

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 3, 2010
TO: Lydia Roberts, Regulatory Analyst II, Division of Economic Regulation
FROM: Clarence Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis *CP*
RE: Docket No.: 090531-WS
Company Name: Lake Placid Utilities, Inc.
Company Code: WS709
Audit Purpose: Staff Assisted Rate Case
Audit Control No: 10-014-4-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There were confidential work papers associated with this audit.

DNM/ip
Attachment: Audit Report

cc: (With Attachment)
Office of Auditing and Performance Analysis (Mailhot, File Folder)
Office of Commission Clerk
Office of the General Counsel

(Without Attachment)
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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**FLORIDA PUBLIC SERVICE COMMISSION
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS**

Miami District Office

**LAKE PLACID UTILITIES, INC.
STAFF ASSISTED RATE CASE
AS OF DECEMBER 31, 2008**

**DOCKET NO. 090531-WS
AUDIT CONTROL NO. 10-014-4-1**

A handwritten signature in cursive script, appearing to read "Kathy L. Welch".

Kathy L. Welch, Audit Manager

A handwritten signature in cursive script, appearing to read "Iliana Piedra".

***Iliana Piedra, Professional Accountant
Specialist***

DOCUMENT NUMBER-DATE

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT**

February 23, 2010

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules which were prepared using data from Lake Placid Utilities, Inc. in support of its filing for rate relief in Docket No. 090531-WS.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES

RATE BASE

General

Objective: To prepare schedules that record results from continuing operations.

Procedures: We compiled rate base balances from the utility's general ledger. We verified that adjustments required in Order No. PSC-07-0287-PAA-WS were recorded. We prepared test year and proforma adjustments to rate base.

Utility-Plant-in-Service

Objective: To determine that property exists and is owned by the utility. To determine that additions to plant are authentic, recorded at original cost, and properly classified in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that the proper retirements of plant were made when a replacement item was put in service.

Procedures: We sampled plant additions for the period January 1, 2006 through December 31, 2008 for compliance with the stated objectives above. We verified whether the utility properly recorded retirements to plant when a capital item was removed or replaced. We toured the utility plant sites to observe whether asset additions were completed and to ascertain if asset retirements were properly recorded. We sampled construction project additions and the corresponding source documentation. We verified that the utility used Commission approved AFUDC rates. We tested the allocations of plant allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit. Audit Findings 1, 2, 4, 8, 9, 13, 16, and 17 affect plant in service.

Land and Land Rights

Objective: To determine that utility land is recorded at original cost and is owned or secured under a long-term lease.

Procedures: We verified that there has been no change to utility land since its last rate proceeding by searching the county's public records.

Contributions-in-Aid-of-Construction (CIAC)

Objective: To determine that additions to CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC additions are reflective of the utility's Commission approved service availability tariff. To verify and insure that all donated property is properly accounted for and recorded as CIAC and plant in service.

Procedures: We sampled CIAC additions for the period January 1, 2006 through December 31, 2008 for compliance with the stated objectives above. We reviewed developer agreements for unrecorded CIAC. We traced utility CIAC schedules to the

general ledger and the utility's authorized tariff rates. We toured the utility's authorized service territory to look for new developments that may have included contributed property. Audit Findings 2 and 25 affect CIAC.

Accumulated Depreciation

Objective: To determine that accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that depreciation expense accruals are calculated using the Commission authorized rates and that retirements are properly recorded.

Procedures: We traced the accumulated depreciation schedules to the corresponding plant schedules. We verified that the utility used Commission authorized rates to depreciate its plant accounts by recalculating accumulated depreciation account balances to test for calculation errors. We verified whether the utility properly recorded retirements to accumulated depreciation when the corresponding plant was removed or replaced. We recalculated a sample of accumulated depreciation account balances from January 1, 2006 to December 31, 2008. We tested the allocations of accumulated depreciation allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit. Audit Findings 3, 4, 8, 9, 13, 16, and 17 affect Accumulated Depreciation.

Accumulated Amortization of CIAC

Objective: To determine that accruals to accumulated amortization of CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC amortization expense accruals are properly recorded and calculated based on the rates and method used in the utility's last rate proceeding.

Procedures: We traced the accumulated amortization of CIAC schedules to the corresponding CIAC schedules. We verified that the utility used Commission authorized rates to amortize its CIAC accounts by calculating a sample of accumulated amortization account balances to test for calculation errors. We recalculated a sample of accumulated amortization of CIAC account balances from January 1, 2006 to December 31, 2008. Audit Findings 3 and 25 affect Accumulated Amortization.

Working Capital

Objective: To determine that the utility's working capital balance is properly calculated in compliance with Commission rules.

Procedures: We calculated the utility's working capital calculation using one-eighth of operation and maintenance expense after adjustments.

NET OPERATING INCOME

General

Objective: To determine that the utility's filing represents its results from continuing operations.

Procedures: We compiled net operating income from the utility's general ledger for the 12-month period ended December 31, 2008. We prepared the test year and proforma adjustments.

Revenues

Objective: To determine that revenues are properly recorded in compliance with Commission rules and are based on the utility's Commission approved tariff rates.

Procedures: We traced revenues to the utility's general ledger and we reconciled the billing summaries to the utility's revenue reports. We recalculated bills to make sure they were billed in accordance with the tariff. We verified the billing analysis prepared by the utility. We confirmed miscellaneous revenues to the tariff. Audit Finding 14 and 25 affects Revenues.

Operation and Maintenance Expenses (O&M)

Objective: To determine that operation and maintenance expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We sampled O&M expense items from the general ledger based on auditor judgment. We reviewed the sample for the proper utility system, classification, NARUC account, amount, period and recurring nature. We examined invoices and supporting documentation to determine if the above objectives are met. We reviewed the allocations of both Illinois and Florida headquarters expenses and sampled the expenses charged through the allocations. Audit finding 7, 8, 9 10, 11, 12, 15, 17, 18, 19, 20, 21, 22, 23, and 24 affects Operation and Maintenance expense.

Taxes-Other-Than-Income (TOTI)

Objective: To determine that taxes other than income tax expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We obtained the regulatory assessment fee (RAF) filings and reconciled them to the general ledger. We obtained the property tax bills for review to determine if the amount booked reflects the discount amount. Audit finding 5, 6, 14, and 17 affects Taxes Other Than Income Tax.

Depreciation Expense

Objective: To determine that depreciation expense is properly recorded in compliance with Commission rules and that it accurately represents the depreciation of plant assets and amortization of CIAC assets for ongoing utility operations.

Procedures: We recalculated all depreciation expense and CIAC amortization expense balances for the period using Commission approved rates and we verified that CIAC amortization expense was properly netted against depreciation expense. Audit Finding 3, 4, 8, 9, 13, 15 and 25 affect Depreciation Expense.

CAPITAL STRUCTURE

General

Objective: To compile the components of the utility's capital structure and the respective cost rates used to arrive at the overall weighted cost of capital.

Procedures: We determined the equity, long term and short term debt from the parent company general ledger as of December 31, 2008. We verified debt to the notes and short term debt to bank statements. We traced the Lake Placid customer deposits to the tariff.

Accumulated Deferred Income Taxes

Objective: To determine that accumulated deferred income taxes are properly stated and calculated based on the recorded differences between utility book and taxable income.

Procedures: We recalculated a sample of deferred tax balances for the period using Commission authorized rates and federal tax rates.

AUDIT FINDING NO. 1

SUBJECT: PLANT SAMPLE

AUDIT ANALYSIS: Water Treatment Equipment, Account 320 (Utility Account Number 242.1115), included an entry to close construction work in process of \$59,350.14 on January 12, 2007. The construction project closed included two invoices to a company owned by Utilities, Inc. called BioTech.

The first invoice was for \$11,159.61 and was for 93 hours of labor at \$50 an hour, 32 hours for a service truck at \$30 an hour, and \$3,424.61 for restocking fees after credits. The description on the invoice stated it was for a job that could not be done because they brought a six inch line instead of a four inch line.

The second charge consisted of delivery of a hydro pneumatic tank of \$1,899.75 and installation of bypasses, bladder tanks, and backflow meter for \$27,418.98 for a total of \$29,318.73.

According to the utility, "the project originally budgeted \$50,000 to replace the defective 4" gate valves and 4" well pump check valves, modify the four inch ductile iron piping, relocate the hydro tank bypass and four inch hotel water meter, clean and apply a wax coating to the existing hydro tank and install a new backflow prevention device at the water treatment plant. The original order did not include a provision for replacing the hydro pneumatic based on the original tank inspection performed by Liquid Engineering." For this job they received quotes from BioTech for \$34,463.98, Ken's Bush Hog Service for \$54,500 and Oxford Pipeline for \$67,587.

A report from a second inspection recommended immediate replacement of this tank. It also recommended lowering the pressure in the tank due to the minimal tank wall thickness until a new tank was procured. BioTech increased their quote \$18,500 for the new tank. No other bids were obtained for this.

These charges were discussed with the staff engineer. Because of the complexity of what was done and an affiliate being involved, engineering needs more time to determine if these costs are reasonable. This finding will be covered in the engineering report and no adjusting entry has been made to the schedules attached to this report.

EFFECT ON THE GENERAL LEDGER: Cannot be determined at this time.

EFFECT ON THE ATTACHED SCHEDULES: Cannot be determined at this time.

AUDIT FINDING NO. 2

SUBJECT: PLANT CORRECTIONS

AUDIT ANALYSIS: The utility prepared a restatement of its ledger using the correct beginning balances from the last order and inclusion of the correct additions from the last order. The analysis revealed that some adjustments were made to the ledger for the last order that were not correct. In addition, some additions were posted to accounts titled "General" instead of specifying water or wastewater. Since the adjustments that had been made to the ledger in error were credits, the reclassification increased plant in service by \$224,488.56.

The schedule was verified to the order, to the ledger and to invoices for plant additions. Some corrections were made.

EFFECT ON GENERAL LEDGER: The following entry is needed to correct the general ledger to the correct balances and was corrected on the schedules attached.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing	Filing	Books	Books
			Average Debit 2008	Average Credit 2008	Year End 12/31/2008	Year End 12/31/2008
			<u>DEBIT</u>	<u>CREDIT</u>	<u>DEBIT</u>	<u>CREDIT</u>
242.1315	304.50	Structures & Improvements - General		228,686.00		230,185.93
242.1065	354.00	Structures and Improvements General Water		3,680.00		7,360.21
242.1120	330.00	Distribution Reservoirs and Standpipes		1,605.44		1,605.44
242.3505	271.00	CIAC - Structures & Impr. - Wastewater Treatment		34,518.44		34,518.44
242.1345	360.20	Force Mains		19,236.00		20,511.00
242.1350	361.20	Gravity Mains		2,092.00		4,064.00
242.3705	271.00	CIAC - Sewer Tap		33,052.99		33,052.99
242.3565	271.00	CIAC Services		6,326.43		7,601.00
242.1285	303.50	Land & Land Rights - General		21,665.00		21,665.00
242.3435	271.00	CIAC - Water Tap		19,737.00		19,737.00
242.1215	348.50	Water Plant Allocated		5,633.00		5,633.00
242.1500	398.70	Other Tangible Plant - Wastewater		223.06		223.06
242.4565	233.00	Intercompany Payable		224,488.56		224,488.28
242.1055	354.00	Water Structures and Improvements	17,830.00		21,509.86	
242.1495	398.70	Wastewater Plant Allocated	223.06		223.06	
242.1220	348.50	Other Tangible Plant - Water	5,633.00		5,633.00	
242.3430	271.00	CIAC - Other Tangible Plant - Water	19,737.00		19,737.00	
242.1350	333.00	Services to Customer	19,236.00		20,511.00	
242.1353	361.10	Manholes	2,092.00		4,064.00	
242.3550	271.00	CIAC Force Mains	6,326.43		7,601.00	
242.1270	353.40	Land & Land Rights - Wastewater Treatment	21,665.00		21,665.00	
242.3520	271.00	CIAC - Structures & Improvements - General	67,571.43		67,571.43	
242.1400	380.40	Treatment & Disposal - Wastewater Treatment Plant	208,851.00		208,851.00	
242.1300	354.40	Structures & Improvements - Wastewater Treatment	231,779.00		233,279.00	

To remove two entries to plant made in error when trying to correct for order. To transfer plant from General to Water or Wastewater and to transfer CIAC to proper accounts.

EFFECT ON THE ATTACHED SCHEDULES: Average water plant is increased by \$12,544. Average wastewater plant is increased by \$211,944.

AUDIT FINDING NO. 3

SUBJECT: RESTATEMENT OF ACCUMULATED DEPRECIATION, DEPRECIATION EXPENSE, ACCUMULATED AMORTIZATION OF CIAC, AND AMORTIZATION EXPENSE.

AUDIT ANALYSIS: The utility restated depreciation and amortization using the same schedules that they restated plant in service. For the restatement, they corrected entries made to adjust for the last order, used the correct rates according to the Rule 25-30.140, F.A.C., and used monthly depreciation. The revised amounts were compared to the general ledger amounts. Staff tested these schedules and made some corrections. An entry to correct the ledger to the revised schedules was made and posted to the schedules attached to this report.

EFFECT ON GENERAL LEDGER: The following entry needs to be made to the general ledger and is made to the attached schedules:

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing Average 2008 <u>DEBIT</u>	Filing Average 2008 <u>CREDIT</u>	Books Year End 12/31/2008 <u>DEBIT</u>	Books Year End 12/31/2008 <u>CREDIT</u>
242.1930	108.33	Acc. Dep. Meters	0.62			
242.6995	407.00	Amortization Exp. CIAC - Structures & Improvements - Source	0.65		0.65	
242.6760	403.00	Depreciation Exp. Treatment & Disposal - Lagoons	1.25		1.25	
242.4005	272.33	Acc. Amort. CIAC - Water Plant Meter Fee	1.73		2.00	
242.6860	403.00	Depreciation Exp. Other Tangible Plant - Wastewater	4.09		4.09	
242.6500	403.00	Depreciation Exp. Power Generation Equipment	12.98		12.98	
242.0000	403.00	Depreciation Exp. Manholes	15.00		15.00	
242.1860	108.00	Acc. Dep. Structures & Improvements - General	19.00		38.44	
242.1875	108.31	Acc. Dep. Wells & Springs	22.45		22.00	
242.6600	403.00	Depreciation Exp. Laboratory Equipment	24.04		24.04	
242.6750	403.00	Depreciation Exp. Pump.Eq. - Reclaimed Water Treatment	25.92		25.92	
242.3850	272.31	Acc. Amort. CIAC - Supply Mains	27.19		54.00	
242.0000	403.00	Depreciation Exp. Franchises	31.25		31.25	
242.0000	403.00	Depreciation Exp. Miscellaneous Equipment	32.17		32.17	
242.7070	407.00	Amortization Exp. CIAC - Transmission & Distribution Mains	48.95		48.95	
242.2230	108.40	Acc. Dep. Tools, Shop, & Miscellaneous Equipment	52.94		53.00	
242.6460	403.00	Depreciation Exp. Structures & Improvements - WTP	56.61		56.61	
242.6800	403.00	Depreciation Exp. Other Plant - Pumping Equipment	75.84		75.84	
242.3875	272.32	Acc. Amort. CIAC - Water Treatment Equipment	87.04		104.00	
242.2180	108.38	Acc. Dep. Outfall Lines	97.01		129.00	
242.2110	108.00	Acc. Dep. Gravity Mains	112.82		151.00	
242.7065	407.00	Amortization Exp. CIAC - Distr.Reservoirs & Standpipes	133.88		133.88	
242.6640	403.00	Depreciation Exp. Organization	274.85		274.85	
242.0000	403.00	Depreciation Exp. Organization	309.36		309.36	
242.0000	403.00	Depreciation Exp. Services To Customers	478.00		478.00	
242.7160	407.00	Amortization Exp. CIAC - Other Tangible Plant - Water	493.06		493.06	

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing Average 2008 <u>DEBIT</u>	Filing Average 2008 <u>CREDIT</u>	Books Year End 12/31/2008 <u>DEBIT</u>	Books Year End 12/31/2008 <u>CREDIT</u>
242.0000	272.00	Acc. Amort. CIAC - Services To Customers	822.00		892.00	
242.6660	403.00	Depreciation Exp. Str. & Improvements - Pump Lift Stations	1,015.27		1,015.27	
242.6765	403.00	Depreciation Exp. Treat. & Disp. - Wastewater Treatment Plant	1,224.31		1,224.31	
242.7430	407.00	Amortization Exp. CIAC - Sewer Tap	1,525.07		1,525.07	
242.7245	407.00	Amortization Exp. CIAC - Structures & Improvements - General	1,679.78		1,679.78	
242.1855	108.30	Acc. Dep. Str. & Impr.- Transmission & Distribution	2,277.60			
242.3800	272.30	Acc. Amort. CIAC - Organization	2,447.34		2,447.00	
242.1845	108.30	Acc. Dep. Str. & Impr. - Source of Supply	2,774.92		5,348.00	
242.4030	272.35	Acc. Amort. CIAC - Organization	3,824.98		3,824.98	
242.1910	108.35	Acc. Dep. Water Treatment Equipment	4,498.11		4,498.00	
242.1835	108.30	Acc. Dep. Organization	5,262.61		5,108.00	
242.0000	272.35	Acc. Amort. CIAC - Str. & Impr.- Wastewater Treatment	5,420.30		5,960.00	
242.0000	403.00	Depreciation Exp. Str. & Improvement - Wastewater Treatment	7,123.00		7,123.00	
242.2105	108.36	Acc. Dep. Force Mains	14,304.92		15,305.00	
242.3980	272.00	Acc. Amort. CIAC - Water Tap	34,487.98		34,735.00	
242.4265	272.00	Acc. Amort. CIAC - Sewer Tap	89,855.05		89,093.00	
		Retained Earnings	96,282.71		97,503.37	
242.2075	108.35	Acc. Dep. Structures & Improvements - General	111,918.00		115,489.17	
242.1840	108.00	Acc. Dep. Franchises		78.12		94.00
242.1850	108.00	Acc. Dep. Structures & Impr. - Water Treatment		10,685.00		10,712.90
242.1890	108.00	Acc. Dep. Power Generation Equipment		6.49		13.00
242.1900	108.00	Acc. Dep. Electric Pump Eq. - Water Treatment		4.50		4.00
242.1915	108.00	Acc. Dep. Distribution Reservoirs & Standpipes		23.00	45.90	
242.1920	108.00	Acc. Dep. Transmission & Distribution Mains		553.94		552.00
242.1935	108.00	Acc. Dep. Meter Installations		1.69		2.00
242.1990	108.00	Acc. Dep. Laboratory Equipment		36.09		48.00
242.0000	108.00	Acc. Dep. Miscellaneous Equipment Wastewater		80.42		97.00
242.2010	108.00	Acc. Dep. Other Tangible Plant - Water		6,036.00		6,036.00
242.2030	108.00	Acc. Dep. Organization		86,002.55		86,140.00
242.2055	108.00	Acc. Dep. Structures & Impr. - Pump Lift Stations		282.21	1,422.00	
242.2060	108.00	Acc. Dep. Structures & Imp. - Wastewater Treat.		109,667.00		115,441.00
242.2145	108.00	Acc. Dep. Pump Eq.- Reclaimed Water Treatment		12.96		26.00
242.2160	108.00	Acc. Dep. Treat. & Disp. - Wastewater Treat. Plant		2,332.71		2,945.00
242.2155	108.00	Acc. Dep. Treatment & Disposal - Lagoons		3.12		4.00
242.2195	108.00	Acc. Dep. Other Plant - Pumping Equipment		35.23		76.00
242.2255	108.00	Acc. Dep. Other Tangible Plant - Wastewater		8,692.17		8,694.00
242.3810	272.00	Acc. Amort. CIAC - Str. & Impr. - Source of Supply		1.37		2.00
242.3880	272.00	Acc. Amort. CIAC - Distr. Reservoirs & Standpipes		335.06		402.00
242.3885	272.00	Acc. Amort. CIAC - Trans. & Distribution Mains		122.02		147.00
242.3975	272.00	Acc. Amort. CIAC - Other Tangible Plant - Water		37,460.04		37,707.57
242.4050	272.00	Acc. Amort. CIAC - Str. & Impr. - Lift Stations		26,096.30		25,944.00
242.4070	272.00	Acc. Amort. CIAC - Str. & Impr. - General		49,248.05		50,088.00
242.4100	272.00	Acc. Amort. CIAC - Force Mains		11,720.83		11,807.00
242.4105	272.00	Acc. Amort. CIAC - Gravity Mains		12,073.02		12,072.00
242.4155	272.00	Acc. Amort. CIAC -Tr. Disp. - Wastewater Treatment		3,562.79		3,481.00
242.4150	272.00	Acc. Amort. CIAC -Treatment & Disposal - Lagoons		7.47		7.00
242.3418	272.00	Acc. Amort. CIAC - Outfall Lines		351.95		352.00
242.0000	108.00	Acc. Dep. Manholes		16.00		23.00
242.0000	108.36	Acc. Dep. Services To Customers		11,901.00		12,140.00

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	<u>Filing</u> <u>Average</u> <u>2008</u> <u>DEBIT</u>	<u>Filing</u> <u>Average</u> <u>2008</u> <u>CREDIT</u>	<u>Books</u> <u>Year End</u> <u>12/31/2008</u> <u>DEBIT</u>	<u>Books</u> <u>Year End</u> <u>12/31/2008</u> <u>CREDIT</u>
242.6455	403.00	Depreciation Exp. Str. & Improvements - Source of Supply		591.59		591.59
242.6525	403.00	Depreciation Exp. Distribution Reservoirs & Standpipes		137.00		136.65
242.6530	403.00	Depreciation Exp. Transmission & Distribution Mains		2.95		2.95
242.6680	403.00	Depreciation Exp. Structures & Improvements - General		7,142.00		7,141.54
242.6710	403.00	Depreciation Exp. Force Mains		1,999.00		1,999.00
242.6785	403.00	Depreciation Exp. Outfall Lines		64.68		64.68
242.7165	407.00	Amortization Exp. CIAC - Water Tap		493.46		493.46
242.7035	407.00	Amortization Exp. CIAC - Supply Mains		54.38		54.38
242.7060	407.00	Amortization Exp. CIAC - Water Treatment Equipment		34.77		34.77
242.7185	407.00	Amortization Exp. CIAC - Water Plant Meter Fee		1.47		1.47
242.7225	407.00	Amortization Exp. CIAC - Str. & Improvements - Lift Stations		304.17		304.17
242.0000	407.00	Amortization Exp. CIAC - Str. & Impr. - Wastewater Treatment		1,078.70		1,078.70
242.7280	407.00	Amortization Exp. CIAC - Gravity Mains		1.06		1.06
242.7330	407.00	Amortization Exp. CIAC -Tr. & Disp. - Wastewater Treatment		164.41		164.41
242.6470	403.00	Depreciation Exp. Structures & Improvements - General		38.44		38.44
242.6715	403.00	Depreciation Exp. Gravity Mains		78.00		78.00
242.0000	407.00	Amortization Exp. CIAC - Services To Customers		138.11		138.11

To correct ledger for posting errors in booking last ordered adjustments

EFFECT ON THE ATTACHED SCHEDULES: Average Accumulated Depreciation for water increases by \$14,567 (credit) and wastewater by \$80,542 (credit). Average Accumulated Amortization for water increases by \$5,023 (debit) and wastewater decreases by \$9,028 (credit). Depreciation expense for water increases by \$7,312 (debit) and for wastewater decreases by \$6,662 (credit). Amortization expense for water increases by \$1,124 (credit) and for wastewater increases by \$3,306 (credit).

AUDIT FINDING NO. 4

SUBJECT: 2006 AND 2008 PLANT ADDITION

AUDIT ANALYSIS: In 2006, the utility capitalized a service agreement in Account 311-Electric Pumping Equipment Water Treatment Plant (Utility Account 242.1105) for \$771.96. Since this is not a capital addition, it should be removed along with the associated depreciation expense and accumulated depreciation. The depreciation on these assets was computed based on a twenty year life. The asset was depreciated for 34 months. Therefore \$38.60 was removed from depreciation expense and \$109.36 from accumulated depreciation in the ledger. The average effect on accumulated depreciation is \$90.06.

In 2008, the utility capitalized another service agreement in Account 345-Power Generation Equipment Water (Utility Account 242.1095). The depreciation was computed based on a twenty year life for ten months.

EFFECT ON THE GENERAL LEDGER: The following entries have been made to the attached schedules and should be posted to the general ledger:

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Average 2008 <u>DEBIT</u>	Average 2008 <u>CREDIT</u>	Year End 12/31/2008 <u>DEBIT</u>	Year End 12/31/2008 <u>CREDIT</u>
242.4998	215.00	Retained Earnings	771.96		771.96	
242.1105	311.00	Electric Pumping Equipment Water Treatment Plant To remove a service agreement that should have been expensed in 2006.		771.96		771.96
242.1900	108.00	Acc. Dep. Electric Pumping Equipment Water Treatment	90.06		109.36	
242.6800	403.00	Dep. Exp. Electric Pumping Equipment Water Treatment		38.60		38.60
242.4998	215.00	Retained Earnings To remove depreciation on asset based on 20 years and 34 months as used in the redone depreciation schedules.		51.46		70.76
242100.6050	636.00	Outside Services - Other	426.00		426.00	
242.1095	345.00	Power Generation Equipment Water		213.00		426.00
242.4998	215.00	Retained Earnings To transfer 2008 annual service call for generator to expense.		213.00		
242.4998	215.00	Retained Earnings	9.00			
242.1890	108.00	Accumulated Depreciation Power Gen. Eq. Water	9.00		18.00	
242.6500	403.00	Depreciation Expense Power Gen Eq Water To remove depreciation and accumulated depreciation.		18.00		18.00

EFFECT ON THE ATTACHED SCHEDULES: Water rate base should be decreased by \$886. Operation and Maintenance Expense Water should be increased by \$426. Water depreciation expense should be reduced by \$57.

AUDIT FINDING NO. 5

SUBJECT: PROPERTY TAX

AUDIT ANALYSIS: The utility had two property tax accounts. In the first, Account 408 Other Property Tax General account (Utility Water Account 242100.7550), the utility made accruals for property tax that left a credit in the water expense account of \$5,468.76. In the second, actual property tax was recorded as \$2,753.85 in utility account 242100.7555-water and \$2,774.80 in account 242101.7555-wastewater. The total amount of \$5,528.65 was allocated between water and wastewater based on ERCs. There are separate tax bills for the water plant of \$1,563.56 and \$3,965.09 for the wastewater plant.

The property tax should be allocated between water and wastewater based on the actual bills and not on ERC's. The water accruals that don't relate to the actual property tax should be removed.

The following entries were made to correct property tax to the actual bills on the attached Net Operating Income schedule.

NARUC	Description	Filing	Filing	Books	Books
		Average 2008	Average 2008	Year End 12/31/2008	Year End 12/31/2008
		DEBIT	CREDIT	DEBIT	CREDIT
408.11	Other Property Tax General	5,468.76		5,468.76	
215.00	Retained Earnings		5,468.76		5,468.76
	To remove tax accrual not related to actual tax .				
408.11	Wastewater Property Tax	1,190.29		1,190.29	
408.11	Water Property Tax		1,190.29		1,190.29
	To correct company allocation of taxes based on ERC's instead of actual bills				

EFFECT ON THE GENERAL LEDGER: Since 2008 is already closed and these entries do not affect rate base, they should not actually be posted to the ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water property tax should be increased by \$4,278 (\$5,468.76-\$1,190.29) and wastewater property tax increased by \$1,190.

AUDIT FINDING NO. 6

SUBJECT: REGULATORY ASSESSMENT FEES

AUDIT ANALYSIS: The utility did not accrue regulatory assessment fees. The July to December 2007 taxes were included in the account and the July to December 2008 taxes were excluded. In addition, they were all charged to water expense. The taxes should be charged based on 4.5% of water and wastewater revenues. Interest expense was included in the regulatory assessment fee account. After the below corrections are made, there remains a difference of \$12 understatement of water expense and an overstatement of \$12 in wastewater. This is corrected in the proforma adjustment.

The following entries were made to correct regulatory assessment fees in the attached schedules.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing Average 2008 <u>DEBIT</u>	Filing Average 2008 <u>CREDIT</u>	Books Year End 12/31/2008 <u>DEBIT</u>	Books Year End 12/31/2008 <u>CREDIT</u>
242.4998	215.00	Retained Earnings	2,797.70		2,797.70	
242100.7540	408.10	Regulatory Assessment Fee Water To remove 2007 taxes recorded in 2008.		2,797.70		2,797.70
242100.7540	408.10	Regulatory Assessment Fee Water	1,101.00		1,101.00	
242101.7540	408.10	Regulatory Assessment Fee Wastewater	1,593.00		1,593.00	
242.5612	236.10	Taxes Payable To record July to December taxes.		2,694.00		2,694.00
242101.7540	408.10	Regulatory Assessment Fee Wastewater	2,118.00		2,118.00	
242100.7540	408.10	Regulatory Assessment Fee Water To transfer wastewater taxes from water account.		2,118.00		2,118.00
	425.00	Below the line expense	66.00		66.00	
242100.7540	408.10	Regulatory Assessment Fee Water		15.00		15.00
242101.7540	408.10	Regulatory Assessment Fee Wastewater		51.00		51.00

EFFECT ON THE GENERAL LEDGER: Since the 2008 books are already closed, these adjustments do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Taxes Other Than Income should be reduced by \$3,830 and wastewater increased by \$3,660.

AUDIT FINDING NO. 7

SUBJECT: ELECTRIC EXPENSES

AUDIT ANALYSIS: The utility put a new lift station on line in 2008. An electric deposit of \$200 was charged on one separate bill and then included in the first bill. This deposit was recorded twice in the ledger in account 715- Wastewater Purchased Power (Utility Account 242101.5470). The deposit is not a re-occurring expense and should be recorded in an asset account. The duplicate charge should be removed.

The utility also charged one month's plant electric to another utility. The water and wastewater electric expense should be increased for the bills left out.

EFFECT ON THE GENERAL LEDGER: The following entries were made to the attached schedules and should be made to the ledger.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing	Filing	Books	Books
			Average	Average	Year End	Year End
			2008	2008	12/31/2008	12/31/2008
			<u>DEBIT</u>	<u>CREDIT</u>	<u>DEBIT</u>	<u>CREDIT</u>
242.4998	215.00	Retained Earnings	200.00		200.00	
	162.00	Deposits	200.00		200.00	
242101.5470	715.00	Wastewater Purchased Power		400.00		400.00
		To transfer electric deposit to prepaid since it is not a recurring expense and will be recovered.				
242100.5465	615.00	Water Purchased Power	129.92		129.92	
242101.5470	715.00	Wastewater Purchased Power	209.80		209.80	
242.2710	145.00	Intercompany Payable		339.72		339.72
		To increase electric for bills that were not included in expenses in general ledger.				

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be increased by \$130. Wastewater Operating and Maintenance Expense should be reduced by \$190.

AUDIT FINDING NO. 8

SUBJECT: EXPENSED PRESSURE RELIEF VALVE

AUDIT ANALYSIS: The utility purchased and installed a pressure relief valve in the wastewater plant. It was expensed in account 620-Water Maintenance Supplies (Utility Account 242100.6285). These charges should have been capitalized and the old valve retired at 75% of the new value. The asset should be depreciated using a twenty year life. The addition was made in January so a full year's depreciation was used.

EFFECT ON THE GENERAL LEDGER: The following entry was made to the attached schedules and should be made to the general ledger.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing Average 2008 <u>DEBIT</u>	Filing Average 2008 <u>CREDIT</u>	Books Year End 12/31/2008 <u>DEBIT</u>	Books Year End 12/31/2008 <u>CREDIT</u>
242.4998	215.00	Retained Earnings	599.35			
242.1105	320.00	Water Treatment Plant Equipment	599.35		1,198.70	
242100.6285	620.00	Water Maintenance Supplies To transfer January 2008 invoices for pressure relief valve and installation. Lehigh \$545 and USA BlueBook \$653.70		1,198.70		1,198.70
242.1895	108.00	Accumulated Depreciation Water Treatment Equipment	449.51		899.03	
242.1105	320.00	Water Treatment Plant Equipment Retire old at 75%		449.51		899.03
242100.6520	403.00	Depreciation Expense Water Treatment Equipment	14.98		14.98	
242.1895	108.00	Accumulated Depreciation Water Treatment Equipment		7.49		14.98
242.4998	215.00	Retained Earnings		7.49		

EFFECT ON THE ATTACHED SCHEDULES: Average Water Rate Base should be increased by \$592. Water Operating and Maintenance Expense should be reduced by \$1,199. Water Depreciation Expense should be increased by \$15.

AUDIT FINDING NO. 9

SUBJECT: WELL SCREENS

AUDIT ANALYSIS: The utility installed screens over its wells in 2008 for \$830 and recorded them in Water Maintenance Repairs (Utility Account 242100.6485). This is a new addition, and did not replace or repair existing screens. Therefore, they should have been capitalized with no retirement. The addition should be depreciated using a 30 year life.

EFFECT ON THE GENERAL LEDGER: The following entry was made to the attached schedules and should be made to the general ledger.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing Average 2008 <u>DEBIT</u>	Filing Average 2008 <u>CREDIT</u>	Books Year End 12/31/2008 <u>DEBIT</u>	Books Year End 12/31/2008 <u>CREDIT</u>
242.4998	215.00	Retained Earnings	415.00			
242.1080	311.00	Wells	415.00		830.00	
242100.6290		Water Maintenance Repairs		830.00		830.00
		Capitalize screens put over openings of wells. New, no retirement.				
242100.6485	403.00	Depreciation Expense Wells	11.53		11.53	
242.1875	108.00	Accumulated Depreciation Wells		5.76		11.53
242.4998	215.00	Retained Earnings		5.77		
		Depreciate at 30 years Starting in August				

EFFECT ON THE ATTACHED SCHEDULES: Average Water Rate Base should be increased by \$409. Water Operating and Maintenance Expense should be reduced by \$830. Water Depreciation Expense should be increased by \$6.

AUDIT FINDING NO. 10

SUBJECT: NON RECURRING EXPENSE

AUDIT ANALYSIS: The utility charged \$802.58 to Account 636-Water Other Maintenance Expense (Utility Account 242100.6310) for a service call that was never performed because no one showed up to open the plant. This expense is not re-occurring and should not be borne by the ratepayers.

The following entry was made to the attached schedules.

Account	NARUC	Description	Filing Average 2008 DEBIT	Filing Average 2008 CREDIT	Books Year End 12/31/2008 DEBIT	Books Year End 12/31/2008 CREDIT
	425.00	Below the line expense	802.58		802.58	
242100.6310	636.00	Water Other Maintenance Expense		802.58		802.58
		Remove service call that was never performed due to no one showing up to let them in (Diesel Energy Systems).				

EFFECT ON THE GENERAL LEDGER: Since the entry does not affect rate base, it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be reduced by \$803.

AUDIT FINDING NO. 11

SUBJECT: INVOICE RECORDED TWICE

AUDIT ANALYSIS: An invoice for \$5,984.13 for Pugh Utilities included a beginning balance of \$4,358.90. The utility provided an invoice for this amount. In response to our request for invoices in our audit sample, the utility provided the same invoice for a charge made on 3/24/08 to Pugh Utilities for \$4,319.70. The utility was informed that the same invoice was included for both but responded with the following:

“The purchase order associated with this invoice was booked for 4,358.90. The actual amount of the invoice was for 4,319.70. This understated amount of 39.20 should be added to object account 6370. The amount on the invoice was not paid by the time the next invoice was received. So the vendor included a balance forward on invoice 54693.”

The invoice was for \$4,358.90 and was included in both the \$5,984.13 entry and the \$4,319.70 entry. Therefore, the \$4,319.70 entry should be removed unless the utility can provide a different invoice than the one recorded in the \$5,984.13 entry. This invoice also included interest expense and a charge to make a repair that was on the customer’s side of the meter and thus not the utility’s responsibility. These expenses should also be removed. The expenses were split between water and wastewater.

The following entry was made to the attached schedules.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	Filing	Filing	Books	Books
			Average 2008	Average 2008	Year End 12/31/2008	Year End 12/31/2008
			<u>DEBIT</u>	<u>CREDIT</u>	<u>DEBIT</u>	<u>CREDIT</u>
4515.0000	142.00	Accounts Payable	4,319.70		4,319.70	
242100.6370	631.00	Contractor Engineering Water		2,159.85		2,159.85
242101.6370	731.00	Contractor Engineering Wastewater		2,159.85		2,159.85

To remove invoice included both here and in 5/5 invoice to Pugh as beginning balance.

	427.00	Interest Expense	65.38		65.38	
242.2675	142.00	Accounts Receivable Customer	85.00		85.00	
242100.6370	631.00	Contractor Engineering Water		75.19		75.19
242101.6370	731.00	Contractor Engineering Wastewater		75.19		75.19

To remove interest expense and leak repair on customer side Pugh bill paid 5/5/08.

EFFECT ON THE GENERAL LEDGER: Since these entries do not affect rate base, they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water and Wastewater Operation and Maintenance Expense should be reduced by \$2,235 each.

AUDIT FINDING NO. 12

SUBJECT: RATE CASE EXPENSE

AUDIT ANALYSIS: Commission Order PSC-07-0287-PAA-WS allowed future rate case annual amortization of \$7,768 for water and \$9,887 for wastewater starting in April 2007. The ledger included \$12,987.11 for water and \$12,895.21 for wastewater rate case amortization in utility accounts 242100.6065 and 242101.6065. The difference should be removed from rate case amortization expense.

The following entry was made to the attached schedules.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	<u>Filing Average 2008 DEBIT</u>	<u>Filing Average 2008 CREDIT</u>	<u>Books Year End 12/31/2008 DEBIT</u>	<u>Books Year End 12/31/2008 CREDIT</u>
242.4998	215.00	Retained Earnings	8,227.32		8,227.32	
242100.6065	666.00	Regulatory Amortization Water		5,219.11		5,219.11
242101.6065	766.00	Regulatory Amortization Wastewater		3,008.21		3,008.21

EFFECT ON THE GENERAL LEDGER: Since the entry does not affect rate base, it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be reduced by \$5,219.11 and wastewater reduced by \$3,008.21.

AUDIT FINDING NO. 13

SUBJECT: PROFORMA PLANT ADDITIONS

AUDIT ANALYSIS: The utility did work on a wastewater blower in 2009 and plans to do a second blower in 2010. They also did work on a lift station by replacing the sub-pump and adding guiderails. The utility provided invoices for the 2009 additions and estimates for the work in 2009. Retirements need to be made based on 75% of the addition, and depreciation of the blowers added using an 18 year life and for the lift station changes using a 25 year life.

The following entries were made to the attached schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
380.00	Treatment and Disposal Equipment Wastewater Pumping	8,877.97	
215.00	Retained Earnings To record proforma for blower work done in 2009 and work planned for 2010.		8,877.97
108.00	Acc. Dep. Treatment and Disposal Eq. Wastewater Pumping	6,658.48	
380.00	Treatment and Disposal Equipment Wastewater Pumping To retire old blower parts based on 75% of new addition.		6,658.48
403.00	Depreciation Expense T & D Equipment Wastewater Pumping	123.30	
108.00	Acc. Dep. Treatment and Disposal Eq. Wastewater Pumping To record the difference in depreciation between the addition and the retirement at 18 year rate.		123.30
354.30	Structure and Improvement Pumping Plant Lift Station	11,587.64	
215.00	Retained Earnings To record the Subpump and guiderails added in 2009.		11,587.64
108.00	Acc. Dep. Structure and Imp. Pumping Plant Lift Station	8,690.23	
354.30	Structure and Improvement Pumping Plant Lift Station To retire old lift station parts based on 75% of new addition.		8,690.23
403.00	Depreciation Exp. Structure and Imp. Pumping Plant Lift Station	115.90	
108.00	Acc. Dep. Structure and Imp. Pumping Plant Lift Station To record depreciation on difference between addition and retirement at 25 years		115.90

EFFECT ON THE GENERAL LEDGER: Since the entries are for additions after the test year they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Wastewater Rate Base should be increased by \$20,226. Wastewater Depreciation Expense should be increased by \$239.

AUDIT FINDING NO. 14

SUBJECT: FORECASTED REVENUES AND RAF FEES

AUDIT ANALYSIS: The utility had an indexed rate increase after the test year. Revenues were computed using the number of bills and usage in the test year times the new rates. Water revenues using the revised rates were \$52,580.04. The ledger revenues were \$52,119.89. In 2008, water multifamily one inch meters were charged \$21.48 as a base charge instead of \$31.48. This difference is adjusted in the proforma by using the correct rates. The customers were under-billed approximately \$240. An increase in proforma revenue of \$460.15 is necessary for water.

Wastewater revenues using the new rates were \$81,751.24. The general ledger revenue was \$82,192.86 which requires a \$441.62 decrease in proforma revenue for wastewater.

Regulatory Assessment Fees were determined by computing 4.5% of the proforma revenues. The difference between the tax adjusted in a prior finding and this computation was adjusted.

The following entries were made to the attached net operating income schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
215.00	Retained Earnings	18.53	
418.00	Wastewater Revenues	441.62	
418.00	Water Revenues		460.15
	To correct revenues using correct months and current rates.		
408.10	Regulatory Assessment Fee Water	20.71	
408.10	Regulatory Assessment Fee Wastewater		19.87
215.00	Retained Earnings		0.84
	To bring regulatory assessment fee to 4.5% of proforma revenue.		

EFFECT ON THE GENERAL LEDGER: Since the entries are for changes after the test year they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Revenues should be increased by \$460 and wastewater revenues decreased by \$442. Water Taxes Other Than Income should be increased by \$21 and wastewater decreased by \$20.

AUDIT FINDING NO. 15

SUBJECT: CHANGE IN ERC ALLOCATIONS FOR HEADQUARTERS EXPENSE

AUDIT ANALYSIS: Utilities, Inc. sold some of its divisions which caused an increase in the allocations from Northbrook headquarters in 2009. The Northbrook expenses are allocated to Lake Placid at .05% to each water and wastewater. In 2009, they also added Louisiana to its call center and billing department which caused a decrease in some of the accounts allocated from Altamonte Springs headquarters. Altamonte costs that only related to Florida were allocated at .18% for each water and wastewater. Costs related to both Florida and Louisiana were allocated at .14% each to water and wastewater. The accounts allocated from these two headquarters Divisions and the allocations used were audited in the Longwood Utilities, Inc. audit, Docket 090392-WS. For this audit, the account balances times the revised allocation percents were compared to the allocations actually booked in the Lake Placid ledger (UA ledger shows allocations).

The entries on the following page were made to the attached net operating income schedules.

EFFECT ON THE GENERAL LEDGER: Since the entries are for changes after the test year they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance expense should be increased by \$41 and wastewater increased by \$208. Water depreciation expense should be decreased by \$420 and wastewater decreased by \$99. Water Taxes Other Than Income should be increased by \$41 and wastewater increased by \$42.

<u>NARUC</u>	<u>Description</u>	<u>2008</u> <u>Filing</u> <u>DEBIT</u>	<u>2008</u> <u>Filing</u> <u>CREDIT</u>
408.00	Property Taxes Water	41.25	
408.00	Property Taxes Wastewater	42.16	
215.00	Retained Earnings	186.31	
414.00	Sale of Equipment water	41.87	
414.00	Sale of Equipment Wastewater	39.51	
620.00	Misc. Expenses Water	2.98	
632.00	Outside Services Accounting Water	5.19	
636.00	Outside Services Other Water	42.81	
642.00	Equipment Rental Water	0.52	
659.00	Insurance Other Water	66.06	
670.00	Uncollectible Expense Water	10.37	
720.00	Misc. Expenses Wastewater	51.45	
732.00	Outside Services Accounting Wastewater	11.19	
736.00	Outside Services Other Wastewater	66.94	
742.00	Equipment Rental Wastewater	0.19	
759.00	Insurance Other Wastewater	93.79	
770.00	Uncollectible Expense Wastewater	10.37	
403.00	Depreciation Expense Water		419.72
403.00	Depreciation Expense Wastewater		98.75
604.00	Training Expense Water		0.91
618.00	Chlorine Water		0.04
633.00	Outside Services Legal Water		21.23
667.00	Misc. Regulatory Expense Water		27.43
675.00	Miscellaneous Expense Water		79.61
704.00	Training Expense Wastewater		0.22
718.00	Chlorine Wastewater		0.04
733.00	Outside Services Legal Wastewater		19.19
767.00	Misc. Regulatory Expense Wastewater		26.95
775.00	Miscellaneous Expense Wastewater		18.87

To change allocations of headquarter expense based on ERC's revised for sale and inclusion of

AUDIT FINDING NO. 16

SUBJECT: CHANGE IN ERC ALLOCATIONS FOR HEADQUARTERS RATE BASE

AUDIT ANALYSIS: Utilities, Inc.'s new accounting system allocates the headquarter rate base monthly based on that month's ERCs for Northbrook and Altamonte Springs. The utility failed to remove some of the allocations that were made before the new system was implemented.

The accounts allocated from these two headquarters Divisions and the allocations used were audited in the Longwood Utilities, Inc. audit, Docket 090392-WS. For this audit, the account balances times the revised allocation percents were compared to the allocations actually booked in the Lake Placid ledger (UA ledger shows allocations). The schedules on the following pages detail the new allocation amounts by division and the booked amounts by account.

In addition, for the attached trial balance and rate base schedules, most of the allocations had been booked to one account. The entries in this finding allocate the balances between water and wastewater.

The following entries were made to the attached rate base schedules.

<u>NARUC</u>	<u>Description</u>	2008 Filing <u>DEBIT</u>	2008 Filing <u>CREDIT</u>
108.00	Acc. Dep. Water Allocated	4,180.00	
101.00	Wastewater Land Allocated	42.16	
101.00	Wastewater Plant Allocated	12,312.00	
101.00	Water Plant Allocated		12,312.00
101.00	Water Land Allocated		42.16
108.00	Acc. Dep. Wastewater Allocated		4,180.00
	To allocate half of the allocations booked from Headquarters to Wastewater.		
	Intercompany Payable	2,225.06	
108.00	Acc. Dep. Water Allocated	947.00	
108.00	Acc. Dep. Wastewater Allocated	947.00	
101.00	Water Land Allocated	1.64	
101.00	Wastewater Land Allocated	1.64	
101.00	Water Plant Allocated		2,061.17
101.00	Wastewater Plant Allocated		2,061.17
	To correct allocations of plant for ERC's.		

EFFECT ON THE GENERAL LEDGER: Since the entries are for allocated costs that change each month, they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Rate Base should be decreased by \$9,287. Wastewater Rate Base should be increased by \$7,062.

AUDIT FINDING NO. 17

SUBJECT: CHANGE ALLOCATIONS FOR SALARIES, BENEFITS AND VEHICLES

AUDIT ANALYSIS: Utilities, Inc. determined salaries with benefits and associated vehicles by employee for the total company. They determined which employees do work for Florida and which operators work on the plants. They used the new ERC allocations for the respective division and allocated salaries, payroll taxes, benefits, vehicle costs, vehicle depreciation and vehicle plant and accumulated depreciation. They compared these costs to what was actually booked, and reduced expenses for the difference. The following entry was recorded in the attached schedules.

<u>NARUC</u>	<u>Description</u>	2008 Filing <u>DEBIT</u>	2008 Filing <u>CREDIT</u>
215.00	Retained Earnings	4,176.00	
601.00	Operating Salaries Water	765.00	
701.00	Operating Salaries Waster	765.00	
108.10	Vehicles Acc. Dep. Water	2,448.00	
108.10	Vehicles Acc. Dep. Waster	2,448.00	
341.50	Vehicles Water		2,205.00
391.70	Vehicles Wastewater		2,205.00
408.12	Payroll Tax Water		275.00
408.12	Payroll Tax Wastewater		275.00
601.00	Office Salaries Water		202.00
601.00	Cap Time Water		162.00
603.00	Officer Salaries Water		755.00
604.00	Benefits Water		1,154.00
640.00	Transportation Expense Water		449.00
701.00	Office Salaries Waster		202.00
701.00	Cap Time Wastewater		162.00
703.00	Officer Salaries Waster		755.00
704.00	Benefits Wastewater		1,154.00
750.00	Transportation Expense Wastewater		449.00
403.00	Vehicle Depreciation Expense Water		99.00
403.00	Vehicle Depreciation Expense Wastewater		99.00

To correctly allocate salaries, benefits and cars with payroll increases.

EFFECT ON THE GENERAL LEDGER: Since the entries are for changes after the test year they do not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Rate Base should be increased by \$243 each for water and wastewater. Operation and Maintenance Expense should be decreased by \$1957 for each water and wastewater. Depreciation expense should be decreased by \$99 each for water and wastewater.

AUDIT FINDING NO. 18

SUBJECT: ANNUALIZE ELECTRIC FOR NEW LIFT STATION

AUDIT ANALYSIS: Wastewater electric expense account 715 only included one month of expense for the new lift station of \$38. This amount was annualized to include an additional eleven months or \$418.

The following entry was made to the attached net operating income schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
715.00	Electric Expense Wastewater	418.00	
215.00	Retained Earnings		418.00
	To increase electric for new Coronado lift station to service new townhome development. Average \$38 per month for 11 months		

EFFECT ON THE GENERAL LEDGER: Since the entry is for changes after the test year it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Wastewater Expenses should be increased by \$418.

AUDIT FINDING NO. 19

SUBJECT: PROFORMA RATE CASE AMORTIZATION

AUDIT ANALYSIS: Commission Order PSC-07-0287-PAA-WS allowed a total rate case expense of \$31,072 for water and \$39,548 for wastewater. When this docket closes in September 2010, unamortized rate case expense will be \$3,884 for water and \$4,944 for wastewater. The utility had to pay a \$2,000 filing fee for the staff assisted rate case. This increases the unamortized portion to \$4,884 and \$5,944 respectively. These costs amortized over four years amount to \$1,221 a year for water and \$1,486 for wastewater. Since a separate finding adjusted rate case amortization to the ordered amount of \$7,768 a year for water and \$9,887 for wastewater, based on these costs, rate case expense would be reduced another \$6,547 for water and \$8,401 for wastewater.

The following entry was made to the attached net operating income schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
215.00	Retained Earnings	14,948.00	
633.00	Regulatory Amortization Water		6,547.00
733.00	Regulatory Amortization Wastewater		8,401.00

EFFECT ON THE GENERAL LEDGER: Since the entry is for changes after the test year it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be reduced by \$6,547 and wastewater by \$8,401.

AUDIT FINDING NO. 20

SUBJECT: CHLORINE DECREASE

AUDIT ANALYSIS: We compared 2009 expenses to 2008 expenses to determine if additional proformas were needed to obtain a reasonable test year. During this review, we determined that chemical expense decreased in 2009. According to the utility representative, the utility is buying its chlorine direct instead of purchasing from its plant operator. In addition, they have achieved other efficiencies. Water chemicals decreased from \$773 to \$220, or a \$552 decrease. Wastewater decreased from \$4,667 to \$4,265 or a \$402 decrease.

The following entries were made to the attached net operating income schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
215.00	Retained Earnings	954.00	
618.00	Chlorine Water		552.00
718.00	Chlorine Wastewater		402.00

EFFECT ON THE GENERAL LEDGER: Since the entry is for changes after the test year it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be reduced by \$552 and wastewater by \$402.

AUDIT FINDING NO. 21

SUBJECT: BAD DEBT EXPENSE DECREASE

AUDIT ANALYSIS: We compared 2009 expenses to 2008 expenses to determine if additional proformas were needed to obtain a reasonable test year. During this review, we determined that bad debt expense decreased in 2009 by \$694 for water. The 2008 expense consisted mainly of four write-offs.

The following entry was made to the attached net operating income schedules.

<u>NARUC</u>	<u>Description</u>	Filing 2008 <u>DEBIT</u>	Filing 2008 <u>CREDIT</u>
215.00	Retained Earnings	694.00	
670.00	Bad Debt Expense Water		694.00
	Reduce bad debt to 2009 level. Had large write offs in 2008.		

EFFECT ON THE GENERAL LEDGER: Since the entry is for changes after the test year it does not need to be made to the actual ledger.

EFFECT ON THE ATTACHED SCHEDULES: Water Operation and Maintenance Expense should be reduced by \$694.

AUDIT FINDING NO. 22

SUBJECT: HEADQUARTERS SAMPLES

AUDIT ANALYSIS: A sample of entries charged from the Northbrook Division 102 and the Altamonte Springs Division 855 were selected to be traced to supporting documentation. The utility implemented a new ledger and accounting system in 2008. They were unable to obtain supporting documentation for many of the entries. In addition, some of the entries should have been capitalized or removed because they would not be re-occurring during the time period the rates would be implemented. A schedule of the entries and the reasons for their removal are on the following page. The allocation rates used in the adjustments to the filing were used.

The following entry was made to Net Operating Income and is detailed on the following two pages.

		Filing 2008	Filing 2008
NARUC	Description	DEBIT	CREDIT
215.00	Retained Earnings	714.60	
	Water O & M Expenses		357.30
	Wastewater O & M Expenses		357.30

EFFECT ON THE GENERAL LEDGER: There is no effect since these entries are to expense and they do not get carried forward to future audits.

EFFECT ON THE ATTACHED SCHEDULES: Expenses for Lake Placid should be reduced by \$357 each for water and for wastewater.

DETAIL OF AUDIT FINDING NO. 22

ACCOUNT	PAYEE	DESCRIPTION	2008 ADJ. NEEDED	% WTR	% WWTR	AMOUNT WATER	AMOUNT WWATER
DIVISION 102							
102100.5715	INSURANCE ACCRUALS	Accrued General Liability insurance. Should have gone to prepaid account .	(111,077.37)	0.05%	0.05%	(55.54)	(55.54)
102100.5735	ASHWOOD COMPUTER CO INC	53 hours at \$155 for Oracle installation - Should be capital project Phoenix.	(8,215.00)	0.05%	0.05%	(4.11)	(4.11)
102100.5735	DEC 2008 RECLASS ASSETS	Software for pro desktop -500 licenses, 25 windows sver st, 8 windows svr ent listed. Actual invoice \$159077.56 with tax.	9,357.41	0.05%	0.05%	4.68	4.68
102100.6010	PRICEWATERHOUSECOO PERS LLP	2007 audit of Utilities Inc. of Georgia. Should be directly charged.	(18,500.00)	0.05%	0.05%	(9.25)	(9.25)
102100.6015	MV PREPAID TO EXP	Mostly Oracle License and support. Overstated by \$4,671.55.	(4,671.55)	0.05%	0.05%	(2.34)	(2.34)
102100.6025	ACCRUE 2008 LEGAL	Reversed 1/1/99	(7,273.41)	0.05%	0.05%	(3.64)	(3.64)
102100.6050	Haynes Jr, John S	Assistance on PWC audit before hired full time. -since salary is annualized, non-recurring.	(7,200.00)	0.05%	0.05%	(3.60)	(3.60)
102100.6050	DELGADO, DANIEL	Consultant fee final implementation project Phoenix Capital.	(5,000.00)	0.05%	0.05%	(2.50)	(2.50)
102100.6190	Schumacher, Lawrence N	Two coach air tickets from Chicago to New York-for CEO and wife for meeting with Highstar. Remove wife's ticket.	(1,235.00)	0.05%	0.05%	(0.62)	(0.62)
102101.6050	MALCOLM PIRNIE, INC	Financial model services through Jan. 08. Developed a model that helps in strategic planning and forecasting Not recurring per co.	(49,956.21)	0.05%	0.05%	(24.98)	(24.98)
102101.6050	Haynes Jr, John S	Assistance on PWC audit before hired full time. -since salary is annualized, non-recurring.	(11,700.00)	0.05%	0.05%	(5.85)	(5.85)

DETAIL OF AUDIT FINDING 22			2008	%	%	AMOUNT	AMOUNT
ACCOUNT	PAYEE	DESCRIPTION	ADJ. NEEDED	WTR	WWTR	WATER	WWATER
DIVISION 102							
102102.6070	HUNTON & WILLIAMS	Carolina Water Service General Rep. Should have been charged directly to the division. PO was never vouchered. Remove.	(4,724.91)	0.05%	0.05%	(2.36)	(2.36)
102104.5735	IP SOFT RCM DATA CORPORATION		(425,475.60)	0.05%	0.05%	(212.74)	(212.74)
102104.5735	CORPORATION		(6,449.00)	0.05%	0.05%	(3.22)	(3.22)
102000.5745		Co. agrees to remove entire acct.	(35,547.51)	0.05%	0.05%	(17.77)	(17.77)
102104.5820	ARLINGTON COMPUTER PRODUCTS, I	Deployment solutions foundations training Aug. 4-8 Not Recurring	(2,395.00)	0.05%	0.05%	(1.20)	(1.20)
102106.6025	SQUIRE, SANDERS & DEMPSEY LLP	Consent orders mid county and Labrador. Should be charged directly.	(6,068.50)	0.05%	0.05%	(3.03)	(3.03)
102106.6025	SQUIRE, SANDERS & DEMPSEY LLP	Consent orders mid county and Labrador. Should be charged directly.	(2,890.78)	0.05%	0.05%	(1.45)	(1.45)
102106.6025	SQUIRE, SANDERS & DEMPSEY LLP	Consent orders mid county and Labrador. Should be charged directly.	(2,271.83)	0.05%	0.05%	(1.14)	(1.14)
102106.6025	LAW OFFICE OF DAVID BEERS P.A.	Cannot tell what utility this relates to.	(1,330.64)	0.05%	0.05%	(0.67)	(0.67)
			<u>(702,624.90)</u>			<u>(351.31)</u>	<u>(351.31)</u>
DIVISION 855							
855100.5970	SE 90 BU 252104 JUNE RECLASS	Office cleaning service missing \$1,800. P.O. was never vouchered and should be removed.	(1,800.00)	0.14%	0.14%	(2.52)	(2.52)
855100.5880	TRICOMM BUSINESS PRODUCTS INC		(1,279.07)	0.14%	0.14%	(1.79)	(1.79)
855100.5965	SE 90 BU 252104 JUNE RECLASS	Embarq and Progress Energy bills but Progress bills are for Lift Station, not office.	(1,195.65)	0.14%	0.14%	(1.67)	(1.67)
			<u>(4,274.72)</u>			<u>(5.98)</u>	<u>(5.98)</u>
						<u>(357.30)</u>	<u>(357.30)</u>

AUDIT FINDING NO. 23

SUBJECT: PAYROLL INCREASES

AUDIT ANALYSIS: The utility prepared a schedule of 2009 salaries for allocations of headquarters staff and direct charges for supervisors that oversee work in Lake Placid. It added a 2.25% salary increase for a September 2009 increase of \$302 and a 3.5% salary increase for April 2010 of \$473, totaling \$775. These amounts are included in salary expenses in the attached schedules. Fifty percent of these costs were allocated to water (\$387.50) and fifty percent to wastewater (\$387.50).

EFFECT ON GENERAL LEDGER: These increases were included in Audit Finding 17 to adjust salary and vehicle costs to the utility schedules. If these increases were removed, no entry would be necessary to the ledger.

EFFECT ON THE ATTACHED SCHEDULES: The salary increases are included in the Net Operating Income Schedule attached to this report.

AUDIT FINDING NO. 24

SUBJECT: 401K COSTS

AUDIT ANALYSIS: The utility prepared an analysis of payroll and benefits that added 4% of total projected salaries to expenses for 401K costs. Adjustments for this utility schedule were made in Finding 17. The actual contributions made to the 401K plan amounted to 2.73% of total Utilities, Inc. salaries. Total salaries projected for Lake Placid were \$14,070. The amount of 401K included in the attached NOI Schedule was \$557. The salaries times 2.73% equals \$384. The difference between the actual rate contributed and the amount in the attached is \$173. Fifty percent of these costs were allocated to water (\$86.50) and fifty percent to wastewater (\$86.50).

EFFECT ON THE GENERAL LEDGER: The differences above, if adjusted, would not affect the general ledger.

EFFECT ON THE ATTACHED SCHEDULES: The 401K costs included in the attached Net Operating Income Schedule have not been adjusted for the possible reduction discussed above.

AUDIT FINDING NO. 25

SUBJECT: MISCELLANEOUS REVENUE

AUDIT ANALYSIS: The utility recorded \$1,350 of Meter Connection Fees in Account 242100.5285-Other Revenue instead of account 242.3455 Water CIAC Tap Fees. Tap fees were amortized over 40 years. Therefore, \$33.75 should be amortized.

The utility also charged insufficient fund fees which were not in its tariff of \$285.79. Two other charges could not be identified and did not trace to the Service Availability tariff, \$120.56 and \$309.01 in account 242.5270-Miscellaneous Service Revenue.

EFFECT ON THE GENERAL LEDGER: The following entry should be booked and was made to the attached schedules.

<u>Account</u>	<u>NARUC</u>	<u>Description</u>	<u>Filing Average 2008 DEBIT</u>	<u>Filing Average 2008 CREDIT</u>	<u>Books Year End 12/31/2008 DEBIT</u>	<u>Books Year End 12/31/2008 CREDIT</u>
242.5285		Water-Miscellaneous Revenue	1,350.00		1,350.00	
242.3455	271.00	Water CIAC Tap		675.00		1,350.00
242.4998	215.00	Retained Earnings		675.00		
		To transfer CIAC from Misc. Revenue to CIAC				
242.4998	215.00	Retained Earnings	16.87			
242.3980		Acc. Amort. Water CIAC Tap	16.88		33.75	
242.100.7165		Amt. Exp. Water CIAC Tap		33.75		33.75
		To record amortization at 40 years.				

EFFECT ON THE ATTACHED SCHEDULES: Average Water Rate Base should be reduced by \$658. Water revenues should be decreased by \$1,350. Water CIAC amortization expense should be increased by \$34.

EXHIBITS

SCHEDULE 1-RATE BASE

SCHEDULE 2-COST OF CAPITAL

SCHEDULE 3-NET OPERATING INCOME

SCHEDULE 4-ADJUSTED 2008 TRIAL BALANCE

SCHEDULE 5-TEST YEAR ADJUSTING ENTRIES

SCHEDULE 6-PROFORMA ADJUSTING ENTRIES

Schedule 1-Rate Base

	AVERAGE BALANCE PER BOOKS 2008	TEST YEAR ADJUSTMENTS	AVERAGE ADJUSTED BALANCE 2008	PROFORMA ADJUSTMENTS	AVERAGE PROFORMA BALANCES 2008
WATER					
LAND	2,791.32	-	2,791.32	(40.52)	2,750.80
PLANT IN SERVICE	418,839.02	12,124.44	430,963.45	(16,578.17)	414,385.28
ACCUMULATED DEPRECIATION	(111,416.91)	(2,034.23)	(113,451.13)	7,575.00	(105,876.13)
CIAC	(171,943.52)	(675.00)	(172,618.52)		(172,618.52)
ACCUMULTED AMORT. CIAC	50,029.00	(850.35)	49,178.65		49,178.65
WORKING CAPITAL	6,717.92	(1,216.19)	5,501.73	(1258)	4,243.39
TOTAL WATER RATE BASE	195,016.82	7,348.67	202,365.50	(10,302.03)	192,063.47
WASTEWATER					
LAND	21,665.00	-	21,665.00	43.80	21,708.80
PLANT IN SERVICE	432,500.06	211,944.00	644,444.06	13,162.73	657,606.79
ACCUMULATED DEPRECIATION	(274,517.38)	(92,539.66)	(367,057.04)	14,324.51	(352,732.53)
CIAC	(266,824.27)	-	(266,824.27)		(266,824.27)
ACCUMULTED AMORT. CIAC	118,988.59	(3,138.09)	115,850.50		115,850.50
WORKING CAPITAL	7,384.21	(679.18)	6,705.03	(1311)	5,393.63
TOTAL WASTEWATER RATE BASE	39,196.20	115,587.07	154,783.27	26,219.65	181,002.92

Schedule 2-Cost of Capital

	AVERAGE PER BOOKS 2008	ADJUST FOR PRO-RATA	ALLOCATED BASED ON RATE BASE 2008	PRORATA PERCENT	RATIO	COST RATE	WEIGHTED COSTS
COMMON STOCK	(158,054,717)	157,909,750	(144,967)	42.638%	40.590%	11.130%	4.518%
LONG TERM DEBT	(180,000,000)	179,834,905	(165,095)	48.558%	46.226%	6.650%	3.074%
SHORT TERM DEBT	(32,637,500)	32,607,565	(29,935)	8.804%	8.382%	5.230%	0.438%
NET HEADQUARTERS	<u>(370,692,217)</u>	<u>(370,352,220)</u>	<u>(339,997)</u>	<u>100.000%</u>			
CUSTOMER DEPOSITS	(876)		(876)		0.245%	6.000%	0.015%
DEFERRED TAXES	<u>(16,276)</u>		<u>(16,276)</u>		<u>4.557%</u>		<u>0.000%</u>
	<u>(370,709,369)</u>	<u>(370,352,220)</u>	<u>(357,149)</u>		<u>100.000%</u>		<u>8.045%</u>

PER ORDER PSC-09-0430-PAA-WS
 RETURN=8.58% +1.087/EQUITY RATIO
 RETURN=8.58%+1.087/42.64%
 RETURN 11.13%

Schedule 3-Net Operating Income

	PER BOOKS 2008	TEST YEAR ADJUSTMENTS	ADJUSTED NOI 2008	PROFORMA ADJUSTMENTS	ADJUSTED NOI 2008
WATER					
REVENUE	(53,307.07)	1,350.00	(51,957.07)	(460.15)	(52,417.22)
OPERATING AND MAINTENANCE EXPENSE	53,743.35	(9,729.51)	44,013.84	(10,066.72)	33,947.12
DEPRECIATION EXPENSE	14,452.12	(365.48)	14,086.64	(518.72)	13,567.92
AMORTIZATION EXPENSE	(3,900.60)	58.72	(3,841.88)		(3,841.88)
TAXES OTHER THAN INCOME TAXES	4,385.25	448.77	4,834.02	(213.04)	4,620.98
INCOME TAXES (Note A)	(6,791.00)	0.00	(6,791.00)		(6,791.00)
TOTAL EXPENSES	61,889.12	(9,587.50)	52,301.62	(10,798.48)	41,503.14
NET OPERATING (INCOME)/LOSS WATER	8,582.05	(8,237.50)	344.55	(11,258.63)	(10,914.08)
WASTEWATER					
REVENUE	(81,005.68)	-	(81,005.68)	441.62	(80,564.06)
OPERATING AND MAINTENANCE EXPENSE	59,073.65	(5,433.45)	53,640.20	(10,491.13)	43,149.07
DEPRECIATION EXPENSE	19,026.61	986.47	20,013.08	41.45	20,054.53
AMORTIZATION EXPENSE	(6,083.85)	2,089.06	(3,994.79)		(3,994.79)
TAXES OTHER THAN INCOME TAXES	3,734.83	4,850.29	8,585.12	(252.71)	8,332.41
INCOME TAXES (Note A)	(5,296.00)	0.00	(5,296.00)		(5,296.00)
TOTAL EXPENSES	70,455.24	2,492.38	72,947.62	(10,702.39)	62,245.23
NET OPERATING (INCOME)/LOSS WASTEWATER	(10,550.44)	2,492.38	(8,058.06)	(10,260.77)	(18,318.83)

Note A: Income tax was not in the request and was not audited or adjusted in the entries made.

SCHEDULE 4-ADJUSTED TRIAL BALANCE

Account	Description	December 2007	December 2008	Adj. to Y/E	Adjusted 12/08	Simple Average	Adj. to Average	Adjusted Average
1030	LAND & LAND RIGHTS PUMP	2,707.00	2,707.00		2,707.00	2,707.00		2,707.00
1045	LAND & LAND RIGHTS GEN PLT	85.00	83.63		83.63	84.32		84.32
WATER LAND		2,792.00	2,790.63	-	2,790.63	2,791.32	-	2,791.32
1020	ORGANIZATION	12,374.30	12,374.30		12,374.30	12,374.30		12,374.30
1025	FRANCHISES	1,250.00	1,250.00		1,250.00	1,250.00		1,250.00
1050	STRUCT & IMPRV SRC SUPPLY	28,117.00	28,117.00		28,117.00	28,117.00		28,117.00
1055	STRUCT & IMPRV WTR TRT PLT	(9,250.66)	(8,741.86)	21,509.86	12,768.00	(8,996.26)	17,830.00	8,833.74
1060	STRUCT & IMPRV TRANS DIST PLT	-	5,370.55		5,370.55	2,685.28		2,685.28
1065	STRUCT & IMPRV GEN PLT	-	7,360.21	(7,360.21)	-	3,680.11	(3,680.00)	0.11
1080	WELLS & SPRINGS	22,077.00	22,077.00	830.00	22,907.00	22,077.00	415.00	22,492.00
1095	POWER GENERATION EQUIP	-	426.00	(426.00)	-	213.00	(213.00)	0.00
1105	ELECTRIC PUMP EQUIP WTP	80,367.67	80,639.03	(472.29)	80,166.75	80,503.35	(622.12)	79,881.23
1115	WATER TREATMENT EQPT	32,175.35	32,175.35		32,175.35	32,175.35		32,175.35
1120	DIST RESV & STANDPIPES	29,361.16	29,666.44	(1,605.44)	28,061.00	29,513.80	(1,605.44)	27,908.36
1125	TRANS & DISTR MAINS	52,953.73	177,140.86		177,140.86	115,047.30		115,047.30
1130	SERVICE LINES	30,397.97	30,397.97		30,397.97	30,397.97		30,397.97
1135	METERS	21,993.10	21,993.10		21,993.10	21,993.10		21,993.10
1140	METER INSTALLATIONS	3,638.47	4,169.49		4,169.49	3,903.98		3,903.98
1145	HYDRANTS	1,314.00	1,314.00		1,314.00	1,314.00		1,314.00
1175	OFFICE STRUCT & IMPRV	2,419.00	5,173.87		5,173.87	3,796.44		3,796.44
1180	OFFICE FURN & EQPT	1,152.00	1,723.03		1,723.03	1,437.52		1,437.52
1190	TOOL SHOP & MISC EQPT	1,712.91	2,391.38		2,391.38	2,052.15		2,052.15
1195	LABORATORY EQUIPMENT	360.54	360.54		360.54	360.54		360.54
1205	COMMUNICATION EQPT	874.03	871.17		871.17	872.60		872.60
1215	WATER PLANT ALLOCATED	10,985.00	10,985.00	(5,633.00)	5,352.00	10,985.00	(5,633.00)	5,352.00
1220	OTHER TANGIBLE PLT WATER	403.00	403.00	5,633.00	6,036.00	403.00	5,633.00	6,036.00
1555	TRANSPORTATION EQPT WTR	9,321.00	8,605.75		8,605.75	8,963.38		8,963.38
1575	DESKTOP COMPUTER WTR	770.00	770.00		770.00	770.00		770.00
1580	MAINFRAME COMPUTER WTR	452.00	565.61		565.61	508.81		508.81
1585	MINI COMPUTERS WTR	944.00	2,435.96		2,435.96	1,689.98		1,689.98
1590	COMP SYS COST WTR	670.00	19,883.97		19,883.97	10,276.99		10,276.99
1595	MICRO SYS COST WTR	399.00	547.74		547.74	473.37		473.37
WATER PLANT		337,231.57	500,446.46	12,475.93	512,922.39	418,839.02	12,124.44	430,963.45
1270	LAND AND LAND RIGHTS WASTEWATER			21,665.00	21,665.00		21,665.00	21,665.00
1285	LAND & LAND RIGHTS GEN PLT	21,665.00	21,665.00	(21,665.00)	-	21,665.00	(21,665.00)	0.00
WASTEWATER LAND		21,665.00	21,665.00	-	21,665.00	21,665.00	-	21,665.00
1245	ORGANIZATION	10,994.00	10,994.00		10,994.00	10,994.00		10,994.00
1250	FRANCHISES INTANG PLT	1,250.00	1,250.00		1,250.00	1,250.00		1,250.00
1295	STRUCT/IMPRV PUMP PLT LS	148,620.34	192,603.34		192,603.34	170,611.84		170,611.84
1300	STRUCT/IMPRV TREAT PLT	(3,093.00)	(3,093.00)	233,279.00	230,186.00	(3,093.00)	231,779.00	228,686.00
1315	STRUCT/IMPRV GEN PLT	227,185.93	230,185.93	(230,185.93)	-	228,685.93	(228,686.00)	(0.07)
1320	POWER GEN EQUIP COLL PLT	-	-		-	-		0.00
1345	SEWER FORCE MAIN	59,751.53	68,233.53	(20,511.00)	47,722.53	63,992.53	(19,236.00)	44,756.53
	SEWER SERVICES			20,511.00	20,511.00		19,236.00	19,236.00
1350	SEWER GRAVITY MAIN	69,082.37	154,904.98	(4,064.00)	150,840.98	111,993.68	(2,092.00)	109,901.68
1353	MANHOLES			4,064.00	4,064.00		2,092.00	2,092.00

<u>Account</u>	<u>Description</u>	<u>December 2007</u>	<u>December 2008</u>	<u>Adj. to Y/E</u>	<u>Adjusted 12/08</u>	<u>Simple Average</u>	<u>Adj. to Average</u>	<u>Adjusted Average</u>
1385	PUMPING EQUIPMENT RECLAIM WTP	-	851.00	-	851.00	425.50	-	425.50
1395	TREAT/DISP EQUIP LAGOON	46.19	46.19	-	46.19	46.19	-	46.19
1400	TREAT/DISP EQUIP TRT PLT	(165,113.85)	(164,772.48)	208,851.00	44,078.52	(164,943.17)	208,851.00	43,907.84
1420	OUTFALL LINES	1,940.00	1,940.00	-	1,940.00	1,940.00	-	1,940.00
1435	OTHER PLT PUMP	-	4,266.00	-	4,266.00	2,133.00	-	2,133.00
1460	OFFICE FURN & EQPT	-	-	-	-	-	-	0.00
1470	TOOL SHOP & MISC EQPT	-	1.23	-	1.23	0.62	-	0.62
1490	MISC EQUIP SEWER	579.00	579.00	-	579.00	579.00	-	579.00
1495	SEWER PLANT ALLOCATED	(223.06)	(223.06)	223.06	-	(223.06)	223.06	0.00
1500	OTHER TANGIBLE PLT SEWER	8,107.00	8,107.00	(223.06)	7,883.94	8,107.00	(223.06)	7,883.94
WASTEWATER PLANT		359,126.45	505,873.66	211,944.07	717,817.73	432,500.06	211,944.00	644,444.06
1665	WIP-CAP TIME WATER STORE TANK	-	-	-	-	-	-	0.00
1666	WIP - INTEREST DURING CONSTR	51.77	51.77	-	51.77	51.77	-	51.77
1668	WIP - LABOR/INSTALLATION	6,880.00	6,880.00	-	6,880.00	6,880.00	-	6,880.00
1672	WIP - PIPING	2,203.50	2,203.50	-	2,203.50	2,203.50	-	2,203.50
1697	WIP - CLOSE CP TO GL LEGACY	(3,954.01)	(3,954.01)	-	(3,954.01)	(3,954.01)	-	(3,954.01)
1698	WIP - J/E CLEARING LEGACY	3,954.01	3,954.01	-	3,954.01	3,954.01	-	3,954.01
1699	WIP - TRANSFER TO FIXED ASSETS	(2,203.50)	(9,563.71)	-	(9,563.71)	(5,883.61)	-	(5,883.61)
1745	WIP-CAP TIME OFFICE RENOVATION	-	103.81	-	103.81	51.91	-	51.91
1749	WIP - MATERIAL	10,748.00	-	-	-	5,374.00	-	5,374.00
CONSTRUCTION WORK IN PROCESS		17,679.77	(324.63)	-	(324.63)	8,677.57	-	8,677.57
1835	ACC DEPR-ORGANIZATION	(10,241.68)	(10,241.68)	5,108.00	(5,133.68)	(10,241.68)	5,262.61	(4,979.07)
1840	ACC DEPR-FRANCHISES	(535.00)	(535.00)	(94.00)	(629.00)	(535.00)	(78.12)	(613.12)
1845	ACC DEPR-STRUCT&IMPRV SRC SPLY	(14,247.28)	(20,272.53)	5,348.00	(14,924.53)	(17,259.91)	2,774.92	(14,484.99)
1850	ACC DEPR-STRUCT&IMPRV WTP	10,639.29	10,481.90	(10,712.90)	(231.00)	10,560.60	(10,685.00)	(124.40)
1855	ACC DEPR-STRUCT&IMPRV TRNS DST	(4,555.00)	(60.98)	-	(60.98)	(2,307.99)	2,277.60	(30.39)
1860	ACC DEPR-STRUCT&IMPRV GEN PLT	-	(38.44)	38.44	-	(19.22)	19.00	(0.22)
1875	ACC DEPR-WELLS & SPRINGS	(13,044.47)	(13,780.41)	10.47	(13,769.94)	(13,412.44)	16.69	(13,395.75)
1890	ACC DEPR-POWER GENERATION EQPT	-	(4.77)	5.00	0.23	(2.39)	2.51	0.13
1895	ACC DEPR-ELECT PUMP EQUIP SRC PUM	-	-	884.04	884.04	-	442.02	442.02
1900	ACC DEPR-ELECT PUMP EQUIP WTP	(40,127.07)	(44,147.77)	105.36	(44,042.41)	(42,137.42)	85.56	(42,051.86)
1910	ACC DEPR-WATER TREATMENT EQPT	28,345.64	26,883.09	4,498.00	31,381.09	27,614.37	4,498.11	32,112.47
1915	ACC DEPR-DIST RESV & STANDPIPE	(5,569.25)	(6,457.90)	45.90	(6,412.00)	(6,013.58)	(23.00)	(6,036.58)
1920	ACC DEPR-TRANS & DISTR MAINS	(15,433.67)	(16,909.43)	(552.00)	(17,461.43)	(16,171.55)	(553.94)	(16,725.49)
1925	ACC DEPR-SERVICE LINES	(10,499.88)	(11,259.83)	-	(11,259.83)	(10,879.86)	-	(10,879.86)
1930	ACC DEPR-METERS	(11,649.14)	(12,748.82)	-	(12,748.82)	(12,198.98)	0.62	(12,198.36)
1935	ACC DEPR-METER INSTALLS	(246.36)	(430.49)	(2.00)	(432.49)	(338.43)	(1.69)	(340.12)
1940	ACC DEPR-HYDRANTS	(532.58)	(561.74)	-	(561.74)	(547.16)	-	(547.16)
1970	ACC DEPR-OFFICE STRUCTURE	(1,093.00)	(1,738.84)	-	(1,738.84)	(1,415.92)	-	(1,415.92)
1975	ACC DEPR-OFFICE FURN/EQPT	(961.00)	(1,283.65)	-	(1,283.65)	(1,122.33)	-	(1,122.33)
1985	ACC DEPR-TOOL SHOP & MISC EQPT	(645.31)	(1,232.96)	-	(1,232.96)	(939.14)	-	(939.14)
1990	ACC DEPR-LABORATORY EQUIPMENT	(288.64)	(288.64)	(48.00)	(336.64)	(288.64)	(36.09)	(324.73)
2000	ACC DEPR-COMMUNICATION EQPT	(875.14)	(876.05)	-	(876.05)	(875.60)	-	(875.60)
2010	ACC DEPR-OTHER TANG PLT WATER	(1,438.00)	(1,438.00)	(6,036.00)	(7,474.00)	(1,438.00)	(6,036.00)	(7,474.00)
2300	ACC DEPR-TRANSPORTATION WTR	(6,588.00)	(7,527.08)	-	(7,527.08)	(7,057.54)	-	(7,057.54)
2315	ACC DEPR-DESKTOP COMPUTER WTR	(569.00)	(569.00)	-	(569.00)	(569.00)	-	(569.00)
2320	ACC DEPR-MAINFRAME COMP WTR	(433.00)	(558.16)	-	(558.16)	(495.58)	-	(495.58)
2325	ACC DEPR-MINI COMP WTR	(732.00)	(1,730.95)	-	(1,730.95)	(1,231.48)	-	(1,231.48)

<u>Account</u>	<u>Description</u>	<u>December 2007</u>	<u>December 2008</u>	<u>Adi. to Y/E</u>	<u>Adjusted 12/08</u>	<u>Simple Average</u>	<u>Adi. to Average</u>	<u>Adjusted Average</u>
2330	COMP SYS AMORTIZATION WTR	(656.00)	(2,950.75)		(2,950.75)	(1,803.38)		(1,803.38)
2335	MICRO SYS AMORTIZATION WTR	(204.00)	(375.39)		(375.39)	(289.70)		(289.70)
WATER ACCUMULATED DEPRECIATION		<u>(102,179.54)</u>	<u>(120,654.27)</u>	<u>(1,401.69)</u>	<u>(122,055.96)</u>	<u>(111,416.91)</u>	<u>(2,034.23)</u>	<u>(113,451.13)</u>
2030	ACC DEPR-ORGANIZATION	81,755.83	81,755.83	(86,140.00)	(4,384.17)	81,755.83	(86,002.55)	(4,246.72)
2040	ACC DEPR FRANCHISES INTANG PLT	(1,079.67)	(1,110.88)		(1,110.88)	(1,095.28)		(1,095.28)
2055	ACC DEPR-STRUCT/IMPRV PUMP PLT LS	(127,662.98)	(137,163.13)	1,422.00	(135,741.13)	(132,413.06)	(282.21)	(132,695.27)
2060	ACC DEPR-STRUCT/IMPRV TREAT PLT	(4,424.00)	-	(115,441.00)	(115,441.00)	(2,212.00)	(109,667.00)	(111,879.00)
2075	ACC DEPR-STRUCT/IMPRV GEN PLT	(108,347.63)	(115,489.17)	115,489.17	-	(111,918.40)	111,918.00	(0.40)
2105	ACC DEPR-SEWER FORCE MAIN	(59,531.86)	(61,547.08)	15,305.00	(46,242.08)	(60,539.47)	14,304.92	(46,234.55)
	ACC DEPR-SERVICES			(12,140.00)	(12,140.00)		(11,901.00)	(11,901.00)
2110	ACC DEPR-SEWER GRAVITY MAIN	(32,760.77)	(34,522.88)	151.00	(34,371.88)	(33,641.83)	112.82	(33,529.01)
	ACC DEPR MANHOLES			(23.00)	(23.00)		(16.00)	(16.00)
2145	ACC DEPR-PUMP EQP RCLM WTP	-	(9.54)	(26.00)	(35.54)	(4.77)	(12.96)	(17.73)
2155	ACC DEPR-TREAT/DISP EQP LAGOON	622.87	621.55	(4.00)	617.55	622.21	(3.12)	619.09
2160	ACC DEPR-TREAT/DISP EQP TRT PLT	(12,276.99)	(13,527.35)	(2,945.00)	(16,472.35)	(12,902.17)	(2,332.71)	(15,234.88)
2180	ACC DEPR-OUTFALL LINES	(2,067.97)	(2,132.65)	129.00	(2,003.65)	(2,100.31)	97.01	(2,003.30)
2195	ACC DEPR-OTHER PLT PUMP	-	(42.66)	(76.00)	(118.66)	(21.33)	(35.23)	(56.56)
2230	ACC DEPR-TOOL SHOP & MISC EQPT	(52.94)	(53.02)	53.00	(0.02)	(52.98)	52.94	(0.04)
	ACC. DEPR-MISC. EQUIPMENT'			(97.00)	(97.00)		(80.42)	(80.42)
2255	ACC DEPR-OTHER TANG PLT SEWER	4.12	8.21	(8,694.00)	(8,685.79)	6.17	(8,692.17)	(8,686.00)
WASTEWATER ACCUMULATED DEPRECIATION		<u>(265,821.99)</u>	<u>(283,212.77)</u>	<u>(93,036.83)</u>	<u>(376,249.60)</u>	<u>(274,517.38)</u>	<u>(92,539.66)</u>	<u>(367,057.04)</u>
3265	CIAC-STRUCT & IMPRV SRC SUPPLY	(7,828.20)	(7,828.20)		(7,828.20)	(7,828.20)		(7,828.20)
3270	CIAC-STRUCT & IMPRV WTP	(119.25)	(119.25)		(119.25)	(119.25)		(119.25)
3295	CIAC-WELLS & SPRINGS	(5,262.37)	(5,262.37)		(5,262.37)	(5,262.37)		(5,262.37)
3305	CIAC-SUPPLY MAINS	-	(123,810.00)		(123,810.00)	(61,905.00)		(61,905.00)
3315	CIAC-ELEC PUMP EQP SRC PUMP	(20,622.36)	(20,622.36)		(20,622.36)	(20,622.36)		(20,622.36)
3330	CIAC-WATER TREATMENT EQPT	(2,462.37)	(2,462.37)		(2,462.37)	(2,462.37)		(2,462.37)
3335	CIAC-DIST RESV & STANDPIPES	(7,265.27)	(7,265.27)		(7,265.27)	(7,265.27)		(7,265.27)
3340	CIAC-TRANS & DISTR MAINS	(12,977.23)	(12,977.23)		(12,977.23)	(12,977.23)		(12,977.23)
3345	CIAC-SERVICE LINES	(7,316.50)	(7,316.50)		(7,316.50)	(7,316.50)		(7,316.50)
3350	CIAC-METERS	(4,203.80)	(4,203.80)		(4,203.80)	(4,203.80)		(4,203.80)
3355	CIAC-METER INSTALLS	(263.62)	(263.62)		(263.62)	(263.62)		(263.62)
3360	CIAC-HYDRANTS	(315.55)	(315.55)		(315.55)	(315.55)		(315.55)
3430	CIAC-OTHER TANGIBLE PLT WATER	(19,737.00)	(19,737.00)	19,737.00	-	(19,737.00)	19,737.00	0.00
3435	CIAC-WATER-TAP	(21,515.00)	(21,515.00)	(21,087.00)	(42,602.00)	(21,515.00)	(20,412.00)	(41,927.00)
3455	CIAC-WTR PLT MTR FEE	(150.00)	(150.00)		(150.00)	(150.00)		(150.00)
WATER CIAC		<u>(110,038.52)</u>	<u>(233,848.52)</u>	<u>(1,350.00)</u>	<u>(235,198.52)</u>	<u>(171,943.52)</u>	<u>(675.00)</u>	<u>(172,618.52)</u>
3500	CIAC-STRUCT/IMPRV PUMP PLT LS	(41,967.16)	(85,950.16)		(85,950.16)	(63,958.66)		(63,958.66)
3520	CIAC-STRUCT/IMPRV GEN PLT	(67,571.43)	(67,571.43)	67,571.43	-	(67,571.43)	67,571.43	0.00
	CIAC-STRUCT/IMPRV WWTP			(34,518.44)	(34,518.44)		(34,518.44)	(34,518.44)
3550	CIAC-SEWER FORCE MAIN	(16,919.43)	(25,401.43)	7,601.00	(17,800.43)	(21,160.43)	6,326.43	(14,834.00)
3565	CIAC-SERVICES			(7,601.00)	(7,601.00)		(6,326.43)	(6,326.43)
3555	CIAC-SEWER GRAVITY MAIN	(18,901.69)	(104,550.69)		(104,550.69)	(61,726.19)		(61,726.19)
3600	CIAC-TREAT/DISP EQUIP LAGOON	(13.12)	(13.12)		(13.12)	(13.12)		(13.12)
3605	CIAC-TREAT/DISP EQUIP TRT PLT	(6,091.49)	(6,091.49)		(6,091.49)	(6,091.49)		(6,091.49)
3625	CIAC-OUTFALL LINES	(550.95)	(550.95)		(550.95)	(550.95)		(550.95)
3705	CIAC-SEWER-TAP	(45,752.00)	(45,752.00)	(33,052.99)	(78,804.99)	(45,752.00)	(33,052.99)	(78,804.99)
WASTEWATER CIAC		<u>(197,767.27)</u>	<u>(335,881.27)</u>	<u>-</u>	<u>(335,881.27)</u>	<u>(266,824.27)</u>	<u>-</u>	<u>(266,824.27)</u>

Account	Description	December 2007	December 2008	Adj. to Y/E	Adjusted 12/08	Simple Average	Adj. to Average	Adjusted Average
3800	ACC AMORT ORGANIZATION	(2,447.34)	(2,447.34)	2,447.00	(0.34)	(2,447.34)	2,447.34	0.00
3810	ACC AMORT STRUCT & IMPRV SRC	1,221.07	1,466.35	(2.00)	1,464.35	1,343.71	(1.37)	1,342.34
3815	ACC AMORT STRUCT & IMPRV WTP	18.56	22.28		22.28	20.42		20.42
3840	ACC AMORT WELLS & SPRINGS	876.43	1,051.86		1,051.86	964.145		964.15
3850	ACC AMORT SUPPLY MAINS	-	240.41	54.00	294.41	120.21	27.19	147.39
3860	ACC AMORT ELEC PUMP EQP SRC	5,155.72	6,186.87		6,186.87	5671.295		5,671.30
3875	ACC AMORT WATER TREATMENT EQPT	490.27	567.43	104.00	671.43	528.85	87.04	615.89
3880	ACC AMORT DIST RESV & STANDPIP	1,249.60	1,579.84	(402.00)	1,177.84	1,414.72	(335.06)	1,079.66
3885	ACC AMORT TRANS & DISTR MAINS	1,607.74	1,958.49	(147.00)	1,811.49	1,783.12	(122.02)	1,661.09
3890	ACC AMORT SERVICE LINES	914.47	1,097.36		1,097.36	1005.915		1,005.92
3895	ACC AMORT METERS	1,051.11	1,261.34		1,261.34	1156.225		1,156.23
3900	ACC AMORT METER INSTALLS	70.94	84.13		84.13	77.535		77.54
3905	ACC AMORT HYDRANTS	34.90	41.87		41.87	38.385		38.39
3975	ACC AMORT OTHER TANG PLT WATER	37,213.51	37,706.57	(37,707.57)	(1.00)	37,460.04	(37,460.04)	0.00
3980	ACC AMORT WATER-CIAC TAP	620.21	1,158.05	34,768.75	35,926.80	889.13	34,504.85	35,393.98
4005	ACC AMORT WTR PLT MTR FEE-NC	1.51	3.79	2.00	5.79	2.65	1.73	4.38
WATER ACCUMULATED AMORTIZATION		48,078.70	51,979.30	(882.82)	51,096.48	50,029.00	(850.35)	49,178.65
4030	ACC AMORT ORGANIZATION	(3,824.98)	(3,824.98)	3,824.98	-	(3,824.98)	3,824.98	0.00
4050	ACC AMORTSTRUCT/IMPRV PUMP PLT L. ACC AMORT STR/IMPROV WWTREATMENT	33,852.86	35,373.99	(25,944.00)	9,429.99	34,613.43	(26,096.30)	8,517.12
4070	ACC AMORTSTRUCT/IMPRV GEN PLT	48,408.16	50,087.94	(50,088.00)	(0.06)	49,248.05	(49,248.05)	0.00
4100	ACC AMORT SEWER FORCE MAIN ACC AMORT SERVICES	13,608.88	14,196.43	(11,807.00)	2,389.43	13,902.66	(11,720.83)	2,181.82
4105	ACC AMORT SEWER GRAVITY MAIN	14,172.94	14,750.53	(12,072.00)	2,678.53	14,461.74	(12,073.02)	2,388.72
4150	ACC AMORT TREAT/DISP EQUIP LAGOON	10.21	10.57	(7.00)	3.57	10.39	(7.47)	2.92
4155	ACC AMORT TREAT/DISP EQUIP TRT PLT	5,425.06	5,599.07	(3,481.00)	2,118.07	5,512.07	(3,562.79)	1,949.27
4175	ACC AMORT OUTFALL LINES	443.76	462.12	(352.00)	110.12	452.94	(351.95)	100.99
4265	ACC AMORT SEWER-TAP	3,849.77	5,374.84	89,093.00	94,467.84	4,612.31	89,855.05	94,467.35
WASTEWATER ACCUMULATED AMORTIZATION		115,946.66	122,030.51	(3,981.02)	118,049.49	118,988.59	(3,138.09)	115,850.50
4369	DEF FED TAX - CIAC PRE 1987	2,894.00	2,894.00		2,894.00	2,894.00		2,894.00
4371	DEF FED TAX - TAP FEE POST 2000	21,576.00	21,576.00		21,576.00	21,576.00		21,576.00
4375	DEF FED TAX - RATE CASE	(24,426.00)	(15,873.00)		(15,873.00)	(20,149.50)		(20,149.50)
4377	DEF FED TAX - DEF MAINT	(583.00)	(244.00)		(244.00)	(413.50)		(413.50)
4383	DEF FED TAX - ORGN EXP	(4,301.00)	(4,461.00)		(4,461.00)	(4,381.00)		(4,381.00)
4387	DEF FED TAX - DEPRECIATION	(17,355.00)	(17,036.24)		(17,036.24)	(17,195.62)		(17,195.62)
4419	DEF ST TAX - CIAC PRE 1987	495.00	495.00		495.00	495.00		495.00
4421	DEF ST TAX - TAP FEE POST 2000	3,693.00	3,693.00		3,693.00	3,693.00		3,693.00
4425	DEF ST TAX - RATE CASE	(4,181.00)	(2,716.00)		(2,716.00)	(3,448.50)		(3,448.50)
4427	DEF ST TAX - DEF MAINT	(101.00)	(43.00)		(43.00)	(72.00)		(72.00)
4433	DEF ST TAX - ORGN EXP	-	(28.00)		(28.00)	(14.00)		(14.00)
4437	DEF ST TAX - DEPRECIATION	715.00	765.12		765.12	740.06		740.06
DEFERRED TAXES		(21,574.00)	(10,978.12)	-	(10,978.12)	(16,276.06)	-	(16,276.06)
4595	CUSTOMER DEPOSITS	(1,108.00)	(643.12)		(643.12)	(875.56)		(875.56)
					-			0.00
4760	COMMON STOCK	(1,000.00)	(1,000.00)		(1,000.00)	(1000.00)		(1000.00)
4785	MISC PAID IN CAPITAL	(473,805.52)	(481,165.73)		(481,165.73)	(477485.63)		(477485.63)
4998	RETAINED EARN-PRIOR YEARS	21,678.64	35,683.96	103,960.83	139,644.79	28681.30	102898.43	131579.73

<u>Account</u>	<u>Description</u>	<u>December 2007</u>	<u>December 2008</u>	<u>Adj. to Y/E</u>	<u>Adjusted 12/08</u>	<u>Simple Average</u>	<u>Adj. to Average</u>	<u>Adjusted Average</u>
		(453,126.88)	(446,481.77)	103,960.83	(342,520.94)	(449,804.33)	102,898.43	(346,905.90)
	2425 ACC AMORT UTIL PAA-SEWER	2,425.00	114,868.00		114,868.00	58,646.50		58,646.50
	2640 CASH-CHASE-WSC DISBURSEMENT	2,640.00	0.00		0.00	1,320.00		1,320.00
	2665 CASH UNAPPLIED	2,665.00	288.03		288.03	1,476.52		1,476.52
	2675 A/R-CUSTOMER TRADE CC&B	2,675.00	7,924.79	85.00	8,009.79	5,299.90	85.00	5,384.90
	2680 A/R-CUSTOMER ACCRUAL	2,680.00	10,478.32		10,478.32	6,579.16		6,579.16
	2685 A/R-CUSTOMER REFUNDS	2,685.00	(379.46)		(379.46)	1,152.77		1,152.77
	2710 A/R ASSOC COS	2,710.00	(61,999.02)		(61,999.02)	(29,644.51)		(29,644.51)
	UTILITY DEPOSITS			200.00	200.00		200.00	200.00
	2855 PRELIMINARY SURVEY	2,855.00	250.00		250.00	1,552.50		1,552.50
	2920 RATE CASE BEING AMORT	2,920.00	79,191.05		79,191.05	41,055.53		41,055.53
	2925 MISC REGULATORY COMM EXP	2,925.00	125.00		125.00	1,525.00		1,525.00
	2930 RATE CASE ACCUM AMORT	2,930.00	(29,910.98)		(29,910.98)	(13,490.49)		(13,490.49)
	2965 DEF CHGS-RELOCATION EXPENSES	2,965.00	122.73		122.73	1,543.87		1,543.87
	2980 DEF CHGS-EMP FEES	2,980.00	101.85		101.85	1,540.93		1,540.93
	3005 DEF CHGS-VOC TESTING	3,005.00	3,275.00		3,275.00	3,140.00		3,140.00
	3120 AMORT - RELOCATION EXP	3,120.00	(113.89)		(113.89)	1,503.06		1,503.06
	3135 AMORT - EMPLOYEE FEES	3,135.00	(79.48)		(79.48)	1,527.76		1,527.76
	3160 AMORT - VOC TESTING	3,160.00	(2,547.34)		(2,547.34)	306.33		306.33
	4515 A/P TRADE	4,515.00	(675.33)	4,319.70	3,644.37	1,919.84	4,319.70	6,239.54
	4525 A/P TRADE - ACCRUAL	4,525.00	-		-	2,262.50		2,262.50
	4527 A/P TRADE - RECD NOT VOUCHERED	4,527.00	(285.98)		(285.98)	2,120.51		2,120.51
45	4535 A/P-ASSOC COMPANIES	4,535.00	3,443.51	(224,828.28)	(221,384.77)	3,989.26	(224,828.00)	(220,838.75)
	4545 A/P MISCELLANEOUS	4,545.00	-		-	2,272.50		2,272.50
	4565 ADVANCES FROM UTILITIES INC	4,565.00	96,493.02		96,493.02	50,529.01		50,529.01
	4612 ACCRUED TAXES GENERAL	4,612.00	-		-	2,306.00		2,306.00
	4614 ACCRUED GROSS RECEIPT TAX	4,614.00	(2,388.00)	(2,694.00)	(5,082.00)	1,113.00	(2,694.00)	(1,581.00)
	4661 ACCRUED ST INCOME TAX	4,661.00	(370.00)		(370.00)	2,145.50		2,145.50
	4685 ACCRUED CUST DEP INTEREST	4,685.00	(22.38)		(22.38)	2,331.31		2,331.31
	INTEREST EXPENSE			65.38			65.38	
	BELOW THE LINE EXPENSE	0		868.58	868.58		868.58	868.58

<u>Account</u>	<u>Description</u>	<u>December 2008</u>	<u>WATER</u>	<u>ADJ. WATER</u>	<u>ADJ. WATER</u>	<u>WASTEWATER</u>	<u>ADJ. WWATER</u>	<u>ADJ. WWATER</u>
5025	WATER REVENUE-RESIDENTIAL	(31,438.07)	(31,438.07)			(31,438.07)		
5030	WATER REVENUE-ACCRUALS	461.62	461.62			461.62		
5035	WATER REVENUE-COMMERCIAL	(12,114.74)	(12,114.74)			(12,114.74)		
5050	WATER REVENUE-MULT FAM DWELL	(7,841.52)	(7,841.52)			(7,841.52)		
5270	MISC SERVICE REVENUE	(738.57)	(738.57)			(738.57)		
5285	OTHER W/S REVENUES	(1,635.79)	(1,635.79)	1,350.00		(285.79)		
WATER REVENUE		(53,307.07)	(53,307.07)	1,350.00	(51,957.07)	-	-	-
5100	SEWER REVENUE-RESIDENTIAL	(25,126.06)				(25,126.06)		(25,126.06)
5105	SEWER REVENUE-ACCRUALS	499.06				499.06		499.06
5110	SEWER REVENUE-COMMERCIAL	(14,343.36)				(14,343.36)		(14,343.36)
5140	SEWER REVENUE-RESIDENTIAL	(17,654.31)				(17,654.31)		(17,654.31)
5155	SEWER REVENUE-COMMERCIAL	(13,031.92)				(13,031.92)		(13,031.92)
5170	SEWER REVENUE-MULT FAM DWELL	(11,349.09)				(11,349.09)		(11,349.09)
5265	FORFEITED DISCOUNTS	-				-		-
WASTEWATER REVENUE		(81,005.68)				(81,005.68)	-	(81,005.68)
5465	ELEC PWR - WATER SYSTEM	1,943.26	1,943.26	129.92	2,073.18			
5470	ELEC PWR - SWR SYSTEM	3,735.17				3,735.17	(190.20)	3,544.97
5480	CHLORINE	5,440.58	773.04		773.04	4,667.54		4,667.54
5490	OTHER TREATMENT CHEMICALS	-				-		-
5495	METER READING	(0.97)	(0.49)		(0.49)	(0.48)		(0.48)
5505	AGENCY EXPENSE	8.36	4.26		4.26	4.10		4.10
5510	UNCOLLECTIBLE ACCOUNTS	706.24	700.48		700.48	5.76		5.76
5525	BILL STOCK	11.93	6.00		6.00	5.93		5.93
5530	BILLING COMPUTER SUPPLIES	25.89	13.20		13.20	12.69		12.69
5535	BILLING ENVELOPES	137.00	69.34		69.34	67.66		67.66
5540	BILLING POSTAGE	888.89	451.28		451.28	437.61		437.61
5545	CUSTOMER SERVICE PRINTING	95.26	69.06		69.06	26.20		26.20
5625	401K/ESOP CONTRIBUTIONS	734.96	372.67		372.67	362.29		362.29
5630	DENTAL PREMIUMS	31.54	15.99		15.99	15.55		15.55
5635	DENTAL INS REIMBURSEMENTS	252.82	128.09		128.09	124.73		124.73
5645	EMPLOYEE INS DEDUCTIONS	(962.66)	(488.51)		(488.51)	(474.15)		(474.15)
5650	HEALTH COSTS & OTHER	44.71	22.67		22.67	22.04		22.04
5655	HEALTH INS REIMBURSEMENTS	3,622.31	1,835.65		1,835.65	1,786.66		1,786.66
5660	OTHER EMP PENSION/BENEFITS	466.40	235.95		235.95	230.45		230.45
5665	PENSION CONTRIBUTIONS	580.71	294.18		294.18	286.53		286.53
5670	TERM LIFE INS	141.17	71.62		71.62	69.55		69.55
5675	TERM LIFE INS-OPT	(2.92)	(1.45)		(1.45)	(1.47)		(1.47)
5680	DEPEND LIFE INS-OPT	(4.05)	(2.05)		(2.05)	(2.00)		(2.00)
5690	TUITION	67.32	34.05		34.05	33.27		33.27
5715	INSURANCE-OTHER	2,184.11	1,105.92		1,105.92	1,078.19		1,078.19
5735	COMPUTER MAINTENANCE	1,114.44	563.24		563.24	551.20		551.20
5740	COMPUTER SUPPLIES	157.20	80.49		80.49	76.71		76.71
5745	COMPUTER AMORT & PROG COST	35.54	18.42		18.42	17.12		17.12
5750	INTERNET SUPPLIER	20.98	10.62		10.62	10.36		10.36
5755	MICROFILMING	2.93	1.48		1.48	1.45		1.45
5760	WEBSITE DEVELOPMENT	3.35	1.70		1.70	1.65		1.65
5785	ADVERTISING/MARKETING	1.56	0.79		0.79	0.77		0.77
5790	BANK SERVICE CHARGE	68.36	34.78		34.78	33.58		33.58

5800 LETTER OF CREDIT FEE	8.21	4.12	4.12	4.09	4.09		
5805 LICENSE FEES	3.65	1.83	1.83	1.82	1.82		
5810 MEMBERSHIPS	41.56	20.99	20.99	20.57	20.57		
5815 PENALTIES/FINES	3.76	1.92	1.92	1.84	1.84		
5820 TRAINING EXPENSE	82.39	41.54	41.54	40.85	40.85		
5825 OTHER MISC EXPENSE	113.36	58.18	58.18	55.18	55.18		
5855 ANSWERING SERVICE	62.82	32.03	32.03	30.79	30.79		
5860 CLEANING SUPPLIES	3.67	1.86	1.86	1.81	1.81		
5865 COPY MACHINE	7.57	3.85	3.85	3.72	3.72		
5870 HOLIDAY EVENTS/PICNICS	3.35	1.72	1.72	1.63	1.63		
5875 KITCHEN SUPPLIES	1.40	0.71	0.71	0.69	0.69		
5880 OFFICE SUPPLY STORES	61.26	30.95	30.95	30.31	30.31		
5885 PRINTING/BLUEPRINTS	9.30	4.74	4.74	4.56	4.56		
5890 PUBL SUBSCRIPTIONS/TAPES	11.25	5.67	5.67	5.58	5.58		
5895 SHIPPING CHARGES	39.16	19.92	19.92	19.24	19.24		
5900 OTHER OFFICE EXPENSES	321.72	148.86	148.86	172.86	172.86		
5930 OFFICE ELECTRIC	35.31	17.93	17.93	17.38	17.38		
5935 OFFICE GAS	8.14	4.09	4.09	4.05	4.05		
5940 OFFICE WATER	1.60	0.81	0.81	0.79	0.79		
5945 OFFICE TELECOM	1,622.21	827.48	827.48	794.73	794.73		
5950 OFFICE GARBAGE REMOVAL	17.68	9.00	9.00	8.68	8.68		
5955 OFFICE LANDSCAPE / MOW / PLOW	43.06	21.79	21.79	21.27	21.27		
5960 OFFICE ALARM SYS PHONE EXP	411.54	179.63	179.63	231.91	231.91		
5965 OFFICE MAINTENANCE	90.74	46.29	46.29	44.45	44.45		
5970 OFFICE CLEANING SERVICE	80.24	40.94	40.94	39.30	39.30		
5975 OFFICE MACHINE/HEAT&COOL	39.65	20.15	20.15	19.50	19.50		
5980 OTHER OFFICE UTILITIES	0.91	0.47	0.47	0.44	0.44		
6005 ACCOUNTING STUDIES	3.61	1.86	1.86	1.75	1.75		
6010 AUDIT FEES	162.88	82.69	82.69	80.19	80.19		
6015 EMPLOY FINDER FEES	127.40	63.71	63.71	63.69	63.69		
6020 ENGINEERING FEES	0.02	0.01	0.01	0.01	0.01		
6025 LEGAL FEES	163.29	82.74	82.74	80.55	80.55		
6035 PAYROLL SERVICES	70.17	35.60	35.60	34.57	34.57		
6040 TAX RETURN REVIEW	121.17	62.28	62.28	58.89	58.89		
6045 TEMP EMPLOY - CLERICAL	298.52	153.54	153.54	144.98	144.98		
6050 OTHER OUTSIDE SERVICES	120.64	60.78	426.00	59.86	59.86		
6065 RATE CASE AMORT EXPENSE	25,882.32	12,987.11	(5,219.11)	7,768.00	12,895.21	(3,008.21)	9,887.00
6070 MISC REG MATTERS COMM EXP	61.46	30.97	30.97	30.49	30.49		
6105 SALARIES-SYSTEM PROJECT	135.11	68.20	68.20	66.91	66.91		
6110 SALARIES-ACCTG/FINANCE	1,551.97	791.86	791.86	760.11	760.11		
6115 SALARIES-ADMIN	157.05	79.83	79.83	77.22	77.22		
6120 SALARIES-OFFICERS/STKHLDR	1,556.32	787.17	787.17	769.15	769.15		
6125 SALARIES-HR	217.84	110.38	110.38	107.46	107.46		
6130 SALARIES-MIS	308.66	156.53	156.53	152.13	152.13		
6135 SALARIES-LEADERSHIP OPS	1,179.03	597.66	597.66	581.37	581.37		
6140 SALARIES-REGULATORY	917.11	464.03	464.03	453.08	453.08		
6145 SALARIES-CUSTOMER SERVICE	1,467.71	765.02	765.02	702.69	702.69		
6150 SALARIES-OPERATIONS FIELD	5,989.63	3,281.13	3,281.13	2,708.50	2,708.50		
6155 SALARIES-OPERATIONS OFFICE	975.14	508.88	508.88	466.26	466.26		

6160 SALARIES-CHGD TO PLT-WSC	-	-	-	-	-	-	-
6165 CAPITALIZED TIME ADJUSTMENT	(3,642.98)	(2,565.64)	(2,565.64)	(1,077.34)	(1,077.34)	(1,077.34)	(1,077.34)
6185 TRAVEL LODGING	176.94	89.15	89.15	87.79	87.79	87.79	87.79
6190 TRAVEL AIRFARE	42.34	21.38	21.38	20.96	20.96	20.96	20.96
6195 TRAVEL TRANSPORTATION	26.91	13.53	13.53	13.38	13.38	13.38	13.38
6200 TRAVEL MEALS	113.33	65.76	65.76	47.57	47.57	47.57	47.57
6205 TRAVEL ENTERTAINMENT	6.20	3.12	3.12	3.08	3.08	3.08	3.08
6215 FUEL	1,370.81	695.37	695.37	675.44	675.44	675.44	675.44
6220 AUTO REPAIR/TIRES	431.79	218.37	218.37	213.42	213.42	213.42	213.42
6225 AUTO LICENSES	3.77	1.91	1.91	1.86	1.86	1.86	1.86
6230 OTHER TRANS EXPENSES	7.52	3.84	3.84	3.68	3.68	3.68	3.68
6255 TEST-WATER	90.00	90.00	90.00	-	-	-	-
6270 TEST-SEWER	475.00	-	-	475.00	475.00	475.00	475.00
6285 WATER-MAINT SUPPLIES	1,199.99	1,199.99	(1,198.70)	1.29	-	-	-
6290 WATER-MAINT REPAIRS	850.51	850.51	(830.00)	20.51	-	-	-
6305 WATER-PERMITS	50.00	50.00	50.00	-	-	-	-
6310 WATER-OTHER MAINT EXP	1,019.06	1,019.06	(802.58)	216.48	-	-	-
6320 SEWER-MAINT SUPPLIES	(2.48)	-	-	(2.48)	(2.48)	(2.48)	(2.48)
6325 SEWER-MAINT REPAIRS	493.47	-	-	493.47	0.00	493.47	493.47
6335 SEWER-ELEC EQUIPT REPAIR	-	-	-	-	-	-	-
6345 SEWER-OTHER MAINT EXP	0.22	-	-	0.22	0.22	0.22	0.22
6355 DEFERRED MAINT EXPENSE	1,374.51	698.25	698.25	676.26	676.26	676.26	676.26
6360 COMMUNICATION EXPENSE	506.23	258.80	258.80	247.43	247.43	247.43	247.43
6365 EQUIPMENT RENTALS	(0.71)	(0.52)	(0.52)	(0.19)	(0.19)	(0.19)	(0.19)
6370 OPER CONTRACTED WORKERS	42,064.56	19,937.60	(2,235.04)	17,702.56	22,126.96	(2,235.04)	19,891.92
6380 REPAIRS & MAINT-MAINT, LAND	2.10	1.15	1.15	0.95	0.95	0.95	0.95
6385 UNIFORMS	11.07	5.63	5.63	5.44	5.44	5.44	5.44
6390 WEATHER/HURRICANE COSTS	1.89	0.91	0.91	0.98	0.98	0.98	0.98
6410 SLUDGE HAULING	-	-	-	-	-	-	-
OPERATION AND MAINTENANCE EXPENSE	112,817.00	53,743.35	(9,729.51)	44,013.84	59,283.45	(5,643.25)	53,640.20
6455 DEPREC-STRUCT & IMPRV SRC SUPPLY	1,470.25	1,470.25	(591.59)	878.66	-	-	-
DEPREC-ORG	-	-	309.36	309.36	-	-	-
DEPREC-FRANCHISE	-	-	31.25	31.25	-	-	-
6460 DEPREC-STRUCT & IMPRV WTP	157.39	157.39	56.61	214.00	-	-	-
6465 DEPREC-STRUCT & IMPRV DIST	60.98	60.98	-	60.98	-	-	-
6470 DEPREC-STRUCT & IMPRV GEN PLT	38.44	38.44	(38.44)	-	-	-	-
6485 DEPREC-WELLS & SPRINGS	735.94	735.94	11.53	747.47	-	-	-
6500 DEPREC-POWER GEN EQP	4.77	4.77	(5.02)	(0.25)	-	-	-
6505 DEPREC-ELEC PUMP EQP SRC PUMP	-	-	-	-	-	-	-
6510 DEPREC-ELEC PUMP EQP WTP	4,020.70	4,020.70	(38.60)	3,982.10	-	-	-
6520 DEPREC-WATER TREATMENT EQPT	1,462.55	1,462.55	14.98	1,477.53	-	-	-
6525 DEPREC-DIST RESV & STANDPIPES	888.65	888.65	(136.65)	752.00	-	-	-
6530 DEPREC-TRANS & DISTR MAINS	1,475.76	1,475.76	(2.95)	1,472.81	-	-	-
6535 DEPREC-SERVICE LINES	759.95	759.95	-	759.95	-	-	-
6540 DEPREC-METERS	1,099.68	1,099.68	-	1,099.68	-	-	-
6545 DEPREC-METER INSTALLS	184.13	184.13	-	184.13	-	-	-
6550 DEPREC-HYDRANTS	29.16	29.16	-	29.16	-	-	-
6580 DEPREC-OFFICE STRUCTURE	160.59	160.59	-	160.59	-	-	-
6585 DEPREC-OFFICE FURN/EQPT	52.32	52.32	-	52.32	-	-	-

6595	DEPREC-TOOL SHOP & MISC EQPT	153.61	153.61		153.61			
6600	DEPREC-LABORATORY EQUIPMENT	-	-	24.04	24.04			
6610	DEPREC-COMMUNICATION EQPT	4.30	4.30		4.30			
6905	DEPREC-AUTO TRANS	862.89	441.48		441.48	421.41	421.41	
6920	DEPREC-COMPUTER	2,465.86	1,251.47		1,251.47	1214.39	1214.39	
WATER DEPRECIATION EXPENSE		<u>16,087.92</u>	<u>14,452.12</u>	<u>(365.48)</u>	<u>14,086.64</u>	<u>1,635.80</u>	<u>-</u>	<u>1,635.80</u>
6640	DEPREC-ORGANIZATION	-	-		-	274.85	274.85	
6645	DEPREC-FRANCHISES INTANG PLT	31.21			31.21		31.21	
6660	DEPREC-STRUCT/IMPRV PUMP	5,076.15			5,076.15	1,015.27	6,091.42	
	DEPREC-STRUCT/IMP WWTP					7,123.00	7,123.00	
6680	DEPREC-STRUCT/IMPRV GEN PLT	7,141.54			7,141.54	(7,141.54)	-	
6710	DEPREC-SEWER FORCE MAIN	2,015.22			2,015.22	(1,999.00)	16.22	
6715	DEPREC-SEWER GRAVITY MAIN	1,762.11			1,762.11	(78.00)	1,684.11	
	DEPREC-MANHOLES					15.00	15.00	
	DEPREC-SERVICE LINES					478.00	478.00	
6750	DEPREC-PUMP EQP RCLM WTP	9.54			9.54	25.92	35.46	
6760	DEPREC-TREAT/DISP EQUIP LAGOON	1.32			1.32	1.25	2.57	
6765	DEPREC-TREAT/DISP EQ TRT PLT	1,250.36			1,250.36	1,224.31	2,474.67	
6785	DEPREC-OUTFALL LINES	64.68			64.68	(64.68)	-	
6800	DEPREC-OTHER PLT PUMP	42.66			42.66	75.84	118.50	
6835	DEPREC-TOOL SHOP & MISC EQPT	0.11			0.11		0.11	
	DEPREC-MISC EQUIP					32.17	32.17	
6860	DEPREC-OTHER TANG PLT SEWER	(4.09)			(4.09)	4.09	-	
WASTEWATER DEPRECIATION EXPENSE		<u>17,390.81</u>			<u>17,390.81</u>	<u>986.47</u>	<u>18,377.28</u>	
6985	AMORT-ORGANIZATION	-			-			
6995	AMORT-STRCT&IMPRV SRC SUPPLY	(245.28)	(245.28)	0.65	(244.63)			
7000	AMORT-STRCT&IMPRV WTP	(3.72)	(3.72)		(3.72)			
7025	AMORT-WELLS & SPRINGS	(175.43)	(175.43)		(175.43)			
7035	AMORT-SUPPLY MAINS	(240.41)	(240.41)	(54.38)	(294.79)			
7045	AMORT-ELEC PUMP EQP SRC PUMP	(1,031.15)	(1,031.15)		(1,031.15)			
7060	AMORT-WATER TREATMENT EQPT	(77.16)	(77.16)	(34.77)	(111.93)			
7065	AMORT-DIST RESV & STANDPIPES	(330.24)	(330.24)	133.88	(196.36)			
7070	AMORT-TRANS & DISTR MAINS	(350.75)	(350.75)	48.95	(301.80)			
7075	AMORT-SERVICE LINES	(182.89)	(182.89)		(182.89)			
7080	AMORT-METERS	(210.23)	(210.23)		(210.23)			
7085	AMORT-METER INSTALLS	(13.19)	(13.19)		(13.19)			
7090	AMORT-HYDRANTS	(6.97)	(6.97)		(6.97)			
7160	AMORT-OTHER TANGIBLE PLT WATER	(493.06)	(493.06)	493.06	-			
7165	AMORT-WATER-TAP	(537.84)	(537.84)	(527.21)	(1,065.05)			
7185	AMORT-WTR PLT MTR FEE	(2.28)	(2.28)	(1.47)	(3.75)			
WATER AMORTIZATION EXPENSE		<u>(3,900.60)</u>	<u>(3,900.60)</u>	<u>58.72</u>	<u>(3,841.88)</u>			
7225	AMORT-STRUCT/IMPRV PUMP PLT LS	(1,521.13)			(1,521.13)	(304.17)	(1,825.30)	
	AMORT-STRUCT/IMP WWTREATMENT					(1,078.70)	(1,078.70)	
7245	AMORT-STRUCT/IMPRV GEN PLT	(1,679.78)			(1,679.78)	1,679.78	-	
7275	AMORT-SEWER FORCE MAIN	(587.55)			(587.55)	570.66	(16.89)	
7280	AMORT-SEWER GRAVITY MAIN	(577.59)			(577.59)	(1.06)	(578.65)	
7325	AMORT-TREAT/DISP EQUIP LAGOON	(0.36)			(0.36)		(0.36)	
	AMORT-SERVICE LINES					(138.11)	(138.11)	
7330	AMORT-TREAT/DISP EQUIP TRT PLT	(174.01)			(174.01)	(164.41)	(338.42)	

7340 AMORT-PLANT SEWERS TRTMT PLT	-			-			
7350 AMORT-OUTFALL LINES	(18.36)			(18.36)			(18.36)
7430 AMORT-SEWER-TAP	(1,525.07)			(1,525.07)	1,525.07		-
WASTEWATER AMORTIZATION EXPENSE	<u>(6,083.85)</u>			<u>(6,083.85)</u>	<u>2,089.06</u>		<u>(3,994.79)</u>
7510 FICA EXPENSE	1,519.12	770.67	770.67	748.45			748.45
7515 FEDERAL UNEMPLOYMENT TAX	32.07	16.17	16.17	15.90			15.90
7520 STATE UNEMPLOYMENT TAX	88.51	44.60	44.60	43.91			43.91
PAYROLL TAXES	<u>1,639.70</u>	<u>831.44</u>	<u>-</u>	<u>831.44</u>	<u>808.26</u>	<u>-</u>	<u>808.26</u>
7535 FRANCHISE TAX	150.16	77.25	77.25	72.91			72.91
7540 GROSS RECEIPTS TAX	6,213.70	6,162.70	(3,829.70)	2,333.00	51.00	3,660.00	3,711.00
REGULATORY ASSESSMENT FEES	<u>6,363.86</u>	<u>6,239.95</u>	<u>(3,829.70)</u>	<u>2,410.25</u>	<u>123.91</u>	<u>3,660.00</u>	<u>3,783.91</u>
7545 PERSONAL PROPERTY/ICT TAX	-						
7550 PROPERTY/OTHER GENERAL TAX	(5,471.37)	(5,470.08)	5,468.76	(1.32)	(1.29)		(1.29)
7555 REAL ESTATE TAX	5,587.89	2,783.94	(1,190.29)	1,593.65	2,803.95	1,190.29	3,994.24
REAL ESTATE TAX	<u>116.52</u>	<u>(2,686.14)</u>	<u>4,278.47</u>	<u>1,592.33</u>	<u>2,802.66</u>	<u>1,190.29</u>	<u>3,992.95</u>
7595 DEF INCOME TAX-FEDERAL	(9,044.00)	(4,522.00)		(4,522.00)	(4,522.00)		(4,522.00)
7600 DEF INCOME TAXES-STATE	(1,548.00)	(774.00)		(774.00)	(774.00)		(774.00)
7605 INCOME TAXES-FEDERAL	2,159.00	2,159.00		2,159.00			-
7610 INCOME TAXES-STATE	(3,654.00)	(3,654.00)		(3,654.00)			-
DEFERRED INCOME TAX		<u>(6,791.00)</u>	<u>0.00</u>	<u>(6,791.00)</u>	<u>(5,296.00)</u>	<u>0.00</u>	<u>(5,296.00)</u>
7690 SALE OF EQUIPMENT	(0.44)	(0.22)		(0.22)	(0.22)		(0.22)
7691 NET BOOK VALUE-DISPOSAL	0.31	0.16		0.16	0.15		0.15
7693 DISPOSAL-PROCEEDS	(81.75)	(42.06)		(42.06)	(39.69)		(39.69)
		<u>(42.12)</u>	<u>0.00</u>	<u>(42.12)</u>	<u>(39.76)</u>	<u>0.00</u>	<u>(39.76)</u>

SCHEDULE 5-TEST YEAR ADJUSTMENTS

Account	NARUC	Description	Filing Average DEBIT	Filing Average CREDIT	Books Year End DEBIT	Books Year End CREDIT
1						
242.1315	304.50	Structures & Improvements - General		228,686.00		230,185.93
242.1065	354.00	Structures and Improvements General Water		3,680.00		7,360.21
242.1120	330.00	Distribution Reservoirs and Standpipes		1,605.44		1,605.44
242.3505	271.00	CIAC - Structures & Improvements - Wastewater Treatment		34,518.44		34,518.44
242.1345	360.20	Force Mains		19,236.00		20,511.00
242.1350	361.20	Gravity Mains		2,092.00		4,064.00
242.3705	271.00	CIAC - Sewer Tap		33,052.99		33,052.99
242.3565	271.00	CIAC Services		6,326.43		7,601.00
242.1285	303.50	Land & Land Rights - General		21,665.00		21,665.00
242.3435	271.00	CIAC - Water Tap		19,737.00		19,737.00
242.1215	348.50	Water Plant Allocated		5,633.00		5,633.00
242.1500	398.70	Other Tangible Plant - Wastewater		223.06		223.06
242.4565	233.00	Intercompany Payable		224,488.56		224,488.28
242.1055	354.00	Water Structures and Improvements	17,830.00		21,509.86	
242.1495	398.70	Wastewater Plant Allocated	223.06		223.06	
242.1220	348.50	Other Tangible Plant - Water	5,633.00		5,633.00	
242.3430	271.00	CIAC - Other Tangible Plant - Water	19,737.00		19,737.00	
242.1350	333.00	Services to Customer	19,236.00		20,511.00	
242.1353	361.10	Manholes	2,092.00		4,064.00	
242.3550	271.00	CIAC Force Mains	6,326.43		7,601.00	
242.1270	353.40	Land & Land Rights - Wastewater Treatment	21,665.00		21,665.00	
242.3520	271.00	CIAC - Structures & Improvements - General	67,571.43		67,571.43	
242.1400	380.40	Treatment & Disposal - Wastewater Treatment Pl	208,851.00		208,851.00	
242.1300	354.40	Structures & Improvements - Wastewater Treatm	231,779.00		233,279.00	
To remove two entries to plant made in error when trying to correct for order. To transfer plant from General to Water or Wastewater and to transfer CIAC to proper accounts. Audit Finding 2.						
2						
242.1840	108.00	Acc. Dep. Franchises		78.12		94.00
242.1850	108.00	Acc. Dep. Structures & Improvements - Water Treatment		10,685.00		10,712.90
242.1860	108.00	Acc. Dep. Structures & Improvements - General	19.00		38.44	
242.1890	108.00	Acc. Dep. Power Generation Equipment		6.49		13.00
242.1900	108.00	Acc. Dep. Electric Pump Equipment - Water Treatment		4.50		4.00
242.1915	108.00	Acc. Dep. Distribution Reservoirs & Standpipes		23.00	45.90	
242.1920	108.00	Acc. Dep. Transmission & Distribution Mains		553.94		552.00
242.1935	108.00	Acc. Dep. Meter Installations		1.69		2.00
242.1990	108.00	Acc. Dep. Laboratory Equipment		36.09		48.00
242.0000	108.00	Acc. Dep. Miscellaneous Equipment Wastewater		80.42		97.00
242.2010	108.00	Acc. Dep. Other Tangible Plant - Water		6,036.00		6,036.00
242.2030	108.00	Acc. Dep. Organization		86,002.55		86,140.00
242.2055	108.00	Acc. Dep. Structures & Improvements - Pump Lift Stations		282.21	1,422.00	
242.2060	108.00	Acc. Dep. Structures & Improvements - Wastewater Treatment		109,667.00		115,441.00
242.2110	108.00	Acc. Dep. Gravity Mains	112.82		151.00	
242.2145	108.00	Acc. Dep. Pumping Equipment - Reclaimed Water Treatment		12.96		26.00
242.2160	108.00	Acc. Dep. Treatment & Disposal - Wastewater Treatment Plant		2,332.71		2,945.00
242.2155	108.00	Acc. Dep. Treatment & Disposal - Lagoons		3.12		4.00
242.2195	108.00	Acc. Dep. Other Plant - Pumping Equipment		35.23		76.00
242.2255	108.00	Acc. Dep. Other Tangible Plant - Wastewater		8,692.17		8,694.00
242.3810	272.00	Acc. Amort. CIAC - Structures & Improvements - Source of Supply		1.37		2.00
242.3880	272.00	Acc. Amort. CIAC - Distribution Reservoirs & Standpipes		335.06		402.00
242.3885	272.00	Acc. Amort. CIAC - Transmission & Distribution Mains		122.02		147.00
242.3975	272.00	Acc. Amort. CIAC - Other Tangible Plant - Water		37,460.04		37,707.57
242.4050	272.00	Acc. Amort. CIAC - Structures & Improvements - Lift Stations		26,096.30		25,944.00
242.4070	272.00	Acc. Amort. CIAC - Structures & Improvements - General		49,248.05		50,088.00
242.4100	272.00	Acc. Amort. CIAC - Force Mains		11,720.83		11,807.00
242.4105	272.00	Acc. Amort. CIAC - Gravity Mains		12,073.02		12,072.00
242.0000	272.00	Acc. Amort. CIAC - Services To Customers	822.00		892.00	
242.4155	272.00	Acc. Amort. CIAC -Treatment & Disposal - Wastewater Treatment		3,562.79		3,481.00
242.4150	272.00	Acc. Amort. CIAC -Treatment & Disposal - Lagoons		7.47		7.00
242.3418	272.00	Acc. Amort. CIAC - Outfall Lines		351.95		352.00
242.0000	108.00	Acc. Dep. Manholes		16.00		23.00
242.1835	108.30	Acc. Dep. Organization	5,262.61		5,108.00	

Account	NARUC	Description	Filing Average 2008 DEBIT	Filing Average 2008 CREDIT	Books Year End 12/31/2008 DEBIT	Books Year End 12/31/2008 CREDIT
242.1845	108.30	Acc. Dep. Structures & Impr.-Src. of Sup.	2,774.92		5,348.00	
242.1855	108.30	Acc. Dep. Str. & Impr.-Trns. & Dist.	2,277.60			
242.1875	108.31	Acc. Dep. Wells & Springs	22.45		22.00	
242.1930	108.33	Acc. Dep. Meters	0.62			
242.1910	108.35	Acc. Dep. Water Treatment Equipment	4,498.11		4,498.00	
242.2075	108.35	Acc. Dep. Structures & Impr.-General	111,918.00		115,489.17	
242.2105	108.36	Acc. Dep. Force Mains	14,304.92		15,305.00	
242.0000	108.36	Acc. Dep. Services To Customers		11,901.00		12,140.00
242.2180	108.38	Acc. Dep. Outfall Lines	97.01		129.00	
242.2230	108.40	Acc. Dep. Tools, Shop, & Misc. Eq.	52.94		53.00	
242.3980	272.00	Acc. Amt. CIAC - Water Tap	34,487.98		34,735.00	
242.4265	272.00	Acc. Amt. CIAC - Sewer Tap	89,855.05		89,093.00	
242.3800	272.30	Acc. Amt. CIAC - Organization	2,447.34		2,447.00	
242.3850	272.31	Acc. Amt. CIAC - Supply Mains	27.19		54.00	
242.3875	272.32	Acc. Amt. CIAC - Water Treatment Eq.	87.04		104.00	
242.4005	272.33	Acc. Amt. CIAC - Water Plant Meter Fee	1.73		2.00	
242.4030	272.35	Acc. Amt. CIAC - Organization	3,824.98		3,824.98	
242.0000	272.35	Acc. Amt. CIAC - Str. & Impr.-WW Tr.	5,420.30		5,960.00	
242.0000	403.00	Dep. Exp. Manholes	15.00		15.00	
242.6455	403.00	Dep. Exp. Str. & Impr.-Source of Sup.		591.59		591.59
242.6525	403.00	Dep. Exp. Distribution Res. & Standpipes		137.00		136.65
242.6530	403.00	Dep. Exp. Transmission & Distr. Mains		2.95		2.95
242.6680	403.00	Dep. Exp. Structures & Impr.- General		7,142.00		7,141.54
242.6710	403.00	Dep. Exp. Force Mains		1,999.00		1,999.00
242.0000	403.00	Dep. Exp. Services To Customers	478.00		478.00	
242.6785	403.00	Dep. Exp. Outfall Lines		64.68		64.68
242.7165	407.00	Amt. Exp. CIAC - Water Tap		493.46		493.46
242.7035	407.00	Amt. Exp. CIAC - Supply Mains		54.38		54.38
242.7060	407.00	Amt. Exp. CIAC - Water Treatment Eq.		34.77		34.77
242.7185	407.00	Amt. Exp. CIAC - Water Plant Meter Fee		1.47		1.47
242.7225	407.00	Amt. Exp. CIAC - Str. & Impr.-Lift Stations		304.17		304.17
242.0000	407.00	Amt. Exp. CIAC - Str. & Impr.-WW Tr.		1,078.70		1,078.70
242.7280	407.00	Amt. Exp. CIAC - Gravity Mains		1.06		1.06
242.7330	407.00	Amt. Exp. CIAC -Treatment & Dis. - WW Tr.		164.41		164.41
242.0000	403.00	Dep. Exp. Organization	309.36		309.36	
242.0000	403.00	Dep. Exp. Franchises	31.25		31.25	
242.6460	403.00	Dep. Exp. Structures & Impr. - WTP	56.61		56.61	
242.6470	403.00	Dep. Exp. Structures & Impr.-General		38.44		38.44
242.6500	403.00	Dep. Exp. Power Generation Equipment	12.98		12.98	
242.6600	403.00	Dep. Exp. Laboratory Equipment	24.04		24.04	
242.0000	403.00	Dep. Exp. Miscellaneous Equipment	32.17		32.17	
242.6640	403.00	Dep. Exp. Organization	274.85		274.85	
242.6660	403.00	Dep. Exp. Structures & Impr.-Pump Lift St.	1,015.27		1,015.27	
242.0000	403.00	Dep. Exp. Structures & Impr.-WW Tr.	7,123.00		7,123.00	
242.6715	403.00	Dep. Exp. Gravity Mains		78.00		78.00
242.6750	403.00	Dep. Exp. Pump. Eq.-Reclaimed Water Tr.	25.92		25.92	
242.6760	403.00	Dep. Exp. Treatment & Disposal - Lagoons	1.25		1.25	
242.6765	403.00	Dep. Exp. Treatment & Disposal - WW Tr.	1,224.31		1,224.31	
242.6800	403.00	Dep. Exp. Other Plant - Pumping Eq.	75.84		75.84	
242.6860	403.00	Dep. Exp. Other Tangible Plant - WW	4.09		4.09	
242.7430	407.00	Amt. Exp. CIAC - Sewer Tap	1,525.07		1,525.07	
242.6995	407.00	Amt. Exp. CIAC - Str. & Imp.-Src. of Sup.	0.65		0.65	
242.7065	407.00	Amt. Exp. CIAC - Distr. Res. & Standpipes	133.88		133.88	
242.7070	407.00	Amt. Exp. CIAC - Trans. & Distr. Mains	48.95		48.95	
242.7160	407.00	Amt. Exp. CIAC - Other Tang. Plant - Water	493.06		493.06	
242.7245	407.00	Amt. Exp. CIAC - Structures & Imp.-Gen.	1,679.78		1,679.78	
242.7275	407.00	Amt. Exp. CIAC - Force Mains	570.66		570.66	
242.0000	407.00	Amt. Exp. CIAC - Services To Customers		138.11		138.11
		Retained Earnings	96,282.71		97,503.37	
		To correct ledger for posting errors in booking last ordered adjustments and to correct for rates and other depreciation and amortization errors.				
		Audit Finding 3				

Account	NARUC	Description	Filing Average DEBIT	Filing Average CREDIT	Books Year End DEBIT	Books Year End CREDIT
3						
242.4998	215.00	Retained Earnings	771.96		771.96	
242.1105	311.00	Electric Pumping Equipment Water Tr. To remove a service agreement that should have been expensed in 2006.		771.96		771.96
242.1900	108.00	Acc. Dep. Electric Pumping Equipment Water	90.06		109.36	
242.6800	403.00	Dep. Exp. Electric Pumping Eq. Water Tr.		38.60		38.60
242.4998	215.00	Retained Earnings To remove depreciation on asset based on 20 years and 34 months as used in the redone depreciation schedules. Audit Finding 4.		51.46		70.76
4						
242100.7550	408.11	Other Property Tax General	5,468.76		5,468.76	
242.4998	215.00	Retained Earnings To remove tax accrual not related to actual tax. Audit Finding 5		5,468.76		5,468.76
5						
242101.7555	408.11	Wastewater Property Tax	1,190.29		1,190.29	
242100.7555	408.11	Water Property Tax To correct company allocation of taxes based on ERC's instead of actual bills. Audit Finding 5.		1,190.29		1,190.29
6						
242.4998	215.00	Retained Earnings	2,797.70		2,797.70	
242100.7540	408.10	Regulatory Assessment Fee Water To remove 2007 taxes recorded in 2008. Audit Finding 6.		2,797.70		2,797.70
7						
242100.7540	408.10	Regulatory Assessment Fee Water	1,101.00		1,101.00	
242101.7540	408.10	Regulatory Assessment Fee Wastewater	1,593.00		1,593.00	
242.5612	236.10	Taxes Payable To record July to December taxes. Audit Finding 6.		2,694.00		2,694.00
8						
242101.7540	408.10	Regulatory Assessment Fee Wastewater	2,118.00		2,118.00	
242100.7540	408.10	Regulatory Assessment Fee Water To transfer wastewater taxes from water account. Audit Finding 6.		2,118.00		2,118.00
9						
	425.00	Below the line expense	66.00		66.00	
242100.7540	408.10	Regulatory Assessment Fee Water		15.00		15.00
242101.7540	408.10	Regulatory Assessment Fee Wastewater To remove penalties to below the line. Audit Finding 6.		51.00		51.00
10						
242100.6050	636.00	Outside Services - Other	426.00		426.00	
242.1095	345.00	Power Generation Equipment Water		213.00		426.00
242.4998	215.00	Retained Earnings To transfer annual service call for generator to expense. Audit Finding 4.		213.00		
242.4998	215.00	Retained Earnings	9.00			
242.1890	108.00	Accumulated Dep. Power Gen. Eq. Water	9.00		18.00	
242.6500	403.00	Depreciation Expense Power Gen Eq Water To remove depreciation and accumulated depreciation. Audit Finding 4.		18.00		18.00
11						
242.4998	215.00	Retained Earnings	200.00		200.00	
	162.00	Deposits	200.00		200.00	
242101.5470	715.00	WW Electric To transfer electric deposit to prepaid since it is not a recurring expense. Audit Finding 7.		400.00		400.00

Account	NARUC	Description	Filing Average DEBIT	Filing Average CREDIT	Books Year End DEBIT	Books Year End CREDIT
12						
242.4998	215.00	Retained Earnings	599.35			
242.1105	320.00	Water Treatment Plant Eq	599.35		1,198.70	
242100.6285	620.00	Water Maintenance Supplies To transfer January 2008 invoices for pressure relief valve and installation. Lehigh \$545 and USA BlueBook \$653.70. Audit Finding 8		1,198.70		1,198.70
242.1895	108.00	Acc. Dep. Water Treatment Eq.	449.51		899.03	
242.1105	320.00	Water Treatment Plant Eq Retire old at 75%		449.51		899.03
242100.6520	403.00	Depreciation Exp. Water Tr. Eq.	14.98		14.98	
242.1895	108.00	Acc. Dep. Water Tr. Eq.		7.49		14.98
242.4998	215.00	Retained Earnings Depreciate for full year using 20 years (January addition) net of addition and retirement		7.49		
13						
242.4998	215.00	Retained Earnings	415.00			
242.1080	311.00	Wells	415.00		830.00	
242100.6290		Water Maintenance Repairs Capitalize screens put over openings of wells. New, no retirement.		830.00		830.00
242100.6485	403.00	Depreciation Expense Wells	11.53		11.53	
242.1875	108.00	Accumulated Depreciation Wells		5.76		11.53
242.4998	215.00	Retained Earnings Depreciate at 30 years Starting in August Audit Finding 9		5.77		
14						
REMOVED						
15						
242100.6310	425.00	Below the line expense	802.58		802.58	
	636.00	Water Other Maintenance Exp. Remove service call that was never performed due to no one showing up to let them in. (Diesel Energy Systems) Audit Finding 10.		802.58		802.58
16						
4515.0000	142.00	Accounts Payable	4,319.70		4,319.70	
242100.6370	631.00	Contractor Eng. Water		2,159.85		2,159.85
242101.6370	731.00	Contractor Eng. Wastewater To remove invoice included both here and in 5/5 invoice to Pugh as beginning bal. Audit Finding 11		2,159.85		2,159.85
17						
242.2675	427.00	Interest Expense	65.38		65.38	
	142.00	Accounts Receivable Customer	85.00		85.00	
242100.6370	631.00	Contractor Engineering Water		75.19		75.19
242101.6370	731.00	Contractor Eng. Wastewater To remove interest expense and leak repair on customer side Pugh bill paid 5/5/08. Audit Finding 11		75.19		75.19

Account	NARUC	Description	Filing Average DEBIT	Filing Average CREDIT	Books Year End DEBIT	Books Year End CREDIT
18						
242.4998	215.00	Retained Earnings	8,227.32		8,227.32	
242100.6065	666.00	Regulatory Expense Water		5,219.11		5,219.11
242101.6065	766.00	Regulatory Expense Wastewater		3,008.21		3,008.21
		To reduce amortization of rate case expense to ordered amount. Audit Finding 12				
19						
242100.5465	615.00	Water Electric	129.92		129.92	
242101.5470	715.00	WW Electric	209.80		209.80	
242.2710	145.00	Intercompany Payable		339.72		339.72
		To increase electric for bills that were not included in expenses in general ledger. Audit Finding 7				
20						
242.5285	400.00	Water-Miscellaneous Revenue	1,350.00		1,350.00	
242.3455	271.00	Water CIAC Tap		675.00		1,350.00
242.4998	215.00	Retained Earnings		675.00		
		To transfer CIAC from Misc. Revenue to CIAC 41-8/1-1 Audit Finding 25				
242.4998	215.00	Retained Earnings	16.87			
242.3980	272.00	Acc. Amort. Water CIAC Tap	16.88		33.75	
242.100.7165	407.00	Amt. Exp. Water CIAC Tap		33.75		33.75
		To record amortization at 40 years.				

Schedule 6-Proforma Adjustments

NARUC	Description	Filing 2008 DEBIT	Filing 2008 CREDIT
	<u>1</u>		
380.00	Treatment and Disposal Equipment Wastewater Pumping	8,877.97	
215.00	Retained Earnings		8,877.97
	To record proforma for blower work done in 2009 and work planned for 2010.		
108.00	Acc. Dep. Treatment and Disposal Eq. Wastewater Pumping	6,658.48	
380.00	Treatment and Disposal Equipment Wastewater Pumping		6,658.48
	To retire old blower parts based on 75% of new addition.		
403.00	Depreciation Expense T & D Equipment Wastewater Pumping	123.30	
108.00	Acc. Dep. Treatment and Disposal Eq. Wastewater Pumping		123.30
	To record the difference in depreciation between the addition and the retirement at 18 year rate.		
	Audit Finding 13		
	<u>2</u>		
354.30	Structure and Improvement Pumping Plant Lift Station	11,587.64	
215.00	Retained Earnings		11,587.64
	To record the Subpump and guiderails added in 2009.		
108.00	Acc. Dep. Structure and Imp. Pumping Plant Lift Station	8,690.23	
354.30	Structure and Improvement Pumping Plant Lift Station		8,690.23
	To retire old lift station parts based on 75% of new addition.		
403.00	Depreciation Exp. Structure and Imp. Pumping Plant Lift Station	115.90	
108.00	Acc. Dep. Structure and Imp. Pumping Plant Lift Station		115.90
	To record depreciation on difference between addition and retirement at 25 years		
	Audit Finding 13		
	<u>3</u>		
215.00	Retained Earnings	18.53	
418.00	Wastewater Revenues	441.62	
418.00	Water Revenues		460.15
	To correct revenues using correct months and current rates.		
	Audit Finding 14		
	<u>4</u>		
408.10	Regulatory Assessment Fee Water	20.71	
408.10	Regulatory Assessment Fee Wastewater		19.87
215.00	Retained Earnings		0.84

<u>NARUC</u>	<u>Description</u>	<u>Filing 2008 DEBIT</u>	<u>Filing 2008 CREDIT</u>
	<u>5</u>		
408.00	Property Taxes Water	41.25	
408.00	Property Taxes Wastewater	42.16	
215.00	Retained Earnings	186.31	
414.00	Sale of Equipment water	41.87	
414.00	Sale of Equipment Wastewater	39.51	
620.00	Misc. Expenses Water	2.98	
632.00	Outside Services Accounting Water	5.19	
636.00	Outside Services Other Water	42.81	
642.00	Equipment Rental Water	0.52	
659.00	Insurance Other Water	66.06	
670.00	Uncollectible Expense Water	10.37	
720.00	Misc. Expenses Wastewater	51.45	
732.00	Outside Services Accounting Wastewater	11.19	
736.00	Outside Services Other Wastewater	66.94	
742.00	Equipment Rental Wastewater	0.19	
759.00	Insurance Other Wastewater	93.79	
770.00	Uncollectible Expense Wastewater	10.37	
403.00	Depreciation Expense Water		419.72
403.00	Depreciation Expense Wastewater		98.75
604.00	Training Expense Water		0.91
618.00	Chlorine Water		0.04
633.00	Outside Services Legal Water		21.23
667.00	Misc. Regulatory Expense Water		27.43
675.00	Miscellaneous Expense Water		79.61
704.00	Training Expense Wastewater		0.22
718.00	Chlorine Wastewater		0.04
733.00	Outside Services Legal Wastewater		19.19
767.00	Misc. Regulatory Expense Wastewater		26.95
775.00	Miscellaneous Expense Wastewater		18.87
	To change allocations of headquarter expense based on ERC's revised for sale and inclusion of Louisiana in Regional allocations. Audit Finding 15		
	<u>6</u>		
108.00	Acc. Dep. Water Allocated	4,180.00	
101.00	Wastewater Land Allocated	42.16	
101.00	Wastewater Plant Allocated	12,312.00	
101.00	Water Plant Allocated		12,312.00
101.00	Water Land Allocated		42.16
108.00	Acc. Dep. Wastewater Allocated		4,180.00
	To allocate half of the allocations booked from Headquarters to Wastewater. Audit Finding 16		
	<u>7</u>		
	Intercompany Payable	2,225.06	
108.00	Acc. Dep. Water Allocated	947.00	
108.00	Acc. Dep. Wastewater Allocated	947.00	
101.00	Water Land Allocated	1.64	
101.00	Wastewater Land Allocated	1.64	
101.00	Water Plant Allocated		2,061.17
101.00	Wastewater Plant Allocated		2,061.17
	To correct allocations of plant for ERC's. Audit Finding 16		

<u>NARUC</u>	<u>Description</u>	<u>Filing 2008 DEBIT</u>	<u>Filing 2008 CREDIT</u>
	<u>8</u>		
215.00	Retained Earnings	4,176.00	
601.00	Operating Salaries Water	765.00	
701.00	Operating Salaries Wastewater	765.00	
341.50	Vehicles Water		2,205.00
391.70	Vehicles Wastewater		2,205.00
408.12	Payroll Tax Water		275.00
408.12	Payroll Tax Wastewater		275.00
601.00	Office Salaries Water		202.00
601.00	Cap Time Water		162.00
603.00	Officer Salaries Water		755.00
604.00	Benefits Water		1,154.00
640.00	Transportation Expense Water		449.00
701.00	Office Salaries Wastewater		202.00
701.00	Cap Time Wastewater		162.00
703.00	Officer Salaries Wastewater		755.00
704.00	Benefits Wastewater		1,154.00
750.00	Transportation Expense Wastewater		449.00
108.10	Vehicles Acc. Dep. Water	2,448.00	
108.10	Vehicles Acc. Dep. Wastewater	2,448.00	
403.00	Vehicle Depreciation Expense Water		99.00
403.00	Vehicle Depreciation Expense Wastewater		99.00

To correctly allocate salaries, benefits and cars with payroll increases. Audit Finding 17

	<u>9</u>		
715.00	Electric Expense Wastewater	418.00	
215.00	Retained Earnings		418.00
	To increase electric for new Coronado lift station to service new townhome development. Average \$38 per month for 11 months Audit Finding 7		
	<u>10</u>		
215.00	Retained Earnings	14,948.00	
633.00	Regulatory Amortization Water		6,547.00
733.00	Regulatory Amortization Wastewater		8,401.00
	To reduce rate case amortization to amortization of remaining costs and filing fee. Audit Finding 19		
	<u>11</u>		
215.00	Retained Earnings	954.00	
618.00	Chlorine Water		552.00
718.00	Chlorine Wastewater		402.00
	To reduce chlorine costs to 2009 levels due to better efficiency and a different vendor. Audit Finding 20		
	<u>12</u>		
215.00	Retained Earnings	694.00	
670.00	Bad Debt Expense Water		694.00
	Reduce bad debt to 2009 level. Had large write offs in 2008. Audit Finding 21		
	<u>13</u>		
215.00	Retained Earnings	714.60	
	Water O & M Expenses		357.30
	Wastewater O & M Expenses		357.30
	To remove errors in headquarters sample. Audit Finding 22		