

Rubin & Hays

ATTORNEYS AT LAW

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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

February 13, 2012

RECEIVED

FEB 15 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: South Anderson Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the South Anderson Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before March 15, 2012 (the proposed closing date).**

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures

cc: Ms. Brenda Robinson, South Anderson Water District
Ms. Kristen Millard, Morgan Keegan

RECEIVED

FEB 15 2012

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF THE SOUTH)
 ANDERSON WATER DISTRICT TO)
 ISSUE SECURITIES IN THE APPROX-)
 MATE PRINCIPAL AMOUNT OF \$2,000,000)
 FOR THE PURPOSE OF REFUNDING CERTAIN)
 OUTSTANDING REVENUE BONDS OF THE) Case No. 2012 - _____
 DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

** *** **** ***** **** *** **

APPLICATION

The Applicant, South Anderson Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum of \$2,000,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding water system revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Anderson County, which Order is on file in the County Court Order Books in the office of the Clerk of Anderson County, Kentucky. The District is now, and has been since its inception, regulated by the

Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

South Anderson Water District
c/o Mr. Eddie Stevens, Chairman
142 South Main Street
Lawrenceburg, Kentucky 40342
Telephone: (502) 839-6919

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2010 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$2,000,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) South Anderson Water District Water System Revenue Bonds, Series of 1993, dated September 8, 1994, in the original principal amount of \$655,000, bearing interest at the rate of 5.50% per annum (the "1993 Bonds"); (ii) South Anderson Water District Water System Refunding Revenue Bonds, Series 1999A, dated April 15, 1999, in the original principal amount of \$865,000, bearing interest at the rates of 5.00% to 5.125% per annum (the "1999A Bonds"); and (iii) South Anderson Water District Water System Revenue

Bonds, Series of 2002, dated September 10, 2002, in the original principal amount of \$1,089,000, bearing interest at the rate of 5.125% per annum (the "2002 Bonds") (hereinafter, the 1993 Bonds, the 1999A Bonds and the 2002 Bonds are collectively referred to as the "Prior Bonds"). The 1993 Bonds and the 2002 Bonds are currently held by USDA, Rural Development and the 1999A Bonds are held in the open market.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. The Sources and Uses of Funds of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will generate a net present value benefit of approximately \$189,378.87. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted, based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

14. The detailed Statement of Revenues, Expenses and Changes in Net Assets, Statement of Net Assets and Statement of Cash Flows for the twelve month period ending on December 31, 2010 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2010 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

16. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.

- (b) Section 6(5) Bonds: The KRWFC Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2010. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2010. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the KRWFC Loan while more current financial data is compiled.

18. No rate adjustment will be necessary.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

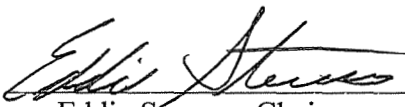
1. Authorize the issuance of the securities requested in the Application **prior to the estimated closing date of March 15, 2012;**

2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2010 Annual Report and 2010 audit in lieu of more recent financial data, there being no material change in the data in 2011 and 2012, and due to the volatility of the present bond market; and

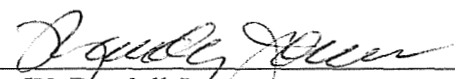
3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any information requests by the Commission's staff.

South Anderson Water District

By 
Eddie Stevens, Chairman
142 South Main Street
Lawrenceburg, Kentucky 40342
Phone: (502) 839-6919

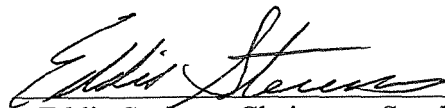
Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for South Anderson Water
District

STATE OF KENTUCKY)
) SS
COUNTY OF ANDERSON)

The affiant, Eddie Stevens, being first duly sworn, states: That he is the Chairman of the South Anderson Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 1st day of February, 2012.



Eddie Stevens, Chairman, South Anderson
Water District

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Eddie Stevens, Chairman of the South Anderson Water District, on this the 1st day of FEBRUARY, 2012.

My Commission expires: July 3, 2012.



NOTARY PUBLIC

Preliminary

\$2,000,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
South Anderson Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/15/2012	-	-	-	-	-
08/01/2012	-	-	27,096.11	27,096.11	-
12/30/2012	-	-	-	-	27,096.11
02/01/2013	75,000.00	2.200%	35,862.50	110,862.50	-
08/01/2013	-	-	35,037.50	35,037.50	-
12/30/2013	-	-	-	-	145,900.00
02/01/2014	85,000.00	2.200%	35,037.50	120,037.50	-
08/01/2014	-	-	34,102.50	34,102.50	-
12/30/2014	-	-	-	-	154,140.00
02/01/2015	85,000.00	2.200%	34,102.50	119,102.50	-
08/01/2015	-	-	33,167.50	33,167.50	-
12/30/2015	-	-	-	-	152,270.00
02/01/2016	85,000.00	2.200%	33,167.50	118,167.50	-
08/01/2016	-	-	32,232.50	32,232.50	-
12/30/2016	-	-	-	-	150,400.00
02/01/2017	85,000.00	3.200%	32,232.50	117,232.50	-
08/01/2017	-	-	30,872.50	30,872.50	-
12/30/2017	-	-	-	-	148,105.00
02/01/2018	95,000.00	3.200%	30,872.50	125,872.50	-
08/01/2018	-	-	29,352.50	29,352.50	-
12/30/2018	-	-	-	-	155,225.00
02/01/2019	95,000.00	3.200%	29,352.50	124,352.50	-
08/01/2019	-	-	27,832.50	27,832.50	-
12/30/2019	-	-	-	-	152,185.00
02/01/2020	100,000.00	3.200%	27,832.50	127,832.50	-
08/01/2020	-	-	26,232.50	26,232.50	-
12/30/2020	-	-	-	-	154,065.00
02/01/2021	100,000.00	3.200%	26,232.50	126,232.50	-
08/01/2021	-	-	24,632.50	24,632.50	-
12/30/2021	-	-	-	-	150,865.00
02/01/2022	105,000.00	3.200%	24,632.50	129,632.50	-
08/01/2022	-	-	22,952.50	22,952.50	-
12/30/2022	-	-	-	-	152,585.00
02/01/2023	105,000.00	3.200%	22,952.50	127,952.50	-
08/01/2023	-	-	21,272.50	21,272.50	-
12/30/2023	-	-	-	-	149,225.00
02/01/2024	110,000.00	4.200%	21,272.50	131,272.50	-
08/01/2024	-	-	18,962.50	18,962.50	-
12/30/2024	-	-	-	-	150,235.00
02/01/2025	55,000.00	4.200%	18,962.50	73,962.50	-
08/01/2025	-	-	17,807.50	17,807.50	-
12/30/2025	-	-	-	-	91,770.00
02/01/2026	55,000.00	4.200%	17,807.50	72,807.50	-
08/01/2026	-	-	16,652.50	16,652.50	-
12/30/2026	-	-	-	-	89,460.00
02/01/2027	60,000.00	4.200%	16,652.50	76,652.50	-
08/01/2027	-	-	15,392.50	15,392.50	-
12/30/2027	-	-	-	-	92,045.00
02/01/2028	60,000.00	4.200%	15,392.50	75,392.50	-
08/01/2028	-	-	14,132.50	14,132.50	-
12/30/2028	-	-	-	-	89,525.00
02/01/2029	65,000.00	4.200%	14,132.50	79,132.50	-
08/01/2029	-	-	12,767.50	12,767.50	-
12/30/2029	-	-	-	-	91,900.00
02/01/2030	65,000.00	4.200%	12,767.50	77,767.50	-
08/01/2030	-	-	11,402.50	11,402.50	-
12/30/2030	-	-	-	-	89,170.00
02/01/2031	70,000.00	4.200%	11,402.50	81,402.50	-
08/01/2031	-	-	9,932.50	9,932.50	-
12/30/2031	-	-	-	-	91,335.00
02/01/2032	75,000.00	4.450%	9,932.50	84,932.50	-
08/01/2032	-	-	8,263.75	8,263.75	-
12/30/2032	-	-	-	-	98,196.25
02/01/2033	75,000.00	4.450%	8,263.75	83,263.75	-
08/01/2033	-	-	6,595.00	6,595.00	-
12/30/2033	-	-	-	-	89,858.75
02/01/2034	35,000.00	4.450%	6,595.00	41,595.00	-
08/01/2034	-	-	5,816.25	5,816.25	-
12/30/2034	-	-	-	-	47,411.25
02/01/2035	40,000.00	4.450%	5,816.25	45,816.25	-
08/01/2035	-	-	4,926.25	4,926.25	-
12/30/2035	-	-	-	-	50,742.50
02/01/2036	40,000.00	4.450%	4,926.25	44,926.25	-
08/01/2036	-	-	4,036.25	4,036.25	-
12/30/2036	-	-	-	-	48,962.50
02/01/2037	40,000.00	4.450%	4,036.25	44,036.25	-
08/01/2037	-	-	3,146.25	3,146.25	-
12/30/2037	-	-	-	-	47,182.50
02/01/2038	45,000.00	4.450%	3,146.25	48,146.25	-
08/01/2038	-	-	2,145.00	2,145.00	-
12/30/2038	-	-	-	-	50,291.25
02/01/2039	45,000.00	4.450%	2,145.00	47,145.00	-
08/01/2039	-	-	1,143.75	1,143.75	-
12/30/2039	-	-	-	-	48,288.75
02/01/2040	50,000.00	4.575%	1,143.75	51,143.75	-
12/30/2040	-	-	-	-	51,143.75
Total	\$2,000,000.00	-	\$1,004,578.61	\$3,004,578.61	-

Yield Statistics

Bond Year Dollars	524,940.56
Average Life	12.470 Years
Average Coupon	4.0278919%

Net Interest Cost (NIC)	4.1192549%
True Interest Cost (TIC)	4.0869780%
Bond Yield for Arbitrage Purposes	3.8287957%
All Inclusive Cost (AIC)	4.2826868%

IRS Form 8038

Net Interest Cost	4.0625959%
Weighted Average Maturity	12.323 Years

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Preliminary

\$2,000,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
South Anderson Water District

Sources & Uses

Dated 03/15/2012 | Delivered 03/15/2012

Sources Of Funds

Par Amount of Bonds	\$2,000,000.00
Reoffering Premium	2,213.55
Transfers from Prior Issue Debt Service Funds	27,970.00
Transfers from Prior Issue DSR Funds	63,818.00

Total Sources **\$2,094,001.55**

Uses Of Funds

Total Underwriter's Discount (1.250%)	25,000.00
Costs of Issuance	35,000.00
Deposit to Current Refunding Fund	2,033,546.41
Rounding Amount	455.14

Total Uses **\$2,094,001.55**

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Preliminary

\$2,000,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
South Anderson Water District

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/30/2012	27,096.11	27,096.11	52,410.00	25,313.89
12/30/2013	145,900.00	145,900.00	166,203.13	20,303.13
12/30/2014	154,140.00	154,140.00	165,890.63	11,750.63
12/30/2015	152,270.00	152,270.00	167,364.38	15,094.38
12/30/2016	150,400.00	150,400.00	166,622.51	16,222.51
12/30/2017	148,105.00	148,105.00	163,774.38	15,669.38
12/30/2018	155,225.00	155,225.00	167,693.75	12,468.75
12/30/2019	152,185.00	152,185.00	164,380.63	12,195.63
12/30/2020	154,065.00	154,065.00	167,816.26	13,751.26
12/30/2021	150,865.00	150,865.00	164,973.13	14,108.13
12/30/2022	152,585.00	152,585.00	167,870.01	15,285.01
12/30/2023	149,225.00	149,225.00	165,479.39	16,254.39
12/30/2024	150,235.00	150,235.00	166,826.88	16,591.88
12/30/2025	91,770.00	91,770.00	105,451.88	13,681.88
12/30/2026	89,460.00	89,460.00	105,455.01	15,995.01
12/30/2027	92,045.00	92,045.00	105,298.76	13,253.76
12/30/2028	89,525.00	89,525.00	104,983.13	15,458.13
12/30/2029	91,900.00	91,900.00	105,480.63	13,580.63
12/30/2030	89,170.00	89,170.00	105,765.63	16,595.63
12/30/2031	91,335.00	91,335.00	106,810.63	15,475.63
12/30/2032	93,196.25	93,196.25	106,615.63	13,419.38
12/30/2033	89,858.75	89,858.75	103,290.63	13,431.88
12/30/2034	47,411.25	47,411.25	62,963.13	15,551.88
12/30/2035	50,742.50	50,742.50	63,580.00	12,837.50
12/30/2036	48,962.50	48,962.50	63,068.75	14,106.25
12/30/2037	47,182.50	47,182.50	63,429.38	16,246.88
12/30/2038	50,291.25	50,291.25	63,636.26	13,345.01
12/30/2039	48,288.75	48,288.75	63,689.38	15,400.63
12/30/2040	51,143.75	51,143.75	63,588.75	12,445.00
Total	\$3,004,578.61	\$3,004,578.61	\$3,440,412.66	\$435,834.05

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	435,834.05
Gross PV Debt Service Savings	280,711.73
Net PV Cashflow Savings @ 3.829%(Bond Yield)	280,711.73
Transfers from Prior Issue Debt Service Fund	(27,970.00)
Transfers from Prior Issue DSR Fund	(63,818.00)
Contingency or Rounding Amount	455.14
Net Future Value Benefit	\$344,501.19
Net Present Value Benefit	\$189,378.87
Net PV Benefit / \$2,012,000 Refunded Principal	9.412%
Net PV Benefit / \$2,000,000 Refunding Principal	9.469%

Refunding Bond Information

Refunding Dated Date	3/15/2012
Refunding Delivery Date	3/15/2012

*Net D/S Excludes: DSR

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Morgan Keegan & Company, Inc.

Preliminary

\$655,000

South Anderson Water District

USDA-RD Loan

Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	14,300.00	14,300.00
12/30/2013	13,000.00	-	28,242.50	41,242.50
12/30/2014	14,000.00	-	27,500.00	41,500.00
12/30/2015	14,000.00	-	26,730.00	40,730.00
12/30/2016	16,000.00	-	25,905.00	41,905.00
12/30/2017	16,000.00	-	25,025.00	41,025.00
12/30/2018	18,000.00	-	24,090.00	42,090.00
12/30/2019	18,000.00	-	23,100.00	41,100.00
12/30/2020	20,000.00	-	22,055.00	42,055.00
12/30/2021	21,000.00	-	20,927.50	41,927.50
12/30/2022	22,000.00	-	19,745.00	41,745.00
12/30/2023	24,000.00	-	18,480.00	42,480.00
12/30/2024	25,000.00	-	17,132.50	42,132.50
12/30/2025	26,000.00	-	15,730.00	41,730.00
12/30/2026	28,000.00	-	14,245.00	42,245.00
12/30/2027	29,000.00	-	12,677.50	41,677.50
12/30/2028	31,000.00	-	11,027.50	42,027.50
12/30/2029	33,000.00	-	9,267.50	42,267.50
12/30/2030	35,000.00	-	7,397.50	42,397.50
12/30/2031	38,000.00	-	5,390.00	43,390.00
12/30/2032	40,000.00	-	3,245.00	43,245.00
12/30/2033	39,000.00	5.500%	1,072.50	40,072.50
Total	\$520,000.00	-	\$373,285.00	\$893,285.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/15/2012
Average Life	12.846 Years
Average Coupon	5.5000000%
Weighted Average Maturity (Par Basis)	12.846 Years

Refunding Bond Information

Refunding Dated Date	3/15/2012
Refunding Delivery Date	3/15/2012

Preliminary

\$865,000

South Anderson Water District
Waterworks Revenue Bonds
Series 1999 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	13,971.25	13,971.25
12/30/2013	35,000.00	-	27,067.50	62,067.50
12/30/2014	35,000.00	-	25,317.50	60,317.50
12/30/2015	40,000.00	-	23,432.50	63,432.50
12/30/2016	40,000.00	-	21,412.50	61,412.50
12/30/2017	40,000.00	-	19,392.50	59,392.50
12/30/2018	45,000.00	-	17,246.25	62,246.25
12/30/2019	45,000.00	-	14,973.75	59,973.75
12/30/2020	50,000.00	-	12,556.25	62,556.25
12/30/2021	50,000.00	-	9,993.75	59,993.75
12/30/2022	55,000.00	-	7,303.13	62,303.13
12/30/2023	55,000.00	-	4,484.38	59,484.38
12/30/2024	60,000.00	5.125%	1,537.50	61,537.50
Total	\$550,000.00	-	\$198,688.76	\$748,688.76

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/15/2012
Average Life	6.876 Years
Average Coupon	5.1017414%
Weighted Average Maturity (Par Basis)	6.876 Years

Refunding Bond Information

Refunding Dated Date	3/15/2012
Refunding Delivery Date	3/15/2012

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Morgan Keegan & Company, Inc.

Preliminary

\$1,060,000

South Anderson Water District

USDA-RD Loan

Series 2002

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	24,138.75	24,138.75
12/30/2013	15,000.00	-	47,893.13	62,893.13
12/30/2014	17,000.00	-	47,073.13	64,073.13
12/30/2015	17,000.00	-	46,201.88	63,201.88
12/30/2016	18,000.00	-	45,305.01	63,305.01
12/30/2017	19,000.00	-	44,356.88	63,356.88
12/30/2018	20,000.00	-	43,357.50	63,357.50
12/30/2019	21,000.00	-	42,306.88	63,306.88
12/30/2020	22,000.00	-	41,205.01	63,205.01
12/30/2021	23,000.00	-	40,051.88	63,051.88
12/30/2022	25,000.00	-	38,821.88	63,821.88
12/30/2023	26,000.00	-	37,515.01	63,515.01
12/30/2024	27,000.00	-	36,156.88	63,156.88
12/30/2025	29,000.00	-	34,721.88	63,721.88
12/30/2026	30,000.00	-	33,210.01	63,210.01
12/30/2027	32,000.00	-	31,621.26	63,621.26
12/30/2028	33,000.00	-	29,955.63	62,955.63
12/30/2029	35,000.00	-	28,213.13	63,213.13
12/30/2030	37,000.00	-	26,368.13	63,368.13
12/30/2031	39,000.00	-	24,420.63	63,420.63
12/30/2032	41,000.00	-	22,370.63	63,370.63
12/30/2033	43,000.00	-	20,218.13	63,218.13
12/30/2034	45,000.00	-	17,963.13	62,963.13
12/30/2035	48,000.00	-	15,580.00	63,580.00
12/30/2036	50,000.00	-	13,068.75	63,068.75
12/30/2037	53,000.00	-	10,429.38	63,429.38
12/30/2038	56,000.00	-	7,636.26	63,636.26
12/30/2039	59,000.00	-	4,689.38	63,689.38
12/30/2040	62,000.00	5.125%	1,588.75	63,588.75
Total	\$942,000.00	-	\$856,438.90	\$1,798,438.90

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/15/2012
Average Life	17.534 Years
Average Coupon	5.1250009%
Weighted Average Maturity (Par Basis)	17.534 Years

Refunding Bond Information

Refunding Dated Date	3/15/2012
Refunding Delivery Date	3/15/2012

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**SOUTH ANDERSON WATER DISTRICT
BALANCE SHEET
DECEMBER 31, 2010 & 2009**

ASSETS	2010	2009
 UTILITY PLANT (NOTE 3)		
Construction Work in Progress	\$ -	\$ -
In-Service - at cost	9,642,010	9,537,562
Less: Accumulated Provision for Depreciation	(2,680,034)	(2,455,705)
Deferred Debits (Bond Discount/Issuance Costs)	39,356	41,374
Total Utility Plant	\$ 7,001,332	\$ 7,123,231
 OTHER ASSETS AND INVESTMENTS		
Investments (Note 5)	\$ 434,218	\$ 384,218
Total Other Assets and Investments	\$ 434,218	\$ 384,218
 CURRENT ASSETS		
Cash - General Funds (Note 5)	\$ 281,059	\$ 290,700
Cash - Reserved (Note 5)	488,335	453,825
Inventory	23,589	23,055
Accounts Receivable, net of allowance for doubtful accounts - \$2,225 and \$2,225, respectively	119,376	99,771
Total Current Assets	\$ 912,359	\$ 867,351
TOTAL ASSETS	\$ 8,347,909	\$ 8,374,800

The accompanying notes are an integral part of these statements.

**SOUTH ANDERSON WATER DISTRICT
BALANCE SHEET
DECEMBER 31, 2010 & 2009**

NET WORTH AND LIABILITIES

NET WORTH

	2010	2009
Contribution-In-Aid (Note 7)	\$ 6,051,951	\$ 5,989,555
Retained Earnings	(478,073)	(448,879)
Total Net Worth	\$ 5,573,878	\$ 5,540,676

LONG-TERM DEBT

Note Payable-Lawrenceburg National Bank	\$ -	\$ -
RDA Mortgage Notes less current maturities (Note4)	1,922,500	1,962,000
Refunding Revenue Bonds-1999A	550,000	585,000
Construction Loan Draws	0	0
Total long-term Debt	\$ 2,472,500	\$ 2,547,000

CURRENT LIABILITIES

Current Maturities of Long-Term Debt (Note 4)	\$ 74,500	\$ 68,500
Accounts Payable - Purchased Water	32,228	29,536
Accounts Payable - Other	7,500	5,913
Consumer Deposits	129,481	125,094
Accrued Wages	0	0
Accrued Taxes	4,489	3,838
Accrued Pension	3,781	3,710
Accrued Interest	49,552	50,533
Total Current Liabilities	\$ 301,531	\$ 287,124

TOTAL NET WORTH AND LIABILITIES

	\$ 8,347,909	\$ 8,374,800
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The accompanying notes are an integral part of these statements.

**SOUTH ANDERSON WATER DISTRICT
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

	2010	2009
OPERATING INCOME:	<u>\$ 1,295,495</u>	<u>\$ 1,180,640</u>
OPERATING EXPENSE:		
Cost of Water	\$ 427,772	\$ 372,973
Salaries & Wages - Employees	209,298	209,048
Salaries & Wages - Commissioners	18,000	18,000
Payroll Taxes	15,667	17,587
Employee Benefits	85,036	60,919
Purchased Power	30,683	28,668
Chemical Water Testing	1,992	3,184
Materials & Supplies	101,647	97,771
Contractual Services	35,243	50,609
Rent	11,400	11,400
Transportation	21,598	21,603
Insurance	10,666	10,949
PSC Assessment	1,869	1,860
Advertising	2,164	2,782
Bad Debt	964	4,053
Miscellaneous	4,128	5,855
Depreciation & Amortization	226,347	225,011
Total Operating Expense	<u>\$ 1,204,474</u>	<u>\$ 1,142,272</u>
OPERATING INCOME BEFORE FIXED CHARGES	\$ 91,021	\$ 38,368
FIXED EXPENSES		
Interest on Long-Term Debt & Consumer Deposits	\$ 133,844	\$ 138,765
NET OPERATING PROFIT (LOSS)	\$ (42,823)	\$ (100,397)
NON-OPERATING INCOME:		
Interest Income	\$ 13,629	\$ 23,986
NET PROFIT (LOSS) FOR CALENDAR YEAR	\$ (29,194)	\$ (76,411)

The accompanying notes are an integral part of these statements.

**SOUTH ANDERSON WATER DISTRICT
STATEMENT OF NET WORTH
FOR THE YEARS ENDED DECEMBER 31,**

	<u>NET WORTH</u>	<u>CONTRIBUTION IN-AID</u>	<u>TOTAL</u>
Balance - December 31, 2008	(\$372,468)	\$5,961,555	\$5,589,087
Net Profit (Loss) for the year ended December 31, 2009	(76,411)	N/A	(76,411)
Rounding	0	0	0
Contribution In-Aid	N/A	28,000	28,000
Balance - December 31, 2009	(\$448,879)	\$5,989,555	\$5,540,676
Net Profit (Loss) for the year ended December 31, 2010	(29,194)	N/A	(29,194)
Rounding	0	0	0
Contribution In-Aid	N/A	62,396	62,396
Balance - December 31, 2010	(\$478,073)	\$6,051,951	\$5,573,878

The accompanying notes are an integral part of these statements.

**SOUTH ANDERSON WATER DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31,**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit (Loss)	\$ (29,194)	\$ (76,411)
Items Not Requiring Cash:		
Depreciation	224,329	222,993
Amortization	2,018	2,018
Change in Inventory	(534)	(450)
Change in Accounts Receivable	(19,605)	(9,248)
Change in Accounts Payable	4,279	(3,406)
Change in Accrued Expenses	(259)	3,004
Change in Current Maturities LT Debt	6,000	(5,606)
Net Cash Flows From Operation Activities	<u>\$ 187,034</u>	<u>\$ 132,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment	\$ (115)	\$ -
Water Tanks/Standpipes	(2,289)	-
Office Furniture & Equipment	(329)	-
Meter & Installation	(40,451)	(41,366)
Distribution Main Construction	(44,302)	(3,761)
Transportation Equipment	(15,932)	-
Land & Land Rights	(1,000)	-
Bulk Water Station	(30)	-
Certificates of Deposit Redeemed/(Additions)	(50,000)	(59,455)
Contributions in Aid of Construction	62,396	28,000
Consumers Deposits	4,387	5,169
Net Cash Flows From Investing Activities	<u>\$ (87,665)</u>	<u>\$ (71,413)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES:		
Repay Construction Loan Draws	\$ -	\$ -
Repayment of LNB Tank Loan	-	(168)
Repayment of Refunding Bonds	(35,000)	(35,000)
Repayment of RD Bonds	(39,500)	(38,500)
Proceeds of RD Bonds	-	-
Net Cash Flows From Financing Activities	<u>\$ (74,500)</u>	<u>\$ (73,668)</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 24,869</u>	<u>\$ (12,187)</u>
Cash & Cash Equivalents January 1	<u>\$ 744,525</u>	<u>\$ 756,712</u>
Cash & Cash Equivalents December 31	<u>\$ 769,394</u>	<u>\$ 744,525</u>

The accompanying notes are an integral part of these statements.

South Anderson Water District
 Audit Inserts for Word Audit Report

	<u>2005</u>	<u>2004</u>
Land & Land Rights	\$34,798	\$34,798
Reservoir & Standpipes	52,671	52,671
Distribution Mains	6,343,807	5,973,128
Meter & Meter Installations	658,697	577,183
Hydrants	700	700
Bulk Water Station	17,389	17,389
Transportation Equipment	69,141	69,141
Equipment	20,910	20,216
Office Equipment	48,923	48,638
	<u>\$7,247,036</u>	<u>\$6,793,864</u>
Accumulated Depreciation	<u>(1,610,452)</u>	<u>(1,446,597)</u>
Utility Plant in Service	<u>\$5,636,584</u>	<u>\$5,347,267</u>
Bond Discount & Issuance Costs	\$58,193	\$58,193
Less: Accumulated Amortization	<u>(9,755)</u>	<u>(8,073)</u>
	<u>\$48,438</u>	<u>\$50,120</u>

	<u>Unreserved</u>	
	<u>2005</u>	<u>2004</u>
Revenue Account	\$55,643	\$41,126
Operation & Maint. Account	56,375	34,600
Extension Account	1,545	2,490
Local Construction	48,967	0
Petty Cash	400	400
	<u>\$162,930</u>	<u>\$78,616</u>

	<u>Reserved</u>	
	<u>2005</u>	<u>2004</u>
Construction Extension Acct.	\$102,189	\$95,553
Debt Service Acct.	\$50,664	0
Extension Account	0	38,756
Reserve Account	5,580	40,281
Interest & Principal Acct.	67,626	61,871
	<u>\$226,059</u>	<u>\$236,461</u>

	<u>2005</u>	<u>2004</u>
Customer Security Deposits	\$83,616	\$83,616
Extension Accounts	115,000	115,000
Debt Service	25,000	25,000
Reserve Account	63,818	63,817
	<u>\$287,434</u>	<u>\$287,433</u>

	<u>2005</u>	<u>2004</u>
5.5% Lawrenceburg Nat'l Bank	\$56,872	\$57,439
5.0% USDA Rural Development	119,500	129,000
5.5% USDA Rural Development	583,000	592,000
Refunding Rev Bonds, Series 1999A *	720,000	745,000
5.125% USDA Rural Development	1,049,000	1,060,000
Less: Current Maturities	(65,214)	(64,648)
	<u>\$2,463,158</u>	<u>\$2,518,791</u>

**SOUTH ANDERSON WATER DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Number</u>	<u>Program or Award Amount</u>	<u>Total Awards Expended</u>
<u>U.S. Department of Housing and Urban Development</u>				
State Agency: Kentucky - Governor's Office for Local Government		WX21005002		
Grantee: Anderson County Fiscal Court				
Subgrantee: South Anderson Water District Project - Phase VI				
Community Development Block Grant / State's Program (State-Administered Small Cities Program)	14.228	03-060	954,000	884,243
				<u>\$884,243</u>
Total Department of Agriculture				
				<u>\$884,243</u>
Total Federal Financial Assistance				