

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CRITTENDEN-LIVINGSTON)
COUNTY WATER DISTRICT FOR APPROVAL)
TO ENTER INTO A SUBLEASE AGREEMENT)
WITH THE COUNTY OF LIVINGSTON,) CASE NO. 2010- _____
KENTUCKY IN A PRINCIPAL AMOUNT NOT)
TO EXCEED \$2,500,000 FOR THE PURPOSE OF)
REFINANCING CERTAIN OUTSTANDING)
OBLIGATIONS OF THE CRITTENDEN-)
LIVINGSTON COUNTY WATER DISTRICT.)

APPLICATION

The applicant Crittenden-Livingston County Water District (the "District"), by counsel, files this Application pursuant to KRS 278.300, 807 KAR 5.001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter order authorizing the District to enter into a Sublease Agreement (the "Sublease") with the County of Livingston, Kentucky (the "County"). Proceeds of the Sublease will be used by the District to refund and retire the District's outstanding Kentucky Rural Water Finance Corporation Series 2009 A Note, and will provide permanent financing of the project, debt service savings to the District and resulting savings to ratepayers.

In support of this Application, the District states as follows:

(1) That it is a water district organized pursuant to KRS Chapter 74, whose full legal name is Crittenden-Livingston County Water District (807 KAR 5:001, Section 8(1));

(2) The governing body of the District is its Board of Commissioners, a body corporate with the power to make contracts in the furtherance of its lawful and proper purposes as KRS 74.010 provides. The District is now, and has been since its formation, regulated by the Commission, all records and proceedings of the Commission with reference to the District are

incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity;

(3) The mailing address of the District is:

620 East Main Street	(270) 988-2680
Salem, KY 42078	(270) 988-4892 Fax

(4) A description of the District's water system and its property, together with a statement of the original cost is contained in its current Annual Report which is on file with the Commission, the Annual Report is incorporated herein by reference;

(5) The District proposes to enter into the sublease with the County in an amount not to exceed \$2,500,000, for the purpose of refunding the District's outstanding Kentucky Rural Water Finance Corporation Series 2009 A Note (the "Prior Obligation") of the District issued pursuant to the authorization granted pursuant to PSC Order dated May 1, 2007 (Case No. 2007-00094). The Sublease will be secured by a pledge of District Revenues. District The County will fund the sublease through the issuance of its General Obligation Lease Agreement with the Kentucky Association of Counties Interlocal Finance Corporation (the "Lease") which have been preliminarily approved by the Department for Local Government pursuant to a Decision of State Local Debt Officer (10 SLDO 013) dated the 16th day of September, 2010, which is hereby included as Exhibit A and are incorporated by Reference;

(6) The estimated debt service for the Lease is shown in Exhibit B, hereto and are incorporated by reference. Payments under the Sublease will match debt service payments on the Lease;

(7) Proceeds from the sale of the Lease will be used to: (i) refund and retire the Prior Obligation; and (ii) pay the costs of issuance of the Lease.

(8) A detailed explanation of the sources and uses of the proceeds of the Lease are provided in Exhibit C, hereto and are incorporated by reference;

(9) The final principal amount of the Sublease will be adjusted to match the final principal amount of the Lease, which will be adjusted based upon the lowest bid received at the advertised competitive sale of Kentucky Association of Counties Interlocal Finance Corporation Revenue Bonds (the "Revenue Bonds") associated with the Lease. Final financial figures will be submitted to the Commission in a timely manner.

(10) A combined debt service schedule for the Prior Obligation is shown in Exhibit D.

(11) The District has determined and represents that the Sublease is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing debt service savings. This is a lawful objective within the public purposes of the District's utility operations. The Sublease is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

(12) The District represents that it will, as soon as reasonably possible after the closing of the Sublease, file with the Commission a statement setting forth the date of issuance of the Sublease, the final par amount, all fees and expenses incurred in the issuance of the Lease, and the terms and interest rates of the Sublease.

(13) A detailed Statement of Revenue and Expenses, Balance Sheet and Statement of Cash Flows for the twelve month period ending December 31, 2009 are attached as Exhibit E, hereto and are incorporated by reference. The remaining financial information required is contained in the 2009 Annual Report which is on file with the Commission.

- (14) No rate adjustment is being proposed;
- (15) The following information is provided in response to 807 KAR 5:001 (8):
- a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74;
- (16) The following information is supplied pursuant to 807 KAR 5:001(9):
- a. Facts relied upon to show that the application is in the public interest: See the Plan of Refinancing in Exhibit C;
- (17) The following information is provided as required by 807 KAR 5:001 (11):
- a. A general description of the property is contained in the Annual Report;
 - b. No stock is to be issued. The Prior Obligation to be refinanced and it's terms are described in Exhibit D;
 - c. The refunding of the Prior Obligation and refinancing is described in Exhibits B and C;
 - d. The proceeds of the refinancing are to refinance a Prior Obligation to provide permanent financing for the Project;
 - e. The par value, expenses, use of proceeds, interest rates and other information is contained in Exhibits B and C;
- (18) The following exhibits are provided pursuant to 807 KAR 5:001 (11)(2):
- a. There are no trust deeds. All notes, indebtedness and mortgages are included in Exhibit F;

b. No property is to be acquired.

(19) The following information is provided pursuant to 807 KAR 5:001(6):

a. No stock is authorized;

b. No stock is issued;

c. There are no stock preferences;

d. Mortgages are listed in the Annual Report;

e. Bonds are listed in Exhibit F;

f. Notes are listed in Exhibit F;

g. Other indebtedness is listed in Exhibit F;

h. No dividends have been paid;

i. A current balance sheet and income statement is attached as Exhibit F.

(20) The District requests that it be granted a deviation under 807 KAR 5:004(14), if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous or which would hinder the District's daily operations.

The District states that there has been no material change in the financial condition or operation of the District since December 31, 2009. The financial data filed with this Application is the most recent published financial data available.

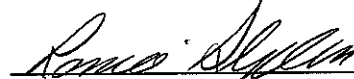
Due to the volatility of the bond market, the District cannot run the risk of delaying the closing of the Sublease while more current financial data is compiled. Additionally, the Sublease

is being financed through a time sensitive transaction involving a Kentucky Association of Counties Interlocal Finance Corporation Bond Pool which allows local government to enter the bond market collectively (all issuers must be ready to enter into the financings on a date certain), thereby sharing the upfront costs associated with such transactions. Further the County has been gracious enough to issue the Lease supported by the full General Obligation pledge of the County, which will enables the District to access the bond market at a lower interest rate relative to bonds or obligations supported solely by a pledge of District revenues.

For these reasons, the District requests that it be granted an order authorizing the refinancing of these bonds in the manner most beneficial to the District.

SUBMITTED BY:

**CRITTENDEN-LIVINGSTON
COUNTY WATER DISTRICT**



District Superintendent



Ian F. Koffler, Esq.
Peck, Shaffer & Williams LLP
50 East RiverCenter Blvd., Suite 1150
Covington, KY 41011
Bond Counsel

AFFIDAVIT OF DISTRICT SUPERINTENDENT

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF LIVINGSTON)

Ronnie Slayden, District Superintendent, after being sworn, states that he is authorized to submit this Petition on behalf of Crittenden-Livingston County Water District and that the statements contained in the Petition are true and correct to the best of his information and knowledge.

Sworn and acknowledged before me by Ronnie Slayden on the 20 day of Oct, 2010.

Ronnie Slayden, District Superintendent

Kimberly Guley-Bleach
Notary Public

My Commission Expires on: 6-5-2012

EXHIBIT A

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

**COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT
10 SLDO 013**

IN THE MATTER OF:

Livingston County, Kentucky

Lease Agreement with

Kentucky Association of Counties Finance Corporation

(Crittenden-Livingston County Water District Project)

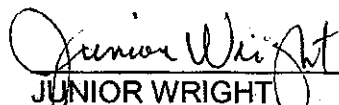
DECISION OF STATE LOCAL DEBT OFFICER

The State Local Debt Officer having considered the entire record in this matter, including the Findings of Fact, Conclusions of Law and the Recommended Order of the Administrative Hearing Officer dated August 31, 2010, and with the response thereto filed and being otherwise duly advised:

IT IS HEREBY ORDERED THAT the Findings of Fact, Conclusions of Law and Recommended Order of the Hearing Officer be hereby approved, ratified and incorporated herein as part of this decision. The State Local Debt Officer approves and adopts the findings and recommendations of the Hearing Officer as his own.

The Livingston County Fiscal Court's request to enter into the lease is approved.

Dated at Frankfort, Kentucky this the 16th day of September 2010.



JUNIOR WRIGHT
State Local Debt Officer
Commonwealth of Kentucky

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Decision has been served upon the following by mailing same, postage prepaid, this the 16th day of September 2010.


JUNIOR WRIGHT
State Local Debt Officer

The Honorable Chris Lasher
Livingston County Judge Executive
Livingston County Courthouse
P.O. Box 70
Smithland, KY 42081

Livingston County Fiscal Court Clerk
Livingston County Courthouse
P.O. Box 70
Smithland, KY 42081

Lonnie Campbell
Kentucky Association of Counties
Finance Corporation
400 Englewood Drive
Frankfort, KY 40601

Delivered by Messenger Mail to:

The Honorable Trey Grayson
Secretary of State
The Capitol, Suite 152
Frankfort, Kentucky 40601

EXHIBIT B

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

KACo Finance Corporation

Financing Program Revenue Bonds

2010 First Series A Bonds

Livingston County

Net Debt Service Schedule

Fiscal Year	Principal	Coupon	Interest	Total P+	Expenses	Net New D/S
06/30/2011	-	-	20,379.38	20,379.38	1,853.44	22,232.82
06/30/2012	55,000.00	1.100%	90,575.00	145,575.00	6,687.50	152,262.50
06/30/2013	60,000.00	1.400%	89,970.00	149,970.00	6,550.00	156,520.00
06/30/2014	60,000.00	1.700%	89,130.00	149,130.00	6,400.00	155,530.00
06/30/2015	60,000.00	2.000%	88,110.00	148,110.00	6,250.00	154,360.00
06/30/2016	60,000.00	2.250%	86,910.00	146,910.00	6,100.00	153,010.00
06/30/2017	60,000.00	2.500%	85,560.00	145,560.00	5,950.00	151,510.00
06/30/2018	65,000.00	2.900%	84,060.00	149,060.00	5,800.00	154,860.00
06/30/2019	65,000.00	2.950%	82,175.00	147,175.00	5,637.50	152,812.50
06/30/2020	70,000.00	3.000%	80,257.50	150,257.50	5,475.00	155,732.50
06/30/2021	70,000.00	3.050%	78,157.50	148,157.50	5,300.00	153,457.50
06/30/2022	75,000.00	3.300%	76,022.50	151,022.50	5,125.00	156,147.50
06/30/2023	75,000.00	3.350%	73,547.50	148,547.50	4,937.50	153,485.00
06/30/2024	80,000.00	3.450%	71,035.00	151,035.00	4,750.00	155,785.00
06/30/2025	80,000.00	3.500%	68,275.00	148,275.00	4,550.00	152,825.00
06/30/2026	85,000.00	3.550%	65,475.00	150,475.00	4,350.00	154,825.00
06/30/2027	85,000.00	3.700%	62,457.50	147,457.50	4,137.50	151,595.00
06/30/2028	90,000.00	3.750%	59,312.50	149,312.50	3,925.00	153,237.50
06/30/2029	95,000.00	3.900%	55,937.50	150,937.50	3,700.00	154,637.50
06/30/2030	100,000.00	4.000%	52,232.50	152,232.50	3,462.50	155,695.00
06/30/2031	105,000.00	4.150%	48,232.50	153,232.50	3,212.50	156,445.00
06/30/2032	105,000.00	4.200%	43,875.00	148,875.00	2,950.00	151,825.00
06/30/2033	110,000.00	4.250%	39,465.00	149,465.00	2,687.50	152,152.50
06/30/2034	115,000.00	4.300%	34,790.00	149,790.00	2,412.50	152,202.50
06/30/2035	120,000.00	4.350%	29,845.00	149,845.00	2,125.00	151,970.00
06/30/2036	130,000.00	4.400%	24,625.00	154,625.00	1,825.00	156,450.00
06/30/2037	135,000.00	4.450%	18,905.00	153,905.00	1,500.00	155,405.00
06/30/2038	140,000.00	4.500%	12,897.50	152,897.50	1,162.50	154,060.00
06/30/2039	145,000.00	4.550%	6,597.50	151,597.50	812.50	152,410.00
Total	\$2,495,000.00	-	\$1,718,811.88	\$4,213,811.88	\$119,628.44	\$4,333,440.32

All Inclusive Cost (AIC)

4.4626214%

EXHIBIT C

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

KACo Finance Corporation

Financing Program Revenue Bonds

2010 First Series A Bonds

Livingston County

Sources & Uses

Dated 11/10/2010 | Delivered 11/10/2010

Sources Of Funds

Par Amount of Bonds	\$2,495,000.00
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Total Sources	\$2,495,000.00
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Uses Of Funds

Total Underwriter's Discount (1.200%)	29,940.00
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Costs of Issuance	33,581.79
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Deposit to Project Construction Fund	2,427,000.00
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Rounding Amount	4,478.21
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Total Uses	\$2,495,000.00
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EXHIBIT D

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2009 A

Borrower: Crittenden-Livingston County Water District
 Closing Date: 01/29/09

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/29/09			41,253.33		41,253.33	41,253.33
08/01/09			40,800.00	450.00	41,250.00	
02/01/10	0.00		40,800.00		40,800.00	82,050.00
08/01/10			40,800.00		40,800.00	
02/01/11	2,720,000.00	3.000%	40,800.00	450.00	2,761,250.00	
08/01/11			0.00		0.00	2,761,250.00
Totals	<u>2,720,000.00</u>		<u>163,653.33</u>	<u>900.00</u>	<u>2,884,553.33</u>	

EXHIBIT E

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

Crittenden Livingston Water District
Statement of Revenues, Expenses, and Changes in Net Assets
For the Periods Indicated

	<u>For the 1 Month Ending</u> <u>August 31, 2010</u>	<u>For the 1 Month Ending</u> <u>August 31, 2009</u>	<u>For the 6 Months Ending</u> <u>August 31, 2010</u>	<u>For the 6 Months Ending</u> <u>August 31, 2009</u>
Revenues				
Water sales	\$ 185,812	\$ 180,814	\$ 1,315,419	\$ 1,295,923
Miscellaneous operating revenue	4,676	5,083	32,683	37,742
Total revenue	190,288	185,877	1,348,102	1,333,665
Cost of Goods				
Purchased water	-	-	-	1,322
Treatment - Electricity	5,555	4,941	39,534	33,228
Pumping - Electricity	2,052	1,808	13,977	11,424
Building & grounds maintenance-Tre	677	1,211	4,087	4,385
Treatment - Chemicals	6,231	18,200	55,633	58,158
Salaries-Treatment plant	14,623	11,781	110,613	100,857
Salaries-Transmission & distribution	18,602	11,997	120,485	123,157
Maintenance supplies - Transmission	101	2,331	4,000	3,770
Water plant supplies	14	1,143	3,352	3,212
R&M-Water mains & old meters	4,589	4,207	18,084	22,204
Maintenance -Water Plant	6,490	5,355	13,069	5,518
Lab testing	542	1,842	5,364	9,489
Total cost of goods	59,456	64,918	388,198	376,724
Gross profit	130,832	120,761	959,904	956,941
Operating expenses				
Salaries-administration	6,879	9,025	62,867	82,427
Salaries-Vacation	326	-	651	-
Salaries-Sick	186	-	600	-
Commissioners expense	600	600	3,600	4,800
Payroll tax expense	2,740	2,363	20,264	23,015
Unemployment	-	-	1,574	1,557
Retirement	5,182	6,894	38,124	31,710
Employee Insurance	6,432	3,102	23,893	20,775
Electric	306	281	1,673	1,154
Office supplies	857	3,168	7,392	10,494
Repair & Maintenance-Equipment	-	480	820	13,571
Computer maintenance	-	-	-	436
Repair & Maintenance-Vehicles	253	642	3,870	3,775
Insurance-Property and liability	2,221	1,484	21,439	16,812
Insurance - Bond	382	175	1,143	2,487
Fuel	1,446	1,661	12,734	12,134
Other tax expense	-	-	3,157	3,115
Equipment rental	-	1,000	1,000	1,000
Advertising	79	-	110	-
Seminar	-	-	1,040	460
Bank charges	197	163	2,454	1,316
Professional fees	460	700	18,030	20,150
Travel	-	-	76	457
Penalties	-	-	195	10
Communication and postage	1,432	1,836	13,417	13,161
Water	35	32	234	225
Propane	-	342	1,260	1,259
Trash Dispose)	273	248	2,149	1,692
Bad debts	150	118	10,993	14,152
Ice storm damage	-	-	-	43,822

See Accountants' Compilation Report

Crittenden Livingston Water District
Statement of Revenues, Expenses, and Changes in Net Assets
For the Periods Indicated

	<u>For the 1 Month Ending</u> <u>August 31, 2010</u>	<u>For the 1 Month Ending</u> <u>August 31, 2009</u>	<u>For the 8 Months Ending</u> <u>August 31, 2010</u>	<u>For the 8 Months Ending</u> <u>August 31, 2009</u>
Miscellaneous	193	(21)	882	482
Uniform expense	-	41	-	324
Total operating expenses	<u>30,329</u>	<u>34,034</u>	<u>253,671</u>	<u>326,762</u>
Operating Income (loss)	<u>100,503</u>	<u>66,727</u>	<u>706,233</u>	<u>630,179</u>
Other income				
Gain (Loss) from disposition of asset	-	-	390	-
Interest earned	72	90	1,071	1,050
Tap on fees	5,000	5,500	18,000	21,600
Proceeds from grants	-	-	<u>179,026</u>	<u>206,826</u>
Total other income	<u>5,072</u>	<u>5,590</u>	<u>198,487</u>	<u>231,476</u>
Other expenses				
Depreciation	51,570	46,935	412,564	375,481
Amortization	1,029	1,029	8,234	10,905
Interest expense	<u>48,392</u>	<u>48,977</u>	<u>389,837</u>	<u>399,206</u>
Total other expenses	<u>100,991</u>	<u>96,941</u>	<u>809,635</u>	<u>779,592</u>
Change in net assets	<u>4,584</u>	<u>(4,624)</u>	<u>93,085</u>	<u>82,062</u>
Net assets, beginning	-	-	<u>8,495,572</u>	<u>8,327,664</u>
Net assets, ending	-	-	<u>\$ 8,589,657</u>	<u>\$ 8,409,726</u>

See Accountants' Compilation Report

**Crittenden Livingston Water District
Statement of Net Income
Budget to Actual
For the 1 Month Ending August 31, 2010 and the 8 Months Ending August 31, 2010 (Presented with Annual Budget Information)**

	<u>Current Month</u> <u>Actual</u>	<u>Current Month</u> <u>Budget</u>	<u>Current Month</u> <u>Variance</u>	<u>YTD Actual</u>	<u>YTD</u> <u>Budget</u>	<u>YTD Variance</u>	<u>Yearly Budget</u>	<u>% of Annual</u> <u>Budget Used</u> <u>YTD</u>
Revenues								
Water sales	\$ 185,612	\$ 182,417	\$ 23,195	\$ 1,315,419	\$ 1,299,333	\$ 16,086	\$ 1,949,000	67.49%
Miscellaneous operating revenue	4,876	4,167	509	32,682	33,233	(650)	50,000	65.37%
Total revenue	190,288	166,584	23,704	1,348,102	1,332,566	15,436	1,999,000	67.44%
Transmission and distribution								
Treatment - Electricity	5,555	4,187	(1,388)	39,534	33,333	(6,201)	50,000	79.07%
Pumping - Electricity	2,052	1,393	(719)	13,977	10,667	(3,310)	16,000	87.38%
Building & grounds maintenance-Treatment p	677	468	(219)	4,087	3,667	(420)	5,000	74.31%
Treatment - Chemicals	6,231	6,667	436	55,633	53,333	(2,300)	80,000	69.54%
Salaries-Treatment plant	14,623	12,500	(2,123)	110,613	100,000	(10,613)	150,000	73.74%
Salaries-Transmission & distribution	18,802	15,833	(2,789)	120,485	126,667	6,182	190,000	63.41%
Maintenance supplies - Transmission & distri	101	483	382	4,000	2,667	(1,339)	5,800	68.97%
Water plant supplies	14	417	403	3,352	3,333	(19)	5,000	67.04%
R&M-Water mains & old meters	4,569	2,500	(2,069)	18,084	20,000	1,916	30,000	60.28%
Maintenance -Water Plant	6,490	833	(5,657)	13,069	6,667	(6,402)	10,000	130.69%
Lab testing	542	1,083	541	5,384	8,667	3,303	13,000	41.26%
Total transmission and distribution	59,456	48,274	(13,182)	388,198	370,201	(17,997)	555,300	69.91%
Gross profit	130,832	120,310	10,522	959,904	962,495	(2,591)	1,443,700	66.49%
Operating expenses								
Salaries-administration	6,679	10,333	3,654	62,867	82,667	19,800	124,000	50.70%
Salaries-Vacation	328	-	(328)	651	-	(651)	-	0.00%
Salaries-Sick	186	-	(186)	600	-	(600)	-	0.00%
Commissioners expense	500	500	-	3,600	4,000	400	6,900	60.00%
Payroll tax expense	2,740	2,875	135	20,264	22,000	2,736	34,500	58.74%
Unemployment	-	198	198	1,574	1,583	9	2,375	66.27%
Retirement	5,182	6,250	1,068	38,124	50,000	11,876	75,000	50.83%
Employee insurance	6,432	2,667	(3,765)	23,893	21,333	(2,560)	32,000	74.67%
Electric	306	146	(160)	1,673	1,167	(506)	1,750	95.60%
Office supplies	857	1,000	143	7,392	8,000	608	12,000	61.50%
Repair & Maintenance-Equipment	-	1,250	1,250	820	10,000	9,180	15,000	61.20%
Computer maintenance	-	42	42	-	333	333	500	66.60%

See Accountants' Compilation Report

Crittenden Livingston Water District
Statement of Net Income
Budget to Actual
For the 1 Month Ending August 31, 2010 and the 6 Months Ending August 31, 2010 (Presented with Annual Budget Information)

	Current Month Actual	Current Month Budget	Current Month Variance	YTD Actual	YTD Budget	YTD Variance	Yearly Budget	% of Annual Budget Used YTD
Repair & Maintenance-Vehicles	253	417	164	3,870	3,333	(537)	5,000	77.40%
Insurance-Property and liability	2,221	1,382	(839)	21,439	11,133	(10,306)	16,700	128.38%
Insurance - Bond	382	42	(340)	1,143	333	(810)	500	228.60%
Fuel	1,446	1,250	(196)	12,734	10,000	(2,734)	15,000	84.89%
Other tax expense	-	333	333	3,157	2,557	(499)	4,000	78.92%
Equipment rental	-	125	125	1,030	1,000	-	1,500	68.67%
Advertising	79	-	(79)	110	-	(110)	-	0.00%
Seiner	-	17	17	1,040	133	(907)	200	520.00%
Bank charges	197	83	(114)	2,484	667	(1,817)	1,000	248.40%
Professional fees	460	2,083	1,623	16,030	16,667	637	25,000	64.12%
Travel	-	42	42	76	333	257	500	15.20%
Penalties	-	-	-	185	-	(185)	-	0.00%
Communication & postage	1,432	1,867	235	13,417	13,333	(84)	20,000	67.08%
Water	35	29	(6)	234	233	(1)	350	66.89%
Propane	-	167	167	1,260	1,333	73	2,000	63.00%
Trash Disposal	273	217	(56)	2,148	1,733	(416)	2,600	82.65%
Bad debts	150	167	17	10,993	1,333	(9,660)	2,000	549.65%
Miscellaneous	193	58	(135)	892	467	(425)	700	126.00%
Total operating expenses	30,329	33,350	3,021	253,671	266,781	13,110	400,175	63.39%
Nonoperating revenue								
Gain (Loss) from disposition of asset	-	-	-	390	-	390	-	0.00%
Interest earned	72	-	72	1,071	-	1,071	-	0.00%
Tap on fees	5,000	2,500	2,500	16,000	20,000	(4,000)	30,000	53.33%
Proceeds from grants	-	-	-	179,026	-	179,026	-	0.00%
Total nonoperating revenue	5,072	2,500	2,572	196,487	20,000	176,487	30,000	654.96%
<hr/>								
Monoperating (notcash)								
Depreciation	51,570	-	(51,570)	412,564	-	(412,564)	-	0.00%
Amortization	1,028	-	(1,028)	8,234	-	(8,234)	-	0.00%
Interest expense	48,392	-	(48,392)	388,837	-	(388,837)	-	0.00%

See Accountants' Compilation Report

Crittenden Livingston Water District
Statement of Net Income
Budget to Actual
For the 1 Month Ending August 31, 2010 and the 8 Months Ending August 31, 2010 (Presented with Annual Budget Information)

	100,991	(100,991)	809,635	(809,635)	-	-	-	
Total nonoperating (noncast) expenses							0.00%	
Net Income	\$ 4,584	\$ 89,460	\$ (84,876)	\$ 93,085	\$ 715,684	\$ (622,589)	\$ 1,073,525	8.67%

See Accountants' Compilation Report

**Crittenden Livingston Water District
Statement of Revenues and Expenses
For the One Month Indicated**

	December 2010	November 2010	October 2010	September 2010	August 2010	July 2010	June 2010	May 2010	April 2010	March 2010	February 2010	January 2010
Revenues												
Water sales	-	-	-	-	\$ 185,612	\$ 189,206	\$ 187,579	\$ 145,247	\$ 162,310	\$ 122,709	\$ 140,373	\$ 172,283
Miscellaneous operating revenue	-	-	-	-	4,676	4,472	3,158	5,059	3,756	3,291	4,072	4,195
Total revenue	-	-	-	-	190,288	193,681	190,737	150,306	166,066	126,000	144,445	176,478
Cost of Goods												
Treatment - Electricity	-	-	-	-	3,555	5,142	4,192	4,344	4,894	4,956	5,042	5,408
Pumping - Electricity	-	-	-	-	2,892	1,995	2,533	188	1,709	1,726	2,046	1,757
Building & grounds maintenance-	-	-	-	-	677	1,914	1,727	976	-	-	283	-
Treatment - Chemicals	-	-	-	-	6,231	4,853	20,454	-	1,824	2,155	18,131	2,786
Salaries-Treatment plant	-	-	-	-	14,623	13,045	11,881	15,963	15,612	17,127	8,515	13,848
Salaries-Transmission & distribut	-	-	-	-	18,592	13,207	13,383	16,809	13,823	16,997	10,694	17,070
Maintenance supplies - Transmits	-	-	-	-	101	56	772	1,457	16	251	932	415
Water plant supplies	-	-	-	-	14	943	632	895	(57)	318	397	-
R&M-Water mains & old meters	-	-	-	-	4,589	1,966	4,006	3,324	1,822	596	1,880	(13)
Maintenance -Water Plant	-	-	-	-	6,489	1,470	377	476	-	1,914	2,136	202
Less: Inventory	-	-	-	-	542	509	784	(1,002)	394	671	-	1,289
Total cost of goods	-	-	-	-	59,456	43,341	60,143	45,506	40,027	46,701	50,266	42,757
Gross profit	-	-	-	-	130,832	150,340	130,594	104,800	126,039	89,299	94,189	133,821
Operating expenses												
Salaries-administration	-	-	-	-	6,579	6,209	6,214	5,749	4,645	13,095	6,935	13,347
Salaries-Vacation	-	-	-	-	326	-	326	-	-	-	-	-
Salaries-Sick	-	-	-	-	186	-	152	76	-	-	186	-
Commissions expenses	-	-	-	-	500	500	500	489	489	489	490	408
Payroll tax expense	-	-	-	-	2,749	2,113	1,490	2,805	5,616	365	1,919	3,227
Unemployment	-	-	-	-	-	229	-	-	1,321	-	-	24
Retirement	-	-	-	-	5,162	5,480	6,109	5,047	7,069	3,839	8,420	(3,012)
Employee insurance	-	-	-	-	6,432	2,993	3,164	3,327	3,212	2,843	3,324	(1,501)
Electric	-	-	-	-	306	240	336	-	215	214	197	198
Office supplies	-	-	-	-	857	2,274	1,903	383	142	1,212	397	295
Repair & Maintenance-Equipment	-	-	-	-	-	552	32	-	-	-	73	-
Repair & Maintenance-Vehicles	-	-	-	-	259	695	-	774	1,499	101	556	163

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Crittenden Livingston Water District
Statement of Revenues and Expenses
For the One Month Indicated

	December 2010	November 2010	October 2010	September 2010	August 2010	July 2010	June 2010	May 2010	April 2010	March 2010	February 2010	January 2010
Insurance-Property and liability	-	-	-	-	2,221	3,059	2,222	5,398	2,222	2,222	1,874	2,222
Insurance - Bond	-	-	-	-	382	-	-	761	-	-	-	-
Fuel	-	-	-	-	1,446	2,374	2,325	643	2,522	1,615	1,809	-
Other tax expense	-	-	-	-	-	3,157	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	1,000	-	-	-	-	-	-
Advertising	-	-	-	-	79	-	-	31	-	-	-	-
Seminar	-	-	-	-	-	-	300	390	-	100	253	198
Bank charges	-	-	-	-	197	125	126	242	84	107	1,476	125
Professional fees	-	-	-	-	480	6,382	6,862	1,107	380	518	350	-
Travel	-	-	-	-	-	-	-	-	76	-	-	-
Permit fees	-	-	-	-	-	-	195	-	-	-	-	-
Communication	-	-	-	-	1,432	1,427	1,442	2,475	2,189	1,933	1,152	1,353
Water	-	-	-	-	35	32	33	32	34	33	35	-
Propane	-	-	-	-	-	-	-	-	-	-	578	682
Trash Disposal	-	-	-	-	273	275	272	270	265	266	255	254
Bad debts	-	-	-	-	150	9,822	168	892	18	22	-	(78)
Miscellaneous	-	-	-	-	193	-	32	50	37	42	53	475
Total operating expenses	-	-	-	-	30,329	48,935	34,090	30,852	31,826	29,009	30,191	18,333
Operating income (loss)	-	-	-	-	100,578	101,405	98,804	73,936	94,113	60,290	63,989	115,488
Other income	-	-	-	-	-	-	-	-	-	390	-	-
Gain (Loss) from disposition of as	-	-	-	-	-	-	-	110	191	199	126	108
Interest earned	-	-	-	-	72	82	215	110	191	199	126	108
Tap fee fees	-	-	-	-	5,000	2,570	2,000	1,500	2,500	1,000	1,500	-
Proceeds from grants	-	-	-	-	-	-	-	-	-	176,247	279	-
Total other income	-	-	-	-	5,072	2,552	2,215	1,610	2,691	186,330	1,905	103
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	51,570	51,570	51,570	51,570	51,570	51,570	51,570	51,570
Amortization	-	-	-	-	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Interest expense	-	-	-	-	48,392	48,392	48,392	48,392	48,392	48,392	48,508	48,977
Total other expenses	-	-	-	-	100,991	100,991	100,991	100,991	100,991	100,991	102,107	101,576

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EXHIBIT F

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

CRITTENDEN LIVINGSTON WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

5 LONG-TERM DEBT (continued)

Notes Payable

Notes payable consisted of the following at December 31, 2009:

Kentucky Area Development District (KADD) note dated June 4, 2004, original amount \$205,000, payable in ten semiannual payments including principal and interest at 2.5%, beginning October 20, 2003.

Kentucky Infrastructure Authority (KIA) note dated November 1, 2001, at 1.8%, payable in 40 semiannual payments including principal and interest. Loan funds advanced are used on an interim basis to finance the construction of extensions, additions, and improvements to the existing waterworks system.

A detail of the Crittenden Livingston Water District Waterworks long-term debt is as follows:

	Balance January 1, 2009	Proceeds	Repayments	Balance December 31, 2009	Current Amount Due
Crittenden Livingston					
Waterworks revenue bonds:					
1995 Issue (Series A)	766,000	-	29,000	737,000	-
1995 Issue (Series B)	87,300	-	3,100	84,200	-
2000 Issue (Series A)	1,859,000	-	55,000	1,804,000	-
2000 Issue (Series B)	1,610,000	-	46,000	1,564,000	-
2000 Issue (Series C)	651,000	-	20,000	631,000	-
2004 Issue	4,700,000	-	155,000	4,545,000	159,000
2007 Short-term financing	2,680,000	-	2,680,000	-	-
2008 Bonds	1,920,000	-	75,000	1,845,000	95,000
2009 Short-term financing	-	2,720,000	-	2,720,000	-
Notes payable:					
KADD	110,000	-	20,000	90,000	20,000
KIA	1,136,143	-	66,614	1,069,529	67,818
Total	\$ 15,519,443	\$ 2,720,000	\$ 3,149,714	\$ 15,089,729	\$ 341,818

Annual debt service requirements for long-term debt to maturity are as follows:

<u>Year ending</u> December 31	<u>Principal</u>	<u>Interest</u>
2010	\$ 341,818	\$ 590,910
2011	3,143,744	536,340
2012	449,093	480,477
2013	462,464	464,487
2014	451,858	448,011
2015-2019	2,482,132	1,970,631
2020-2024	2,768,320	1,455,120
2025-2029	2,576,400	880,676
2030-2034	1,085,100	457,795
2035-2039	1,090,800	204,552
2040	238,000	10,948
	\$ 15,089,729	\$ 7,499,947