Operating Revenues			\$4,359,028.72

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatmt. Exp-Op. (f)	Water Treatmt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Salaries and Wages-Employees (601)	\$977,237.81	\$11,669.14	\$24,277.27	\$247,384.17	\$48,958.78	\$157,036.34	\$197,895.69	\$237,583.13	\$52,433.29
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$23,249.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23,249.54
Employee Pensions and Benefits (604)	\$508,198.17	\$5,817.78	\$12,103.70	\$125,248.75	\$24,408.92	\$82,575.43	\$99,528.84	\$131,212.56	\$27,302.20
Purchased Water (610)									
Purchased Power (615)	\$345,038.17	\$0.00	\$0.00	\$283,721.82	\$0.00	\$49,431.91	\$0.00	\$11,884.44	\$0.00
Fuel for Power Production (616)									
Chemicals (618)	\$150,834.42	\$0.00	\$0.00	\$150,834.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Materials and Supplies (620)	\$304,507.08	\$0.00	\$0.00	\$57,303.03	\$0.00	\$196,168.68	\$0.00	\$35,747.93	\$15,287.44
Contractual Services - Eng. (631)									
Contractual Services - Acct. (632)	\$47,555.56	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.44	\$5,944.48
Contractual Services - Legal (633)	\$87,243.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$87,243.13
Contractual Services - Management Fees (634)	\$1,112.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,112.74
Contractual Services - Water Testing (635)	\$1,762.40	\$0.00	\$0.00	\$1,762.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)	\$407,212.43	\$0.00	\$570.00	\$125,975.49	\$0.00	\$125,625.08	\$0.00	\$65,465.61	\$89,576.25
Rental of Bld./Real Property (641)									

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatmt. Exp-Op. (f)	Water Treatmt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Rental of Equipment (642)									
Transportation Expenses (650)	\$89,098.48	\$0.00	\$0.00	\$2,880.32	\$0.00	\$71,536.76	\$9,459.62	\$1,080.16	\$4,141.62
Insurance - Vehicle (656)									
Insurance - General Liability (657)	\$27,403.80	\$3,425.32	\$3,425.32	\$3,425.32	\$3,425.32	\$3,424.72	\$3,424.72	\$3,424.72	\$3,428.36
Insurance - Worker's Compensation (658)	\$11,606.94	\$115.09	\$263.31	\$2,886.13	\$556.45	\$1,824.00	\$2,304.34	\$3,065.55	\$592.07
Insurance - Other (659)	\$28,565.37	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$2,481.57	\$11,194.38
Advertising Expenses (660)	\$16,359.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,359.38
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)	\$9,435.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,435.15
Water Resource Conservation Expense (668)									
Bad Debt (670)									
Miscellaneous Expenses (675)	\$91,377.59	\$0.00	\$0.00	\$16,771.81	\$0.00	\$25,514.35	\$0.00	\$15,380.71	\$33,710.72
Total	\$3,127,798.16	\$29,453.34	\$49,065.61	\$1,026,619.67	\$85,775.48	\$721,563.28	\$321,039.22	\$513,270.82	\$381,010.75

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Water Purchased For Resale (Omit 000 s) (b)	Water Pumped from Wells (Omit 000 s) (c)	Total Water Pumped and Purchased (Omit 000 s) (d)	Water Sold To Customers (Omit 000 s) (e)
January	0	61,084	61,084	28,972
February	0	57,825	57,825	31,151
March	0	60,393	60,393	32,728
April	0	57,005	57,005	29,012
May	0	59,431	59,431	31,196
June	0	57,087	57,087	34,620
July	0	60,834	60,834	35,888
August	0	60,103	60,103	35,941
September	0	61,293	61,293	36,919
October	0	62,049	62,049	35,642
November	0	69,451	69,451	34,857
December	0	53,670	53,670	33,529
Total for the year	0	720,225	720,225	400,455

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

	Gallons	Date
Maximum Gallons pumped by all methods in any one day (Omit 000's)	2,244,000	6/27/2021
Minimum Gallons pumped by all methods in any one day (Omit 000's)	449,938	4/29/2021

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

List

If water is purchased indicate the following:

Vendor

Point of Delivery

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

Entity Receiving Water	Maximum Daily	Maximum Monthly
If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons.		

25200 McCreary County Water District 01/01/2021 - 12/31/2021

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

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

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Water Statistics (Ref Page: 30)

	Description	Gallons (Omit 000's)	Percent
1.	Water Produced, Purchased and Distributed		
2.	Water Produced	720,225	
3.	Water Purchased		
4.	Total Produced and Purchased	720,225	
6.	Water Sales:		
7.	Residential	245,097	
8.	Commercial	20,317	
9.	Industrial	5,790	
10.	Bulk Loading Stations		
11.	Wholesale		
12.	Public Authorities		
13.	Other Sales (explain)	129,251	
14.	Total Water Sales	400,455	
16.	Other Water Used		
17.	Utility/water treatment plant	146,028	
18.	Wastewater plant	1,200	
19.	System flushing	61,696	
20.	Fire department	376	
21.	Other Usage (explain)	15,516	
22.	Total Other Water Used	224,816	
24.	Water Loss		
25.	Tank Overflows		
26.	Line Breaks	4,925	
27.	Line Leaks		
28.	Excavation Damages		
29.	Theft		
30.	Other Loss (Explain)	90,029	
31.	Total Water Loss	94,954	
Note: Line 14 + Line 22 + Line 31 must equal Line 4			
Water Loss Percentage			
Line 31 divided by Line 4			13.1839

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Plant Statistics (Ref Page: 31)

Give the following information

Number of fire hydrants, by size				None
Number of private fire hydrants, by size				None
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well				Plant A Pumping Plant B River Lake Impound
If produced whether supply is by gravity, pumping or a combination				Plant A Pumping Plant B Gravity
Type, capacity, and elevation of reservoirs at overflow and ground level				N/A
Miles of main by size and kind				N/A
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.				A Mixed media with antricity gravity 4 filters with 133 sq feet each 3 GPM per sq feet B Mixed Media gravity 4 filters with 234 sq feet each 3 GPM per sq feet
Type of disinfectant, number of units and capacity in pounds per 24 hours				A Wallace and Tieman 2 units @ 200 pounds per 24 hours 1 unit @ 100 lbs per 24 hours B Portacall 2 units @ 200 per 24 hours
Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit(steam/electric/int. combustion) also whether pump is high/ low duty				Raw Water 2-HD electric HP 100 1200 GPM Raw Finished water A-2HD electric HP 100 1200 GPM 2 HD electric HP 60 700 GPM 2 HD electric HP 40 350 GPM B 4 ID electric H 750 500 GPM 4 Nooster Pumps electric HP 700 GPM Backwash 1 HD electric HP 50 2500 GPM
Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH				
Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report				
Capacity of clear well				A Wells 100,000 Gallons B Well #1 450,000 Gallons Well #2 185,000 Gallons
Peak month, in gallons of water sold				November
Peak day, in gallons of water sold				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Plant Statistics - Part B (Ref Page: 31)

Choose one to indicate the type of Water Supply		Type
	Well	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Plant Statistics - Part C (Ref Page: 31)

Type	
Choose one to indicate the type of Water Supply Method	Combination

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
<p>NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.</p> <p>Identifications pages (ref 4-6) have been completed.</p>				
Balance Sheet - Assets and Other Debts (ref. pg 7)				
Utility Plant (Accts 101-106) agrees with Sched:	46808106.82	46808106.82	OK	
Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant				
Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	19795565.42	19795565.42	OK	
Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Acquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	591717.55	591717.55	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	0	0	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	728097.98	728097.98	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	135342.02	135342.02	OK	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	1131.63	1131.63	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	0	0	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debts agrees with Sched: Misc. Deferred Debts (ref pg 20) Line: Total 186	648521.15	648521.15	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	0	0	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	-12876708.88	-12876708.88	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	29839984.23	29839984.23	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	8296558.61	8296558.61	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	8296558.61	8296558.61	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	4508626.54	4508626.54	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	524131.66	524131.66	OK	

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233	86806.97	86806.97	OK	
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234	0	0	OK	
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	7605.65	7605.65	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	8881.11	8881.11	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	96995.95	96995.95	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	114900.26	114900.26	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	204398.61	204398.61	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamorted Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251	59086.58	59086.58	OK	
Accts 252 Advances for Contruction agrees with Sched: Advances for Contruction (Accts 252) (ref pg 21) Line: Total 252	0	0	OK	
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits	31546096.97	31546096.97	OK	
Comparative Operating Statement (ref pg 10)				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	4359028.72	4359028.72	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	3127798.16	3127798.16	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	77515.70	77515.70	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	77515.70	77515.70	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	250863.29	250863.29	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-196161.77	-196161.77	OK	
Miscellaneous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	46271536.35	46271536.35	OK	
The analysis of water utility plant accounts Col c through k has been completed (Ref pg 14)				
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				
Sched: Misc. Deferred Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	0	0	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

CheckList

Item	Value 1	Value 2	Agree	Explain
Schedule of Bond Maturities has been completed (ref pg 23)				
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				
The analysis of water operating revenue Cols c,d and e have been completed. (Ref pg 28)				
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	720225	720225	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	400455	400455	OK	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	0	0	OK	
Schedule Water Statistics (ref pg 30) Lines 14,22 and 31 must equal Line 4	720225	720225	OK	
Have visited the Water Commissioner site. (Water Districts ONLY)				Yes
Attest Commissioners listed on the Commissioner Schedule are correct for the report period and current commissioner details are up to date. (Water Districts ONLY)				Yes
Oath Page Has been Completed				

25200 McCreary County Water District 01/01/2021 - 12/31/2021

Upload supporting documents

Document	Description
SD 25200 2021 1.pdf	Audit Report

Supports
Audit Report

OATH

Commonwealth of Kentucky)
County of McCreary) ss:

Stephen Whitaker makes oath and says
(Name of Officer)

that he/she is Manager / Supt. of
(Official title of officer)

McCreary County Water District
(Exact legal title or name of respondent)

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

January 1, 2021, to and including December 31, 2021

Stephen Whitaker
(Signature of Officer)

subscribed and sworn to before me, a Notary, in and for
the State and County named in the above this May 19, 2022

(Apply Seal Here)

My Commission expires 07/13/2022
Kathy Drell
(Signature of officer authorized to administer oath)

TAB E

McCreary County Water District
Water and Sewer Divisions
* * * *
Independent Auditor's Report
and Combined Financial Statements
December 31, 2021 and 2020

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

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**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

Our discussion and analysis of the McCreary County Water District, Water and Sewer Divisions' financial performance provides an overview of the Company's financial activities for the years ended December 31, 2021 and 2020. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

For the year ended December 31, 2021, total operating and non-operating revenues (including capital contributions) totaled \$6,354,066 and operating expenses and non-operating expenses amounted to \$6,392,141, creating a decrease in net position of \$38,075. At year end, net position totaled \$23,821,807 of which \$25,815,439 (net of related debt) was invested in capital assets, and \$785,061 was restricted for debt service and construction. This left a net amount of \$(2,778,693) of unrestricted net position.

For the year ended December 31, 2020, total operating and non-operating revenues (including capital contributions) totaled \$5,744,877 and operating expenses and non-operating expenses amounted to \$6,165,585, creating a decrease in net position of \$420,708. At year end, net position totaled \$23,859,882 of which \$25,930,223 (net of related debt) was invested in capital assets, and \$762,719 was restricted for debt service and construction. This left a net amount of \$(2,833,060) of unrestricted net position.

Overview of the Financial Statements

This report consists of Management's Discussion and Analysis, 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 McCreary County Water District, Water and Sewer Divisions report information of the Company 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 Position includes all of utility's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to utility creditors (liabilities). It also provides the basis for evaluation of the capital structure of the utility and assessing the liquidity and financial flexibility of the utility.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the utility's operations over the past year and can be used to determine whether the utility 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.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

Condensed Comparative Financial Analysis:

McCreary County Water District
Water and Sewer Divisions
Statements of Net Position-Summary
December 31, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Total Current Assets	\$ 2,093,559	\$ 1,427,483
Total Restricted Assets	785,061	762,719
Net Capital Assets	<u>39,013,065</u>	<u>37,529,370</u>
Total Assets	<u>\$ 41,891,685</u>	<u>\$ 39,719,572</u>
Deferred Outflows of Resources	<u>795,075</u>	<u>853,226</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,686,760</u>	<u>\$ 40,572,798</u>
Liabilities		
Total Current Liabilities	\$ 1,646,721	\$ 1,028,772
Total Non-current Liabilities	16,326,249	15,332,354
Total Liabilities	<u>\$ 17,972,970</u>	<u>\$ 16,361,126</u>
Deferred Inflows of Resources	<u>\$ 891,983</u>	<u>\$ 351,790</u>
Net Position:		
Invested in capital assets, net of related debt	\$ 25,815,439	\$ 25,930,223
Restricted for debt service and construction	785,061	762,719
Unrestricted	<u>(2,778,693)</u>	<u>(2,833,060)</u>
Total Net Position	<u>\$ 23,821,807</u>	<u>\$ 23,859,882</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 42,686,760</u>	<u>\$ 40,572,798</u>

The largest portion per year (108.37% and 108.68% respectively) of the utility's net position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. The utility used these capital assets to provide services to citizens and consumers. Consequently, these assets are not available for future spending.

Restricted net position per year (3.30% and 3.20% respectively) represent resources that are subject to external restrictions on how they may be used.

The balance per year (-11.67% and -11.88% respectively) of unrestricted net position may be used to meet the utility's ongoing obligations to citizens, consumers and creditors.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

McCreary County Water District
Water and Sewer Divisions
Statements of Operations
For the Years Ended December 31, 2021 and 2020

	2021	2020
Total operating revenues	\$ 5,775,377	\$ 5,131,605
Total operating expenses	6,088,858	5,849,876
Operating loss	(313,481)	(718,271)
Net non-operating expenses	(125,244)	(194,958)
Loss before capital contributions	(438,725)	(913,229)
Capital contributions	400,650	492,521
Change in net position	(38,075)	(420,708)
Beginning of year	23,859,882	24,280,590
End of year	\$ 23,821,807	\$ 23,859,882

During 2021, net position decreased by \$38,075 and consisted of an operating loss of (\$313,481), net non-operating revenue and expenses of (\$125,244) and capital contributions of \$400,650.

During 2020, net position decreased by \$420,708 and consisted of an operating loss of (\$718,271), net non-operating revenue and expenses of (\$194,958) and capital contributions of \$492,521.

Capital Asset Changes

At December 31, 2021, the Utility had invested \$39,013,065 in capital assets, net of accumulated depreciation. This amount represents a net increase of \$1,483,695 from the previous year. The net increase consisted of additions to capital assets of \$3,091,284 less depreciation expense of \$1,607,589. The additions were mainly financed with proceeds of debt borrowings.

At December 31, 2020, the Utility had invested \$37,529,370 in capital assets, net of accumulated depreciation. This amount represents a net decrease of \$223,290 from the previous year. The net decrease consisted of additions to capital assets of \$1,402,621 less depreciation expense of \$1,625,911. The additions were mainly financed with proceeds of debt borrowings.

Debt Administration

At December 31, 2021, the utility had total debt equal to \$13,197,626 which consisted of \$12,545,236 of bonds outstanding, \$652,390 of notes payable, and capital leases of \$0. At the beginning of the year total debt equaled \$11,599,147. The increase in debt of \$1,598,479 was due to additions to debt of \$3,620,045 less scheduled principal payments of \$2,021,566.

**McCREARY COUNTY WATER DISTRICT,
WATER AND SEWER DIVISIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

At December 31, 2020, the utility had total debt equal to \$11,599,147 which consisted of \$10,875,093 of bonds outstanding, \$724,054 of notes payable, and capital leases of \$0. At the beginning of the year total debt equaled \$11,165,118. The increase in debt of \$434,029 was due to additions to debt of \$3,159,000 less scheduled principal payments of \$2,724,971.

Other Matters

During 2015, the District implemented GASB No. 68, Accounting and Financial Reporting for Pensions. This standard requires cost sharing governments to report a net pension liability, pension expense and pension related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the governments in the plan; therefore, included in long term liabilities is a net pension liability of \$2,819,754 for 2021, and \$3,202,344 for 2020.

During 2018, the District retrospectively implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This standard requires cost-sharing governments to report a net OPEB liability, OPEB expense, and OPEB related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the participants in the plan. Therefore, included in long-term liabilities is a net OPEB liability of \$846,493 for 2021 and \$1,007,893 for 2020.

Request for Information

This financial report is designed to provide our customers and creditors with a general overview of McCreary County Water District, Water and Sewer Divisions' finances and to demonstrate the utility's accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the McCreary County Water District, Whitley City, Kentucky.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined financial statements of the business-type activities of McCreary County Water District, Water and Sewer Divisions as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of McCreary County Water District, Water and Sewer Divisions as of December 31, 2021 and 2020 and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation

of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as

well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of proportionate share of the net pension and OPEB liabilities and the schedule of contributions on pages 1 through 4 and 39 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise McCreary County Water District, Water and Sewer Divisions' basic financial statements. The accompanying combining statements of net position, revenues, expenses and changes in net position, and cash flows are presented for purposes of additional analysis, and are not a required part of the combined financial statements of the McCreary County Water District, Water and Sewer Divisions. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements,*

Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of net position, revenues, expenses and changes in net position, and cash flows, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of McCreary County Water District, Water and Sewer Divisions' 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 the effectiveness of the McCreary County Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McCreary County Water District's internal control over financial reporting and compliance.

Faulkner, King & Wenz, PSC

September 7, 2022

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF NET POSITION
DECEMBER 31, 2021 and 2020**

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 805,662	\$ 329,956
Unbilled revenues	370,185	327,260
Accounts receivable	643,735	550,858
Other receivables	96,764	53,678
Inventory	176,081	164,599
Prepaid expenses	1,132	1,132
Total current assets	2,093,559	1,427,483
Non-current assets:		
Restricted assets:		
Cash and cash equivalents	344,279	380,833
Investments	440,782	381,886
Capital assets:		
Utility plant	65,426,776	63,361,437
Less accumulated depreciation	(28,798,194)	(27,687,028)
Construction in process	2,384,483	1,854,961
Total non-current assets	39,798,126	38,292,089
Deferred Outflows of Resources:		
Deferred outflows - OPEB	466,717	443,463
Deferred outflows - pension	328,358	409,763
Total deferred outflows	795,075	853,226
Total assets and deferred outflows of resources	\$ 42,686,760	\$ 40,572,798

LIABILITIES

Current liabilities:		
Accounts payable	\$ 605,811	\$ 166,527
Accrued interest	143,040	123,281
Taxes payable	23,567	24,440
Other accrued liabilities	296,808	197,983
Customer deposits	39,871	39,511
Notes payable - current	74,493	71,665
Revenue bonds - current portion	463,131	405,365
Total current liabilities	1,646,721	1,028,772
Non-current liabilities:		
Revenue bonds - net current portion	12,082,105	10,469,728
Notes payable	577,897	652,389
Net OPEB liability	846,493	1,007,893
Net pension liability	2,819,754	3,202,344
Total non-current liabilities	16,326,249	15,332,354
Total liabilities	17,972,970	16,361,126
Deferred Inflows of Resources		
Deferred inflows - OPEB	427,643	225,244
Deferred inflows - pension	464,340	126,546
Total deferred inflows	891,983	351,790

NET POSITION

Invested in capital assets, net of related debt	25,815,439	25,930,223
Restricted for debt service and construction	785,061	762,719
Unrestricted	(2,778,693)	(2,833,060)
Total net position	23,821,807	23,859,882
Total liabilities, deferred inflows of resources and net position	\$ 42,686,760	\$ 40,572,798

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

McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Operating revenues		
Residential sales	\$ 3,059,984	\$ 2,884,899
Commercial sales	474,008	450,965
Industrial sales	95,334	100,777
Governmental sales	1,746,227	1,492,531
Other sales	399,824	202,433
Total operating revenues	5,775,377	5,131,605
 Operating expenses		
General and administrative costs	209,949	379,685
Payroll and related expenses	2,765,783	2,483,862
Repairs and maintenance	275,042	251,626
Other supplies and expenses	1,230,495	1,108,792
Depreciation and amortization	1,607,589	1,625,911
Total operating expenses	6,088,858	5,849,876
Operating loss	(313,481)	(718,271)
 Nonoperating revenues (expenses)		
Interest income	6,272	11,982
Other income	164,736	108,769
Gain on sale of fixed assets	7,031	-
Interest expense	(303,283)	(315,709)
Net nonoperating expenses	(125,244)	(194,958)
Loss before contributions	(438,725)	(913,229)
Capital grants received	400,650	492,521
Change in net position	(38,075)	(420,708)
 Total net position beginning of year	23,859,882	24,280,590
 Total net position end of year	\$ 23,821,807	\$ 23,859,882

The accompanying notes are an integral part of the financial statements

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	\$ 5,596,489	\$ 4,920,521
Operating expenses:		
General and administrative	(209,949)	(379,685)
Payroll and related expenses	(2,711,429)	(2,196,565)
Repairs and maintenance	(275,042)	(251,626)
Other supplies and expenses	(704,381)	(1,286,759)
Net cash provided by operating activities	1,695,688	805,886
 Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,091,284)	(1,402,621)
Proceeds from sale of capital assets	7,031	-
Principal paid on debt	(2,021,566)	(2,724,971)
Proceeds from debt borrowings	3,620,045	3,159,000
Interest paid on debt	(283,524)	(324,096)
Capital contributions	400,650	492,521
Net cash used in capital and related financing activities	(1,368,648)	(800,167)
 Cash Flows from Investing Activities		
Interest income from investments	6,272	11,982
Other cash receipts	164,736	108,769
Net cash provided by investing activities	171,008	120,751
 Net increase in cash, cash equivalents, and restricted cash	498,048	126,470
 Cash, cash equivalents, and restricted cash at beginning of year	1,092,675	966,205
 Cash, cash equivalents, and restricted cash at end of year	\$ 1,590,723	\$ 1,092,675
 Unrestricted cash and cash equivalents	\$ 805,662	\$ 329,956
Restricted cash and cash equivalents	785,061	762,719
 Total cash and cash equivalents, at end of year	\$ 1,590,723	\$ 1,092,675

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

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (313,481)	\$ (718,271)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,607,589	1,625,911
Bad debt expense	-	66,160
Change in assets and liabilities:		
Increase in receivables	(178,888)	(277,244)
Increase in inventories	(11,482)	(30,435)
Decrease in prepaids	-	16,424
Increase (decrease) in accounts payable	439,284	(159,818)
Increase in customer deposits	360	2,126
Increase (decrease) in accrued expenses	97,952	(6,264)
Increase in net OPEB obligation	17,745	44,974
Increase in net pension obligation	36,609	242,323
 Net cash provided by operating activities	 \$ 1,695,688	 \$ 805,886

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the McCreary County Water District, Water and Sewer Divisions (the District) conform to accounting principles generally accepted in the United States of America (GAAP). The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

Reporting Entity

The District, consisting of McCreary County Water District Water Division, and McCreary County Water District Sewer Division has been consolidated for reporting purposes. The entities share the same board of commissioners, central offices and employees.

The District is a special district formed for the express purpose of providing water and sewer service within the confines of McCreary County, Kentucky and East Pine Knot Estates. McCreary County Fiscal Court appoints an independent board of commissioners to govern the district. The District operates as an independent entity in that it: is legally separate; holds corporate powers of organization; the Fiscal Court does not impose their will upon the District; and the District does not impose financial benefit or burden upon the Fiscal Court.

Basis of Presentation

GASB Statement of Accounting Standards No. 34, as amended by GASB 63, *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 position, a statement of revenues, expenses and changes in net position and a statement of cash flows. It requires the classification of net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of "invested in capital assets, net of related debt." Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net asset use through external 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 - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The District is an individual fund and is accounted for as a business-type activity fund. It is financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed primarily through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The District's financial statements are prepared on the accrual basis of accounting. By utilizing this method, revenues are recognized when they are earned, and expenses are recognized as they are incurred.

Operating income reported in the financial statements includes revenues and expenses related to the continuing operation of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

Use of Estimates and Assumptions

In preparing financial statements that conform with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses reflected during the reporting period. Accordingly, actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the allowance for doubtful accounts for accounts receivable.

Compensated Absences

Vacation - Vacation days are accrued at the following rate:

5 days per year for years 1-3
10 days per year for years 3-10
15 days per year for years 10-15
20 days per year for years 15-xx

These days are carried over if unused to a maximum of 30 days; however, all full-time employees with over three years must take ten days of vacation per year.

Sick - Employees earn two sick days for every two months of employment and may carry over a total of twelve days.

These unpaid compensated absences, if applicable, are recorded as accrued liabilities.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes off balances that are deemed to be uncollectible. The allowance for doubtful accounts of \$266,723 and \$284,960 for the years ended December 31, 2021 and 2020 has been established to reserve for those balances that the entity believes to be uncollectible.

Inventories

Inventories are stated at the lower of cost or market on the basis of "first-in, first-out" (FIFO) inventory method.

Capital and operating grants

Grants that are restricted to the purchase or construction of capital assets are recorded as other income, per GASB 33. The District received \$400,650 and \$492,521 in grants for the years ended December 31, 2021 and 2020 respectively.

Capital Assets

Utility plant is stated at original cost and depreciated over its estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are expensed when incurred. Renewals and betterments are capitalized. The range of useful lives used in computing depreciation is:

<u>Classification</u>	<u>Range of lives</u>
Buildings	40 years
Water systems	40 years
Machinery & equipment	5 years

Total depreciation expense was \$1,607,589 and \$1,625,911 for the years ended December 31, 2021 and 2020 respectively.

Pensions

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the County Employers' Retirement System Plan (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

The investment policies of the District are governed by State statute. Major provisions of the District's investment policy include: depositories must be FDIC insured banking institutions; depositories must fully insure or collateralize all demand and time deposits and repurchase agreements; and securities collateralizing repurchase agreements are to be held by independent third parties.

Bank Deposits

The fair market value of deposits was equivalent to the reported values. All deposits are checking or savings accounts. The carrying amount of the District's bank deposits was \$1,148,141 and \$709,789 for the years ended December 31, 2021 and 2020 respectively and the respective bank balances totaled \$1,304,224 and \$841,089 respectively for the years then ended. The bank balances are covered by \$251,723 of FDIC insurance. The remaining bank balances were fully collateralized. The deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are described as follows:

Category 1 - Insured

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Collateralized with securities held by the pledged financial institution in the institution's name.

Deposits at December 31, 2021, categorized by level of risk, are:

	Risk Category			Bank Balance	Book Value
	1	2	3		
Unrestricted deposits					
Operating accounts	\$ 149,007	\$ -	\$ 800,938	\$ 949,945	\$ 803,862
Depreciation funds	-		-	-	-
Restricted deposits					
Debt service and Depreciation funds	<u>102,716</u>	<u>-</u>	<u>251,563</u>	<u>354,279</u>	<u>344,279</u>
Total deposits	<u>\$ 251,723</u>	<u>\$ -</u>	<u>\$ 1,052,501</u>	<u>\$ 1,304,224</u>	<u>\$ 1,148,141</u>

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits at December 31, 2020, categorized by level of risk, are:

	Risk Category			Bank	Book
	1	2	3	Balance	Value
Unrestricted deposits					
Operating accounts	\$ 151,879	\$ -	\$ 308,377	\$ 460,256	\$ 328,956
Depreciation funds	-		-	-	-
Restricted deposits					
Debt service and Depreciation funds	<u>101,450</u>	<u>-</u>	<u>279,383</u>	<u>380,833</u>	<u>380,833</u>
 Total deposits	 <u>\$ 253,329</u>	 <u>\$ -</u>	 <u>\$ 587,760</u>	 <u>\$ 841,089</u>	 <u>\$ 709,789</u>

The District also had \$1,800 and \$1,000 of petty cash on hand for the years ended December 31, 2021 and 2020 respectively.

Investments

At December 31, 2021 and 2020, the District's investments included the Federated Treasury Obligations Fund (a money market fund). The investments are categorized to give an indication of the level of risk assumed by the District at year end. The categories are described as follows:

- Category 1 - Investments that are insured, registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 - Uninsured and unregistered investments for which the securities are held by the bank's trust departments or agents in the District's name.
- Category 3 - Uninsured and unregistered investments for which the securities are held by the banks, or by their trust departments or agents but not in the District's name.

Investments at December 31, 2021 categorized by level of risk, are:

	Risk Category			Book	Fair
	1	2	3	Value	Value
Treasury MM Fund	<u>\$440,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$440,782</u>	<u>\$440,782</u>
 Total investments	 <u>\$440,782</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$440,782</u>	 <u>\$440,782</u>

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments at December 31, 2020, categorized by level of risk, are:

	Risk Category			Book Value	Fair Value
	1	2	3		
Treasury MM Fund	<u>\$381,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$381,886</u>	<u>\$381,886</u>
Total investments	<u><u>\$381,886</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$381,886</u></u>	<u><u>\$381,886</u></u>

NOTE 3 - RESTRICTED ASSETS

The restricted assets in the accompanying financial statements are restricted as to use by ordinance (Note 7), external parties or by board designation. A schedule of restricted assets at December 31, 2021 and 2020 are:

A schedule of restricted assets at December 31, 2021 are:

	Investments		Total
	Cash	at cost	
Debt service and Depreciation funds	\$ 344,279	\$ -	\$ 344,279
Construction funds	-	-	-
Treasury MM fund	<u>-</u>	<u>440,782</u>	<u>440,782</u>
Total restricted assets	<u><u>\$ 344,279</u></u>	<u><u>\$ 440,782</u></u>	<u><u>\$ 785,061</u></u>

A schedule of restricted assets at December 31, 2020 are:

	Investments		Total
	Cash	at cost	
Debt service and Depreciation funds	\$ 380,833	\$ -	\$ 380,833
Construction funds	-	-	-
Treasury MM Fund	<u>-</u>	<u>381,886</u>	<u>381,886</u>
Total restricted assets	<u><u>\$ 380,833</u></u>	<u><u>\$ 381,886</u></u>	<u><u>\$ 762,719</u></u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
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NOTE 4 - CAPITAL ASSETS

The following represents the activity for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Disposals	Transfers	Balance 12/31/2021
Operating fixed assets:					
Land	\$ 430,269	\$ -	\$ -	\$ -	\$ 430,269
Buildings & Improvements	22,469,303	-	-	-	22,469,303
Treatment equipment	3,346,273	189,625	(52,868)	-	3,483,030
Distributions	23,919,169	408	(443,555)	2,273,592	25,749,614
Services/meters	3,767,956	76,735	-	-	3,844,691
Other equipment	<u>9,428,467</u>	<u>21,402</u>	<u>-</u>	<u>-</u>	<u>9,449,869</u>
	63,361,437	288,170	(496,423)	2,273,592	65,426,776
Accumulated depreciation	<u>(27,687,028)</u>	<u>(1,607,589)</u>	<u>496,423</u>	<u>-</u>	<u>(28,798,194)</u>
	35,674,409	(1,319,419)	-	2,273,592	36,628,582
Construction in progress	<u>1,854,961</u>	<u>2,803,114</u>	<u>-</u>	<u>(2,273,592)</u>	<u>2,384,483</u>
Utility plant, net	<u>\$37,529,370</u>	<u>\$ 1,483,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$39,013,065</u>

The following represents the activity for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Disposals	Transfers	Balance 12/31/2020
Operating fixed assets:					
Land	\$ 430,269	\$ -	\$ -	\$ -	\$ 430,269
Buildings & Improvements	22,469,303	-	-	-	22,469,303
Treatment equipment	3,249,813	96,460	-	-	3,346,273
Distributions	23,819,631	99,538	-	-	23,919,169
Services/meters	3,717,467	50,489	-	-	3,767,956
Other equipment	<u>9,426,115</u>	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>9,428,467</u>
	63,112,598	248,839	-	-	63,361,437
Accumulated depreciation	<u>(26,061,117)</u>	<u>(1,625,911)</u>	<u>-</u>	<u>-</u>	<u>(27,687,028)</u>
	37,051,481	(1,377,072)	-	-	35,674,409
Construction in progress	<u>701,179</u>	<u>1,153,782</u>	<u>-</u>	<u>-</u>	<u>1,854,961</u>
Utility plant, net	<u>\$37,752,660</u>	<u>\$ (223,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$37,529,370</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT

Outstanding long-term debt consists of revenue bonds collateralized by the revenues of the District. Revenues of the District are to be used first to pay operating and maintenance expenses and second to establish and maintain the revenue bond funds. The District is in compliance with all significant financial requirements as of December 31, 2021.

The District's bonded indebtedness and other long-term debt at December 31, 2021 and 2020, are summarized as follows:

<u>Debt Description</u>	<u>Rate</u>	<u>Original Issue</u>	<u>Principal O/S 2021</u>	<u>Principal O/S 2020</u>
Water District				
BB&T	3.945%	797,355	587,390	659,054
RD Series 2013 D	Variable	1,415,000	660,000	760,000
RD 2013 Series A	1.875%	635,000	554,000	566,500
RD Series 2020E	Variable	495,000	495,000	-
RD Series 2020E	Variable	984,537	984,537	-
RD Series 2020E-1	2.65%	524,132	524,132	-
RD Series 2012 D	Variable	3,205,000	2,395,000	2,500,000
RD Series 2012 D-1	Variable	1,935,000	1,142,500	1,166,500
RD Series 2015	2.500%	1,158,000	1,091,000	1,108,500
RD Series 2020E	Variable	1,535,306	-	1,535,306
RD Series 2020 A	1.375%	1,324,000	1,304,000	1,324,000
KIA CD2-01	1.000%	* 1,510,000	353,228	429,593
Sewer District				
KIA A20-047	.50%	* 1,616,376	1,616,376	-
RD Series 2020E	Variable	234,694	225,463	234,694
United Cumberland	3.16%	65,000	65,000	65,000
RD Series 2012 D	Variable	<u>1,595,000</u>	<u>1,200,000</u>	<u>1,250,000</u>
		19,029,400	13,197,626	11,599,147
Less current maturities			<u>(537,624)</u>	<u>(477,030)</u>
Total long-term debt			<u><u>\$12,660,002</u></u>	<u><u>\$11,122,117</u></u>

* The original issue of the KIA CD2-01 loan is \$1,510,000. As of December 31, 2021, the District had borrowed \$1,474,999 of the original amount.

* The original issue of the KIA A20-047 loan is \$2,794,500. As of December 31, 2021, the District had borrowed \$1,616,376 of the original amount.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The District's bonded indebtedness and other long-term debt at December 31, 2021 is detailed as follows:

	Principal Balance 12/31/2020	Borrowings	Principal Payments	Principal Balance 12/31/2021	Current	Long-Term
Water District						
RD Series 2020E	\$ -	\$ 495,000	\$ -	\$ 495,000	\$ 10,000	\$ 485,000
RD Series 2020E	-	984,537	-	984,537	28,478	956,059
RD Series 2020E-1	-	524,132	-	524,132	-	524,132
2012 Series D	2,500,000	-	105,000	2,395,000	110,000	2,285,000
2012 Series D1	1,166,500	-	24,000	1,142,500	25,000	1,117,500
2013 Series D	566,500	-	12,500	554,000	12,500	541,500
2013 Series A	760,000	-	100,000	660,000	105,000	555,000
2015 Series	1,108,500	-	17,500	1,091,000	18,000	1,073,000
KIA F04-03	429,593	-	76,365	353,228	77,131	276,097
BB&T	659,054	-	71,664	587,390	74,493	512,897
RD Series 2020	1,535,306	-	1,535,306	-	-	-
RD Series 2020	1,324,000	-	20,000	1,304,000	20,500	1,283,500
Sewer District						
KIA A20-047	-	1,616,376	-	1,616,376	-	1,616,376
Series 2020E	234,694	-	9,231	225,463	6,522	218,941
UC Bank	65,000	-	-	65,000	-	65,000
2012 Series D	1,250,000	-	50,000	1,200,000	50,000	1,150,000
	<u>\$11,599,147</u>	<u>\$ 3,620,045</u>	<u>\$2,021,566</u>	<u>\$13,197,626</u>	<u>\$ 537,624</u>	<u>\$12,660,002</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The District's bonded indebtedness and other long-term debt at December 31, 2020 is detailed as follows:

	Principal Balance 12/31/2019	Borrowings	Principal Payments	Principal Balance 12/31/2020	Current	Long-Term
Water District						
2005 Series A	617,000	-	617,000	-	-	-
2008 Series A	280,500	-	280,500	-	-	-
2008 Series A	129,500	-	129,500	-	-	-
2012 Series D	2,600,000	-	100,000	2,500,000	105,000	2,395,000
2012 Series D1	1,190,000	-	23,500	1,166,500	24,000	1,142,500
2013 Series D	578,500	-	12,000	566,500	12,500	554,000
2013 Series A	860,000	-	100,000	760,000	100,000	660,000
2015 Series	1,125,500	-	17,000	1,108,500	17,500	1,091,000
KIA F04-03	505,200	-	75,607	429,593	76,365	353,228
UC Bank	495,000	-	495,000	-	-	-
BB&T	728,000	-	68,946	659,054	71,665	587,389
RD Series 2019	517,918	-	517,918	-	-	-
RD Series 2020	-	1,535,306	-	1,535,306	-	1,535,306
RD Series 2020	-	1,324,000	-	1,324,000	20,000	1,304,000
Sewer District						
2005 Series A	238,000	-	238,000	-	-	-
Series 2020E	-	234,694	-	234,694	-	234,694
UC Bank	-	65,000	-	65,000	-	65,000
2012 Series D	1,300,000	-	50,000	1,250,000	50,000	1,200,000
	<u>\$11,165,118</u>	<u>\$3,159,000</u>	<u>\$2,724,971</u>	<u>\$11,599,147</u>	<u>\$ 477,030</u>	<u>\$11,122,117</u>

The long-term debt service requirements are as follows:

Year	Principal		Interest		Total	
	Water	Sewer	Water	Sewer	Water	Sewer
2022	\$ 481,102	\$ 56,522	\$ 240,961	\$ 54,726	\$ 722,063	\$ 111,248
2023	999,692	116,797	228,280	65,733	1,227,972	182,530
2024	485,935	124,495	215,412	56,112	701,347	180,607
2025	504,606	124,748	201,761	53,656	706,367	178,404
2026	465,521	130,934	187,420	51,035	652,941	181,969
2027-2031	1,735,792	644,502	750,884	209,676	2,486,676	854,178
2032-2036	1,480,985	693,217	513,241	126,562	1,994,226	819,779
2037-2041	1,389,327	539,598	311,239	47,545	1,700,566	587,143
2042-2046	985,053	327,768	180,792	15,219	1,165,845	342,987
2047-2051	877,774	290,116	98,108	5,514	975,882	295,630
2052-2056	490,000	58,142	32,563	218	522,563	58,360
2057-2060	195,000	-	5,445	-	200,445	-
	<u>\$10,090,787</u>	<u>\$3,106,839</u>	<u>\$2,966,106</u>	<u>\$ 685,996</u>	<u>\$13,056,893</u>	<u>\$3,792,835</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

2020 Series E - McCreary County Water and Sewer District Waterworks Revenue Bond, dated September 23, 2020, due in annual installments through February 1, 2050, bearing a variable interest rate.

2020 Series E-1 - McCreary County Water and Sewer District Waterworks Revenue Bond, dated March 23, 2021, due in one annual installment in 2022, bearing an interest rate of 2.65%.

2020 Series A - McCreary County Water District Waterworks Revenue Bond, dated April 1, 2020, due in annual installments through April 1, 2060 bearing an interest rate of 1.375%

2012 Series D - McCreary County Water District Waterworks Revenue Bond, dated May 30, 2012, due in annual installments through January 1, 2040 bearing a variable interest rate.

2012 Series D1 - McCreary County Water District Waterworks Revenue Bond, dated September 30, 2012, due in annual installments through April 1, 2052 bearing a variable interest rate.

2013 Series D - McCreary County Water District Waterworks Revenue Bond, dated February 27, 2013, due in annual installments through October 1, 2052 bearing a variable interest rate.

2013 Series A - McCreary County Water District Waterworks Revenue Bond, dated February 27, 2013, due in annual installments through July 1, 2030 bearing an interest rate of 1.875%.

KIA CD2-01 - As of December 31, 2005 the District had drawn \$1,474,999 on a KIA loan secured by a pledge of revenues. The loan bears an interest rate of 1.00% with a life of twenty years maturing in 2026.

KIA A20-047 - As of December 31, 2021 the District had drawn \$1,616,376 on a KIA loan secured by a pledge of revenues. The loan bears an interest rate of .50% with a life of thirty years maturing in 2052.

2012 Series D - McCreary County Water District Sewer System Revenue Bond, dated May 30, 2012, due in annual installments through February 1, 2041, bearing a variable interest rate.

United Cumberland Bank - Installment loan dated July 20, 2020, due in annual installments through January 26, 2026, bearing an interest rate of 3.16%.

BB&T Bank - Installment loan dated September 7, 2018, due in annual installments through August 1, 2028, bearing an interest rate of 3.945%

Series 2015 - McCreary County Water District Water System Revenue Bond, dated February 5, 2016, due in annual installments through April 1, 2055, bearing an interest rate of 2.5%.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 6 - NET POSITION

GASB Statement No. 34 (as amended by GASB 63) requires the delineation of Net Position as Invested in Property, Plant and Equipment (capital investments), Restricted and Unrestricted.

The balance of capital investments represents funds that have been used to acquire pump stations, storage facilities, meter stations, etc., constructed and operated by the District, net of outstanding debt. The balance was \$25,815,439 and \$25,930,223 for the years ended December 31, 2021 and 2020 respectively.

The District has the following restricted net position that is reserved in accordance with the District's various bond ordinances (Note 7):

	<u>2021</u>	<u>2020</u>
Construction	\$ -0-	\$ -0-
Depreciation and Debt Service	344,279	380,833
Treasury MM Fund	<u>440,782</u>	<u>381,886</u>
Total Restricted	<u>\$ 785,061</u>	<u>\$ 762,719</u>

The District has a balance of \$(2,778,693) and \$(2,833,060) for unrestricted net position at December 31, 2021 and 2020 respectively.

NOTE 7 - COMPLIANCE WITH BOND ORDINANCES

The District is in compliance with its bond ordinances that require the District to maintain certain reserves and restricted assets as follows:

Bond and Interest Fund - In order to fund the McCreary County Water District and Water Sewer debt, the District makes deposits into these funds to pay for current maturing principal portions and associated interest of bond issues.

Bond Sinking Funds - McCreary County Water District is required by ordinances to transfer funds into various sinking funds for future debt retirement.

Depreciation Fund - The bond resolutions authorizing the bond issues of the water and sewer system require transfers into various depreciation funds to be used for plant acquisitions, extensions and extraordinary repairs and maintenance. Transfers can cease when the fund balance reaches specified levels.

The balance in the depreciation and debt service funds as of December 31, 2021 and 2020 equaled \$344,279 and \$380,833 respectively. The required balance is \$139,700 and \$124,040 respectively.

Construction Funds - The District is required to transfer funds into various funds for the use of funding future projects.

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the District also carries commercial insurance for all other risks of loss such as workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

NOTE 9 - FAIR VALUE MEASUREMENTS

FASB Statement No. 157, *Fair Value Measurements*, as codified by Accounting Standards Codification (ASC) 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were used by the District.

Level 1 Fair Value Measurements

The fair value of the Federated Treasury Obligations Fund (a money market fund) is based on quoted net asset values of the investments held by the District at year-end.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value:

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Treasury MM fund	<u>\$440,782</u>	-	-	<u>\$440,782</u>
Total assets fair value	<u>\$440,782</u>	-	-	<u>\$440,782</u>

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Treasury MM fund	<u>\$381,886</u>	-	-	<u>\$381,886</u>
Total assets at fair value	<u>\$381,886</u>	-	-	<u>\$381,886</u>

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 10 - PENSION PLAN

McCreary County Water District (the District) is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the County Employees Retirement System Nonhazardous Pension Plan (CERS Nonhazardous), which is administered by KPPA. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions - Participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per Kentucky Revised Statute (KRS) Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year. For the periods January 1, 2021 through June 30, 2021, and July 1, 2021 through December 31, 2021, the District contributed 19.30% and 21.17%, respectively, of each employee's creditable compensation (covered payroll) to the CERS Nonhazardous Pension Plan, which is equal to the actuarially determined rate set by the Board for each period. The District contributed for the years ended December 31, 2021 and 2020 \$240,149 and \$211,472, respectively, or 100% of the required contribution to the pension plan. Administrative costs of the KPPA are financed through employer contributions and investment earnings.

Plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 and before January 1, 2014 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the District reported a liability of \$2,819,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled-forward from the valuation date to June 30, 2021 using generally accepted actuarial principles.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 10 - PENSION PLAN (CONTINUED)

The District's proportion of the net pension liability was determined using the District's actual contributions for the year ended June 30, 2021. This method is expected to be reflective of the District's long-term contribution effort. For the year ended December 31, 2021, the District's proportion was 0.044226 percent, which is equal to its proportion measured as of June 30, 2021. For the year ended December 31, 2020, the District's proportion was 0.041752 percent, which is equal to its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$276,757. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effects of changes of assumptions	\$ 37,844	\$ -
District contributions subsequent to the measurement date	135,391	-
Difference between projected and actual earnings on plan investments	-	375,826
Changes in proportion and differences between District contributions and proportionate share of contributions	122,744	61,146
Differences between expected and actual liability experience	32,379	27,368
Total	\$ 328,358	\$ 464,340

The \$135,391 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2022	\$ (36,143)
2023	(37,166)
2024	(80,373)
2025	(117,691)

Actuarial Assumptions - The total pension liability, net pension liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or because of duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 10 - PENSION PLAN (CONTINUED)

The actuarial assumptions for CERS nonhazardous employees are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% - 10.30%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was the PUB-2010 General Mortality table for the nonhazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study for the period July 1, 2013 - June 30, 2018.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty		
Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.25 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that each fund receives the employer required contributions each future year as determined by the current funding policy established in statute, as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate does not use a municipal bond rate.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 10 - PENSION PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	5.25%	\$ 3,616,469
Current discount rate	6.25%	\$ 2,819,754
1% increase	7.25%	\$ 2,160,492

Payable to the Pension Plan - As of December 31, 2021 and 2020, the District reported a payable of \$35,295 and \$26,864, respectively, for the outstanding amount of contributions to the pension plan required for the year then ended. The payable only includes the pension portion of the contribution. Please refer to Note 11 for the amount due to the insurance fund.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN

Under the provisions of Kentucky Revised Statute Section 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the County Employees Retirement System (CERS). McCreary County Water District (the District) is a participating employer of the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description - The Kentucky Retirement Systems' (KRS) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS, KERS, and SPRS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the CERS. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Membership in the CERS Nonhazardous Insurance Fund consisted of the following as of June 30, 2020, the date of the latest actuarial valuation:

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Membership Status

Inactive plan members currently receiving benefits:	37,037
Inactive plan members entitled to but not yet receiving benefits:	29,208
Active plan members:	80,745
Total plan members:	<u>146,990</u>

Contributions - Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), the CERS Board of Trustees establishes employer and member contribution rates each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year.

For the periods January 1, 2021 through June 30, 2021, and July 1, 2021 through December 31, 2021, the District contributed 4.76% and 5.78%, respectively, of each employee's covered payroll to the insurance fund, which is equal to the actuarially determined rate set by the Board. The District contributed for the years ended December 31, 2021 and 2020 \$62,802 and \$52,156, respectively, or 100% of the required contribution to the insurance fund. Administrative costs of the KPPA are financed through employer contributions and investment earnings.

Employees hired after September 1, 2008 are required to contribute an additional 1% of their covered payroll to the insurance fund. Contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h). These members are classified in the Tier 2/Tier 3 structure of benefits and the 1% contribution to the 401(h) account is non-refundable.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the District reported a liability of \$846,493 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled-forward to June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was determined using the District's actual contributions for the year ended June 30, 2021. This method is expected to be reflective of the District's long-term contribution effort. For the year ended December 31, 2021, the District's proportion was 0.044216 percent, which is equal to its proportion measured as of June 30, 2021. For the year ended December 31, 2020, the District's proportion was 0.041740 percent, which is equal to its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized OPEB expense of \$65,475. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effects of changes of assumptions	\$ 224,421	\$ 787
District contributions subsequent to the measurement date (including implicit subsidy)	64,818	-
Differences between projected and actual earnings on plan investments	-	132,422
Differences between expected and actual liability experience	133,111	252,735
Changes in proportion and differences between District contributions and proportionate share of contributions	44,367	41,699
Total	\$ 466,717	\$ 427,643

The \$64,818 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date of \$36,965 and the December 31, 2021 implicit subsidy of \$27,853, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending December 31,		
2022	\$	20,547
2023		430
2024		(4,104)
2025		(42,617)

Implicit Subsidy - The fully insured premiums KPPA pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for non-Medicare eligible retirees. Participating employers should adjust their contributions by the implicit subsidy to determine the total employer contribution for GASB Statement No. 75 purposes. This adjustment is needed for contributions made during the measurement period and for the purpose of deferred outflows related to contributions made after the measurement date. McCreary County Water District's implicit subsidy for the years ended December 31, 2021 and 2020 was \$27,853 and \$24,736, respectively.

**MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions - The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. The actuarial assumptions for CERS nonhazardous employees are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00%, CERS Nonhazardous
Salary Increase	3.30-10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The mortality table used for active members was the PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study for the period July 1, 2013 - June 30, 2018.

Senate Bill 249, passed during the 2020 legislative session, changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that were payable starting July 1, 2020.

Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Discount Rate - The single discount rate of 5.20% for CERS Nonhazardous is based on the long-term expected rate of return on OPEB plan investments of 6.25% and a long-term municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. The projection of cash flows used to determine the discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty		
Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	100.00%	

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 5.20 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current rate.

Discount rate	District's proportionate share of net OPEB liability
1% decrease	4.20% \$ 1,162,229
Current discount rate	5.20% \$ 846,493
1% increase	6.20% \$ 587,380

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates (see details in *Actuarial Assumptions* above), as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	District's proportionate share of net OPEB liability
1% decrease	\$ 609,375
Current healthcare cost trend rate	\$ 846,493
1% increase	\$ 1,132,699

Payable to the OPEB Plan - As of December 31, 2021 and 2020, the District reported a payable of \$9,636 and \$6,626, respectively, for the outstanding amount of contributions to the insurance plan required for the years then ended. The payable only includes the insurance portion of the contribution. Please refer to Note 10 for the amount due to the pension plan.

NOTE 12 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and the financial markets. The continued spread of the disease represents a risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the District will depend upon future developments, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending December 31, 2022.

Subsequent events were evaluated through September 7, 2022, which is the date the financial statements were available to be issued.

Supplemental Information

**McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	McCreary County			Total
	Water	Sewer	Eliminations	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 641,334	\$ 164,328	\$	\$ 805,662
Unbilled revenues	274,873	95,312		370,185
Accounts receivable, net	453,224	190,511		643,735
Other receivables	5,278	91,486		96,764
Due from associated division	1,581,838	-	(1,581,838)	-
Inventory	135,342	40,739		176,081
Prepaid expenses	1,132	-		1,132
Total current assets	<u>3,093,021</u>	<u>582,376</u>	<u>(1,581,838)</u>	<u>2,093,559</u>
Non-current assets:				
Restricted cash and cash equivalents	264,574	79,705		344,279
Investments	440,782	-		440,782
Capital assets:				
Utility plant	46,056,191	19,370,585		65,426,776
Less accumulated depreciation	(19,655,184)	(9,143,010)		(28,798,194)
Construction in process	536,209	1,848,274		2,384,483
Total non-current assets	<u>27,642,572</u>	<u>12,155,554</u>		<u>39,798,126</u>
Deferred outflows of resources:				
Deferred outflows - other post-employment benefits	382,121	84,596		466,717
Deferred outflows - pension	266,204	62,154		328,358
Total deferred outflows	<u>648,325</u>	<u>146,750</u>	<u>-</u>	<u>795,075</u>
Total assets and deferred outflows of resources	<u>\$ 31,383,918</u>	<u>\$ 12,884,680</u>	<u>\$ (1,581,838)</u>	<u>\$ 42,686,760</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 246,880	\$ 358,931	\$	\$ 605,811
Accrued interest	114,900	28,140		143,040
Due to associated division	-	1,581,838	(1,581,838)	-
Taxes payable	20,458	3,109		23,567
Other accrued liabilities	227,811	68,997		296,808
Customer deposits	39,871	-		39,871
Notes payable - current	74,493	-		74,493
Revenue bonds - current portion	406,609	56,522		463,131
Total current liabilities	<u>1,131,022</u>	<u>2,097,537</u>	<u>(1,581,838)</u>	<u>1,646,721</u>
Non-current liabilities:				
Revenue bonds - net current portion	9,096,788	2,985,317		12,082,105
Notes payable	512,897	65,000		577,897
Net other post-employment benefits liability	685,531	160,962		846,493
Net pension liability	2,290,395	529,359		2,819,754
Total non-current liabilities	<u>12,585,611</u>	<u>3,740,638</u>		<u>16,326,249</u>
Deferred inflows of resources:				
Deferred inflows - other post-employment benefits	351,916	75,727		427,643
Deferred inflows - pension	391,374	72,966		464,340
Total deferred inflows	<u>743,290</u>	<u>148,693</u>	<u>-</u>	<u>891,983</u>
Total liabilities and deferred inflows of resources	<u>\$ 14,459,923</u>	<u>\$ 5,986,868</u>	<u>\$ (1,581,838)</u>	<u>\$ 18,864,953</u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 16,846,429	\$ 8,969,010		\$ 25,815,439
Restricted for debt service and construction	705,356	79,705		785,061
Unrestricted	(627,790)	(2,150,903)	-	(2,778,693)
Total net position	<u>16,923,995</u>	<u>6,897,812</u>	<u>-</u>	<u>23,821,807</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 31,383,918</u>	<u>\$ 12,884,680</u>	<u>\$ (1,581,838)</u>	<u>\$ 42,686,760</u>

See Independent Auditor's Report.

McCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	McCreary County		
	Water	Sewer	Total
Operating revenues			
Residential sales	\$ 2,666,715	\$ 393,269	\$ 3,059,984
Commercial sales	273,334	200,674	474,008
Industrial sales	49,051	46,283	95,334
Governmental sales	1,020,190	726,037	1,746,227
Other sales and fees	293,275	106,549	399,824
Total operating revenues	<u>4,302,565</u>	<u>1,472,812</u>	<u>5,775,377</u>
Operating expenses			
General and administrative costs	173,140	36,809	209,949
Payroll and contractual services	2,142,695	623,088	2,765,783
Repairs and maintenance	-	275,042	275,042
Other supplies and expenses	888,861	341,634	1,230,495
Depreciation	1,070,301	537,288	1,607,589
Total operating expenses	<u>4,274,997</u>	<u>1,813,861</u>	<u>6,088,858</u>
Operating income (loss)	<u>27,568</u>	<u>(341,049)</u>	<u>(313,481)</u>
Nonoperating revenues (expenses)			
Interest income	5,095	1,177	6,272
Other income	139,536	25,200	164,736
Loss on abandoned fixed assets	-	-	-
Gain (loss) on disposal of fixed assets	7,031	-	7,031
Interest expense	(248,634)	(54,649)	(303,283)
Total nonoperating revenues	<u>(96,972)</u>	<u>(28,272)</u>	<u>(125,244)</u>
Loss before contributions	(69,404)	(369,321)	(438,725)
Capital grants received	<u>400,650</u>	<u>-</u>	<u>400,650</u>
Change in net position	331,246	(369,321)	(38,075)
Total net position on December 31, 2020	<u>16,592,749</u>	<u>7,267,133</u>	<u>23,859,882</u>
Total net position on December 31, 2021	<u>\$ 16,923,995</u>	<u>\$ 6,897,812</u>	<u>\$ 23,821,807</u>

See Independent Auditor's Report

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF CASH FLOWS
DECEMBER 31, 2021

	Water	Sewer	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 4,094,473	\$ 1,502,016	\$ 5,596,489
Operating expenses:			
General and administrative	(173,140)	(36,809)	(209,949)
Payroll and related expenses	(2,096,846)	(614,583)	(2,711,429)
Repairs and maintenance	-	(275,042)	(275,042)
Other supplies and expenses	(690,649)	(13,732)	(704,381)
Net cash provided by operating activities	1,133,838	561,850	1,695,688
 Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,072,948)	(2,018,336)	(3,091,284)
Proceeds from sale of capital assets	-	7,031	7,031
Principal paid on debt	(1,962,335)	(59,231)	(2,021,566)
Proceeds from debt borrowings	2,003,669	1,616,376	3,620,045
Interest paid on debt	(228,875)	(54,649)	(283,524)
Capital contributions	400,650	-	400,650
Net cash used in capital and related financing activities	(859,839)	(508,809)	(1,368,648)
 Cash Flows from Investing Activities			
Interest income from investments	5,095	1,177	6,272
Other cash receipts	139,536	25,200	164,736
Net cash provided by investing activities	144,631	26,377	171,008
 Net increase in cash and cash equivalents	418,630	79,418	498,048
Cash and cash equivalents, at beginning of year	927,652	165,023	1,092,675
Cash and cash equivalents, at end of year	\$ 1,346,282	\$ 244,441	\$ 1,590,723
 Unrestricted cash and cash equivalents	\$ 641,334	\$ 164,328	\$ 805,662
Restricted cash and cash equivalents	705,356	79,705	785,061
Total cash and cash equivalents, at end of year	\$ 1,346,690	\$ 244,033	\$ 1,590,723

See Independent Auditor's Report.

MCCREARY COUNTY WATER DISTRICT
WATER AND SEWER DIVISIONS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
DECEMBER 31, 2021

	Water	Sewer	Total
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income (loss)	\$ 27,568	\$ (341,049)	\$ (313,481)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	1,070,301	537,288	1,607,589
Change in assets and liabilities:			
Increase in receivables	(38,270)	(140,618)	(178,888)
(Increase) decrease in inventories	(21,252)	9,770	(11,482)
Increase in accounts payable	123,456	315,828	439,284
Increase in customer deposits	360	-	360
Increase in accrued liabilities	81,463	16,489	97,952
Increase in net OPEB obligation	11,544	6,201	17,745
Increase in net pension obligation	34,305	2,304	36,609
Net cash provided by operating activities	\$ 1,289,475	\$ 406,213	\$ 1,695,688

See Independent Auditor's Report.

McCreary County Water District
Schedule of Proportionate Share of the Net Pension Liability
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.044226%	0.041752%	0.044240%	0.045494%
District's proportionate share of the net pension liability	\$ 2,819,754	\$ 3,202,344	\$ 3,111,418	\$ 2,770,845
District's covered employee payroll	\$ 1,129,658	\$ 1,069,480	\$ 1,115,926	\$ 1,127,618
District's share of the net pension liability as a percentage of its covered employee payroll	249.61%	299.43%	278.82%	245.73%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.043724%	0.043507%	0.040430%	0.042430%
District's proportionate share of the net pension liability	\$ 2,559,300	\$ 2,142,121	\$ 1,738,371	\$ 1,376,595
District's covered employee payroll	\$ 1,064,570	\$ 1,024,456	\$ 949,859	\$ 973,416
District's share of the net pension liability as a percentage of its covered employee payroll	240.41%	209.10%	183.01%	141.42%
Plan fiduciary net position as a percentage of the total pension liability	53.32%	55.50%	59.97%	66.80%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined (measured) as of June 30, of the fiscal year presented.

McCreary County Water District
Schedule of Pension Contributions
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required employer contributions	\$ 240,149	\$ 211,472	\$ 200,597	\$ 167,189
Contributions relative to contractually required employer contributions	<u>240,149</u>	<u>211,472</u>	<u>200,597</u>	<u>167,189</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,182,327	\$ 1,091,554	\$ 1,129,480	\$ 1,088,383
Employer contributions as a percentage of covered-employee payroll	20.31%	19.37%	17.76%	15.36%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required employer contributions	\$ 160,610	\$ 134,208	\$ 126,892	\$ 127,882
Contributions relative to contractually required employer contributions	<u>160,610</u>	<u>134,208</u>	<u>126,892</u>	<u>127,882</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,128,886	\$ 1,015,760	\$ 1,009,246	\$ 965,456
Employer contributions as a percentage of covered-employee payroll	14.23%	13.21%	12.57%	13.25%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Contractually required employer contributions exclude the portion of contributions paid to the CERS, but allocated to the insurance fund of the CERS.

The above contributions only include those contributions allocated directly to the CERS pension fund.

The amounts presented for each fiscal year were determined (measured) as of December 31, the reporting year end of the District.

McCreary County Water District
Schedule of Proportionate Share of the Net OPEB Liability
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.044216%	0.041740%	0.044229%
District's proportionate share of the net OPEB liability	\$ 846,493	\$ 1,007,893	\$ 743,912
District's covered employee payroll	\$ 1,129,658	\$ 1,069,480	\$ 1,115,926
District's share of the net OPEB liability as a percentage of its covered employee payroll	74.93%	94.24%	66.66%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%
	<u>2018</u>	<u>2017</u>	
District's proportion of the net OPEB liability	0.045494%	0.043724%	
District's proportionate share of the net OPEB liability	\$ 807,737	\$ 879,002	
District's covered employee payroll	\$ 1,127,618	\$ 1,064,570	
District's share of the net OPEB liability as a percentage of its covered employee payroll	71.63%	82.57%	
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%	

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined (measured) as of June 30, of the fiscal year presented.

McCreary County Water District
Schedule of OPEB Contributions
As of and for the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required employer contributions	\$ 62,802	\$ 52,156	\$ 56,587
Contributions relative to contractually required employer contributions	<u>62,802</u>	<u>52,156</u>	<u>56,587</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,182,327	\$ 1,091,554	\$ 1,129,480
Employer contributions as a percentage of covered-employee payroll	5.31%	4.78%	5.01%
	<u>2018</u>	<u>2017</u>	
Contractually required employer contributions	\$ 54,241	\$ 53,219	
Contributions relative to contractually required employer contributions	<u>54,241</u>	<u>53,219</u>	
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	
District's covered employee payroll	\$ 1,088,383	\$ 1,128,886	
Employer contributions as a percentage of covered-employee payroll	4.98%	4.71%	

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Contractually required employer contributions exclude the portion of contributions paid to the CERS, but allocated to the pension fund of the CERS.

The above contributions only include those contributions allocated directly to the CERS insurance fund.

The amounts presented for each fiscal year were determined (measured) as of December 31, the reporting year end of the District.

**McCreary County Water District
Schedule of Changes in Benefits and Assumptions
As of and for the Year Ended December 31, 2021**

County Employee Retirement System

Changes of benefit terms

During the **2021** legislative session, House Bill 169 was enacted, which updated the disability benefits for certain qualifying members who became "totally and permanently disabled" in the line of duty or as a result of a duty related disability.

During the **2018** legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty.

- Pension - Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.
- Insurance - The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty.

Changes in assumptions

There have been no actuarial assumption or method changes for the year ending **June 30, 2021**.

There have been no actuarial assumption or method changes for the year ending **June 30, 2020**.

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2019**:

- The rate of inflation, payroll growth rate, salary increases, and investment rate of return assumptions remain the same as those adopted for the June 30, 2017 valuation.
- The salary increase assumption was increased from an average of 3.05% to a range that varies by service of 3.30% - 10.30%.
- The mortality tables used were updated to the following:

Active members - PUB 2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Healthy retired members - System specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Disabled retired members - PUB 2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality scale using a base year of 2010.

McCreary County Water District
Schedule of Changes in Benefits and Assumptions (continued)
As of and for the Year Ended December 31, 2021

County Employee Retirement System

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2017**:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The payroll growth assumption was reduced from 4.00% to 2.00%.
- The salary increase assumption was reduced from 4.00% average to 3.05% average.

The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of **June 30, 2015**:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to 0.75%.
- The payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

McCreary County Water District
 Schedule of Expenditures of Federal Awards
 December 31, 2021

			Total Federal Expenditures
Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Program/Award	FYE 12/31/21
Rural Development	10.760	Rural Development Stearns to Smithtown Water Line Replacement Loan / Grant	\$ 1,168,515 Major
USDA	14.228	US Department of Housing & Urban Development Marsh Creek to HWY 92 Water Line Replacement Block Grant	<u>444,169 Major</u>
Total			<u>\$ 1,612,684</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of McCreary County Water District under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of McCreary County Water District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of McCreary County Water District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rates

McCreary County Water District has elected not to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

Note 4. Pass-Through Awards

There were no awards passed through to recipients.

FAULKNER, KING & WENZ, PSC
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INDEPENDENT AUDITOR'S 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

Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

We have audited, in accordance with the 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, the combined financial statements of the business-type activities of the McCreary County Water District, Water and Sewer Divisions (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated September 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Faulkner, King & Wenz, PSC

September 7, 2022

FAULKNER, KING & WENZ, PSC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
McCreary County Water District
Water and Sewer Divisions
Whitley City, Kentucky 42653

Report on Compliance for Major Federal Program

Opinion on Each Major Federal Program

We have audited McCreary County Water District, Water and Sewer divisions, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2021. McCreary County Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, McCreary County Water District, Water and Sewer divisions complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McCreary County Water District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of McCreary County Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to McCreary County Water District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McCreary County Water District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McCreary County Water District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding McCreary County Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McCreary County Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of McCreary County Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Faulkner, King & Wenz, PSC

September 7, 2022

McCREARY COUNTY WASTER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Type of auditor's report issued on compliance for major federal programs: unmodified

Internal control over major federal programs:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal program(s):

CFDA Numbers	<u>Name of Federal Program or Cluster</u>
10.760	Rural Development
14.228	US Department of Housing & Urban Development

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ yes X no