

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MORGAN COUNTY WATER)	CASE NO.
DISTRICT'S UNACCOUNTED-FOR WATER)	2021-00206
LOSS REDUCTION PLAN, SURCHARGE)	
AND MONITORING)	

RESPONSE OF MORGAN COUNTY WATER DISTRICT
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO MORGAN COUNTY WATER DISTRICT

Morgan County Water District submits its Response to the Commission Staff's First Request for Information of March 1, 2023.

Dated: March 15, 2023

Respectfully submitted,



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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on March 15, 2023 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.



Erica Stacy-Stegman

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**Response to Commission Staff's First Request For Information
To Morgan County Water District
Case No. 2021-00206**

Question No. 1

Responding Witness: Shannon Elam

Q-1. Refer to the monthly reports filed for October 2022 to January 2023. Provide an explanation for the differences between the surcharge amounts collected each of the months and the amounts actually deposited in the account during each of the months.

A-1. Morgan County Water District recognizes the oversight shown in attached *Exhibit A*. This was an accounting oversight that was identified in February 2023. An internal review was immediately conducted and the Board Treasurer was notified. The internal review identified the following:

- When customer payments are received they are deposited into one of two revenue accounts; one revenue account being for cash and check payments and one being for credit card payments.
- Surcharge deposits were intended to be reconciled and made from each of the two revenue accounts on a monthly basis.
- As only one employee was responsible for determining what deposits should be made from the revenue accounts into the surcharge account, not enough oversight was being shared for this task. This resulted in the deposits that should have been made into the surcharge account from one or both of the revenue accounts being overlooked altogether at times and at other times resulted in incorrect calculations as to what should be deposited from each revenue account.
- There was no process or procedure in place to check on whether deposits were being made or to check on whether the correct amount was being deposited.

Corrective Action

Morgan County Water District identified the following corrective actions that have been put in place in March 2023:

- Board Oversight: The board will receive the monthly surcharge report that is filed each month with the PSC.
- Weekly Deposit: The surcharge deposits will be reconciled weekly.

· Monthly Expense Spreadsheet: A monthly expense sheet, on which the required surcharge deposit is represented as an expenditure, has been created to enable a quick reference to see what has been paid throughout the month; said spreadsheet has been attached as *Exhibit B*.

· Deposits Corrected: All required surcharge deposits have now been made into the surcharge account. A recent bank transaction report for the surcharge account has been attached as *Exhibit C*.

Morgan County Water District feels these corrective actions will ensure better controls of the surcharge account and will help eliminate future accounting oversights.

See attached Exhibits.

EXHIBIT A:

MONTHLY DEPOSITS INTO SURCHARGE ACCOUNT

**Morgan County Water District
Attachment B**

	Surcharge	Deposit
October	\$ 16,578.20	\$ -
November	\$ 17,255.76	\$ 20,686.60
December	\$ 16,437.55	\$ 17.24
January	\$ 18,417.58	\$ 9,897.07
February	\$ 14,604.35	\$ 21,524.04
March		\$ 31,168.49
	<u>\$ 83,293.44</u>	<u>\$ 83,293.44</u>
		<u>\$ -</u>

EXHIBIT B:

MONTHLY EXPENSE SPREADSHEET

MONTHLY EXPENITURES

MARCH

		\$ 130,000.00			\$ 70,000.00			\$ 5,500.00			\$ 205,500.00
		10th of the Month	Actual	25th of the Month		Actual	30th of the Month		Actual		
Cave Run	\$ 22,000.00	\$ 21,515.10	USDA Bond (Due 25th)	\$ 13,100.00		Raining Day	\$ 2,500.00				
WL	\$ 35,000.00	\$ 43,286.32	Regent (KRWA) (Due 20th)	\$ 8,000.00		Depreciation Reserve	\$ 1,000.00				
Surcharge	\$ 17,500.00	\$ 35,536.86	KIA Bond			Tank Painting Reserve					
Payroll (3-10)	\$ 13,000.00	\$ 13,360.35	KY Payroll Tax (Due 15th)	\$ 1,500.00							
Retirement	\$ 10,000.00	\$ 12,759.19	Gross Utility Tax (Due 20th)	\$ 5,000.00							
Federal	\$ 4,500.00	\$ -	Sales and Use Tax (Due 20th)	\$ 700.00							
County Tax (\$300 QRTL)	\$ 100.00	\$ -	Payroll (3-24)	\$ 13,000.00							
Fleet	\$ 4,500.00	\$ 7,961.41	Federal	\$ 4,500.00							
Wex (Fuel)	\$ 3,000.00	\$ 2,559.62	Credit Card	\$ 1,000.00	\$ 1,239.43						
AEP	\$ 1,600.00	\$ 1,576.02	Stamps	\$ 1,300.00							
RECC	\$ 2,000.00	\$ 2,177.02	Retirement-Health Insurance	\$ 750.00							
MT Telephone	\$ 600.00	\$ 598.35	Consolidated Pipe	\$ 2,000.00							
Appalachian Wireless	\$ 1,250.00	\$ 1,229.03	Utility Solutions	\$ 2,000.00							
Anthem Health	\$ 8,500.00	\$ 9,890.68	Core and Main	\$ 2,000.00							
Colonial Life	\$ 44.00	\$ 44.00	USA Blue Book	\$ 500.00							
United Systems	\$ 207.00	\$ -	Citco Water	\$ 500.00							
Stamps	\$ 300.00	\$ 240.00	Hutch	\$ 500.00							
American Bus	\$ 200.00	\$ 154.00	Morgan Tire	\$ 500.00							
Waste Management	\$ 150.00	\$ 143.72	Oldfields	\$ 250.00							
Globe Life	\$ 650.00	\$ 718.50	Quality Quick	\$ 250.00							
Aflac	\$ 140.00	\$ 135.85	Frederick and May	\$ 250.00							
Uniform First	\$ 400.00	\$ 1,316.54	Car Quest	\$ 250.00							
KY Deferred Comp	\$ 130.00	\$ 130.00	Training/Travel	\$ 1,000.00	\$ 303.72						
Stationers/Champion	\$ 500.00	\$ 1,117.05	*Other	\$ 4,000.00	\$ 18,341.00						
	\$ 151,164.18	\$ 126,271.00	\$ 14,211.95	\$ 62,850.00	\$ 19,884.15	\$ -	\$ 3,500.00	\$ -	\$ 149,634.96	\$ 192,621.00	\$ 176,333.76
	\$ 8,510.40	Revenue	\$ (5,285.43)		\$ (5,672.20)		\$ -	\$ -	\$ 15,741.17	Net Income	\$ (797.63)
	\$ 7,230.77	Credit Card							\$ 10,160.00		
	\$ 135,423.01	First 10 Days							\$ 175,536.13		

*Other Expenses

Precision Control	\$ 6,100.00
United Systems	\$ 892.29
Phillip Coty - Deposit Refund	\$ 47.47
Bear Traxx (Surcharge Account)	\$ 10,160.00
Truck Lights	\$ 1,118.98
\$ Store	\$ 22.26

Other Income

Surcharge Account Transfer \$ 10,160.00

Surcharge - Weekly Deposit

Week	Mondays	
Week 1	\$ 4,368.37	6-Mar
Week 2	\$ 31,168.49	13-Mar
Week 3	\$ -	20-Mar
Week 4	\$ -	27-Mar
Week 5	\$ -	
	\$ 35,536.86	

\$ 10,160.00

\$ 18,341.00

EXHIBIT C:

BANK TRANSACTION REPORT

Transaction Report for ██████████

Bank #: 436 Bank of the Mountains, Inc
 User: sreed Susan Reed

Customer

MORGAN COUNTY WATER DISTRICT
 SURCHARGE FUND
 1009 HWY 172
 WEST LIBERTY, KY 41472

Relationship

Primary owner

\$ S

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Post Date Eff Date	Transaction Code	Debits	Credits	Balance	Description	Additional Information
3/13/2023	40 Regular Deposit		\$31,168.49	\$143,218.92		1/0/1909 POD
3/6/2023	40 Regular Deposit		\$4,368.37	\$112,050.43		1/0/1667 POD
3/2/2023	45 DDA Withdrawal 39000	\$10,160.00		\$107,682.06		1/0/817 POD
2/28/2023 3/1/2023	99 Rate Change Rate changed to 0.0500%			\$117,842.06		0/0/1931 System
2/24/2023	40 Regular Deposit		\$21,524.04	\$117,842.06		1/0/787 POD
2/15/2023	45 DDA Withdrawal 39000	\$57,445.00		\$96,318.02		1/0/632 POD
1/31/2023 2/1/2023	99 Rate Change Rate changed to 0.0500%			\$153,763.02		0/0/1964 System
1/31/2023	40 Regular Deposit		\$9,897.07	\$153,763.02		1/0/826 POD
12/30/2022 1/1/2023	99 Rate Change Rate changed to 0.0500%			\$143,865.95		0/0/3758 System
12/30/2022 12/31/2022	7 Interest Credit		\$17.24	\$143,865.95		0/0/3757 System