



Fleming County Water Association

P.O. Box 327 • 2772 Morehead Road • Flemingsburg, KY 41041

Office: (606) 845-3981 • Fax: (606) 845-3982 • Toll Free: 1 (800) 845-3983

Equal Opportunity Employer and Provider

TDD: 711

May 31, 2012

Linda Faulkner-Filings Director
Public Service Commission
P O Box 615
Frankfort, KY 0602-0615

RECEIVED

JUN -7 2012

PUBLIC SERVICE
COMMISSION

RE: PSC Final Order Case No 2009-00163

Dear Ms. Faulkner:

Please find enclosed our audit Statements of Financial Position, Activities & Cash Flows for years ending 2008-2010. We are currently in the auditing process for the year ending 2011, and expect to have that report by June 29, 2012, however, I am enclosing my Income Statement for 12/31/11, and YTD 4/30/12. As soon as we receive our audit I will forward a copy of those financial statements to include in our file. I hope this is sufficient, if not, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Wilhemina P. Whisman".

Wilhemina P Whisman
FCWA-Office Manager/CFO

Wpw
Encs (12)

J.E. Smith, Jr., President
F.L. Hinton, III, Vice President
Wayne Craft, Secretary

Kirby Story, Treasurer
Phillip C. Wagoner, Director
"Chuck" Marshall, Director

Fleming County Water Association, Inc.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2009 and 2008

	<u>ASSETS</u>	
	2009	2008
Current Assets:		
Cash and Cash Equivalents	\$ 284,792	\$ 257,157
Debt Service Reserve	111,095	109,135
Prepaid Insurance	10,649	10,075
Accounts Receivable	141,533	130,636
Inventory	87,149	70,656
Total Current Assets	635,218	577,659
Property and Equipment		
Property, Plant & Equipment	11,331,304	10,268,929
Total Property, Plant and Equipment	11,331,304	10,268,929
Less: Accumulated depreciation	(3,230,195)	(3,047,279)
Net Property, Plant and Equipment	8,101,109	7,221,650
 TOTAL ASSETS	 \$ 8,736,327	 \$ 7,799,309

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc.
 STATEMENTS OF FINANCIAL POSITION
 For The Years Ended December 31, 2009 and 2008

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
Current Liabilities:		
Accounts Payable	\$ 34,070	\$ 60,432
Accrued Taxes	6,831	8,028
Customer Deposits Payable	39,170	38,178
Accrued Interest Payable	58,007	53,177
Current Portion of Long-term Debt	<u>68,787</u>	<u>92,652</u>
Total Current Liabilities	<u>206,865</u>	<u>252,467</u>
Long-Term Debt		
Long-term Debt, less current portion	<u>3,073,542</u>	<u>2,778,195</u>
TOTAL LIABILITIES	<u>3,280,407</u>	<u>3,030,662</u>
Net Assets		
Unrestricted net assets:		
Fixed assets (Tap-Ons)	1,743,833	1,709,810
Federal Grants in Aid of Construction	3,583,060	2,967,956
Operating	<u>129,027</u>	<u>90,881</u>
Total unrestricted net assets / Total net assets	<u>5,455,920</u>	<u>4,768,647</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,736,327</u>	<u>\$ 7,799,309</u>

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc.
STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2009 and 2008

	2009	2008
UNRESTRICTED NET ASSETS		
OPERATING INCOME		
Water Operating Revenues	\$ 1,528,325	\$ 1,409,590
Other Service	30,163	26,565
Other Sales	-	10,374
	1,558,488	1,446,529
Total Operating Income		
OPERATING EXPENSES		
Salaries	358,091	355,701
Benefits	90,476	95,657
Taxes	29,709	29,450
Fuel for Power Production	11,348	10,971
Materials and Supplies	38,698	60,609
Contractual Services	17,267	17,297
Utilities and Telephone	10,647	10,578
Advertising	3,056	1,255
Transportation Expense	30,454	43,394
Purchased Water	569,704	592,650
Insurance - General	19,417	20,251
Miscellaneous	21,544	30,599
	1,200,411	1,268,412
Total Operating Expenses		
OPERATING INCOME BEFORE DEPRECIATION	358,077	178,117
DEPRECIATION	182,915	185,139
OPERATING INCOME	175,162	(7,022)
NONOPERATING INCOME (EXPENSES)		
Interest Income	5,631	15,641
Interest Expense	(142,647)	(138,275)
Utility Relocation Income	-	-
Utility Relocation Expense	-	-
	38,146	(129,656)
INCREASE (DECREASE) IN NET ASSETS		
NET ASSETS, Beginning of Year	90,881	220,537
NET ASSETS, End of Year	\$ 129,027	\$ 90,881

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2009 and 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	2009	2008
Change in unrestricted net assets	\$ 38,146	\$ (129,656)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	182,915	185,139
Decrease (Increase) in Current Assets		
Accounts Receivable	(10,897)	(4,728)
Prepaid Insurance	(574)	385
Inventory	(16,493)	(12,139)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(26,361)	15,342
Taxes Payable	(1,197)	2,012
Accrued Interest Payable	4,830	(1,650)
Customer Deposits	992	977
	<u>171,361</u>	<u>55,682</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>(1,062,375)</u>	<u>(441,435)</u>
Net Cash Used in Investing Activities	<u>(1,062,375)</u>	<u>(441,435)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash provided or (Used) by:		
Retirement of Note Principal	(103,518)	(90,587)
Grant Proceeds	615,104	166,746
Customer Contributions	34,023	61,600
Proceeds from Issuance of Long-Term Debt	<u>375,000</u>	<u>75,149</u>
Net Cash Provided (Used) by Financing Activities	<u>920,609</u>	<u>212,908</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,595	(172,845)
CASH AT THE BEGINNING OF THE YEAR	<u>366,292</u>	<u>539,137</u>
CASH AT THE END OF THE YEAR	<u>\$ 395,887</u>	<u>\$ 366,292</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest Expense	<u>\$ 137,655</u>	<u>\$ 139,925</u>

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2010 and 2009

	<u>ASSETS</u>	
	2010	2009
Current Assets:		
Cash and Cash Equivalents	\$ 425,495	\$ 284,792
Debt Service Reserve	223,327	111,095
Prepaid Insurance	11,004	10,649
Accounts Receivable	158,162	141,533
Inventory	79,343	87,149
Total Current Assets	897,331	635,218
Property and Equipment		
Property, Plant & Equipment	11,797,396	11,331,304
Total Property, Plant and Equipment	11,797,396	11,331,304
Less: Accumulated depreciation	(3,461,167)	(3,230,195)
Net Property, Plant and Equipment	8,336,229	8,101,109
 TOTAL ASSETS	 \$ 9,233,560	 \$ 8,736,327

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc.
 STATEMENTS OF FINANCIAL POSITION
 For The Years Ended December 31, 2010 and 2009

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
Accounts Payable	\$ 68,266	\$ 34,070
Accrued Taxes	7,503	6,831
Customer Deposits Payable	41,930	39,170
Accrued Interest Payable	56,992	58,007
Current Portion of Long-term Debt	<u>72,076</u>	<u>68,787</u>
Total Current Liabilities	<u>246,767</u>	<u>206,865</u>
Long-Term Debt		
Long-term Debt, less current portion	<u>3,007,657</u>	<u>3,073,542</u>
TOTAL LIABILITIES	<u>3,254,424</u>	<u>3,280,407</u>
Net Assets		
Unrestricted net assets:		
Fixed assets (Tap-Ons)	1,788,142	1,743,833
Grants in Aid of Construction	3,953,394	3,583,060
Operating	<u>237,600</u>	<u>129,027</u>
Total unrestricted net assets /		
Total net assets	<u>5,979,136</u>	<u>5,455,920</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,233,560</u>	<u>\$ 8,736,327</u>

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc.
STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2010 and 2009

	2010	2009
UNRESTRICTED NET ASSETS		
OPERATING INCOME		
Water Operating Revenues	\$ 1,698,394	\$ 1,528,325
Other Service	41,892	30,163
Other Sales	-	-
	1,740,286	1,558,488
OPERATING EXPENSES		
Salaries	365,784	358,091
Benefits	99,394	90,476
Taxes	30,333	29,709
Fuel for Power Production	8,756	11,348
Materials and Supplies	39,661	38,698
Contractual Services	18,941	17,267
Utilities and Telephone	10,276	10,647
Advertising	4,996	3,056
Transportation Expense	29,805	30,454
Purchased Water	590,643	569,704
Insurance - General	20,355	19,417
Miscellaneous	44,867	21,544
	1,263,811	1,200,411
OPERATING INCOME BEFORE DEPRECIATION	476,475	358,077
DEPRECIATION	230,973	182,915
OPERATING INCOME	245,502	175,162
NONOPERATING INCOME (EXPENSES)		
Interest Income	5,307	5,631
Interest Expense	(145,194)	(142,647)
Utility Relocation Income	2,958	-
Utility Relocation Expense	-	-
	-	-
INCREASE (DECREASE) IN NET ASSETS	108,573	38,146
NET ASSETS, Beginning of Year	129,027	90,881
NET ASSETS, End of Year	\$ 237,600	\$ 129,027

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association, Inc
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	2010	2009
Change in unrestricted net assets	\$ 108,573	\$ 38,146
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	230,973	182,915
Decrease (Increase) in Current Assets		
Accounts Receivable	(16,629)	(10,897)
Prepaid Insurance	(355)	(574)
Inventory	7,805	(16,493)
Increase (Decrease) in Current Liabilities		
Accounts Payable	34,196	(26,361)
Taxes Payable	672	(1,197)
Accrued Interest Payable	(1,015)	4,830
Customer Deposits	2,760	992
	<u>366,980</u>	<u>171,361</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>(466,092)</u>	<u>(1,062,375)</u>
Net Cash Used in Investing Activities	<u>(466,092)</u>	<u>(1,062,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash provided or (Used) by:		
Retirement of Note Principal	(62,596)	(103,518)
Grant Proceeds	370,334	615,104
Customer Contributions	44,309	34,023
Proceeds from Issuance of Long-Term Debt	<u>-</u>	<u>375,000</u>
Net Cash Provided (Used) by Financing Activities	<u>352,047</u>	<u>920,609</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	252,935	29,595
CASH AT THE BEGINNING OF THE YEAR	<u>395,887</u>	<u>366,292</u>
CASH AT THE END OF THE YEAR	<u>\$ 648,822</u>	<u>\$ 395,887</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest Expense	<u>\$ 146,208</u>	<u>\$ 137,655</u>

See Accompanying Auditor's Report and Notes to the Financial Statements

Fleming County Water Association Inc
INCOME STATEMENT

Current Year: 2012
 Comparative Year: 2011
 Period: April
 Period Begin: 04/01/12
 Period End: 04/30/12

2012 2011

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
OPERATING REVENUE							
WATER REVENUE		\$131,340.43	\$126,568.19	4	513,855.19	515,449.20	0
	REVENUE - PENALTIES	\$2,836.23	\$3,294.49	-14	10,846.42	11,545.79	-6
	REVENUE - MISC SERVICE	\$3,913.06	\$3,594.99	9	12,857.91	12,287.02	5
	REVENUE-CONTRACT SERVICE	\$0.00	\$0.00	N/A	400.00	500.00	-20
	REVENUE - MEMBER DUES	\$310.00	\$310.00	0	1,000.00	1,010.00	-1
	REVENUE-UTILITY RELOCATION REIMB	\$0.00	\$0.00	N/A	0.00	0.00	N/A
	BAD DEBT RECOVERY	\$0.00	\$0.00	N/A	0.00	0.00	N/A
	TOTAL OPERATING REVENUE	\$138,399.72	\$133,767.67	3	538,959.52	540,792.01	0
OPERATING EXPENSE							
SALARIES & WAGES		\$27,201.34	\$27,186.21	0	124,896.65	115,295.04	8
EMPLE BENEFITS		\$8,223.35	\$9,234.32	-11	35,595.35	36,167.27	-2
OFFICE EXPENSE		\$2,026.61	\$2,217.62	-9	10,182.84	9,130.71	12
PURCH WATER		\$50,786.65	\$50,839.15	0	178,891.79	203,473.85	-12
POWER PURCH		\$782.49	\$624.23	25	3,315.30	3,157.58	5
SUPPLIES		\$11,474.25	\$2,034.16	464	13,207.67	22,023.92	-40
CONTRACTUAL SER		\$2,527.25	\$556.05	355	10,708.07	5,338.56	101
INSURANCE		\$0.00	\$0.00	N/A	0.00	0.00	N/A
TRANS EXPS		\$3,462.21	\$3,291.71	5	14,808.91	11,583.04	28
UNCOLL ACCTS		\$0.00	\$0.00	N/A	0.00	0.00	N/A
MISC EXPENSE		\$776.50	\$5,064.09	-85	3,932.05	30,905.56	-87
DEPRECIATION EXP		\$21,443.00	\$15,168.00	41	85,772.00	60,672.00	41
REG COM EXP		\$0.00	\$0.00	N/A	0.00	0.00	N/A
FICA, EMPLR CONT		\$2,035.03	\$2,547.65	-20	9,374.59	8,639.80	9
UNEMP TAX		\$897.83	\$1,350.72	-34	1,657.16	1,473.71	12
BAD DEBT EXPENSE		\$0.00	\$0.00	N/A	0.00	0.00	N/A

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
	TOTAL OPERATING EXPENSE	\$131,636.51	\$120,113.91	10	492,342.38	507,861.04	-3
	OPERATING INCOME	\$6,763.21	\$13,653.76	-50	46,617.14	32,930.97	42
	OTHER INCOME & EXPENSE						
	REV, INTEREST & DIVIDEND	\$233.89	\$221.06	6	903.03	950.17	-5
	INTEREST ON CUSTOMER DEPOSITS	\$1.74	\$1.86	-6	4.74	4.93	-4
	INTEREST ON LONG TERM DEBT	\$22,513.09	\$22,934.61	-2	28,434.02	29,307.68	-3
	TOTAL OTHER INC & EXPENSE	(\$22,280.94)	(\$22,715.41)	-2	(27,535.73)	(28,362.44)	-3
	NET INCOME	(\$15,517.73)	(\$9,061.65)	71	19,081.41	4,568.53	318

Fleming County Water Association Inc
INCOME STATEMENT

Current Year: 2011
 Comparative Year: 2010
 Period: December
 Period Begin: 12/01/11
 Period End: 12/31/11

2011 2010

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
OPERATING REVENUE							
WATER REVENUE		\$135,574.38	\$130,991.42	3	1,616,368.23	1,655,130.55	-2
	REVENUE - PENALTIES	\$2,763.01	\$2,600.37	6	37,918.54	37,781.98	0
	REVENUE - MISC SERVICE	\$3,682.53	\$2,926.67	26	38,714.84	41,892.29	-8
	REVENUE-CONTRACT SERVICE	\$0.00	\$0.00	N/A	500.00	0.00	N/A
	REVENUE - MEMBER DUES	\$200.00	\$230.00	-13	2,850.00	2,810.00	1
	REVENUE-UTILITY RELOCATION REIMB	\$0.00	\$0.00	N/A	0.00	2,958.10	-100
	BAD DEBT RECOVERY	\$0.00	\$0.00	N/A	16.98	0.00	N/A
TOTAL OPERATING REVENUE		\$142,219.92	\$136,748.46	4	1,696,368.59	1,740,572.92	-3
OPERATING EXPENSE							
SALARIES & WAGES							
EMPLE BENEFITS		\$35,401.81	\$40,055.33	-12	375,220.52	365,783.99	3
OFFICE EXPENSE		\$11,249.72	\$9,303.60	21	112,093.80	99,408.65	13
PURCH WATER		\$2,677.14	\$3,486.79	-23	33,904.24	33,537.71	1
POWER PURCH		\$52,844.90	\$51,155.90	3	613,293.41	565,560.44	8
SUPPLIES		\$704.01	\$547.95	28	8,773.45	8,606.68	2
CONTRACTUAL SER		(\$1,063.77)	\$203.81	-622	68,310.72	67,529.17	1
INSURANCE		\$6,468.04	\$9,253.72	-30	27,386.83	32,384.85	-15
TRANS EXPS		\$0.00	\$0.00	N/A	18,153.24	20,709.80	-12
UNCOLL ACCTS		\$3,214.94	\$2,176.59	48	44,009.58	31,318.28	41
MISC EXPENSE		\$0.00	\$0.00	N/A	0.00	0.00	N/A
DEPRECIATION EXP		(\$48,030.23)	\$2,680.29	< -999	22,640.20	20,793.95	9
REG COM EXP		\$21,443.00	\$15,168.00	41	257,316.00	182,016.00	41
FICA, EMPLR CONT		\$0.00	\$0.00	N/A	2,656.81	2,479.87	7
UNEMP TAX		\$2,767.15	\$2,552.20	8	26,964.62	26,320.60	2
BAD DEBT EXPENSE		\$0.00	\$0.00	N/A	1,563.11	1,409.64	11
		\$0.00	\$0.00	N/A	0.00	95.26	-100

Account	Title	Current Period	Comparative Period	% Variance	Current YTD Balance	Comparative YTD Balance	% Variance
	TOTAL OPERATING EXPENSE	\$87,676.71	\$136,584.18	-36	1,612,286.53	1,457,954.89	11
	OPERATING INCOME	\$54,543.21	\$164.28	> 999	84,082.06	282,618.03	-70
	OTHER INCOME & EXPENSE						
	REV, INTEREST & DIVIDEND	\$215.53	\$388.84	-45	2,770.49	5,307.40	-48
	INTEREST ON CUSTOMER DEPOSITS	\$156.86	\$139.49	12	186.11	166.59	12
	INTEREST ON LONG TERM DEBT	\$12,386.76	\$12,778.60	-3	139,860.01	146,041.34	-4
	TOTAL OTHER INC & EXPENSE	(\$12,328.09)	(\$12,529.25)	-2	(137,275.63)	(140,900.53)	-3
	NET INCOME	\$42,215.12	(\$12,364.97)	-441	(53,193.57)	141,717.50	-138