

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF ESTILL</b>	)	
<b>COUNTY WATER DISTRICT NO. 1 FOR A</b>	)	<b>CASE NO. 2019-00119</b>
<b>SURCHARGE TO FINANCE WATER LOSS</b>	)	
<b>CONTROL EFFORTS</b>	)	

**APPLICATION**

Pursuant to KRS 278.030, KRS 278.190, and 807 KAR 5:001, Estill County Water District No. 1 (“Estill District”) applies to the Public Service Commission (“Commission”) for an Order authorizing Estill District to assess a monthly surcharge to its customers for a period of at least three years and to use the proceeds of this surcharge to finance efforts to control and reduce the level of its water loss.

In support of its Application, Estill District states:

**Background**

1. The full name and post office address of Estill District is: Estill County Water District No. 1, 76 Cedar Grove Road, Irvine, Kentucky 40336. Its e-mail address is: a.miller@estillcountywater.com.

2. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Audrea Miller  
Office Manager  
76 Cedar Grove Road  
Irvine, Kentucky 40336  
(606) 723-3795  
a.miller@estillcountywater.com<sup>1</sup>

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<sup>1</sup> On April 8, 2019 pursuant to 807 KAR 5:001, Section 8, Estill District notified the Public Service Commission of its election of the use of electronic filing procedures for this proceeding.

3. Estill District is not a corporation, limited liability company or limited partnership. It has no articles of incorporation or partnership agreements.

4. Estill District is a water district created under the provisions of KRS Chapter 74.

5. KRS 365.015 does not require Estill District to file a certificate of assumed name.

6. As of December 31, 2018, Estill District provides retail water service to approximately 3,720 customers in Estill County, Kentucky.<sup>2</sup> Estill District does not produce its own water, but purchases its total water requirements from Irvine Municipal Utilities and Jackson County Water Association.

7. On May 15, 2019,, Estill District’s Board of Commissioners enacted a resolution directing Estill District to apply to Public Service Commission for authorization to assess a monthly surcharge for a period of at least three years and sufficient to support its water loss control efforts, but no less than \$159,880. A copy of this resolution is attached as **Exhibit 1**.

#### **Estill District’s Unaccounted-For Water Loss**

8. As shown in the table below, for each year since 2010 Estill District has been unable to account for 23 percent or more of its total purchased water. Since 2014, it has experienced an unaccounted water rate in excess of 35 percent. For every three gallons of water purchased since 2014, Estill District has recorded sales of less than two gallons of water.

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<sup>2</sup> *Annual Report of Estill County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2018 (“2018 Annual Report”)* at Ref Page 27.

<b>Year</b>	<b>Unaccounted-For Water Loss (%)</b>
2010	25.8524
2011	27.4459
2012	23.6125
2013	32.0143
2014	36.4580
2015	35.4295
2016	35.2625
2017	37.6515
2018	39.6243

9. This high rate of unaccounted-for water adversely affects Estill District’s finances. 807 KAR 5:066, Section 6(3) provides that “[e]xcept purchased water rate adjustments for water districts and water associations, and rate adjustments pursuant to KRS 278.023(4), for rate making purposes a utility's unaccounted-for water loss shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations.” Therefore, a significant portion of Estill District’s purchased water expense is subject to disallowance and is not recoverable through Estill District’s rates for water service.

10. In its last general rate case proceeding, Estill District applied to the Commission for an adjustment of its general rates for water service. Its proposed rates would have generated additional annual revenues of \$345,009.<sup>3</sup> On December 20, 2017, the Commission in Case No. 2017-00176 denied the Estill District’s requested increase and instead authorized rates that generated additional annual revenues of only \$194,147. In calculating Estill District’s revenue requirement, the Commission disallowed \$146,741 of the Estill District’s test period purchased water expenses as unreasonable as these expenses represented the cost of unaccounted-for water in excess of the 15 percent limit placed on unaccounted-for water loss.<sup>4</sup> It further disallowed

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<sup>3</sup> *Electronic Application of Estill County Water District No. 1 For Rate Adjustment Pursuant To 807 KAR 5:076*, Case No. 2017-00176 (Ky. PSC filed May 10, 2017).

<sup>4</sup> Case No. 2017-00176, Staff Report at 12 (filed Aug. 9, 2017).

\$13,139 of purchased power expense related to the cost of electricity to pump unaccounted-for water in excess of the 15 percent.<sup>5</sup>

11. As a result of its high level of unaccounted-for water, Estill District is in precarious financial health. In the period from 2013 through 2017, it had a cumulative net income of (\$2,158,448). In February 2018, Estill District failed to meet scheduled principal and interest payments on several bonds that Rural Development held and was considered a delinquent debtor by Rural Development. Rural Development subsequently agreed to restructure Estill District's loans, reamortize those loans with their interest rates reduced to Rural Development's poverty interest rate and reschedule their payment.

12. The Commission has attributed the source of Estill District's recent financial problems to poor water loss control. In Case No. 2017-00176, it noted that Estill District's "current financial difficulties could be eliminated by reducing unaccounted-for water loss to 15 percent" and strongly encouraged Estill District "to pursue reasonable actions to reduce its unaccounted-for water loss."<sup>6</sup> In Case No. 2018-00276, the Commission noted the futility of Estill District restructuring its debt unless it was also "taking steps to correct the primary cause of its financial condition." Suggesting that the restructuring of Estill District's debt represented a final opportunity for Estill District to address its water loss problems, the Commission directed that it prepare a detailed and comprehensive plan to correct excessive water loss.<sup>7</sup>

13. On May 15, 2019, Estill District filed with the Commission a Comprehensive Corrective Action Plan ("Plan") to address its excessive water loss. A copy of this Plan is attached to this Application as **Exhibit 2**. The Plan analyzes Estill District's current water loss

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<sup>5</sup> *Id.* at 12-13.

<sup>6</sup> Order of Dec. 20, 2017 at 4.

<sup>7</sup> *Electronic Application of Estill County Water District No. 1 for Authorization to Consolidate its Existing Loans with Citizens Guaranty Bank*, Case No. 2018-00276 (Ky. PSC Dec. 21, 2018) at 4-5 ("Given Estill District No. 1's history of non-compliance and its financial condition, it may not get another opportunity to correct the water loss issues.").

trends and identifies potential corrective actions that Estill District could take to reduce its water losses. Bell Engineering, the Plan's author, projects that, if Estill District took no action to implement a water loss reduction program, Estill District's non-revenue water would exceed its actual metered water sales by 2026.<sup>8</sup>

14. The Plan recommends that Estill District's initial water loss control measures should be: (1) the purchase and installation of zone meters and the establishment of district metered areas; (2) installation of a backflow prevention device at the Irvine Bridge Master Meter; (3) replacement of at least 20 percent of its existing customer meters; and (4) the hiring of additional personnel dedicated to leak detection efforts. As shown in **Exhibit 3**, Estill District's engineering consult estimates the expected cost of these measures in the first two years of their implementation is in well excess of \$320,000. As shown in **Exhibit 4**, **Exhibit 4A** and **Exhibit 5**, Estill District lacks the financial reserves to fund these measures and its existing rates will not produce the revenue to fund these measures.

#### **Surcharge Proposal**

15. To obtain the necessary funding to implement a comprehensive water loss control plan, Estill District proposes to assess to each customer a monthly surcharge of at least \$3.54. The amount of the surcharge is based upon the sum of purchased water expense and purchased power expense disallowed in Case No. 2017-00176 due to excessive unaccounted-for water.<sup>9</sup> Estill District reserves the right to request at a later date a larger surcharge amount should the cost of its water loss control efforts require annual expenditures in excess of \$159,880.

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<sup>8</sup> Bell Engineering, *Comprehensive Correction Action Plan* (May 15, 2019) at 46.

<sup>9</sup>  $(\$146,741 + \$13,139) \div (12 \text{ months} \times 3,763 \text{ customers}) = \$3.54$ . Estill District used the number of customers served as of December 31, 2017 to calculate the amount of the proposed surcharge. At the time of this calculation, Estill District had not completed its *2018 Annual Report* and sought to base the proposed surcharge amount on the most recently reported number of customers. If the number of customers served as of December 31, 2018 is used, a monthly surcharge of \$3.59 is necessary to produce annual revenues of approximately \$159,800.

16. The proceeds of the proposed surcharge will be used solely to finance Estill District's water loss control program. To ensure full transparency and the appropriate use of surcharge proceeds, Estill District proposes that following controls be placed on the proposed surcharge:

a. The surcharge will be billed as a separate line item and identified as "Water Loss Control Program Surcharge."

b. All surcharge proceeds will be maintained in a separate, interest-bearing account.

c. Commission approval for the use of surcharge proceeds for a specific water loss control activity must be obtained prior to the expenditure of any surcharge proceeds for such activity. For example, if the Estill District seeks to use a portion of the proceeds to purchase zone meters and to establish district metered areas, it will first apply to the Commission for approval to use surcharge proceeds for that purpose.

d. Monthly activity reports will be filed with the Commission that include a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee and a description of its purpose; and invoices supporting each payment.

e. Periodic water loss reports will be filed with the Commission.

f. Failure to comply with any control imposed on the assessment of the surcharge is sufficient basis for the termination of the surcharge and the refund of all surcharge proceeds previously collected.

g. Three years after the surcharge is authorized, a formal Commission review of the performance of the surcharge and Estill District's water loss control efforts will be conducted to determine if the surcharge should be terminated or modified.

17. The proposed surcharge is similar to and consistent with the surcharge that the Commission authorized in Case No. 2011-00217<sup>10</sup> and in Case No. 2018-00376<sup>11</sup> for Cannonsburg Water District for its water loss control efforts. It is also consistent with the Water Loss Demonstration Project that the Commission previously conducted in its effort to assist water utilities in their efforts to reduce water loss.<sup>12</sup>

18. A tariff sheet setting forth the amount and terms and conditions of the proposed surcharge is attached as **Exhibit 6** to this Application.

19. In accordance with 807 KAR 5:001, Section 17 and 807 KAR 5:011, Section 8, Estill District published notice of its application for the proposed surcharge in the *Citizens Voice and Times* on June 13, 2019 and will publish notice each of the two following weeks. A copy of this notice is attached as **Exhibit 7** to this Application.

#### **Compliance With 807 KAR 5:001, Section 16**

20. Estill District proposes no adjustment to its base rates for water service. Under the Commission's current ratemaking methodologies and practices, Estill District's present operations do not support an increase in its current base rates for water service. A calculation of Estill District's revenue requirement from base rates for water service based upon the twelve

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<sup>10</sup> *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges*, Case No. 2011-00217 (Ky. PSC Jun 4, 2012).

<sup>11</sup> *Application of Cannonsburg Water District for A Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076*, Case No. 2018-00376 (Ky. PSC May 13, 2019). Commission Staff has recently recommended that a similar surcharge be established for Graves County Water District. See Commission Staff Report on Graves County Water District at 6-8 (filed June 10, 2019 in *Application of Graves County Water District for An Alternative Rate Adjustment*, Case No. 2018-00429 (Ky. PSC filed Jan. 3, 2019)).

<sup>12</sup> See, e.g., *Adjustment of Rates of North Logan Water District*, Case No. 97-399 (Ky. PSC May 22, 1998); *An Investigation Into the Operations and Management of Mountain Water District*, Case No. 96-126 (Ky. PSC Aug. 11, 1997); *The Notice of Lake Village Water Association, Inc., of a Tariff Amendment Adjusting Rates and Imposing Construction Surcharge*, Case No. 89-075 (Ky. PSC Jan. 29, 1990); *The Application of the Muhlenberg County Water District, A Water District Organized Pursuant to Chapter 74 of the Kentucky Revised Statutes for a General Adjustment of Rates and Revision of Rates*, Case No. 9262 (Ky. PSC Oct. 9, 1985); *The Notice By Lake Village Water Association, Inc. of A Tariff Amendment Adjusting Rates; Notice of Tariff Amendment Imposing A Temporary Special Rule To Limit The Availability of Water Service Connections; Application For A Certificate of Public Convenience and Necessity; Application For Authority To Issue A Promissory Note and Mortgage To the Farmers Home Administration; and Application and Request That It Be Included In the Demonstration Project to Define Excessive Water Loss*, Case No. 9290 (Ky. PSC Dec. 30, 1985)

month period ending December 31, 2018 is set forth at **Exhibit 8** of this Application. The proposed surcharge is designed to permit Estill District to recover purchased water costs that would otherwise not be recovered through based, but limit Estill District's use of those recovered costs to Commission-approved water loss control activities.

21. Estill District's proposed monthly surcharge will apply to every customer class of service and to every customer within each service class. In prior proceedings in which a utility has sought authority to assess surcharge, the Commission has considered such an application to be an application for a general rate adjustment even if the utility's base rates are not affected and required that each of the minimum regulatory requirements set forth in 807 KAR 5:001, Section 16 must be met or a deviation from such requirement must be obtained.<sup>13</sup>

22. Pursuant to 807 KAR 5:001, Section 16, the following information is provided:

a. The proposed rate adjustment is based upon a 12-month historical test period ending December 31, 2018.

b. The proposed rate adjustment is required to finance Estill District's water loss control measures.

c. KRS 365.015 does not require Estill District to provide a certificate of assumed name.

d. A revised tariff sheet in a format that complies with 807 KAR 5:011 with an effective date not less than 30 days from the date of this Application is found at **Exhibit 6**.

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<sup>13</sup> See, e.g., *Electronic Application of Kentucky-American Water Company for a Qualified Infrastructure Program Rider*, Case No. 2017-00313 (Ky. PSC Sep. 27, 2017); *Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Purchased Power Agreements and Recovery of Associated Costs*, Case No. 2009-00353 (Ky. PSC Oct. 21, 2009) (prior to renumbering of 807 KAR 5:001); *Application of Louisville Gas and Electric Company for Approval of New Rate Tariffs Containing a Mechanism of the Pass-Through of MISO-Related Revenues and Costs Not Already Included in Existing Base Rates*, Case No. 2004-00459 (Ky. PSC Apr. 15, 2005) (prior to renumbering of 807 KAR 5:001); *Application of Kentucky Utilities Company for Approval of new Rate Tariffs Containing a Mechanism of the Pass-Through of MISO-Related Revenues and Costs Not Already Included in Existing Base Rates*, Case No. 2004-00460 (Ky. PSC Apr. 15, 2005) (prior to renumbering of 807 KAR 5:001).

e. A copy of the present tariff indicating the proposed additions by italicized inserts or underscoring and striking over proposed deletions is found at **Exhibit 6A**.

f. As Estill District does not have gross annual revenues greater than \$5,000,000, 807 KAR 5:001, Section 16(2) does not require Estill District to notify the Commission in writing of its intent to file an application for general rate adjustment in advance of the filing or to notify the Attorney General's Office of Rate Intervention of its intent.

g. Estill District published notice of its Application in the *Citizens Voice and Times* on June 13, 2019 and will publish notice each of the two following weeks. A copy of this notice is attached as **Exhibit 7** to this Application. In accordance with 807 KAR 5:001, Section 17(1), Estill District has posted a copy of this notice at its office and will post notice of the proposed surcharge on its website no later than June 20, 2019.

h. Estill District does not propose any adjustments to its test period operations. In its determination of its revenue requirements, which is attached as **Exhibit 8**, however, it has identified and noted adjustments that the Commission has historically made to a water utility's operation including adjustments to its purchased water expense and purchased power expense to reflect the cost of unaccounted-for water that exceeds 15 percent of Estill District's total water purchases.

i. Estill District does not have gross annual revenues greater than \$5,000,000 and does not intend to file written testimony in this matter unless the Commission directs otherwise.

j. Estill District estimates that the proposed rates will generate additional annual revenues of \$159,800.

k. The proposed rates will raise each monthly customer bill approximately \$3.54. This increase represents an increase in the average monthly bill of 9.2 percent for

customers served through a 5/8-inch x 3/4-inch meter, 2.5 percent for customers served through a 1-inch meter, and 1.4 percent for customers served through a 2-inch meter.

l. As Estill District is not an incumbent local exchange carrier, the information identified in 807 KAR 5:001, Section 16(4)(f) is not required with this Application.

m. Estill District has requested a deviation from the requirements of 807 KAR 5:001, Section 16(4)(g).

n. Estill District has not proposed any revisions to its base rates for water service. A summary of Estill District's revenue requirements with supporting schedules as required by 807 KAR 5:001, Section 16(4)(h) is set forth at **Exhibit 8**.

o. As the Commission does not determine the revenue requirements of a water district based upon rate base or capital, a reconciliation of the rate base and capital required by 807 KAR 5:001, Section 16(4)(i) is not required with this Application.

p. Estill District does not use a chart of accounts more detailed by the Uniform System of Accounts for Class A and B Water Districts.

q. Estill District's most recent audit report is attached as **Exhibit 9**.

r. As neither the Federal Energy Regulatory Commission nor the Federal Communications Commission regulates Estill District, Estill District is not required to submit the information identified in 807 KAR 5:001, Section 16(4)(l).

s. As neither the Federal Energy Regulatory Commission nor the Federal Communications Commission regulates Estill District, Estill District is not required to submit the information identified in 807 KAR 5:001, Section 16(4)(m).

t. Estill District has not conducted a depreciation study and its records will not enable such study to be performed. In lieu of such study, the Commission has relied upon the

depreciation ranges set forth in *Depreciation Practices for Small Water Utilities* (National Association of Regulatory Utility Commissioners 1979).

- u. Estill District relied upon the following computer software to prepare its

Application:

- (1) Microsoft Word 2010 (Word Processing)
- (2) Microsoft Excel 2010 (Spreadsheet Creation)
- (3) Nuance Power PDF (conversion of documents into PDF)

All of the computer software can be operated using a Windows-based operating system and any computer with a 500 MHz processor, 256 megabytes of random access memory, a hard disk of at least 3 gigabytes and a display monitor of 1024 x 576.

- v. Estill District has never had any stock or bond offering.

w. As Estill District has no shareholders, it has not issued any reports to its shareholders.

x. The monthly managerial reports showing financial results of operations for the twelve (12) months of the test period are found at **Exhibit 10** of the Application.

y. Estill District is not required to and has not made any filings with the Securities and Exchange Commission.

z. Estill District has not had any amounts charged or allocated to it by an affiliate or general or home office or paid monies to an affiliate or general or home office during the test period or during the previous three calendar years.

aa. As Estill District does not have gross annual revenues greater than \$5,000,000, 807 KAR 5:001, Section 16(4)(u) does not require the submission of a cost of service study.

bb. As Estill District is not a local exchange carrier, 807 KAR 5:001, Section 16(4)(v) does not require the submission of a jurisdictional separations study with this Application.

cc. Estill District has not requested any adjustments for known and measurable changes.

**Requested Relief**

**WHEREFORE**, Estill County Water District No. 1 requests that the Commission:

1. Enter an order authorizing Estill District to assess a monthly surcharge of at least \$3.54 subject to the conditions set forth above; and
2. Grant any and all such other relief to which Estill District may be entitled.

Dated: June 13, 2019

Respectfully submitted,



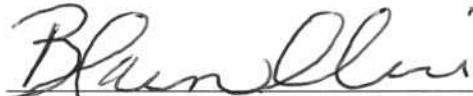
Gerald E. Wuetcher  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
Telephone: (859) 231-3017  
Fax: (859) 259-3517  
gerald.wuetcher@skofirm.com

*Counsel for Estill County Water District No. 1*

COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF ESTILL )

The undersigned, Blain Click, being duly sworn, deposes and states that he is the Chairman of Estill County Water District No. 1, the Applicant in the above proceedings; that he has read this Application and has noted its contents; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

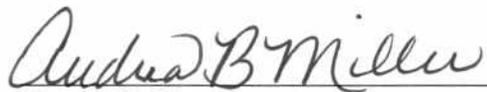
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this June 13, 2019.



Blain Click  
Chairman, Board of Commissioners  
Estill County Water District No. 1

Subscribed and sworn to before me by Blain Click in his capacity as Chairman of Estill County Water District No. 1 on this June 13, 2019.

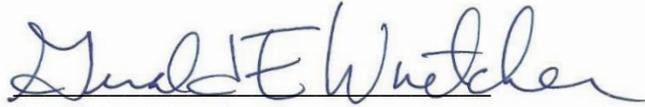
My Commission expires: September 10, 2022.



Notary Public  
Notary ID: 608524

**CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, I certify that Estill County Water District No. 1's electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on June 13, 2019; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that on or before June 17, 2019 this Application in paper medium will be delivered to the Public Service Commission.

A handwritten signature in blue ink that reads "Gerald E. Wuetcher". The signature is written in a cursive style with a horizontal line underneath the name.

Gerald E. Wuetcher

# **EXHIBITS**

## TABLE OF EXHIBITS

<u>Tab No.</u>	<u>Description</u>
1	A Resolution of the Board of Commissioners of Estill County Water District No. 1 Authorizing An Application to the Kentucky Public Service Commission for Authorization to Assess A Surcharge to Support Water Loss Control Efforts (May 15, 2019)
2	Bell Engineering, Comprehensive Corrective Action Plan
3	Preliminary Opinion of Probable Project Cost
4	<i>Annual Report of Estill County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2018</i>
4A	Operating Statement for the period January 1 through April 30, 2019
5	Balance Sheet as of April 30, 2019
6	Tariff Sheet Reflecting Proposed Rate Revisions
6A	Current Tariff Sheet Reflecting The Proposed Additions By Italicized Inserts Or Underscoring And Striking Over Proposed Deletions
7	Notice of Proposed Rate Adjustment
8	Revenue Requirements Determination
9	2017 Audit Report
10	Monthly Managerial Reports for Calendar Year 2018

# **EXHIBIT 1**

**RESOLUTION NO. 2019-2**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF  
ESTILL COUNTY WATER DISTRICT NO. 1 AUTHORIZING AN  
APPLICATION TO THE KENTUCKY PUBLIC SERVICE  
COMMISSION FOR AUTHORIZATION TO ASSESS A  
SURCHARGE TO SUPPORT WATER LOSS CONTROL EFFORTS**

**WHEREAS**, for the period from 2013 to 2017, Estill County Water District No. 1 experienced an average unaccounted-for water loss of 35.4 percent;

**WHEREAS**, Estill County Water District No. 1 for the year ending December 31, 2018 experienced a unaccounted-for water loss of 39.62 percent;

**WHEREAS**, for every three gallons of water that Estill County Water District has purchased for resale since 2013, only two gallons have been sold;

**WHEREAS**, Kentucky Public Service Commission Regulation 807 KAR 5:066, Section 6(3) provides that "for rate making purposes a utility's unaccounted-for water loss shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations;"

**WHEREAS**, as a result of the excessive water loss that Estill County Water District No. 1 has experienced, the Kentucky Public Service Commission in Case No. 2017-00176 disallowed approximately \$159,880 in purchased water and purchased power expenses related to excess unaccounted-for water loss and established rates for the water service that Estill County Water District No. 1 provides that do not reflect its actual purchased water and purchased power costs;

**WHEREAS**, the current level of water loss threatens the financial viability of Estill County Water District's financial viability and represents a serious threat to its ability to provide reasonable and adequate water service at fair, just and reasonable rates to the citizens of Estill County Water District No. 1 fails to resolve its water loss problems, public faith and confidence in it will permanently suffer;

**WHEREAS**, at the Kentucky Public Service Commission's direction, Estill County Water District No. 1 commissioned Bell Engineering to prepare a Comprehensive Corrective Action Plan to identify that actions necessary to reduce its excessive water loss;

**WHEREAS**, this Comprehensive Corrective Action Plan identifies several actions necessary to reduce Estill County Water District No. 1's water loss over a ten-year period;

**WHEREAS**, the actions that Comprehensive Action Plan recommends to reduce excessive water loss require significant expenditures;

**WHEREAS**, another source of funding is required to fund the actions that the Comprehensive Corrective Action Plan recommends as Estill County Water District No. 1's present rates are unable to generate the required revenues and Estill County Water District No. 1 lacks the necessary financial reserves;

**WHEREAS**, one source of funding is the assessment of a monthly surcharge on Estill County Water District No. 1's customers, the proceeds of which would be used solely to finance water loss control and reduction measures approved by Estill County Water District No. 1's Board of Commissioners and the Kentucky Public Service Commission;

**WHEREAS**, such monthly surcharge would be designed to generate annual revenues of no less than \$159,880 and would be assessed for a such period as necessary to reduce Estill County Water District No. 1's water loss to such levels deemed reasonable by the Kentucky Public Service Commission, but in no case less than three years;

**WHEREAS**, the monthly surcharge would be separately listed on customer bills and would be identified as a water loss control surcharge; and,

**WHEREAS**, the proceeds of such monthly surcharge would be maintained in a separate account and not commingled with any of Estill County Water District No. 1's other revenues, and the collection and disbursement of such proceeds would be quarterly reported to the Kentucky Public Service Commission:

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF ESTILL COUNTY WATER DISTRICT NO. 1 AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** Legal Counsel for Estill County Water District No. 1 is hereby authorized and directed to take any and all actions to apply to the Kentucky Public Service Commission for authorization for Estill County Water District No. 1 to assess a monthly surcharge to its customers to fund its water loss control efforts subject to the terms and conditions set forth above.

**Section 3.** The Chairman is hereby authorized and directed to execute any Application to the Kentucky Public Service Commission necessary to obtain authorization for Estill County Water District No. 1 to assess a monthly a monthly surcharge to its customers to fund its water loss control efforts subject to the terms and conditions set forth above.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF ESTILL COUNTY WATER DISTRICT NO. 1 at a meeting held on May 15, 2019 signed by the Chairman, and attested by the Secretary.**

  
\_\_\_\_\_  
Chairman

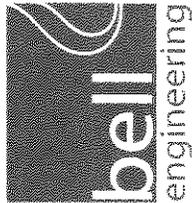
ATTEST:

  
\_\_\_\_\_  
Secretary

# **EXHIBIT 2**

**SUBMITTED  
SEPARATELY**

# **EXHIBIT 3**



Lexington, KY | 859.278.5412  
 Hopkinsville, KY | 270.886.5466  
 Asheville, NC | 828.774.5499

## PRELIMINARY OPINION OF PROBABLE PROJECT COST

**Project:** UNACCOUNTED-FOR WATER CORRECTIVE ACTIONS  
**Client:** ESTILL COUNTY WATER DISTRICT NO. 1

**Date:** MAY 2019 **Contract No.:** N/A  
**Est. By:** RAB **Checked By:** N/A

No Design Completed  
 Preliminary

Final Design

**Drawing No.:** N/A

**SHEET:** 1 OF: 1

ITEM NO.	ITEM DESCRIPTION	QUANTITY		MATERIAL		LABOR		TOTAL
		NO.	UNIT	PER UNIT	TOTAL	PER UNIT	TOTAL	
<b>CONSTRUCTION</b>								
1	ZONE METER (XX-INCH)	13	EA	\$13,500	\$175,500	\$5,500	\$71,500	\$247,000
2	5/6-INCH METER REPLACEMENT	700	EA	\$300	\$210,000	\$300	\$210,000	\$420,000
3	AMI REPEATER	2	EA	\$50,000	\$100,000	XXXXXX		\$100,000
4	AMI SOFTWARE / YEAR-1 SUSCRIBER FEE	1	LS	\$15,000	\$15,000	XXXXXX		\$15,000
5	INSTALL BACKFLOW PREVENTION DEVICE	1	EA	\$12,500	\$13,000	XXXXXX	XXXXXX	\$13,000
	AS OWNER PURCHASE MATERIAL USING							
	FORCE LABOR							
<b>TOTAL OPINION OF PROBABLE CONSTRUCTION COST</b>								<b>\$795,000</b>

**PROJECT COST**

1	ENGINEERING FEES - DESIGN (USDA RD CURVE)	\$51,000
2	ENGINEERING FEES - BIDDING (USDA RD CURVE)	\$7,500
3	ENGINEERING FEES - CONSTRUCTION ADMINISTRATION (USDA RD CURVE)	\$14,500
4	ENGINEERING FEES - INSPECTION (USDA RD CURVE)	\$48,000
5	HYDRAULIC MODEL (LUMP SUM)	\$25,000
6	CONTINGENCIES (APPROXIMATELY 10% CONSTRUCTION)	\$80,000
7	LEGAL / ADMINISTRATIVE	\$10,000

**TOTAL OPINION OF PROBABLE PROJECT COST**

**\$1,021,000**

# **EXHIBIT 4**

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

Title Page

	Name of Respondent	Addr. Line 1	Addr. Line 2	City	State	Zip
Water Districts/Associations						
Annual Report of Respondent	Estill County Water District #1	76 Cedar Grove Road		Irvin	KY	40336

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Principal Payment and Interest Information**

	Amount	Yes/No	PSC Case No.
Amount of Principal Payment During Calendar Year	\$4,216,919.00		
Is Principal Current?		Y	
Is Interest Current?		Y	
Has all long-term debt been approved by the Public Service Commission?		Y	

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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	X	
Compilation			
Review			
Date of Audit			12/31/2018
Please enclose a copy of the accountant's report with annual report.			

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Additional Requested Information**

	Name	Electronic Info
Name of Utility and Web Address	Estill County Water District #1	
Contact Name and Email Address	Audrea Miller	a.miller@estillcountywater.com

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Additional Information Required**

Case Num	Date	Explain
----------	------	---------

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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.)

Estill County Water District #1

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**History-Location (Ref Page: 4)**

	<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.						
principal office in KY	Estill County Water District #1	76 Cedar Grove Road	Irvine	KY	40336	(606) 723-3795
Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.						
	Audrea Miller	76 Cedar Grove Road	Irvine	KY	40336	(606) 723-3795
Location where books are located	Estill County Water District #1	76 Cedar Grove Road	Irvine	KY	40336	
Name of the Headquartered County	Estill					

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**History-Date Organized (Ref Page: 4)**

Date
1964

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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

N/A

Date and Authority for each consolidation and each merger.

N/A

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

History-Departments (Ref Page: 4)

List

State whether respondent is a water district or association

Water District

Name all operating departments other than water

None

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

History - Counties (Ref Page: 5)

Estill

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**History - Number of Employees (Ref Page: 5)**

	Count
Number of Full-time employees	7
Number of Part-time employees	0

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Contacts (Ref Page: 6)**

	<b>Title</b>	<b>Last Name</b>	<b>First Name</b>	<b>Bus. Addr.</b>	<b>Salary</b>	<b>Term Expires</b>	<b>County of Residence</b>
Person to send correspondence:	General Manager	Miller	Audrea	76 Cedar Grove Road, Irvine, KY 40336			
Person who prepared this report	CPA	Abner	Robert	P.O. Box 901, London, KY 40743			
Managers	General Manager	Miller	Audrea	76 Cedar Grove Road, Irvine, KY 40336	\$45,364.00		

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Commissioners (Water Districts Only)**

Item Explain

Have visited the new 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

**Commissioners during Report**

Title	First Name	Last Name	Appointment	TermExpires	County Of Residence	Salary
Treasurer	Jerry	Arnold	1/2/2017	1/2/2020	Estill	2000.00
Chairman	William	Beard	2/18/2018	2/18/2021	Estill	1500.00
Treasurer	Daniel Blain	Click	4/5/2018	2/18/2021	Estill	4500.00
Secretary	Robert	Johnson	5/29/2018	11/9/2019		2300.00
Chairperson	John	Stickney	5/1/2018	1/2/2020	Estill	2300.00
	Greg	Wright	11/9/2016	11/9/2019	Estill	2000.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

	Previous Year	Current Year
<b>UTILITY PLANT</b>		
Utility Plant (101-106)	\$15,830,849.00	\$15,804,681.00
Less: Accumulated Depreciation and Amortization (108-110)	\$7,407,238.00	\$7,803,453.00
Net Plant	\$8,423,611.00	\$8,001,228.00
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$8,423,611.00	\$8,001,228.00
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)	\$0.00	
Sinking Funds (126)	\$73,179.00	\$65,471.00
Other Special Funds (127)	\$48,132.00	\$57,794.00
Total Other Property and Investments	\$121,311.00	\$123,265.00
<b>CURRENT AND ACCRUED ASSETS</b>		
Cash (131)	(\$35,825.00)	\$106,213.00
Special Deposits (132)		
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$211,278.00	\$219,627.00
Accounts Receivable from Associated Companies (145)	\$12,341.00	
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)	\$40,176.00	\$17,670.00
Stores Expense (161)		
Prepayments (162)	\$19,673.00	\$10,599.00
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)		
Accrued Utility Revenues (173)		

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

	Previous Year	Current Year
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$247,643.00	\$354,109.00
<b>DEFERRED DEBITS</b>		
Unamortized Debt Discount and Expense (181)	\$9,801.00	
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)		\$184,524.00
Research and Development Expenditure (187)		
Total Deferred Debits	\$9,801.00	\$184,524.00
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$8,802,366.00</b>	<b>\$8,663,126.00</b>

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**  
**Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)**

	Previous Year	Current Year
<b>EQUITY CAPITAL</b>		
Appropriated Retained Earnings (214)	\$121,311.00	\$123,265.00
Retained Earnings From Income before contributions (215.1)	(\$3,960,935.00)	(\$5,220,030.00)
Donated Capital (215.2)	\$8,139,732.00	\$8,160,936.00
Total Equity Capital	\$4,300,108.00	\$3,064,171.00
<b>LONG-TERM DEBT</b>		
Bonds (221)	\$3,967,100.00	\$4,100,693.00
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$283,819.00	\$241,440.00
Total Long Term Debt	\$4,250,919.00	\$4,342,133.00
<b>CURRENT AND ACCRUED LIABILITIES</b>		
Accounts Payable (231)	\$118,987.00	\$191,384.00
Notes Payable (232)		
Accounts Payable to Associated Co. (233)		
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$48,132.00	\$57,353.00
Accrued Taxes (236)	\$10,968.00	\$7,892.00
Accrued Interest (237)	\$71,214.00	\$999.00
Matured Long-Term Debt (239)		
Matured Interest (240)		
Tax Collections Payable (241)		
Misc. Current and Accrued Liabilities (242)	\$2,038.00	\$860,288.00
Total Current and Accrued Liabilities	\$251,339.00	\$1,117,916.00
<b>DEFERRED CREDITS</b>		
Unamortized Premium on Debt (251)		
Advances for Construction (252)		
Other Deferred Credits (253)		\$138,906.00
Total Deferred Credits		\$138,906.00
<b>OPERATING RESERVES</b>		
Accumulated Provision For:		
Property Insurance (261)		

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)		
<b>Total Operating Reserves</b>		
<b>Total Equity Capital and Liabilities</b>	\$8,802,366.00	\$8,663,126.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Comparative Operating Statement (Ref Page: 11)**

	Previous Year	Current Year
<b>UTILITY OPERATING INCOME</b>		
Operating Revenues (400)	\$1,611,195.00	\$1,871,587.00
Operating Expenses (401)	\$1,493,683.00	\$1,725,945.00
Depreciation Expenses (403)	\$404,363.00	\$396,215.00
Amortization of Utility Plant Acquisition Adjustment (406)		
Amortization Expense (407)	\$363.00	
Taxes Other Than Income (408,10-408,13)	\$22,003.00	\$20,959.00
Utility Operating Expenses	\$1,920,412.00	\$2,143,119.00
Utility Operating Income	(\$309,217.00)	(\$271,532.00)
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)		
Total Utility Operating Income	(\$309,217.00)	(\$271,532.00)
<b>OTHER INCOME AND DEDUCTIONS</b>		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$154.00	\$272.00
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		
Miscellaneous Nonutility Expenses (426)		
Total Other Income and Deductions	\$154.00	\$272.00
<b>TAXES APPLICABLE TO OTHER INCOME</b>		
Taxes Other Than Income (408,20)		
Total Taxes Applic. to Other Income		
<b>INTEREST EXPENSE</b>		
Interest Expense (427)	\$153,185.00	\$141,332.00
Amortization of Debt Discount and Exp. (428)		\$9,802.00
Amortization of Premium on Debt (429)		
Total Interest Expense	\$153,185.00	\$151,134.00
<b>EXTRAORDINARY ITEMS</b>		
Extraordinary Income (433)		
Extraordinary Deductions (434)		

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
Total Extraordinary Items		
NET INCOME BEFORE CONTRIBUTIONS	(\$462,248.00)	(\$422,394.00)

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Statement of Retained Earnings (Ref Page: 12)**

Description	Total
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end):	
Bond Ordinance Requirements	\$123,265.00
<b>Total Appropriated Retained Earnings</b>	<b>\$123,265.00</b>
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	(\$3,960,935.00)
Balance transferred from Net Income Before Contributions (435)	(\$422,394.00)
Changes to account:	
Appropriations of Retained Earnings (436)	(\$1,953.00)
Adjustments to Retained Earnings (439)	
(requires Commission approval prior to use):	
Credits	
Debits	
GASB 68 & 75 Implementation & Prior Period Adjustments	\$834,748.00
<b>Balance End of Year</b>	<b>(\$5,220,030.00)</b>

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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	\$1,595,703.00	\$5,511,549.00	\$1,032,480.00	\$8,139,732.00
Credits				
Proceeds from capital contributions (432)	\$21,204.00	\$0.00	\$0.00	\$21,204.00
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
Balance End of Year	\$1,616,907.00	\$5,511,549.00	\$1,032,480.00	\$8,160,936.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

	Total
Utility Plant in Service (101)	\$15,804,681.00
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased of Sold (104)	
Construction Work in Progress (105)	
Completed Construction Not Classified (106)	
Total Utility Plant	\$15,804,681.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

Description	Total
Balance First of Year	\$7,407,238.00
Credit during year	
Accruals Charged to Account 108.1	
Accruals Charged to Account 108.2	\$396,215.00
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify) (specify)	
Salvage Value Recovered on Plant Retired	
Other Credits (specify)	
Total Credits	\$396,215.00
Debits during year:	
Book Cost of Plant Retired	
Cost of Removal	
Other Debits (specify)	
Total Debits	
Balance at End of Year	\$7,803,453.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)	\$22,913.00	\$0.00	\$0.00	\$22,913.00	\$0.00	\$0.00	\$0.00	\$22,913.00	\$0.00
Structures and Improvements (304)	\$1,583,418.00	\$0.00	\$0.00	\$1,583,418.00	\$0.00	\$0.00	\$0.00	\$1,583,418.00	\$0.00
Collecting and Impounding Reservoirs (305)									
Lakes, Rivers and Other Intakes (306)									
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)									
Power Generation Equipment (310)									
Pumping Equipment (311)	\$826,688.00	\$0.00	\$0.00	\$826,688.00	\$0.00	\$826,688.00	\$0.00	\$0.00	\$0.00
Water Treatment Equipment (320)									
Distribution Reservoirs and Standpipes (330)	\$494,490.00	\$0.00	\$0.00	\$494,490.00	\$0.00	\$0.00	\$0.00	\$494,490.00	\$0.00
Transmission and Distribution Mains (331)	\$10,701,402.00	\$0.00	\$0.00	\$10,701,402.00	\$0.00	\$0.00	\$0.00	\$10,701,402.00	\$0.00
Services (333)	\$118,212.00	\$0.00	\$0.00	\$118,212.00	\$0.00	\$0.00	\$0.00	\$118,212.00	\$0.00
Meters and Meter Installations (334)	\$1,637,092.00	\$0.00	\$0.00	\$1,637,092.00	\$0.00	\$0.00	\$0.00	\$1,637,092.00	\$0.00
Hydrants (335)	\$23,609.00	\$0.00	\$0.00	\$23,609.00	\$0.00	\$0.00	\$0.00	\$23,609.00	\$0.00
Backflow Prevention Devices (336)									

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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)	\$33,112.00	\$0.00	\$0.00	\$33,112.00	\$0.00	\$0.00	\$0.00	\$33,112.00	\$0.00
Office Furniture and Equip. (340)	\$38,712.00	\$0.00	\$0.00	\$38,712.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,712.00
Transportation Equipment (341)	\$178,184.00	\$0.00	\$0.00	\$178,184.00	\$0.00	\$0.00	\$0.00	\$0.00	\$178,184.00
Stores Equipment (342)	\$5,063.00	\$0.00	\$0.00	\$5,063.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,063.00
Tools, Shop and Garage Equip (343)	\$16,027.00	\$0.00	\$0.00	\$16,027.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,027.00
Laboratory Equipment (344)	\$4,113.00	\$0.00	\$0.00	\$4,113.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,113.00
Power Operated Equipment (345)	\$16,747.00	\$0.00	\$0.00	\$16,747.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,747.00
Communication Equipment (346)	\$7,575.00	\$0.00	\$0.00	\$7,575.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,575.00
Miscellaneous Equipment (347)	\$97,322.00	\$2.00	\$0.00	\$97,324.00	\$0.00	\$0.00	\$0.00	\$0.00	\$97,324.00
Other Tangible Plant (348)									
Total Water Plant	\$15,804,679.00	\$2.00	\$0.00	\$15,804,681.00	\$0.00	\$826,688.00	\$0.00	\$14,614,248.00	\$363,745.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)						
Collecting and Impounding Reservoirs (305)						
Lake, River and Other Intakes (306)						
Wells and Springs (307)						
Infiltration Galleries and Tunnels (308)						
Supply Mains (309)						
Power Generating Equipment (310)						
Pumping Equipment (311)						
Water Treatment Equipment (320)						
Distributions Reservoirs and Standpipes (330)						
Transmission and Distribution Mains (331)	\$7,407,238.00	\$396,215.00	\$0.00	\$0.00	\$0.00	\$7,803,453.00
Services (333)						
Meters and Meter Installations (334)						
Hydrants (335)						
Backflow Prevention Devices (336)						
Other Plant and Miscellaneous Equipment (339)						
Office Furniture and Equip. (340)						
Transportation Equipment (341)						
Stores Equipment (342)						

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)						
Laboratory Equipment (344)						
Power Operated Equipment (345)						
Communication Equipment (346)						
Miscellaneous Equipment (347)						
Other Tangible Plant (348)						
<b>Totals</b>	\$7,407,238.00	\$396,215.00	\$0.00	\$0.00	\$0.00	\$7,803,453.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

Description	Total
Balance First of Year	\$1,089.00
Credit during year	
Accruals Charged to Account 110.1	\$9,802.00
Accruals Charged to Account 110.2	
Other Credits	
(specify)	
Total Credits	\$9,802.00
Debits during year:	
Book Cost of Plant Retired	\$10,891.00
Other Debits	
(specify)	
Total Debits	\$10,891.00
Balance end of Year	\$0.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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	

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

Description	Total
Accounts and Notes Receivable	
Customer Accounts Receivable (141)	\$244,202.00
Other Accounts Receivable (142)	
Total Other Accounts Receivable	
Notes Receivable (144)	
Total Notes Receivable	
Total Accounts and Notes Receivable	\$244,202.00
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	\$15,903.00
Add:	
Provision for uncollectibles for current year	\$17,344.00
Collections of account previously written off	
Other	
(specify)	
Total Additions	\$17,344.00
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	\$8,672.00
Balance end of Year	\$24,575.00
Total Accounts and Notes Receivable - Net	\$219,627.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)		
Bond Ordinance Accounts	\$65,471.00	\$65,471.00
Total Sinking Funds	\$65,471.00	\$65,471.00
Other Special Funds (127)		
Customer Deposits	\$57,794.00	\$57,794.00
Total Other Special Funds	\$57,794.00	\$57,794.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

	Total
Plant Materials and Supplies (151)	\$17,670.00
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$17,670.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

Description	Total
Prepaid Insurance	\$10,599.00
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments	
(Specify)	
<b>Total Prepayments</b>	<b>\$10,599.00</b>

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

	Total
Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	
Other Deferred Debits (186.2)	\$184,524.00
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	\$184,524.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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)		
Bond issue costs	\$9,802.00	\$0.00
<b>Total Unamortized Debt Discount and Expense</b>	<b>\$9,802.00</b>	<b>\$0.00</b>
Unamortized Premium on Debt (251)		
<b>Total Unamortized Premium on Debt</b>		

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

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

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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	

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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)
Citizens Guaranty Bank	12/31/18	12/31/21	3.0000	\$20.00	\$241,440.00
Citizens Guaranty Bank	10/31/13	10/31/21	3.8500	\$3,895.00	\$0.00
Citizens Guaranty Bank	01/29/15	01/28/19	3.8500	\$2,835.00	\$0.00
Citizens Guaranty Bank	01/24/17	02/10/21	4.1000	\$3,621.00	\$0.00
Citizens Guaranty Bank	09/28/17	10/12/21	4.5000	\$747.00	\$0.00
<b>Total</b>			0.0000	\$11,118.00	\$241,440.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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)
	\$521,000.00	\$521,000.00	\$0.00	\$0.00	\$13,939.00	\$21,407.00
	\$101,000.00	\$101,000.00	\$0.00	\$0.00	\$2,741.00	\$4,209.00
	\$505,000.00	\$505,000.00	\$0.00	\$0.00	\$14,563.00	\$22,371.00
	\$975,000.00	\$975,000.00	\$0.00	\$0.00	\$30,905.00	\$47,481.00
	\$230,000.00	\$230,000.00	\$0.00	\$34,000.00	\$1,273.00	\$1,962.00
	\$945,000.00	\$945,000.00	\$0.00	\$0.00	\$30,892.00	\$47,465.00
	\$1,699,000.00	\$1,699,000.00	\$0.00	\$0.00	\$35,595.00	\$55,534.00
	\$4,066,693.00	\$4,066,693.00	\$0.00	\$4,066,693.00	\$306.00	\$0.00
<b>Total</b>	\$9,042,693.00	\$9,042,693.00	\$0.00	\$4,100,693.00	\$130,214.00	\$200,429.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Schedule of Bond Maturities (Ref Page: 23)**

<b>Bond Numbers (7)</b>	<b>Maturity Date (8)</b>	<b>Interest Rate (9)</b>	<b>Principal Amt (10)</b>	<b>Amounts Paid (11)</b>	<b>Remaining Bonds Outstanding (12)</b>
1-521	2031	5.0000	\$521,000.00	\$521,000.00	\$0.00
1-38	2031	5.0000	\$101,000.00	\$101,000.00	\$0.00
1-505	2036	4.5000	\$505,000.00	\$505,000.00	\$0.00
1-975	2039	4.5000	\$975,000.00	\$975,000.00	\$0.00
1-230	2020	4.5000	\$230,000.00	\$196,000.00	\$34,000.00
	2045	4.1250	\$945,000.00	\$945,000.00	\$0.00
	2053	2.3750	\$1,699,000.00	\$1,699,000.00	\$0.00
	2058	2.3750	\$4,066,693.00	\$0.00	\$4,066,693.00
<b>Total</b>			<b>\$9,042,693.00</b>	<b>\$4,942,000.00</b>	<b>\$4,100,693.00</b>

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

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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						
Total Account 232						
Account 234 - Notes Payable to Associated Companies						
Total Account 234						

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

Description	Total
Show Payable to Each Associated Company Separately (Specify)	
Total	

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

	Total
Balance First of Year	\$10,968.00
Accruals Charged:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$20,959.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
<b>Total taxes accrued</b>	<b>\$20,959.00</b>
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$24,035.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
<b>Total Taxes Paid</b>	<b>\$24,035.00</b>
Balance end of year	\$7,892.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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:				
Notes Payable:	\$71,214.00	\$130,214.00	\$200,429.00	\$999.00
Customer Deposits:	\$0.00	\$11,118.00	\$11,118.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Acct. No 237</b>	<b>\$71,214.00</b>	<b>\$141,332.00</b>	<b>\$211,547.00</b>	<b>\$999.00</b>

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

Description	Balance End Year
Compensated Absences	\$6,064.00
Net Pension Liability	\$661,407.00
Net OPEB Liability	\$192,817.00
Total Miscellaneous Current and Accrued Liabilities	\$860,288.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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 Acct (d)	Expensed During Year Amount (e)
	\$3,781.00	\$0.00		\$3,781.00
<b>Total</b>	\$3,781.00	\$0.00		\$3,781.00

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
<b>Operating Revenues</b>			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	3,564	3,580	\$1,636,631.00
Sales to Commercial Customers (461.2)	199	132	\$131,084.00
Sales to Industrial Customers (461.3)			
Sales to Public Authorities (461.4)			
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)			
<b>Total Metered Sales</b>	<b>3,763</b>	<b>3,712</b>	<b>\$1,767,715.00</b>
<b>Fire Protection Revenue (462)</b>			
Public Fire Protection (462.1)	0	0	\$458.00
Private Fire Protection (462.2)	0	0	\$2,955.00
<b>Total Fire Protection Revenue</b>	<b>0</b>	<b>0</b>	<b>\$3,413.00</b>
<b>Other Sales to Public Authorities (464)</b>			
<b>Sales to Irrigation Customers (465)</b>			
<b>Sales for Resale (466)</b>			
<b>Interdepartmental Sales (467)</b>			
<b>Total Sales of Water</b>	<b>3,763</b>	<b>3,712</b>	<b>\$1,771,128.00</b>
<b>Other Water Revenues</b>			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			\$100,459.00
Rents from Water Property (472)			
Interdepartments Rents (473)			
Other Water Revenues (474)			\$100,459.00
<b>Total Other Water Revenues</b>			<b>\$100,459.00</b>
<b>Total Water Operating Revenues</b>			<b>\$1,871,587.00</b>

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatment. Exp-Op. (f)	Water Treatment 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)	\$279,099.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$177,779.00	\$54,578.00	\$46,742.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$14,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14,600.00
Employee Pensions and Benefits (604)	\$213,685.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$125,278.00	\$48,677.00	\$39,730.00
Purchased Water (610)	\$799,722.00	\$799,722.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)	\$68,803.00	\$68,803.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fuel for Power Production (616)									
Chemicals (618)									
Materials and Supplies (620)	\$87,152.00	\$0.00	\$0.00	\$0.00	\$0.00	\$31,816.00	\$51,684.00	\$3,351.00	\$301.00
Contractual Services - Eng. (631)									
Contractual Services - Acct. (632)	\$42,700.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$42,700.00
Contractual Services - Legal (633)	\$28,780.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$28,780.00
Contractual Services - Management Fees (634)									
Contractual Services - Water Testing (635)	\$5,551.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,551.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)	\$29,828.00	\$0.00	\$0.00	\$0.00	\$0.00	\$29,828.00	\$0.00	\$0.00	\$0.00
Rental of Bld./Real Property (641)									

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatment. Exp-Op. (f)	Water Treatment 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)	\$18,671.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,186.00	\$16,332.00	\$47.00	\$106.00
Insurance - Vehicle (656)									
Insurance - General Liability (657)	\$24,990.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,990.00
Insurance - Worker's Compensation (658)	\$5,283.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,283.00
Insurance - Other (659)	\$181.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.00
Advertising Expenses (660)	\$278.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$278.00
Regulatory Commission Exp.									
- Amortization of Rate Case (666)	\$3,781.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,781.00
-Other (667)									
Water Resource Conservation Expense (668)									
Bad Debt (670)	\$8,672.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,672.00	\$0.00
Miscellaneous Expenses (675)	\$94,169.00	\$0.00	\$0.00	\$0.00	\$0.00	\$491.00	\$5,926.00	\$771.00	\$86,981.00
Total	\$1,725,945.00	\$868,525.00	\$0.00	\$0.00	\$0.00	\$69,872.00	\$376,999.00	\$116,096.00	\$294,453.00

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

	<b>Water Purchased For Resale (Omit 000 s) (b)</b>	<b>Water Pumped from Wells (Omit 000 s) (c)</b>	<b>Total Water Pumped and Purchased (Omit 000 s) (d)</b>	<b>Water Sold To Customers (Omit 000 s) (e)</b>
January	23,772	0	23,772	13,494
February	22,979	0	22,979	13,741
March	17,995	0	17,995	11,214
April	19,941	0	19,941	11,494
May	22,690	0	22,690	11,288
June	21,047	0	21,047	15,585
July	21,131	0	21,131	13,778
August	23,128	0	23,128	14,100
September	21,063	0	21,063	12,932
October	22,327	0	22,327	12,848
November	21,904	0	21,904	13,220
December	20,140	0	20,140	11,292
<b>Total for the year</b>	<b>258,117</b>	<b>0</b>	<b>258,117</b>	<b>154,986</b>

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

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

	Gallons	Date
Maximum Gallons pumped by all methods in any one day (Omit 000's)	766	1/20/2018
Minimum Gallons pumped by all methods in any one day (Omit 000's)	580	3/30/2018

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**  
**Pumping and Water Statistics - part three (Ref Page: 29)**

List

If water is purchased indicate the following:

Vendor	Irvine Municipal/Jackson Water
Point of Delivery	Master meters located at KY River, Dry Fork Branch & Sweet Lick

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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.		

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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

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

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Water Statistics (Ref Page: 30)**

	Gallons (Omit 000's)	Percent
1. Water Produced, Purchased and Distributed		
2. Water Produced		
3. Water Purchased	258,117	
4. Total Produced and Purchased	258,117	
6. Water Sales:		
7. Residential	139,891	
8. Commercial	15,095	
9. Industrial		
10. Bulk Loading Stations		
11. Resale		
12. Other Sales		
13. Total Water Sales	154,986	
15. Other Water Used		
16. Utility/water treatment plant		
17. Wastewater plant		
18. System flushing	389	
19. Fire department	465	
20. Other		
21. Total Other Water Used	854	
23. Water Loss:		
24. Tank Overflows	75	
25. Line Breaks	20,525	
26. Line Leaks		
27. Other	81,677	
28. Total Line Loss	102,277	
Note: Line 13 + Line 21 + Line 28 must equal Line 4		
32. Water Loss Percentage		
33. Line 28 divided by Line 4		39.6243

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Plant Statistics (Ref Page: 31)**

Give the following information

Number of fire hydrants, by size	63,6
Number of private fire hydrants, by size	None
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well	N/A
If produced whether supply is by gravity, pumping or a combination	N/A
Type, capacity, and elevation of reservoirs at overflow and ground level	1-100,000 gallon glass lined tank of 1030'; 1-108,000 gallon glass lined tank of 963'; 2-200,000 gallon steel tank of 1000'/1030'; 1-113,000 gallon glass lined tank of 1032'; 1-116,000 gallon glass lined tank of 1426'; 1-112,000 gallon steel tank of 848'; 1-113,000 gallon storage tank; 1-200,000 gallon steel tank; 1-250,000 gallon steel tank; 2-60 gallon hydroneumatic bladder tanks.
Miles of main by size and kind	2" DI .12 miles; 2" PVC 7.96 miles; 3" DI 1.22 miles; 3" HDPE 1.19 miles; 3" PVC 49.60 miles; 4" DI 3.89 miles; 4" PVC 100.48 miles; 6" CI .17 miles; 6" DI 11.73 miles; 6" HDPE 3.77 miles; 6" PVC 93.51 miles; 8" DI 2.53 miles; 8" PVC .99 miles; 10" PVC .17 miles; 12" PVC 1.09 miles.
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.	N/A
Type of disinfectant, number of units and capacity in pounds per 24 hours	N/A
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	N/A
Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH	N/A
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	N/A
Capacity of clear well	N/A
Peak month, in gallons of water sold	June 2018: 15,585,050 gallons
Peak day, in gallons of water sold	Unknown

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Plant Statistics - Part B (Ref Page: 31)**

Type	
Choose one to indicate the type of Water Supply	Purchase

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Plant Statistics - Part C (Ref Page: 31)**

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

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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:	15804681.00	15804681.00	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	7803453.00	7803453.00	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	65471.00	65471.00	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	57794.00	57794.00	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	219627.00	219627.00	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	17670.00	17670.00	OK	

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

CheckList

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	10599.00	10599.00	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	0	0.0000	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	184524.00	184524.00	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	123265.00	123265.00	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	-5220030.00	-5220030.00	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	8160936.00	8160936.00	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	4100693.00	4100693.00	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	4100693.00	4100693.00	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	241440.00	241440.00	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	0	0	OK	

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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	0	0	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	10968.00	10968.00	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	7892.00	7892.00	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	71214.00	71214.00	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	999.00	999.00	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	860288.00	860288.00	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	0	0	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	8663126.00	8663126.00	OK	
Comparative Operating Statement (ref pg 10)				

21500 Estill County Water District #1 01/01/2018 - 12/31/2018

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	1871587.00	1871587.00	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	1725945.00	1725945.00	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	20959.00	20959.00	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	20959.00	20959.00	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	141332.00	141332.00	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-422394.00	-422394.00	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	15804681.00	15804681.00	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	0.0000	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**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	258117	258117	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	154986	154986	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 13,21 and 28 must equal Line 4	258117	258117	OK	
Have visited the new 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				

**21500 Estill County Water District #1 01/01/2018 - 12/31/2018**

**Upload supporting documents**

**Document**

**Description**

**Supports**

OATH

Commonwealth of Kentucky )  
County of Estill ) ss:

Audrea Miller makes oath and says  
(Name of Officer)

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

Estill County Water District #1  
(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, 2018 , to and including December 31, 2018

Audrea B Miller  
(Signature of Officer)

subscribed and sworn to before me, a Notary Public Lisa B Puchett in and for  
the State and County named in the above this 31st day of May, 2019

(Apply Seal Here)

My Commission expires JUNE 25 2019  
Lisa B Puchett  
(Signature of officer authorized to administer oath)

# **EXHIBIT 4A**

**Estill County Water District #1**  
**Profit & Loss**  
January through April 2019

	<u>Jan - Apr 19</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>474 · OTHER WATER REVENUES</b>	
474-4 · SALES TAX/COMMERCIAL	2,446.02
474-5 · 911 FEE ASSESSED	61,352.00
474-3 · UTILITY TAX/COMMERICAL	1,834.19
474-1 · UTILITY TAX/RESIDENTIAL	15,243.30
<b>Total 474 · OTHER WATER REVENUES</b>	<u>80,875.51</u>
<b>471 · MISC. SERVICE REVENUE</b>	
471-5 · RETURNED CHECK FEE	300.00
471-4 · DISCONNECT/RECONNECT FEE	6,000.00
471-3 · MISC. INCOME	1,359.00
<b>Total 471 · MISC. SERVICE REVENUE</b>	<u>7,659.00</u>
<b>470 · PENALTIES</b>	
470-2 · PENALTIES	15,935.57
<b>Total 470 · PENALTIES</b>	<u>15,935.57</u>
<b>462 · FIRE PROTECTION REVENUE</b>	
462-2 · FIRE PROTECTION-PRIVATE	976.00
462-1 · FIRE PROTECTION-PUBLIC	160.50
<b>Total 462 · FIRE PROTECTION REVENUE</b>	<u>1,136.50</u>
<b>461 · METERED WATER REVENUE</b>	
461-2 · METERED SALES/COMMERCIAL	41,574.90
461-1 · METERED SALES/RESIDENTIAL	529,958.78
<b>Total 461 · METERED WATER REVENUE</b>	<u>571,533.68</u>
<b>Total Income</b>	677,140.26
<b>Cost of Goods Sold</b>	
610-1 · PURCHASED WATER	260,803.59
<b>Total COGS</b>	<u>260,803.59</u>
<b>Gross Profit</b>	416,336.67
<b>Expense</b>	
671-7 · 911 FEE	59,595.22
611-4 · UTILITIES/SEWER	86.28
604-1 · HEALTH REIMBURSEMENT ACCOUNT	320.00
623-6 · SMALL TOOLS/MAINT	0.00
620-9 · OFFICE/ BREAKROOM SUPPLIES	102.61
640-6 · UNIFORMS-MAINT.	350.00
640-8 · UNIFORMS-AD&G	204.82
640-7 · UNIFORMS-CUST SERV.	223.51
999 · ASK THE ACCOUNTANT	26,615.56
671 · CREDIT CARD REIMBURSEMENT	-4,104.26
655-2 · TAXES-UTILITY	17,448.04
655-1 · TAXES-SALES	2,496.93
671-9 · C/C PROCESSING FEES	10.00
675-8 · MISC. EXPENSE/AD&G	2,748.13
675-7 · MISC. EXPENSE/CUSTOMER SERVICE	322.00

**Estill County Water District #1**  
**Profit & Loss**  
January through April 2019

	<u>Jan - Apr 19</u>
675-6 · MISC. EXPENSE/MAINTENANCE	1,050.12
675-5 · MISC. EXPENSE/OPERATIONS	1,000.00
671-8 · BANK FEES	1,829.58
660-8 · ADVERTISING EXPENSE/AD&G	378.00
650-8 · TRANSPORTATION EXP/AD&G	59.08
650-7 · TRANSPORTATION EXP/CUST SERVICE	230.84
650-6 · TRANSPORTATION EXP/MAINTENANCE	5,833.13
650-5 · TRANSPORTATION EXP/OPERATIONS	623.57
635-8 · CONT SERVICE OTHER/AD&G	375.00
635-6 · CONT SERVICE/SUPPORT	3,380.00
635-5 · CONT SERVICE OTHER/OPERATIONS	9,200.00
634-8 · CONT SERVICE LAB/AD&G	1,178.00
633-8 · CONT SERVICE LEGAL/AD&G	15,131.93
621-8 · POSTAGE	5,564.41
620-8 · MATERIALS & SUPPLIES/AD G	3,069.54
620-6 · MATERIALS & SUPPLIES/MAINT.	14,436.38
620-5 · MATERIALS & SUPPLIES/OPERATIONS	14,646.12
615-5 · PURCHASED POWER/OPERATIONS	24,221.94
611-3 · UTILITIES/TRASH	433.40
611-2 · UTILITIES/TELEPHONE	1,644.12
611-1 · UTILITIES/INTERNET	214.10
604-8 · EMPLOYEE PEN & BEN/AD & G	12,832.56
604-7 · EMPLOYEE PEN & BEN/CUST SERVICE	17,515.74
604-6 · EMPLOYEE PEN & BEN/MAINTENANCE	34,007.39
603-8 · SALARY & WAGES/OFFICERS	6,000.00
601-8 · SALARY & WAGES/AD & G	16,354.51
601-7 · SALARY & WAGES/CUST. SERVICE	21,683.01
601-6 · SALARY & WAGES/MAINTENANCE	48,513.14
66000 · Payroll Expenses	<u>8,631.45</u>
<b>Total Expense</b>	<u><b>376,455.90</b></u>
<b>Net Ordinary Income</b>	<b>39,880.77</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
419 · INTEREST & DIVIDEND INCOME	117.10
<b>Total Other Income</b>	<u>117.10</u>
<b>Other Expense</b>	
427-1 · INT ON LONG TERM DEBT/'13 CGB	0.00
403 · DEPRECIATION EXPENSES	118,432.32
427-5 · INTEREST EXPENSE/84 REGIONS	1,515.00
428 · AMORT. OF DEBT EXPENSE	225.00
427-8 · INTEREST EXP./CUSTOMER DEPOSIT	161.68
427-3 · INT. ON LONG TERM DEBT/USDA-RD	36,930.00
<b>Total Other Expense</b>	<u>157,264.00</u>
<b>Net Other Income</b>	<u>-157,146.90</u>
<b>Net Income</b>	<u><u><b>-117,266.13</b></u></u>

# **EXHIBIT 5**

**Estill County Water District #1**  
**Balance Sheet**  
 As of April 30, 2019

Apr 30, 19

<b>ASSETS</b>		
Current Assets		
Checking/Savings		
135 · RESTRICTED CASH		
	135-7 · SINKING RESERVE/USDA-RD	116,684.98
	135-6 · 2002(84) SINKING/REGIONS	12,007.78
	Total 135 · RESTRICTED CASH	128,692.76
131 · CASH		
	131-22 · CASH IN BANK/GENERAL/CGB	9,270.00
	131-33 · CASH IN BANK/REVENUE/CGB	26,127.17
	131-7 · CASH IN BANK/CUSTOMER SECURITY	61,679.30
	131-2 · CASH IN BANK/GENERAL/BB&T	83,014.79
	131-3 · CASH IN BANK/REVENUE/BB&T	2,397.28
	131-1 · CASH ON HAND	807.21
	Total 131 · CASH	183,295.75
	Total Checking/Savings	311,988.51
Accounts Receivable		
	141 · ACCOUNTS RECEIVABLE	191,122.95
	141-1 · UNBILLED RECEIVABLES	78,673.21
	142 · OTHER ACCOUNTS RECEIVABLE	-5,152.45
	143 · RETURNED CHECK	192.38
	144 · ALLOW FOR DOUBTFUL ACCOUNTS	-15,903.00
	145 · ACCOUNTS RECEIVABLE SEWER	12,340.65
	Total Accounts Receivable	261,273.74
	Total Current Assets	573,262.25
Other Assets		
	180 · BOND ISSUE COST	765.72
	340 · OFFICE FURNITURE AND EQUIPMENT	35,480.99
	347 · MISCELLANEOUS EQUIPMENT	125,294.87
	346 · COMMUNICATION EQUIPMENT	12,062.73
	343 · TOOLS, SHOP, & GARAGE EQUIPMENT	16,227.46
	341 · TRANSPORTATION EQUIPMENT	178,182.77
	334-1 · METERS INSTALLED	1,099,653.20
	334 · METERS BOUGHT	148,938.70
	331 · TRANSMIS. & DISTRIBUTION MAINS	11,551,075.66
	330 · DISTRIBU. RESERV. & STAND PIPES	1,351,262.51
	311 · PUMPING EQUIPMENT	827,908.78
	304 · STRUCTURES & IMPROVEMENTS	443,226.60
	303 · LAND & LAND RIGHTS	15,565.02
	181 · UNAMORT. DEBT DIS. & EXPENSE	8,135.55
	162 · PREPAYMENTS	19,673.07
	151 · PLANT MATERIALS & SUPPLIES	40,176.30
	105 · CONSTRUCTION IN PROGRESS	
	105-3 · CONST. IN PROGRESS-PHASE IX	750.00
	105 · CONSTRUCTION IN PROGRESS - Other	25,419.58
	Total 105 · CONSTRUCTION IN PROGRESS	26,169.58
	108 · ACCU. DEPR/PLANT IN SERVICE	-7,880,967.91
	Total Other Assets	8,018,831.60
	<b>TOTAL ASSETS</b>	<b>8,592,093.85</b>

## Balance Sheet

As of April 30, 2019

Apr 30, 19

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

## 232 · N/P CURRENT ISSUE

232-4 · N/P '91 ISSUE SERVICE A CURRENT 16,000.00

232-6 · N/P '96 ISSUE CURRENT 12,000.00

232-9 · NP '06 ISSUE CURRENT 16,000.00

232-5 · N/P '91 ISSUE SERVICE B CURRENT 3,000.00

232-3 · N/P '64 ISSUE CURRENT 28,500.00

232-8 · N/P '98 ISSUE CURRENT 20,000.00

232-1 · N/P 2002 (84) ISSUE CURRENT 16,000.00

Total 232 · N/P CURRENT ISSUE 111,500.00

231 · ACCOUNTS PAYABLE 128,653.09

Total Accounts Payable 240,153.09

## Other Current Liabilities

239-6 · CANCER INSURANCE WITHHELD 16.91

239-5 · HEALTH INSURANCE 1,545.79

271 · CONT. IN AID OF CONSTRUCTION 7,171,848.08

239-4 · LIFE INSURANCE WITHHELD 3,102.73

239-3 · SHORT TERM DISABILITY WITHHELD -141.92

239-2 · ACCIDENTAL INSURANCE WITHHELD -22.88

239-1 · DENTAL WITHHELD 300.88

239 · RETIREMENT WITHHELD 5,009.67

238 · COMPENSATED ABSENCES 2,038.25

237 · INTEREST ACCRUED 204,162.09

236 · TAXES ACCRUED 7,351.61

235 · CUSTOMER DEPOSITS 60,837.72

24000 · Payroll Liabilities 3,230.21

Total Other Current Liabilities 7,459,279.14

Total Current Liabilities 7,699,432.23

## Long Term Liabilities

220-4 · CGB UTILITY TRUCK LOAN 14,928.11

220-3 · '17 CGB LOAN 86,711.54

220-2 · '15 CGB LOAN 57,053.86

220-1 · '13 CGB LOAN 77,495.63

## 221 · BONDS

221-10 · N/P '14 ISSUE 1,586,500.44

221-9 · N/P '06 ISSUE 799,000.00

221-8 · N/P '98 ISSUE 724,000.00

221-6 · N/P '96 ISSUE 340,000.00

221-5 · N/P '91 ISSUE SER B 56,600.00

221-4 · N/P '91 ISSUE SER A 287,000.00

221-1 · N/P 2002 (84) ISSUE 1,000.00

Total 221 · BONDS 3,794,100.44

Total Long Term Liabilities 4,030,289.58

Total Liabilities 11,729,721.81

**Estill County Water District #1**

**Balance Sheet**

As of April 30, 2019

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Apr 30, 19

Equity	
32000 · Unrestricted Net Assets	-2,064,353.34
215 · UNAPPROPRIATED RETAINED EARNING	2,224,670.45
214 · APPROPRIATED RETAINED EARNINGS	66,025.53
210 · CAPITAL SURPLUS	91,943.37
30000 · Opening Balance Equity	-3,338,647.84
Net Income	-117,266.13
<b>Total Equity</b>	<b>-3,137,627.96</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>8,592,093.85</b>

# **EXHIBIT 6**

AREA Estill County, Kentucky

PSC KY NO. 2

6<sup>th</sup> Revised SHEET NO. 3

Estill County Water District No. 1  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 2

5th Revised SHEET NO. 3

A. Monthly Rates

**5/8 x 3/4 Meter**

First 2,000 Gallons	\$ 21.58 Minimum Bill
Next 3,000 Gallons	10.53 Per 1,000 Gallons
Next 5,000 Gallons	10.31 Per 1,000 Gallons
Over 10,000 Gallons	8.20 Per 1,000 Gallons

**1 Inch Meter**

First 5,000 Gallons	\$ 53.18 Minimum Bill
Next 5,000 Gallons	10.31 Per 1,000 Gallons
Over 10,000 Gallons	8.20 Per 1,000 Gallons

**2 Inch Meter**

First 16,000 Gallons	\$ 153.75 Minimum Bill
Over 16,000 Gallons	8.20 Per 1,000 Gallons

**Bulk Loading Station** \$ 7.29 Per 1,000 Gallons

**Water Loss Control Program Surcharge** \$ 3.54 (N)

A \$4.81 per month surcharge is added to the minimum bill for all Cobhill customers.

DATE OF ISSUE June 13, 2019  
MONTH / DATE / YEAR

DATE EFFECTIVE July 15, 2019  
MONTH / DATE / YEAR

ISSUED BY /s/ D. Blain Click  
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

# **EXHIBIT 6A**

AREA Estill County, Kentucky

PSC KY NO. 2

~~5th~~ 6th Revised SHEET NO. 3

Estill County Water District No. 1  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 2

~~4th~~ 5th Revised SHEET NO. 3

A. Monthly Rates

**5/8 x 3/4 Meter**

First 2,000 Gallons	\$ 21.58 Minimum Bill	(+)
Next 3,000 Gallons	10.53 Per 1,000 Gallons	(+)
Next 5,000 Gallons	10.31 Per 1,000 Gallons	(+)
Over 10,000 Gallons	8.20 Per 1,000 Gallons	(+)

**1 Inch Meter**

First 5,000 Gallons	\$ 53.18 Minimum Bill	(+)
Next 5,000 Gallons	10.31 Per 1,000 Gallons	(+)
Over 10,000 Gallons	8.20 Per 1,000 Gallons	(I)

**2 Inch Meter**

First 16,000 Gallons	\$ 153.95 Minimum Bill	(+)
Over 16,000 Gallons	8.20 Per 1,000 Gallons	(+)

**Bulk Loading Station** \$ 7.29 Per 1,000 Gallons (+)

**Water Loss Control Program Surcharge** \$ 3.54 (N)

A \$4.81 per month surcharge is added to the minimum bill for all Cobhill customers.

DATE OF ISSUE September 6, 2018 June 13, 2019  
MONTH / DATE / YEAR

DATE EFFECTIVE August 20, 2018 July 15, 2019  
MONTH / DATE / YEAR

ISSUED BY /s/ Blain Click  
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2018-00269 DATED September 5, 2018

# **EXHIBIT 7**

## NOTICE

On or about June 13, 2019, Estill County Water District No. 1 (“Estill District”) will file an application with the Kentucky Public Service Commission for the purpose of adjusting its water rates. In this application, Estill District proposes to assess, effective July 15, 2019, a minimum monthly surcharge of \$3.54 on customer bills, the proceeds of which would be used for water loss reduction efforts. Estill District also proposes a series of controls and accountability measures to ensure the proper use of surcharge proceeds.

Since 2014 Estill District has experienced an unaccounted-for water loss rate in excess of 35 percent. For every three gallons of water purchased since then, Estill District has recorded sales of less than two gallons of water. A recent report on Estill District’s water losses prepared at the direction of the Kentucky Public Service Commission estimated that if no action is taken to reduce Estill District’s water loss, its water losses will exceed its actual meter sales by 2026.

Estill District’s present rates for water service do not provide for any water loss reduction efforts and Estill District currently lacks sufficient funds to undertake recommended measures to reduce water loss.

In its application, Estill District proposes the following monthly rates:

	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Change (\$)</b>	<b>Change (%)</b>
<b>5/8 x 3/4-Inch Meter</b>				
First 2,000 Gallons	\$ 21.58 Minimum Bill	\$ 21.58 Minimum Bill	\$0.00	0.0
Next 3,000 Gallons	10.53 Per 1,000 Gallons	10.53 Per 1,000 Gallons	\$0.00	0.0
Next 5,000 Gallons	10.31 Per 1,000 Gallons	10.31 Per 1,000 Gallons	\$0.00	0.0
Over 10,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
<b>1-Inch Meter</b>				
First 5,000 Gallons	\$ 53.18 Minimum Bill	\$ 53.18 Minimum Bill	\$0.00	0.0
Next 5,000 Gallons	10.31 Per 1,000 Gallons	10.31 Per 1,000 Gallons	\$0.00	0.0
Over 10,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
<b>2-Inch Meter</b>				
First 16,000 Gallons	\$153.95 Minimum Bill	\$153.95 Minimum Bill	\$0.00	0.0
Over 16,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
Bulk Loading Station	\$ 7.29 Per 1,000 Gallons	\$ 7.29 Per 1,000 Gallons	\$0.00	0.0
Water Loss Reduction Surcharge	\$ 0.00 Per Month	\$ 3.54 Per Month	\$3.54	

The proposed rates will have the following effect on a customer’s monthly bill:

<b>Meter</b>	<b>Average Monthly Usage</b>	<b>Current Monthly Bill</b>	<b>Proposed Rates Monthly Bill</b>	<b>Increase (\$)</b>	<b>Change (%)</b>
5/8" x 3/4" Meter	3,611 gallons	\$ 38.55	\$ 42.09	3.54	9.2
1" Meter	14,612 gallons	\$142.55	\$ 146.09	3.54	2.5
2" Meter	29,027 gallons	\$260.78	\$ 264.32	3.54	1.4

Any person may examine the application at Estill District's office at 76 Cedar Grove Road, Irvine, Kentucky 40336, 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/PSC\\_WebNet/ViewCaseFilings.aspx?Case=2019-00119](https://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2019-00119).

Comments regarding the application may be submitted to the Public Service Commission through the Commission's Web Site at <http://psc.ky.gov>, by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602 or by e-mail to [psc.info@ky.gov](mailto:psc.info@ky.gov). Estill District's application is docketed as Case No. 2019-00119.

The rates contained in this notice are the rates proposed by Estill District. However, the Public Service Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rate 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 application.

Estill County Water District No. 1  
 First Publication Date: June 13, 2019

# **EXHIBIT 8**

**SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY**

TYE 12/31/2018

	Test Year*	Adjustment	Ref.	Pro Forma
<b>Operating Revenues</b>				
Sales of Water				
Unmetered Water Sales	0			0
Metered Water Sales	1767715	278119	A	2045834
Bulk Loading Stations	0			0
Fire Protection Revenue	3413			3413
Sales for Resale	0			0
Total Water Sales	1771128	278119		2049247
Other Water Revenues				0
Forfeited Discounts	0			0
Miscellaneous Service Revenues	100459		B	100459
Rents from Water Property	0			0
Other Water Revenues				0
Total Other Water Revenues	100459			100459
<b>Total Operating Revenues</b>	<b>1871587</b>	<b>278119</b>		<b>2149706</b>
<b>Operating Expenses</b>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	279099	-6027	C	273072
Salaries and Wages - Officers	14800			14800
Employee Pensions and Benefits	213685	-16446	D	197239
Purchased Water	799722	-166632	E	633090
Purchased Power	68803	-16940	F	51863
Fuel for Power Production				0
Chemicals				0
Materials and Supplies	87152			87152
Contractual Services-Acct	42700			42700
Contractual Services-Legal	28780			28780
Water Testing	5551			5551
Contractual Services-Other	29828			29828
Rents				0
Transportation Expenses	18671			18671
Insurance-General Liability	24990			24990
Insurance-Worker's Compensation	5283			5283
Insurance-Other	181			181
Regulatory Commission Expenses	3781			3781
Bad Debt Expense	8672			8672
Miscellaneous Expenses	94169			94169
Total Operation and Maintenance Expenses	1725867	-206045		1519822
Depreciation Expense	396215			396215
Amortization Expense				0
Taxes Other than Income	20959	-461	G	20498
Income Tax Expense				0
<b>Total Operating Expenses</b>	<b>2143041</b>	<b>-206506</b>		<b>1936535</b>
<b>Utility Operating Income</b>	<b>-271454</b>	<b>484625</b>		<b>213171</b>

Adjustment	Remarks	Supporting Calculations
A	Estill District increased its rates on August 5, 2018 by Order of KPSC in Case No. 2018-00269.	Gallons Sold @ Prior Rate: 90,594,000 Purchased Water Adjustment Factor: \$0.20/1,000 gals Increased Revenue \$278,119
B	On July 5, 2018, Estill District increased certain of its non-recurring charges. The income received from the assessment of these charges prior to July 5, 2018 has not been adjusted to reflect the current level of these charges.	
C-1	Since December 31, 2018, two employees have left employment with Estill District. Estill District has hired two additional employees. Difference in pay and benefits reflected in this adjustment. Adjustment combines expected decrease in "Salary & Wages-Employees" and "Employee Pensions and Benefits"	Wages of Departed Employees: \$81,707 Wages of Recently Hired Employees: \$58,000 Difference: (\$23,707)
C-2	Effective January 1, 2019, all employees except Office Manager authorized a \$2.00 per hour wage increase; Office Manager authorized a \$0.50 per hour wage increase.	\$2.00 per hour x 2,080 hours x 4 employees = \$16,640 \$0.50 per hour x 2,080 hours = \$ 1,040 Total wage increase: \$17,680
C-3	Total change in wages	Wages From Employee Departures/Hires: (\$23,707) Wage Increases to Remaining Employees: \$17,680 Total Adjustment: (\$6,027)
D	Reduction in Employee Pensions and Benefits due to the loss of 2 employees and hiring of 2 new employees	
E-1	Irvine increased its rate for wholesale water from \$3.13 per 1,000 gallons to \$3.254 per 1,000 gallons	258,117,000 gals x \$3.254 per 1,000 gals = \$839,913 Actual Purchased Water Cost (2018) = \$799,722 Difference: \$839,913 - \$799,722 = \$ 40,191
E-2	Estill District's unaccounted-for water loss during the test period was 39.62 percent, thus exceeding the permissible limit established by 807 KAR 5:066, Section 6(3). Purchased water expense was adjusted to remove the excessive loss.	Excessive Line Loss = 39.62% - 15% = 24.62 percent Total Water Purchased: 258,117,000 gals Multiply: Excessive Percentage <u>x 0.2462</u> Total Excess Volume 63,559,450 gals Multiply: Wholesale Purchase Rate <u>x \$3.254 per 1,000 gals</u> Total Cost of Disallowed Water \$206,823
E-3	Total Adjustment to Purchased Water Expense	\$40,191 - \$206,823 = (\$166,632)
F	Adjustment to Purchase Power Expense to reflect cost to pump disallowed excessive unaccounted-for water loss	Total Purchase Power Expense: \$68,803 Multiply: Excessive Percentage <u>x 0.2462</u> Total Disallowance Amount: \$16,940
G	Adjustment to Taxes Other Than Income to reflect lower level of wages	Change in Wage Expense x .0765 = (\$6,027) x .0765 = (\$461)

### REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

Pro forma Operating Expenses	1936535
Plus: Average Annual Debt Principal and Interest Payment	165104
Debt Coverage Requirement	33021
Total Revenue Requirement	2134660
Less: Other Operating Revenue	100459
Non-Operating Revenue	
Interest Income	7839
Revenue Required from Rates	2026362
Less: Revenue from Sales at Present Rates	2049247
Required Revenue Increase	-22885
 Required Revenue Increase stated as a Percentage of Revenue at Present Rates	 <b>-1.12</b>

### Determination of Water Line Loss Adjustment

Water Produced, Purchased and Distributed		
Water Produced		
Water Purchased		258117000
Total Produced and Purchased		258117000
Water Sales		
Residential		139891000
Commercial		15095000
Industrial		
Bulk Loading Stations		
Resale		
Other Sales		
Total Water Sales		154986000
Other Water Used		
Utility/Water Treatment Plant		
Wastewater Plant		
System Flushing		389000
Fire Department		465000
Other		
Total Other Water Used		854000
Water Loss:		
Tank Overflows		75000
Line Breaks		20525000
Other		81677000
Total Line Loss		102277000
Water Loss Percentage		39.62
Line Loss Exceeding Permissible Limit (%)		24.62
Water Purchases Disallowed (Gallons)		63559450
Cost of Water Disallowed	\$	206,822.45
Purchase Power Expense Disallowed		16,939.30

**AVERAGE ANNUAL DEBT PRINCIPAL AND INTEREST PAYMENT**

<b>Year</b>	<b>Rural Development Loans</b>		<b>KRWFC Loan</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2019	\$ 96,583.95	\$ 62,058.05	\$ 17,000.04	\$ 901.04	\$ 176,543.08
2020	\$ 95,370.64	\$ 63,271.36	\$ 1,416.67	\$ 69.42	\$ 160,128.09
2021	\$ 93,607.37	\$ 65,034.63	0	0	\$ 158,642.00

Three Yr Average: \$ 165,104.39

# **EXHIBIT 9**

ESTILL COUNTY WATER DISTRICT NO. 1

FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

## CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
FINANCIAL STATEMENTS	
Statements of net assets	6
Statements of revenues, expenses and changes in net assets	7
Statements of cash flows	8
Notes to financial statements	9-13
SUPPLEMENTARY INFORMATION	
Schedule of revenue bond debt service	14
REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS	
Report on internal control over financial reporting and on compliance and other matters bases on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	15
Independent accountant's report on applying agreed-upon procedures	16

# Ludwig, Blair & Bush, PLLC

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Estill County Water District No. 1  
Irvine, Kentucky

We have audited the accompanying statements of financial position of the Estill County Water District No. 1, as of and for the years ended December 31, 2017 and 2016, which collectively comprise the Estill County Water District #1 basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Estill County Water District No. 1, as of December 31, 2017 and 2016, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, on our consideration, of the Estill County Water District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinions on the financial statements taken as a whole. The supplemental information shown on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements of the Estill County Water District No. 1. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Ludwig Blair + Bush, PLLC*

Winchester, Kentucky  
May 15, 2018

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF NET ASSETS  
December 31, 2017 and 2016

ASSETS	2017	2016
<b>CURRENT ASSETS</b>		
Cash	\$ - -	\$ - -
Accounts receivables, less allowance for doubtful accounts 2017 \$15,903; 2016 \$14,804	211,278	196,678
Material and supplies	40,176	40,176
Prepaid expenses	19,673	20,580
Intercompany loans	<u>12,341</u>	<u>12,341</u>
Total current assets	<u>283,468</u>	<u>269,775</u>
<b>RESTRICTED ASSETS</b>		
Cash	73,179	103,800
Customer deposits	<u>48,132</u>	<u>71,082</u>
Total restricted assets	<u>121,311</u>	<u>174,882</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Utility systems	15,804,679	15,785,279
Construction in progress	<u>26,170</u>	<u>26,170</u>
	15,830,849	15,811,449
Less accumulated depreciation	<u>(7,407,238)</u>	<u>(7,002,875)</u>
	8,423,611	8,808,574
<b>OTHER ASSETS</b>		
Bond issue costs, net of amortization	<u>9,801</u>	<u>10,164</u>
Total assets	<u>\$ 8,838,191</u>	<u>\$ 9,263,395</u>

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

<b>LIABILITIES AND EQUITY</b>	2017	2016
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 118,987	\$ 18,945
Overdrafted accounts	35,825	114,340
Other accrued liabilities	<u>13,006</u>	<u>5,251</u>
Total current liabilities	167,818	138,536
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Accrued interest on bonds	71,214	73,368
Customer deposits	48,132	71,082
Current portion of long-term debt	<u>166,077</u>	<u>248,430</u>
Total current liabilities payable from restricted assets	<u>285,423</u>	<u>392,880</u>
<b>LONG-TERM DEBT, less current portion</b>	<u>4,084,842</u>	<u>4,034,341</u>
Total liabilities	<u>4,538,083</u>	<u>4,565,757</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	8,139,732	8,075,014
Retained earnings (deficit)		
Restricted	121,311	174,882
Unrestricted	<u>(3,960,935)</u>	<u>(3,552,258)</u>
Total net assets	<u>4,300,108</u>	<u>4,697,638</u>
	<u>\$ 8,838,191</u>	<u>\$ 9,263,395</u>

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Water - residential	\$ 1,431,659	\$ 1,387,514
Water - commercial	119,310	119,295
Other operating income	60,226	66,090
Total operating revenue	<u>1,611,195</u>	<u>1,572,899</u>
OPERATING EXPENSES		
Water purchases	723,323	660,218
Salaries and wages	287,622	311,155
Employee benefits	198,727	203,595
Power purchases	68,919	68,615
Operation materials	20,487	13,344
Office supplies and postage	27,419	29,245
Legal and accounting	30,384	15,953
Engineering	1,829	7,300
Advertising	626	99
Contract - other	23,824	18,287
Transportation	22,680	16,386
Insurance	19,314	22,279
Unemployment insurance	7,155	2,945
Depreciation	404,363	305,252
PSC assessment	3,257	2,250
Utilities	6,045	8,075
Maintenance	51,288	68,609
Miscellaneous	21,691	18,151
Total operating expenses	<u>1,918,953</u>	<u>1,771,758</u>
OPERATING (LOSS)	<u>(307,758)</u>	<u>(198,859)</u>
NONOPERATING INCOME (EXPENSE)		
Interest income	154	101
Interest expense	(153,185)	(156,281)
Other	(1,459)	(1,139)
Total nonoperating (expense)	<u>(154,490)</u>	<u>(157,319)</u>
NET (LOSS) BEFORE CONTRIBUTIONS	(462,248)	(356,178)
GRANTS AND CAPITAL CONTRIBUTIONS	<u>64,718</u>	<u>108,764</u>
NET (LOSS) INCOME	(397,530)	(247,414)
NET ASSETS, BEGINNING OF YEAR	<u>4,697,638</u>	<u>4,945,052</u>
NET ASSETS, END OF YEAR	<u>\$ 4,300,108</u>	<u>\$ 4,697,638</u>

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

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2017 and 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Receipts from customers	\$ 1,573,645	\$ 1,575,683
Payments to suppliers	(1,073,230)	(1,119,173)
Payments to employees	(487,632)	(511,657)
Other receipts (payments)	(1,459)	(1,139)
Net cash provided (used) by operating activities	<u>11,324</u>	<u>(56,286)</u>
CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan proceeds	129,730	- -
Long-term debt payments	(161,582)	(159,249)
Purchase of property, plant and equipment	(19,400)	- -
Contributed capital - Tap on fees	19,140	20,460
Contributed capital - Grants	45,578	88,304
Net cash provided (used) in capital and related financing activities	<u>13,466</u>	<u>(50,485)</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash from interest	<u>154</u>	<u>101</u>
NET INCREASE (DECREASE) IN CASH	24,944	(106,670)
CASH, BEGINNING OF YEAR	60,542	167,212
CASH, ENDING OF YEAR	<u>\$ 85,486</u>	<u>\$ 60,542</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (loss)	\$ (460,580)	\$ (354,777)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	404,363	305,252
Cash from other income	(1,459)	(1,139)
(Increase) decrease in current assets:		
Accounts receivable, customers	(14,600)	(3,250)
Other receivables	- -	2,044
Materials and supplies	- -	- -
Prepaid expenses	907	(3,483)
(Decrease) increase in current liabilities:		
Accounts payable	100,042	724
Accrued liabilities	5,601	(5,647)
Customer deposits	(22,950)	3,990
Net cash provided (used) by operating activities	<u>\$ 11,324</u>	<u>\$ (56,286)</u>
NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION		
Contributions of fixed assets	<u>\$ 19,140</u>	<u>\$ 20,460</u>

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

The Estill County Water District No. 1 is an agency of the Estill County Fiscal Court. The Water District is governed by a Board of Commissioners appointed by the Estill County Fiscal Court.

The Estill County Water District No. 1 applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The District also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before December 31, 2006, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

#### **Method of Accounting**

The Estill County Water District No. 1 is accounted for as a governmental enterprise fund. It is financed and operated in a manner similar to a private business enterprise where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis which are financed primarily through user charges. The accounts are maintained on the accrual basis of accounting.

#### **Fixed assets**

Fixed assets are recorded at cost and depreciated on a straight line basis over their estimated useful lives. See Note 2 for classification of fixed assets.

#### **Nonmonetary Transactions**

The Estill County Water District No. 1 accepts utility installations built by contractors upon inspection. The utility installations are added to fixed assets and contributed capital at the contractor's cost.

#### **Estimates**

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

#### **Amortization**

Bond issue costs are being amortized and charged to expense over the life of the outstanding revenue bonds by use of the straight-line method.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Cash equivalents**

For the purpose of the statements, the District considers all investments with a maturity of three months or less when purchased to be cash equivalents.

**Materials and supplies**

Materials and supplies are stated at cost. Cost is determined using the "first-in, first-out" method.

NOTE 2. FIXED ASSETS

Classification of fixed assets as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Land and structures	\$ 1,606,331	\$ 1,606,331
Pumping and distribution equipment	12,022,580	12,022,580
Services and meters	1,778,913	1,778,913
Other plant equipment	33,112	33,112
Office equipment and furniture	51,349	51,349
Transportation equipment	178,184	158,784
Other general equipment	134,210	134,210
	\$ 15,804,679	\$ 15,785,279

Depreciation expense charged to operations during the years ended December 31, 2017 and 2016 amounted to \$404,363 and \$305,252 respectively.

NOTE 3. CASH AND INVESTMENTS

Kentucky Revised Statutes authorize municipalities to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies and deposits in national or state chartered banks insured by federal agencies. Larger amounts can be deposited in savings and loan associations and banks providing such institutions pledge obligations of the United States government or its agencies as security.

As of December 31, 2017 and 2016 the District is in compliance with this requirement.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT

The Estill County Water District No. 1's bonded indebtedness and other long-term notes at December 31, 2017 are summarized as follows:

	Rate	Original Issue	Total 2017	Total 2016
1976 Issue	5.00%	\$ 350,000	\$ - -	\$ - -
1991 Issue Series A	5.00%	521,000	303,000	318,000
1991 Issue Series B	5.00%	101,000	59,600	62,500
1996 Issue	4.50%	505,000	352,000	363,500
2000 Issue	4.50%	975,000	744,000	764,000
2002 Issue	3.00% - 4.75%	230,000	50,000	66,000
2006 Issue	4.125%	945,000	815,000	830,000
2014 Issue	2.375%	1,699,000	1,643,500	1,671,500
			3,967,100	4,075,500
Citizens Guaranty	3.85%	200,305	99,639	128,280
Citizens Guaranty	3.85%	100,305	67,241	78,991
Citizens Guaranty	4.10%	110,330	98,619	- -
Citizens Guaranty	4.50%	19,400	18,320	- -
			4,250,919	4,282,771
Less current maturities			166,077	108,400
			<u>\$ 4,084,842</u>	<u>\$ 4,174,371</u>

All bond interest is payable semiannually on February 1st and August 1st, all principal payments are payable annually on February 1st.

The combined bond debt service requirements, as of December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	\$ 111,500	140,539	\$ 252,039
2019	117,200	135,971	253,171
2020	120,800	131,183	251,983
2021	108,000	126,632	234,632
2022	111,600	122,320	233,920
Thereafter	3,398,000	1,466,926	4,864,926
	<u>\$ 3,967,100</u>	<u>\$ 2,123,571</u>	<u>\$ 6,090,671</u>

The Citizen's Guaranty note payable debt service requirements, as of December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	\$ 54,577	10,238	\$ 64,815
2019	99,502	6,382	105,884
2020	106,067	4,391	110,458
2021	23,673	177	23,850
	<u>\$ 283,819</u>	<u>\$ 21,188</u>	<u>\$ 305,007</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PENSION FUND

The Estill County Water District is a participating employer of the County Employee's Retirement System (CERS), which is a multi-employer defined benefit plan that covers substantially all regular full-time employees of the District. Retirement benefits are provided for through legislative action of the Kentucky General Assembly and are funded by employee contributions which are deducted from employees' wages and by employer-paid contributions. The General Assembly sets the employee contributions rates, currently 5%, and the Retirement Systems' Board of Trustees sets the employer contribution rates, currently at 19.18% nonhazardous and 31.55% hazardous. Each employer is notified prior to each fiscal year of any change in the contribution rates.

The Retirement Systems' administrative expenses are subject to approval by the Kentucky General Assembly and are paid from the State's Retirement Allowance Account.

Employer contributions for the years ended December 31, 2017 and 2016, under the current plan, amounted to \$50,710 and \$54,879.

### NOTE 7. COMPENSATED ABSENCES

The Estill County Water District's vacation policy entitles an employee to two weeks of vacation time after one full year of employment, three weeks with fifteen years of service and four weeks with twenty years of service. At the end of each year employees are paid for any unused vacation time.

The District's personal/sick leave policy allows for six personal days and six sick days after one year of full time employment. Employees may carry over no more than fifteen personal and sick days from one year to the next. Any unused personal days will be transferred to vacation days in December to replace any vacation days used and employees are compensated accordingly. Any unused sick days over the fifteen are lost at the end of each year.

### NOTE 8. COMPLIANCE WITH BOND ORDINANCE

The 2014, 2006, 2002, 2000, 1996, and 1991 bonds are all on parity with each other. However, these bonds are also subject to the vested rights and priorities in favor of the 1964 and 1976 bond issues. The 1976 bond issue is subject to the vested rights and priorities in favor of the 1964 bond issue. While the 1964 bond issue takes priority over all other water bond issues.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. COMPLIANCE WITH BOND ORDINANCE (CONTINUED)

#### **Bond Debt Service**

All of the bond issues require the Estill County Water District No. 1 to set aside in a sinking fund monthly deposits equal to one-sixth of the next interest payment and one-twelfth of the next principal payment. The 1964, 1976 and 2002 water bond issues also require a bond reserve account be established for use in payment of the bonds. The 1964 issue's reserve account needs to be maintained in the amount of \$34,800, while the 1976 bond issue reserve account must maintain a balance of \$21,600. The 1984 bond issue required the amount of \$21,600 be increased to \$41,600. However, the 1984 bond issue was refinanced in July 2002, and the new issue required that this reserve fund continue to be maintained at \$41,600. At or after the 2014 bonds have been issued there shall be transferred from the Construction Account into the Current Sinking Fund an amount estimated to be \$26,000, to provide for capitalized interest during the construction of the Project. All of these reserve accounts must be maintained as long as there are any outstanding bond issues.

#### **Depreciation Reserve**

The 1964, 1976 and 2002 water bond issues requires the Estill County Water District No. 1 to accumulate an amount up to \$27,000, to be used for renewals, replacements and/or additions to property, plant and equipment. The 1991 water bond issue series A and B require the District to accumulate an amount up to \$37,200 in the depreciation reserve account, while the 1996 water bond issue requires a balance of \$65,400 be accumulated in a depreciation reserve account. The 2000 water bond issue requires the District to transfer \$455 monthly into a depreciation reserve account for the life of the bond issue. The 2006 water bond issue required the District to transfer \$425 monthly into a depreciation reserve account until there is accumulated a sum of at least \$51,000. Since the 2014 Bond issue is in parity with the 2006 Bond issue those provisions require that an adjustment be made to the Depreciation transfer amount. This amount is to be \$585, paid each month and deposited into the Depreciation Fund until an amount of \$70,200 is accumulated in such Fund. This monthly requirement for the 2006 bond issue is scheduled to start upon completion of the project as certified by the engineers and by RD.

#### **Operations and Maintenance Account**

The 1964, 1976 and 1991 water bond issues require the Estill County Water District No. 1 to place 90% of the remaining revenues, after the above mentioned transfers have been made, into an operations and maintenance account to be used for operations and maintenance expenses of the property, plant and equipment. While the 1996, 2000, 2002, 2006 and 2014 water bond issues require the District to set aside out of the remaining revenues an amount equal to two months operations, based on the District's estimated budget.

The Estill County Water District No. 1 is not in substantial compliance with the bond ordinances.

ESTILL COUNTY WATER DISTRICT NO. 1

SCHEDULE OF REVENUE BOND DEBT SERVICE  
For the Year Ended December 31, 2017

Maturity Date	2014 Issue		2006 Issue		2002 Issue		2000 Issue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	28,500	39,033	16,000	33,289	16,000	1,962	20,000	33,030
2019	29,500	38,356	17,000	32,608	17,000	1,203	22,000	32,085
2020	30,000	37,656	17,000	31,907	17,000	404	22,000	31,095
2021	31,000	36,943	18,000	31,185			24,000	30,060
2022	31,500	36,207	19,000	30,422			24,000	28,980
2023	32,500	35,459	20,000	29,618			26,000	27,855
2024	33,500	34,687	20,000	28,792			27,000	26,663
2025	34,000	33,891	21,000	27,947			28,000	25,425
2026	35,000	33,084	22,000	27,060			29,000	24,142
2027	36,000	32,253	23,000	26,132			31,000	22,793
2028	36,500	31,398	24,000	25,162			32,000	21,375
2029	37,500	30,531	25,000	24,152			33,000	19,912
2030	38,500	29,640	26,000	23,100			35,000	18,383
2031	39,500	28,726	27,000	22,007			36,000	16,785
2032	40,500	27,788	28,000	20,872			38,000	15,120
2033	41,500	26,826	29,000	19,697			40,000	13,365
2034	42,500	25,840	31,000	18,459			41,000	11,542
2035	43,500	24,831	32,000	17,160			44,000	9,630
2036	44,500	23,798	33,000	15,819			45,000	7,628
2037	46,000	22,741	35,000	14,417			48,000	5,535
2038	47,000	21,648	36,000	12,952			49,000	3,352
2039	48,000	20,532	37,000	11,447			50,000	1,125
2040	49,500	19,392	39,000	9,879				
2041	50,500	18,216	41,000	8,229				
2042	52,000	17,017	42,000	6,518				
2043	53,000	15,782	44,000	4,744				
2044	54,500	14,523	46,000	2,888				
2045	56,000	13,229	47,000	969				
2046	57,500	11,899						
2047	58,500	10,533						
2048	60,000	9,144						
2049	61,500	7,719						
2050	63,000	6,258						
2051	65,000	4,762						
2052	66,500	3,218						
2053	69,000	1,639						
	<u>\$ 1,643,500</u>	<u>\$ 825,199</u>	<u>\$ 815,000</u>	<u>\$ 557,431</u>	<u>\$ 50,000</u>	<u>\$ 3,569</u>	<u>\$ 744,000</u>	<u>\$ 425,880</u>

1996 Issue		1991 Issue Series A		1991 Issue Series B		1976 Issue		Totals	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
12,000	15,570	16,000	14,750	3,000	2,905			111,500	140,539
12,500	15,019	16,000	13,950	3,200	2,750			117,200	135,971
13,500	14,434	18,000	13,100	3,300	2,587			120,800	131,183
13,500	13,826	18,000	12,200	3,500	2,418			108,000	126,632
14,500	13,196	19,000	11,275	3,600	2,240			111,600	122,320
15,000	12,532	20,000	10,300	3,900	2,053			117,400	117,817
16,000	11,835	21,000	9,275	4,100	1,853			121,600	113,105
16,500	11,104	22,000	8,200	4,300	1,642			125,800	108,209
17,000	10,350	23,000	7,075	4,500	1,423			130,500	103,134
18,000	9,562	24,000	5,900	4,700	1,192			136,700	97,832
19,000	8,730	25,000	4,675	5,000	950			141,500	92,290
19,500	7,864	26,000	3,400	5,200	695			146,200	86,554
20,500	6,964	27,000	2,075	5,500	428			152,500	80,590
21,500	6,019	28,000	700	5,800	145			157,800	74,382
22,500	5,029							129,000	68,809
23,500	3,994							134,000	63,882
24,500	2,913							139,000	58,754
25,500	1,788							145,000	53,409
27,000	607							149,500	47,852
								129,000	42,693
								132,000	37,952
								135,000	33,104
								88,500	29,271
								91,500	26,445
								94,000	23,535
								97,000	20,526
								100,500	17,411
								103,000	14,198
								57,500	11,899
								58,500	10,533
								60,000	9,144
								61,500	7,719
								63,000	6,258
								65,000	4,762
								66,500	3,218
								69,000	1,639
<u>\$ 352,000</u>	<u>\$ 171,336</u>	<u>\$ 303,000</u>	<u>\$ 116,875</u>	<u>\$ 59,600</u>	<u>\$ 23,281</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,967,100</u>	<u>\$ 2,123,571</u>

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

Board of Commissioners  
Estill County Water District No. 1  
Irvine, Kentucky

We have audited the accompanying statements of financial position of the Estill County Water District No. 1, as of and for the year ended December 31, 2017, and have issued our report thereon dated May 15, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Estill County Water District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Estill County Water District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winchester, Kentucky  
May 15, 2018

*Ludwig, Blair & Bush, PLLC*

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Estill County Water District No. 1  
Irvine, Kentucky

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Estill County Water District No. 1 and the Public Service Commission of the Commonwealth of Kentucky, solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. The Estill County Water District No. 1 is responsible for accuracy and completeness of the electronic submission. This agreed-upon procedure agreement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submissions with the corresponding printed documents. Thus, the result of our performance of our agreed-upon procedures indicate no differences between the electronically submitted information and the hard copy documents.

We were engaged to perform an audit of the financial statements of the Estill County Water District No. 1 as of and for the year ended December 31, 2017, and have issued our report thereon dated May 15, 2018. The information included in the hard copy documents was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplemental financial data templates dated May 15, 2018, was expressed in relation to the basic financial statements of the Estill County Water District No. 1 taken as a whole.

A copy of the financial statement package, which includes the auditor's reports, is available in its entirety from the Estill County Water District No. 1. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the Public Service Commission of the Commonwealth of Kentucky.

This report is intended solely for the information and use of the Estill County Water District No. 1 and the Public Service Commission of the Commonwealth of Kentucky, and is not intended to be and should not be used by anyone other than these specified parties.

*Sudwig, Blair + Bush, P.C.C.*

Winchester, Kentucky  
May 15, 2018

# **EXHIBIT 10**

Estill County Water District #1  
Profit & Loss  
January through December 2018

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	TOTAL
Ordinary Income/Expense													
Income													
474 - OTHER WATER REVENUES													
474-4 - SALES TAX/COMMERCIAL	598.03	626.50	594.62	585.87	583.43	668.78	639.31	681.17	696.37	707.26	702.67	593.08	7,677.09
474-5 - 911 FEE ASSESSED	15,600.00	15,119.56	15,500.00	15,528.00	15,576.00	15,624.00	15,604.00	15,568.00	15,548.00	15,532.00	15,496.00	15,408.00	186,103.56
474-3 - UTILITY TAX/COMMERCIAL	460.32	464.91	428.26	434.00	419.59	521.90	476.77	517.98	487.60	521.86	518.25	474.18	5,725.62
474-1 - UTILITY TAX/RESIDENTIAL	4,109.00	4,163.84	3,536.78	3,628.42	3,640.24	4,643.67	4,173.80	4,218.79	4,005.28	4,028.36	4,085.37	3,568.62	47,802.17
Total 474 - OTHER WATER REVENUES	20,767.35	20,374.81	20,059.66	20,176.29	20,219.26	21,458.35	20,893.88	20,985.94	20,737.25	20,789.48	20,802.29	20,043.88	247,308.44
471 - MISC. SERVICE REVENUE													
471-5 - RETURNED CHECK FEE	125.00	50.00	0.00	0.00	50.00	0.00	25.00	75.00	50.00	50.00	75.00	0.00	500.00
471-4 - DISCONNECT/RECONNECT FEE	1,850.00	1,450.00	2,075.00	1,550.00	1,300.00	2,450.00	1,325.00	1,850.00	1,300.00	2,075.00	650.00	0.00	17,900.00
471-3 - MISC. INCOME	525.00	306.07	45.00	86.87	83.26	40,120.00	399.34	241.30	600.00	109.88	172.20	-0.06	43,440.86
Total 471 - MISC. SERVICE REVENUE	2,500.00	1,806.07	2,120.00	1,636.87	2,185.26	42,570.00	1,749.34	2,166.30	1,950.00	2,234.88	922.20	-0.06	61,840.86
470 - PENALTIES													
470-2 - PENALTIES	4,318.32	4,370.73	3,722.29	3,630.27	3,818.01	5,127.77	4,080.88	4,955.61	4,106.12	3,939.19	4,513.52	3,965.72	50,548.43
Total 470 - PENALTIES	4,318.32	4,370.73	3,722.29	3,630.27	3,818.01	5,127.77	4,080.88	4,955.61	4,106.12	3,939.19	4,513.52	3,965.72	50,548.43
462 - FIRE PROTECTION REVENUE													
462-2 - FIRE PROTECTION-PRIVATE	245.00	246.00	246.50	247.50	247.00	245.50	247.00	246.50	247.50	246.00	246.00	244.50	2,955.00
462-1 - FIRE PROTECTION-PUBLIC	41.03	40.50	40.00	39.50	40.50	40.50	40.50	39.50	39.50	16.00	40.00	40.00	457.53
Total 462 - FIRE PROTECTION REVENUE	286.03	286.50	286.50	287.00	287.50	286.00	287.50	286.00	287.00	262.00	286.00	284.50	3,412.53
461 - METERED WATER REVENUE													
461-2 - METERED SALES/COMMERCIAL	10,173.86	10,718.59	10,123.59	9,985.67	9,977.84	11,529.76	10,927.05	11,598.54	11,849.39	12,133.32	12,003.20	10,063.58	131,084.39
461-1 - METERED SALES/RESIDENTIAL	142,805.62	144,002.24	122,629.15	125,727.88	125,891.04	161,288.87	144,643.09	142,284.44	139,221.87	140,342.34	142,191.16	125,409.98	1,656,437.68
Total 461 - METERED WATER REVENUE	152,979.48	154,720.83	132,752.74	135,713.55	135,868.88	172,818.63	155,570.14	153,882.98	151,071.26	152,475.66	154,194.36	135,473.56	1,787,522.07
Total Income	180,851.18	181,558.94	158,941.19	161,443.98	162,378.91	242,260.75	182,581.74	182,276.83	178,151.63	179,701.21	180,718.37	159,767.60	2,150,632.33
Cost of Goods Sold													
610-1 - PURCHASED WATER	74,430.41	71,945.89	56,352.97	62,440.82	71,047.04	65,884.82	66,189.65	72,417.61	68,558.66	72,566.44	71,402.48	65,557.46	818,794.25
Total COGS	74,430.41	71,945.89	56,352.97	62,440.82	71,047.04	65,884.82	66,189.65	72,417.61	68,558.66	72,566.44	71,402.48	65,557.46	818,794.25
Gross Profit	106,420.77	109,613.05	102,588.22	99,003.16	91,331.87	176,375.93	116,392.09	109,859.22	109,592.97	107,134.77	109,315.89	94,210.14	1,331,838.08
Expense													
611-5 - UTILITIES/911FEE	8.00	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.00
611-7 - 911 FEE	0.00	13,206.27	14,188.60	14,608.18	14,742.26	14,606.18	14,822.25	14,842.99	14,212.76	15,493.99	14,426.95	14,561.32	159,711.75
611-4 - UTILITIES/SEWER	20.94	20.94	20.94	21.57	21.57	21.57	75.51	21.57	21.57	21.57	21.57	21.57	310.89
604-1 - HEALTH REIMBURSEMENT ACCOUNT	80.00	80.00	80.00	80.00	498.66	156.93	1,021.95	80.00	80.00	594.04	839.91	1,213.49	4,804.98
623-6 - SMALL TOOLS/MAINT	101.51	9.49	24.99	0.00	51.97	0.00	0.00	193.97	36.25	129.99	0.00	19.98	568.15
620-9 - OFFICE/BREAKROOM SUPPLIES	0.00	67.59	0.00	43.46	62.28	23.21	59.04	193.48	0.00	202.74	168.61	30.74	851.15
640-6 - UNIFORMS-MAINT.	333.75	1,048.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	344.35	1,726.65
640-8 - UNIFORMS-AD&G	0.00	96.85	0.00	79.13	85.22	88.80	0.00	0.00	0.00	0.00	0.00	0.00	350.00
640-7 - UNIFORMS-CUST SERV.	0.00	35.46	313.17	282.11	55.98	-80.58	0.00	0.00	0.00	82.40	0.00	0.00	688.54
999 - ASK THE ACCOUNTANT	193.77	0.00	0.00	0.00	3.95	-50.86	0.00	0.00	0.00	0.00	0.00	0.00	146.86
671 - CREDIT CARD REIMBURSEMENT	0.00	0.00	0.00	0.00	-360.00	-480.00	0.00	-750.00	-900.00	-900.00	-460.00	-260.00	-4,110.00
655-2 - TAXES-UTILITY	4,805.64	9,248.01	4,712.61	4,121.26	4,079.89	5,178.25	4,792.38	4,765.04	4,540.81	4,557.76	4,647.71	4,810.87	60,260.23
655-1 - TAXES-SALES	638.75	1,344.07	599.11	593.10	590.56	216.35	646.56	688.42	703.45	942.60	709.93	634.42	8,307.32
671-9 - C/C PROCESSING FEES	14.00	14.00	14.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76.00
675-8 - MISC. EXPENSE/AD&G	104.74	1,058.63	0.00	125.89	107.34	79.92	91.69	120.78	320.21	2,439.07	58.46	103.51	4,610.24
675-7 - MISC. EXPENSE/CUSTOMER SERVICE	0.00	0.00	0.00	0.00	0.00	37.07	0.00	0.00	0.00	32.49	0.00	0.00	82.26
675-6 - MISC. EXPENSE/MAINTENANCE	406.45	501.89	155.76	395.99	170.57	732.33	355.30	50.24	25.97	598.14	134.19	671.89	4,198.72
675-5 - MISC. EXPENSE/OPERATIONS	71.50	0.00	0.00	0.00	123.09	154.50	139.00	0.00	0.00	0.00	0.00	0.00	488.09
671-8 - BANK FEES	378.66	600.90	482.74	418.43	305.59	563.93	338.26	0.00	656.55	500.94	260.84	426.68	4,933.52
667-1 - REGUL COMM EXP/OPERATION	0.00	0.00	500.00	0.00	0.00	0.00	0.00	3,280.76	0.00	0.00	0.00	0.00	3,780.76
660-8 - ADVERTISING EXPENSE/AD&G	0.00	20.80	0.00	0.00	20.80	130.00	0.00	0.00	0.00	16.04	90.00	0.00	277.64
659-8 - INSURANCE/BONDS	0.00	0.00	0.00	0.00	0.00	-226.60	407.20	0.00	0.00	0.00	0.00	0.00	180.60
658-8 - WORKMANS COMP	0.00	0.00	0.00	0.00	0.00	0.00	5,282.64	0.00	0.00	0.00	0.00	0.00	5,282.64
657-8 - INSURANCE GEN LIAB/AD&G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,916.00	0.00	0.00	0.00	15,916.00
650-8 - TRANSPORTATION EXP/AD&G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	106.34	106.34
650-7 - TRANSPORTATION EXP/CUSTOMER SERVICE	0.00	0.00	46.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.87
650-6 - TRANSPORTATION EXP/MAINTENANCE	144.48	1,804.58	824.06	1,915.89	2,320.17	0.00	2,528.41	906.04	1,208.85	1,057.87	1,447.58	1,406.42	15,564.35
650-5 - TRANSPORTATION EXP/OPERATIONS	0.00	335.82	61.33	105.39	225.11	148.45	139.45	192.79	268.67	322.43	366.13	20.13	2,185.70
635-8 - CONT SERVICE OTHER/AD&G	0.00	175.75	0.00	0.00	0.00	-260.00	887.86	0.00	0.00	375.00	0.00	0.00	1,178.61
635-6 - CONT SERVICE/SUPPORT	0.00	7,950.00	0.00	0.00	7,620.00	0.00	646.60	0.00	0.00	0.00	0.00	0.00	16,216.60
635-5 - CONT SERVICE OTHER/OPERATIONS	0.00	0.00	0.00	0.00	730.25	302.00	0.00	0.00	0.00	11,400.00	0.00	0.00	12,432.25
634-8 - CONT SERVICE LAB/AD&G	505.50	0.00	996.00	826.00	690.50	168.00	280.50	635.00	280.50	421.00	522.50	225.00	5,550.50
633-8 - CONT SERVICE LEGAL/AD&G	7,790.32	2,552.54	2,508.51	0.00	0.00	0.00	869.55	3,814.80	0.00	0.00	5,848.80	5,395.50	28,780.02
632-8 - CONT SERVICE ACCOUNTING/AD&G	13,800.00	14,200.00	0.00	0.00	0.00	0.00	14,700.00	0.00	0.00	0.00	0.00	0.00	42,700.00
621-8 - POSTAGE	1,876.73	1,391.24	1,348.37	2,654.26	1,289.26	-1,175.88	1,239.91	1,397.40	403.87	2,734.93	2,636.28	1,453.50	17,249.87
620-8 - MATERIALS & SUPPLIES/AD G	0.00	182.25	0.00	0.00	0.00	0.00	105.99	0.00	12.50	0.00	0.00	0.00	300.74
620-7 - MATERIALS & SUPPLIES/CUST. SERV	0.00	1,192.83	0.00	0.00	932.78	0.00	0.00	0.00	0.00	232.75	0.00	992.94	3,351.30
620-6 - MATERIALS & SUPPLIES/MAINT.	6,640.42	1,805.98	1,393.20	5,361.55	4,229.01	2,073.29	4,766.92	5,271.34	4,078.84	4,171.03	6,270.06	5,621.86	51,683.50
620-5 - MATERIALS & SUPPLIES/OPERATIONS	0.00	0.00	645.90	0.00	0.00	0.00	0.00	0.00	17.20	57.98	8,575.08	9,309.61	9,309.61
615-5 - PURCHASED POWER/OPERATIONS	5,486.53	8,703.11	6,656.86	5,967.24	5,706.37	4,587.97	5,470.06	5,713.35	5,412.65	4,953.67	4,943.15	5,201.84	68,802.80
611-3 - UTILITIES/TRASH	75.00	0.00	0.00	56.29	28.53	0.00	56.81	0.00	28.40	28.51	247.50	0.00	521.04
611-2 - UTILITIES/TELEPHONE	460.47	412.00	421.03	420.43	413.18	433.56	412.70	418.54	407.01	432.04	417.34	411.60	5,059.90
611-1 - UTILITIES/INTERNET	55.40	57.90	55.40	52.90	52.90	55.40	55.40	52.90	52.90	52.90	52.90	52.90	529.00
604-8 - EMPLOYEE PEN & BEN/AD & G	2,619.79	2,648.33	3,148.97	2,740.37	2,484.01	1,231.48	2,485.62	2,903.03	2,215.50	2,534.34	1,392.34	5,161.41	31,565.19
604-7 - EMPLOYEE PEN & BEN/CUST SERVICE	3,542.14	3,328.42	4,058.74	3,597.67	3,586.33	1,842.64	3,646.56	4,204.06	3,742.90	3,736.74	1,670		

**Estill County Water District #1**  
**Balance Sheet**  
As of December 31, 2018

	Jan 31, 18	Feb 28, 18	Mar 31, 18	Apr 30, 18	May 31, 18	Jun 30, 18	Jul 31, 18	Aug 31, 18	Sep 30, 18	Oct 31, 18	Nov 30, 18	Dec 31, 18
<b>ASSETS</b>												
<b>Current Assets</b>												
<b>Checking/Savings</b>												
<b>135 - RESTRICTED CASH</b>												
135-7 - SINKING RESERVE/USDA-RD	2,184.98	8,194.98	14,184.98	26,684.98	26,684.98	26,684.98	26,684.98	26,684.98	26,684.98	26,684.98	26,684.98	41,684.98
135-6 - 2002(84) SINKING/REGIONS	24,495.32	26,049.40	10,441.51	11,995.59	13,549.67	15,138.55	15,893.63	17,447.71	19,035.22	20,589.30	22,143.38	23,785.88
135-3 - 919698 SINKING/USDA-RD	3.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total 135 - RESTRICTED CASH</b>	<b>26,684.15</b>	<b>34,234.38</b>	<b>24,626.49</b>	<b>38,680.57</b>	<b>40,234.65</b>	<b>41,823.53</b>	<b>42,578.61</b>	<b>44,132.69</b>	<b>45,720.20</b>	<b>47,274.28</b>	<b>48,828.36</b>	<b>65,470.86</b>
<b>131 - CASH</b>												
131-22 - CASH IN BANK/GENERAL/CGB	-5,479.52	-5,479.52	-5,479.52	-5,479.52	-5,379.52	-5,379.52	-5,379.52	-5,379.52	-5,379.52	-5,379.52	-5,379.52	-5,379.52
131-33 - CASH IN BANK/REVENUE/CGB	1,951.63	1,951.63	1,951.63	1,951.63	2,051.63	2,051.63	2,051.63	2,051.63	2,051.63	2,051.63	2,051.63	2,051.63
131-7 - CASH IN BANK/CUSTOMER SECURITY	48,851.83	48,087.35	49,059.27	49,015.99	51,135.99	52,548.41	53,228.41	56,208.41	51,548.37	52,780.65	55,760.65	57,794.28
131-2 - CASH IN BANK/GENERAL/BB&T	-77,767.04	-80,073.70	35,934.57	-49,662.48	-57,355.57	-36,621.19	104,089.22	4,894.36	109,209.33	-44,977.21	90,675.14	169,233.92
131-3 - CASH IN BANK/REVENUE/BB&T	-42,466.51	-47,006.60	-54,542.70	-50,057.33	-38,108.62	4,939.87	5,723.74	5,834.53	49,514.00	94,935.78	-151.00	12,556.82
131-1 - CASH ON HAND	807.21	807.21	807.21	807.21	807.21	807.21	807.21	807.21	807.21	807.21	807.21	807.21
<b>Total 131 - CASH</b>	<b>-74,102.40</b>	<b>-81,713.63</b>	<b>27,730.46</b>	<b>-53,424.50</b>	<b>-46,848.88</b>	<b>18,346.41</b>	<b>160,520.69</b>	<b>64,416.62</b>	<b>207,751.02</b>	<b>100,218.54</b>	<b>143,764.11</b>	<b>237,064.34</b>
<b>Total Checking/Savings</b>	<b>-47,418.25</b>	<b>-47,479.25</b>	<b>52,356.95</b>	<b>-14,743.93</b>	<b>-6,614.23</b>	<b>60,169.94</b>	<b>203,099.30</b>	<b>108,549.31</b>	<b>253,471.22</b>	<b>147,492.82</b>	<b>192,592.47</b>	<b>302,535.20</b>
<b>Accounts Receivable</b>												
141 - ACCOUNTS RECEIVABLE	176,418.56	182,469.63	165,337.77	165,194.46	162,013.30	201,212.62	187,683.10	189,390.45	190,726.80	188,853.56	197,000.61	185,326.05
141-1 - UNBILLED RECEIVABLES	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21	78,673.21
142 - OTHER ACCOUNTS RECEIVABLE	-75.00	-443.44	-1,141.72	-1,141.72	-2,216.72	-3,066.72	-3,106.72	-3,681.72	-3,181.72	-4,074.45	-4,074.45	-5,052.45
143 - RETURNED CHECK	189.10	-61.77	-227.25	295.95	-180.26	-93.51	-27.25	-93.53	-54.30	-154.30	36.05	105.70
144 - ALLOW FOR DOUBTFUL ACCOUNTS	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00	-15,903.00
145 - ACCOUNTS RECEIVABLE SEWER	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65	12,340.65
<b>Total Accounts Receivable</b>	<b>251,643.52</b>	<b>257,075.28</b>	<b>239,079.66</b>	<b>239,449.55</b>	<b>234,727.18</b>	<b>273,163.15</b>	<b>259,659.99</b>	<b>260,726.06</b>	<b>262,601.64</b>	<b>259,735.67</b>	<b>268,073.07</b>	<b>255,500.16</b>
<b>Total Current Assets</b>	<b>204,225.27</b>	<b>209,596.03</b>	<b>291,436.61</b>	<b>224,705.62</b>	<b>228,112.95</b>	<b>333,333.09</b>	<b>462,759.29</b>	<b>369,275.37</b>	<b>516,072.86</b>	<b>407,228.49</b>	<b>460,665.54</b>	<b>558,035.36</b>
<b>Other Assets</b>												
180 - BOND ISSUE COST	765.72	765.72	765.72	765.72	765.72	765.72	765.72	765.72	765.72	765.72	765.72	765.72
340 - OFFICE FURNITURE AND EQUIPMENT	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99	35,480.99
347 - MISCELLANEOUS EQUIPMENT	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87	125,294.87
346 - COMMUNICATIONS EQUIPMENT	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73	12,062.73
343 - TOOLS, SHOP, & GARAGE EQUIPMENT	16,027.17	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46	16,227.46
341 - TRANSPORTATION EQUIPMENT	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77	178,182.77
334-1 - METERS INSTALLED	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20	1,099,653.20
334 - METERS BOUGHT	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70	148,938.70
331 - TRANSMIS. & DISTRIBUTION MAINS	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66	11,551,075.66
330 - DISTRIB. RESERV. & STAND PIPES	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51	1,351,262.51
311 - PUMPING EQUIPMENT	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78	827,908.78
304 - STRUCTURES & IMPROVEMENTS	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60	443,226.60
303 - LAND & LAND RIGHTS	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02	15,565.02
181 - UNAMORT. DEBT DIS. & EXPENSE	8,979.30	8,923.05	8,866.80	8,810.55	8,754.30	8,698.05	8,641.80	8,585.55	8,529.30	8,473.05	8,416.80	8,360.55
162 - PREPAYMENTS	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07	19,673.07
151 - PLANT MATERIALS & SUPPLIES	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30	40,176.30
<b>105 - CONSTRUCTION IN PROGRESS</b>												
105-3 - CONST. IN PROGRESS-PHASE IX	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00
105 - CONSTRUCTION IN PROGRESS - Other	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58	25,419.58
<b>Total 105 - CONSTRUCTION IN PROGRESS</b>	<b>26,169.58</b>											
108 - ACCU. DEPR./PLANT IN SERVICE	-7,436,846.71	-7,466,454.79	-7,496,062.87	-7,525,670.95	-7,555,279.03	-7,584,887.11	-7,614,495.19	-7,644,103.27	-7,673,711.35	-7,703,319.43	-7,732,927.51	-7,762,535.59
<b>Total Other Assets</b>	<b>8,463,596.26</b>	<b>8,434,132.22</b>	<b>8,404,467.89</b>	<b>8,374,803.56</b>	<b>8,345,139.23</b>	<b>8,315,474.90</b>	<b>8,285,810.57</b>	<b>8,256,146.24</b>	<b>8,226,481.91</b>	<b>8,196,817.58</b>	<b>8,167,153.25</b>	<b>8,137,488.92</b>
<b>TOTAL ASSETS</b>	<b>8,667,821.53</b>	<b>8,643,728.25</b>	<b>8,695,904.50</b>	<b>8,599,509.18</b>	<b>8,573,252.18</b>	<b>8,648,807.99</b>	<b>8,748,569.86</b>	<b>8,625,421.61</b>	<b>8,742,554.77</b>	<b>8,604,046.07</b>	<b>8,627,818.79</b>	<b>8,695,524.28</b>
<b>LIABILITIES &amp; EQUITY</b>												
<b>Liabilities</b>												
<b>Current Liabilities</b>												
<b>Accounts Payable</b>												
<b>232 - NP CURRENT ISSUE</b>												
232-4 - NP '91 ISSUE SERVICE A CURRENT	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00
232-6 - NP '96 ISSUE CURRENT	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
232-9 - NP '06 ISSUE CURRENT	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00
232-5 - NP '91 ISSUE SERVICE B CURRENT	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
232-3 - NP '04 ISSUE CURRENT	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00
232-8 - NP '98 ISSUE CURRENT	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
232-1 - NP 2002 (84) ISSUE CURRENT	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00
<b>Total 232 - NP CURRENT ISSUE</b>	<b>111,500.00</b>											
231 - ACCOUNTS PAYABLE	35,524.92	51,283.73	134,835.31	51,683.48	49,210.42	31,182.11	145,978.10	27,764.06	152,826.91	27,629.63	56,885.20	158,228.47
<b>Total Accounts Payable</b>	<b>147,024.92</b>	<b>162,783.73</b>	<b>246,335.31</b>	<b>163,183.48</b>	<b>160,710.42</b>	<b>142,682.11</b>	<b>257,478.10</b>	<b>139,264.06</b>	<b>264,326.91</b>	<b>139,129.63</b>	<b>168,385.20</b>	<b>269,728.47</b>
<b>Other Current Liabilities</b>												
239-6 - CANCELS INSURANCE WITHHELD	16.91	16.91	16.91	16.91	16.91	16.91	16.91	16.91	16.91	16.91	16.91	16.91
239-5 - HEALTH INSURANCE	887.75	153.94	153.94	153.94	976.05	1,545.79	1,545.79	1,545.79	1,545.79	1,545.79	1,545.79	1,545.79
271 - CONT. IN AID OF CONSTRUCTION	7,140,427.80	7,141,087.80	7,143,067.80	7,144,387.80	7,144,3							