

Rubin & Hays

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

April 29, 2013

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

Re: Adair County Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Adair County 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 interest rate sensitivity of current market conditions, we request that the Commission expedite this matter and issue it's Order on or before June 3, 2013.

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: Mr. Robert Flowers, Adair County Water District
Ms. Kristen Millard, Raymond James & Associates

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PUBLIC SERVICE
COMMISSION

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APR 30 2013

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF ADAIR COUNTY)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$4,025,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2013 - _____
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Adair County Water District, d/b/a Columbia/Adair Utilities 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 amount of \$4,025,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks 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 Adair County, which Order is on file in the County Court Order Books in the office of the Clerk of Adair 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:

Adair County Water District, d/b/a Columbia/Adair Utilities District
c/o Mr. Robert Flowers, Chairman
P.O. Box 567
Columbia, Kentucky 42728

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 2012 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 \$4,025,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) City of Columbia Utilities Revenue Bonds of 1977, dated April 24, 1978, in the original principal amount of \$998,000, bearing interest at the rate of 5.00% per annum (the "1977 Bonds"); (ii) Adair County Water District Waterworks Revenue Bonds of 1978, dated July 11, 1978, in the original principal amount of \$363,000, bearing interest at the rate of 5.00% per annum (the "1978 Bonds"); (iii) Adair County Water District Waterworks Revenue Bonds of 1985, dated December 12, 1986, in the original principal amount of \$1,155,000, bearing interest at the rate of 5.00% per annum (the "1985 Bonds"); (iv) City of Columbia Utilities

Revenue Bonds, Series A of 1988, dated June 30, 1989, in the original principal amount of \$750,000, bearing interest at the rate of 5.00% per annum (the "1988A Bonds"); (v) City of Columbia Utilities Revenue Bonds, Series B of 1988, dated June 30, 1989, in the original principal amount of \$200,000, bearing interest at the rate of 5.00% per annum (the "1988B Bonds"); (vi) Adair County Water District Water Revenue Bonds of 1989, dated May 25, 1990, in the original principal amount of \$200,000, bearing interest at the rate of 6.00% per annum (the "1989 Bonds"); (vii) Adair County Water District Water Revenue Bonds of 1992, dated April 16, 1993, in the original principal amount of \$745,000, bearing interest at the rate of 5.00% per annum (the "1992 Bonds"); (viii) City of Columbia Utilities Revenue Bonds, Series of 1995, dated October 18, 1995, in the original principal amount of \$125,000, bearing interest at the rate of 4.50% per annum (the "1995 Bonds"); (ix) Adair County Water District Water Revenue Bonds of 1994, dated February 7, 1996, in the original principal amount of \$428,000, bearing interest at the rate of 4.50% per annum (the "1994 Bonds"); (x) Adair County Water District Water Revenue Bonds of 1998, dated September 17, 1999, in the original principal amount of \$427,000, bearing interest at the rate of 4.50% per annum (the "1997 Bonds"); (xi) City of Columbia Utilities Revenue Bonds, Series of 2000, dated March 25, 1999, in the original principal amount of \$501,000, bearing interest at the rate of 4.50% per annum (the "2000 Bonds"); (xii) Adair County Water District Water Revenue Bonds of 2003, dated January 29, 2003, in the original principal amount of \$627,000, bearing interest at the rate of 4.50% per annum (the "2003 Bonds"); (hereinafter, the 1977 Bonds, the 1978 Bonds, the 1985 Bonds, the 1988A Bonds, the 1988B Bonds, the 1989 Bonds, the 1992 Bonds, the 1994 Bonds, the 1995 Bonds, the 1997 Bonds, the 2000 Bonds and the 2003 Bonds shall be collectively referred

to as the "Prior Bonds"). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

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 to be obtained from the issuance 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 result in a net present value benefit of approximately \$374,893.61. 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 debt service 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 and Expenses and Changes in Net Assets, Balance Sheet and Statement of Cash Flows for the twelve month period ending on December 31, 2012 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 17(2)(a) are contained in the 2012 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 17(2)(b) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 17(1)(b) Bonds: The KRWFC Loan will be secured by a pledge of the revenues of the District's Water System.

(c) Section 17 (2)(b): The District does not have any trust deeds in effect as of the date hereof.

(d) Section 17 (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 from the requirements of 807 KAR 5:001, Section 17(2)(a), 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, 2012. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2012. 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.

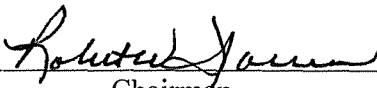
18. No rate adjustment will be necessary.

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

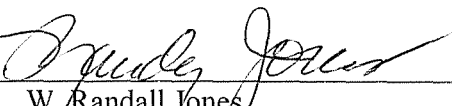
1. Authorize the issuance of the securities requested in the Application;
2. Grant the District a deviation from 807 KAR 5:001, Section 17(2)(a) to allow the submission of the District's 2012 Annual Report and 2012 audited financial statements in lieu of more recent financial data as there has been no change that is material in nature in the financial condition or operation of the District since December 31, 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.

Adair County Water District, d/b/a
Columbia/Adair Utilities District

By 
Chairman

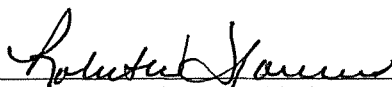
Rubin & Hays

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

STATE OF KENTUCKY)
) SS
COUNTY OF ADAIR)

The undersigned, Robert Flowers, being duly sworn, deposes and states that he is the Chairman of the Adair County Water District, d/b/a Columbia/Adair Utilities District, Applicant; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

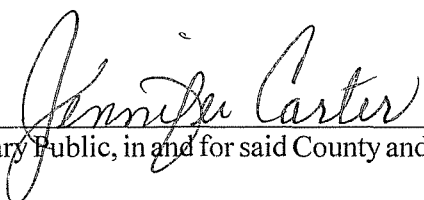
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this April 24, 2013.



Robert Flowers, Chairman

Subscribed and sworn to before me by Robert Flowers, Chairman of the Adair County Water District, d/b/a Columbia/Adair Utilities District on this April 24, 2013.

My Commission expires 4-24-2016.



Notary Public, in and for said County and State

\$4,025,000

Columbia/Adair Utilities District
 Kentucky Rural Water Finance Corporation
 Public Projects Refunding Revenue Bonds, Series 2013 D

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/15/2013	-	-	-	-	-
02/01/2014	-	-	78,778.26	78,778.26	-
08/01/2014	225,000.00	2.100%	62,743.75	287,743.75	-
12/31/2014	-	-	-	-	366,522.01
02/01/2015	-	-	60,381.25	60,381.25	-
08/01/2015	250,000.00	2.200%	60,381.25	310,381.25	-
12/31/2015	-	-	-	-	370,762.50
02/01/2016	-	-	57,631.25	57,631.25	-
08/01/2016	255,000.00	2.300%	57,631.25	312,631.25	-
12/31/2016	-	-	-	-	370,262.50
02/01/2017	-	-	54,698.75	54,698.75	-
08/01/2017	200,000.00	2.350%	54,698.75	254,698.75	-
12/31/2017	-	-	-	-	309,397.50
02/01/2018	-	-	52,348.75	52,348.75	-
08/01/2018	215,000.00	2.400%	52,348.75	267,348.75	-
12/31/2018	-	-	-	-	319,697.50
02/01/2019	-	-	49,768.75	49,768.75	-
08/01/2019	200,000.00	2.650%	49,768.75	249,768.75	-
12/31/2019	-	-	-	-	299,537.50
02/01/2020	-	-	47,118.75	47,118.75	-
08/01/2020	205,000.00	3.350%	47,118.75	252,118.75	-
12/31/2020	-	-	-	-	299,237.50
02/01/2021	-	-	43,685.00	43,685.00	-
08/01/2021	210,000.00	3.350%	43,685.00	253,685.00	-
12/31/2021	-	-	-	-	297,370.00
02/01/2022	-	-	40,167.50	40,167.50	-
08/01/2022	220,000.00	3.350%	40,167.50	260,167.50	-
12/31/2022	-	-	-	-	300,335.00
02/01/2023	-	-	36,482.50	36,482.50	-
08/01/2023	215,000.00	3.350%	36,482.50	251,482.50	-
12/31/2023	-	-	-	-	267,965.00
02/01/2024	-	-	32,881.25	32,881.25	-
08/01/2024	220,000.00	3.350%	32,881.25	252,881.25	-
12/31/2024	-	-	-	-	285,762.50
02/01/2025	-	-	29,196.25	29,196.25	-
08/01/2025	230,000.00	3.400%	29,196.25	259,196.25	-
12/31/2025	-	-	-	-	288,392.50
02/01/2026	-	-	25,286.25	25,286.25	-
08/01/2026	155,000.00	3.450%	25,286.25	180,286.25	-
12/31/2026	-	-	-	-	205,572.50
02/01/2027	-	-	22,612.50	22,612.50	-
08/01/2027	160,000.00	3.500%	22,612.50	182,612.50	-
12/31/2027	-	-	-	-	205,225.00
02/01/2028	-	-	19,812.50	19,812.50	-
08/01/2028	165,000.00	3.500%	19,812.50	184,812.50	-
12/31/2028	-	-	-	-	204,625.00
02/01/2029	-	-	16,925.00	16,925.00	-
08/01/2029	100,000.00	3.500%	16,925.00	116,925.00	-
12/31/2029	-	-	-	-	133,850.00
02/01/2030	-	-	15,175.00	15,175.00	-
08/01/2030	110,000.00	3.600%	15,175.00	125,175.00	-
12/31/2030	-	-	-	-	140,350.00
02/01/2031	-	-	13,195.00	13,195.00	-
08/01/2031	115,000.00	3.600%	13,195.00	128,195.00	-
12/31/2031	-	-	-	-	141,390.00
02/01/2032	-	-	11,125.00	11,125.00	-
08/01/2032	125,000.00	3.700%	11,125.00	136,125.00	-
12/31/2032	-	-	-	-	147,250.00
02/01/2033	-	-	8,812.50	8,812.50	-
08/01/2033	80,000.00	3.700%	8,812.50	88,812.50	-
12/31/2033	-	-	-	-	97,625.00
02/01/2034	-	-	7,332.50	7,332.50	-
08/01/2034	85,000.00	3.800%	7,332.50	92,332.50	-
12/31/2034	-	-	-	-	99,665.00
02/01/2035	-	-	5,717.50	5,717.50	-
08/01/2035	90,000.00	3.900%	5,717.50	95,717.50	-
12/31/2035	-	-	-	-	101,435.00
02/01/2036	-	-	3,962.50	3,962.50	-
08/01/2036	35,000.00	3.900%	3,962.50	38,962.50	-
12/31/2036	-	-	-	-	42,925.00
02/01/2037	-	-	3,280.00	3,280.00	-
08/01/2037	40,000.00	4.000%	3,280.00	43,280.00	-
12/31/2037	-	-	-	-	46,560.00
02/01/2038	-	-	2,480.00	2,480.00	-
08/01/2038	40,000.00	4.100%	2,480.00	42,480.00	-
12/31/2038	-	-	-	-	44,960.00
02/01/2039	-	-	1,660.00	1,660.00	-
08/01/2039	40,000.00	4.150%	1,660.00	41,660.00	-
12/31/2039	-	-	-	-	43,320.00
02/01/2040	-	-	830.00	830.00	-
08/01/2040	40,000.00	4.150%	830.00	40,830.00	-
12/31/2040	-	-	-	-	41,660.00
Total	\$4,025,000.00		\$1,466,654.51	\$5,491,654.51	

Yield Statistics

Bond Year Dollars	\$42,399.31
Average Life	10.534 Years
Average Coupon	3.4591475%
Net Interest Cost (NIC)	3.4533502%
True Interest Cost (TIC)	3.4109205%
Bond Yield for Arbitrage Purposes	3.2458998%
All Inclusive Cost (AIC)	3.6240511%
IRS Form 8038	
Net Interest Cost	3.2637537%
Weighted Average Maturity	10.421 Years

Raymond James

\$4,025,000

Columbia/Adair Utilities District
Kentucky Rural Water Finance Corporation
Public Projects Refunding Revenue Bonds, Series 2013 D

Sources & Uses

Dated 06/15/2013 | Delivered 06/15/2013

Sources Of Funds

Par Amount of Bonds	\$4,025,000.00
Reoffering Premium	72,895.50
Transfers from Prior Issue Debt Service Funds	166,846.54
Total Sources	\$4,264,742.04

Uses Of Funds

Total Underwriter's Discount (1.750%)	70,437.50
Costs of Issuance	62,875.00
Deposit to Current Refunding Fund	4,127,056.84
Rounding Amount	4,372.70
Total Uses	\$4,264,742.04

\$4,025,000

Columbia/Adair Utilities District
Kentucky Rural Water Finance Corporation
Public Projects Refunding Revenue Bonds, Series 2013 D

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2013	-	450.00	450.00	183,125.25	182,675.25
12/31/2014	366,522.01	450.00	366,972.01	384,834.75	17,862.74
12/31/2015	370,762.50	450.00	371,212.50	386,744.50	15,532.00
12/31/2016	370,262.50	450.00	370,712.50	387,213.75	16,501.25
12/31/2017	309,397.50	450.00	309,847.50	336,263.00	26,415.50
12/31/2018	319,697.50	450.00	320,147.50	339,262.75	19,115.25
12/31/2019	299,537.50	450.00	299,987.50	314,358.00	14,370.50
12/31/2020	299,237.50	450.00	299,687.50	315,701.25	16,013.75
12/31/2021	297,370.00	450.00	297,820.00	316,440.50	18,620.50
12/31/2022	300,335.00	450.00	300,785.00	318,827.75	18,042.75
12/31/2023	287,965.00	450.00	288,415.00	305,026.50	16,611.50
12/31/2024	285,762.50	450.00	286,212.50	303,246.25	17,033.75
12/31/2025	288,392.50	450.00	288,842.50	307,351.25	18,508.75
12/31/2026	205,572.50	450.00	206,022.50	223,673.50	17,651.00
12/31/2027	205,225.00	450.00	205,675.00	223,642.75	17,967.75
12/31/2028	204,625.00	450.00	205,075.00	223,917.75	18,842.75
12/31/2029	133,850.00	450.00	134,300.00	158,632.75	24,332.75
12/31/2030	140,350.00	450.00	140,800.00	158,833.50	18,033.50
12/31/2031	141,390.00	450.00	141,840.00	159,365.50	17,525.50
12/31/2032	147,250.00	450.00	147,700.00	161,560.50	13,860.50
12/31/2033	97,625.00	450.00	98,075.00	115,593.50	17,518.50
12/31/2034	99,665.00	450.00	100,115.00	114,689.50	14,574.50
12/31/2035	101,435.00	450.00	101,885.00	108,296.50	6,411.50
12/31/2036	42,925.00	450.00	43,375.00	61,200.50	17,825.50
12/31/2037	46,560.00	450.00	47,010.00	61,049.50	14,039.50
12/31/2038	44,960.00	450.00	45,410.00	60,808.50	15,398.50
12/31/2039	43,320.00	450.00	43,770.00	61,066.25	17,296.25
12/31/2040	41,660.00	450.00	42,110.00	60,818.25	18,708.25
12/31/2041	-	-	-	33,160.00	33,160.00
12/31/2042	-	-	-	33,231.25	33,231.25
Total	\$5,491,654.51	\$12,600.00	\$5,504,254.51	\$6,217,935.50	\$713,680.99

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	713,680.99
Gross PV Debt Service Savings	545,419.89
Effects of changes in Expenses	(8,052.45)
Net PV Cashflow Savings @ 3.624%(AIC)	537,367.45
Transfers from Prior Issue Debt Service Fund	(166,846.54)
Contingency or Rounding Amount	4,372.70
Net Present Value Benefit	\$374,893.61
Net PV Benefit / \$4,054,900 Refunded Principal	9.245%
Net Future Value Benefit	\$551,207.15
Net PV Benefit / \$4,025,000 Refunding Principal	9.314%
Average Annual Cash Flow Savings	23,789.37

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$998,000

Adair County Water District
(City of Columbia)
Series 1977

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	50,000.00	5.000%	5,000.00	55,000.00
12/31/2014	50,000.00	5.000%	7,500.00	57,500.00
12/31/2015	50,000.00	5.000%	5,000.00	55,000.00
12/31/2016	50,000.00	5.000%	2,500.00	52,500.00
Total	\$200,000.00	-	\$20,000.00	\$220,000.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	1.794 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	1.794 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$363,000

Adair County Water District

Series 1978

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	2,700.00	2,700.00
12/31/2014	16,000.00	-	5,000.00	21,000.00
12/31/2015	20,000.00	-	4,100.00	24,100.00
12/31/2016	22,000.00	-	3,050.00	25,050.00
12/31/2017	24,000.00	-	1,900.00	25,900.00
12/31/2018	26,000.00	5.000%	650.00	26,650.00
Total	\$108,000.00	-	\$17,400.00	\$125,400.00

Yield Statistics

Base date for Avg Life & Avg Coupon Calculation	6/15/2013
Average Life	2.767 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	2.767 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$1,155,000

Adair County Water District

Series 1985

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	17,975 00	17,975 00
12/31/2014	39,000 00	-	34,975 00	73,975 00
12/31/2015	42,000 00	-	32,950 00	74,950 00
12/31/2016	46,000 00	-	30,750 00	76,750 00
12/31/2017	49,000 00	-	28,375 00	77,375 00
12/31/2018	53,000 00	-	25,825 00	78,825 00
12/31/2019	57,000 00	-	23,075 00	80,075 00
12/31/2020	62,000 00	-	20,100 00	82,100 00
12/31/2021	66,000 00	-	16,900 00	82,900 00
12/31/2022	71,000 00	-	13,475 00	84,475 00
12/31/2023	74,000 00	-	9,850 00	83,850 00
12/31/2024	77,000 00	-	6,075 00	83,075 00
12/31/2025	83,000 00	5 000%	2,075 00	85,075 00
Total	\$719,000.00	-	\$262,400.00	\$981,400.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	6 843 Years
Average Coupon	5 0000000%
Weighted Average Maturity (Par Basis)	6 843 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$750,000

Adair County Water District
(City of Columbia)
Series 1988 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	20,000 00	5 000%	13,125 00	33,125 00
12/31/2014	21,000 00	5 000%	25,250 00	46,250 00
12/31/2015	22,000 00	5 000%	24,200 00	46,200 00
12/31/2016	24,000 00	5 000%	23,100 00	47,100 00
12/31/2017	25,000 00	5 000%	21,900 00	46,900 00
12/31/2018	27,000 00	5 000%	20,650 00	47,650 00
12/31/2019	29,000 00	5 000%	19,300 00	48,300 00
12/31/2020	30,000 00	5 000%	17,850 00	47,850 00
12/31/2021	32,000 00	5 000%	16,350 00	48,350 00
12/31/2022	34,000 00	5 000%	14,750 00	48,750 00
12/31/2023	37,000 00	5 000%	13,050 00	50,050 00
12/31/2024	39,000 00	5 000%	11,200 00	50,200 00
12/31/2025	42,000 00	5 000%	9,250 00	51,250 00
12/31/2026	45,000 00	5 000%	7,150 00	52,150 00
12/31/2027	47,000 00	5 000%	4,900 00	51,900 00
12/31/2028	51,000 00	5 000%	2,550 00	53,550 00
Total	\$525,000.00	-	\$244,575.00	\$769,575.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	9 112 Years
Average Coupon	5 0000000%
Weighted Average Maturity (Par Basis)	9 112 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$200,000

Adair County Water District

(City of Columbia)

Series 1988 B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	5,000.00	5.000%	3,250.00	8,250.00
12/31/2014	6,000.00	5.000%	6,250.00	12,250.00
12/31/2015	6,000.00	5.000%	5,950.00	11,950.00
12/31/2016	6,000.00	5.000%	5,650.00	11,650.00
12/31/2017	7,000.00	5.000%	5,350.00	12,350.00
12/31/2018	7,000.00	5.000%	5,000.00	12,000.00
12/31/2019	7,000.00	5.000%	4,650.00	11,650.00
12/31/2020	8,000.00	5.000%	4,300.00	12,300.00
12/31/2021	8,000.00	5.000%	3,900.00	11,900.00
12/31/2022	8,000.00	5.000%	3,500.00	11,500.00
12/31/2023	9,000.00	5.000%	3,100.00	12,100.00
12/31/2024	9,000.00	5.000%	2,650.00	11,650.00
12/31/2025	10,000.00	5.000%	2,200.00	12,200.00
12/31/2026	11,000.00	5.000%	1,700.00	12,700.00
12/31/2027	11,000.00	5.000%	1,150.00	12,150.00
12/31/2028	12,000.00	5.000%	600.00	12,600.00
Total	\$130,000.00	-	\$59,200.00	\$189,200.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	8.902 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	8.902 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$200,000

Adair County Water District

Series 1989

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	3,000.00	3,000.00
12/31/2014	9,000.00	-	5,730.00	14,730.00
12/31/2015	9,000.00	-	5,190.00	14,190.00
12/31/2016	10,000.00	-	4,620.00	14,620.00
12/31/2017	10,000.00	-	4,020.00	14,020.00
12/31/2018	11,000.00	-	3,390.00	14,390.00
12/31/2019	12,000.00	-	2,700.00	14,700.00
12/31/2020	12,000.00	-	1,980.00	13,980.00
12/31/2021	13,000.00	-	1,230.00	14,230.00
12/31/2022	14,000.00	6.000%	420.00	14,420.00
Total	\$100,000.00	-	\$32,280.00	\$132,280.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	4.924 Years
Average Coupon	6.0000000%
Weighted Average Maturity (Par Basis)	4.924 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$745,000

Adair County Water District

Series 1992

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	13,350 00	13,350 00
12/31/2014	17,000 00	-	26,275 00	43,275 00
12/31/2015	19,000 00	-	25,375 00	44,375 00
12/31/2016	19,000 00	-	24,425 00	43,425 00
12/31/2017	20,000 00	-	23,450 00	43,450 00
12/31/2018	21,000 00	-	22,425 00	43,425 00
12/31/2019	22,000 00	-	21,350 00	43,350 00
12/31/2020	24,000 00	-	20,200 00	44,200 00
12/31/2021	24,000 00	-	19,000 00	43,000 00
12/31/2022	26,000 00	-	17,750 00	43,750 00
12/31/2023	27,000 00	-	16,425 00	43,425 00
12/31/2024	28,000 00	-	15,050 00	43,050 00
12/31/2025	30,000 00	-	13,600 00	43,600 00
12/31/2026	31,000 00	-	12,075 00	43,075 00
12/31/2027	33,000 00	-	10,475 00	43,475 00
12/31/2028	34,000 00	-	8,800 00	42,800 00
12/31/2029	36,000 00	-	7,050 00	43,050 00
12/31/2030	38,000 00	-	5,200 00	43,200 00
12/31/2031	40,000 00	-	3,250 00	43,250 00
12/31/2032	45,000 00	5 000%	1,125 00	46,125 00
Total	\$534,000.00	-	\$306,650.00	\$840,650.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	11.029 Years
Average Coupon	5 0000000%
Weighted Average Maturity (Par Basis)	11 029 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$125,000

Adair County Water District

(City of Columbia)

Series 1995

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	2,500.00	4.500%	2,193.75	4,693.75
12/31/2014	2,700.00	4.500%	4,275.00	6,975.00
12/31/2015	2,800.00	4.500%	4,153.50	6,953.50
12/31/2016	2,900.00	4.500%	4,027.50	6,927.50
12/31/2017	3,100.00	4.500%	3,897.00	6,997.00
12/31/2018	3,200.00	4.500%	3,757.50	6,957.50
12/31/2019	3,400.00	4.500%	3,613.50	7,013.50
12/31/2020	3,600.00	4.500%	3,460.50	7,060.50
12/31/2021	3,700.00	4.500%	3,298.50	6,998.50
12/31/2022	4,000.00	4.500%	3,132.00	7,132.00
12/31/2023	4,100.00	4.500%	2,952.00	7,052.00
12/31/2024	4,400.00	4.500%	2,767.50	7,167.50
12/31/2025	4,500.00	4.500%	2,569.50	7,069.50
12/31/2026	4,800.00	4.500%	2,367.00	7,167.00
12/31/2027	5,000.00	4.500%	2,151.00	7,151.00
12/31/2028	5,300.00	4.500%	1,926.00	7,226.00
12/31/2029	5,500.00	4.500%	1,687.50	7,187.50
12/31/2030	5,800.00	4.500%	1,440.00	7,240.00
12/31/2031	6,100.00	4.500%	1,179.00	7,279.00
12/31/2032	6,400.00	4.500%	904.50	7,304.50
12/31/2033	6,700.00	4.500%	616.50	7,316.50
12/31/2034	7,000.00	4.500%	315.00	7,315.00
Total	\$97,500.00	-	\$56,684.25	\$154,184.25

Yield Statistics

Base date for Avg Life & Avg Coupon Calculation	6/15/2013
Average Life	12.714 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	12.714 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$428,000

Adair County Water District

Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	7,200.00	7,200.00
12/31/2014	9,000.00	-	14,197.50	23,197.50
12/31/2015	9,000.00	-	13,792.50	22,792.50
12/31/2016	10,000.00	-	13,365.00	23,365.00
12/31/2017	10,000.00	-	12,915.00	22,915.00
12/31/2018	11,000.00	-	12,442.50	23,442.50
12/31/2019	11,000.00	-	11,947.50	22,947.50
12/31/2020	11,000.00	-	11,452.50	22,452.50
12/31/2021	12,000.00	-	10,935.00	22,935.00
12/31/2022	13,000.00	-	10,372.50	23,372.50
12/31/2023	13,000.00	-	9,787.50	22,787.50
12/31/2024	14,000.00	-	9,180.00	23,180.00
12/31/2025	14,000.00	-	8,550.00	22,550.00
12/31/2026	15,000.00	-	7,897.50	22,897.50
12/31/2027	16,000.00	-	7,200.00	23,200.00
12/31/2028	16,000.00	-	6,480.00	22,480.00
12/31/2029	17,000.00	-	5,737.50	22,737.50
12/31/2030	18,000.00	-	4,950.00	22,950.00
12/31/2031	19,000.00	-	4,117.50	23,117.50
12/31/2032	19,000.00	-	3,262.50	22,262.50
12/31/2033	20,000.00	-	2,385.00	22,385.00
12/31/2034	21,000.00	-	1,462.50	22,462.50
12/31/2035	22,000.00	4.500%	495.00	22,495.00
Total	\$320,000.00	-	\$190,125.00	\$510,125.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	12.748 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	12.748 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$427,000

Adair County Water District
Series 1998

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	7,650 00	7,650 00
12/31/2014	9,000 00	-	15,097 50	24,097 50
12/31/2015	10,000 00	-	14,670 00	24,670 00
12/31/2016	10,000 00	-	14,220 00	24,220 00
12/31/2017	11,000 00	-	13,747 50	24,747 50
12/31/2018	11,000 00	-	13,252 50	24,252 50
12/31/2019	12,000 00	-	12,735 00	24,735 00
12/31/2020	12,000 00	-	12,195 00	24,195 00
12/31/2021	13,000 00	-	11,632 50	24,632 50
12/31/2022	13,000 00	-	11,047 50	24,047 50
12/31/2023	14,000 00	-	10,440 00	24,440 00
12/31/2024	14,000 00	-	9,810 00	23,810 00
12/31/2025	15,000 00	-	9,157 50	24,157 50
12/31/2026	16,000 00	-	8,460 00	24,460 00
12/31/2027	17,000 00	-	7,717 50	24,717 50
12/31/2028	17,000 00	-	6,952 50	23,952 50
12/31/2029	18,000 00	-	6,165 00	24,165 00
12/31/2030	19,000 00	-	5,332 50	24,332 50
12/31/2031	20,000 00	-	4,455 00	24,455 00
12/31/2032	21,000 00	-	3,532 50	24,532 50
12/31/2033	22,000 00	-	2,565 00	24,565 00
12/31/2034	22,000 00	-	1,575 00	23,575 00
12/31/2035	24,000 00	4.500%	540 00	24,540 00
Total	\$340,000.00	-	\$202,950.00	\$542,950.00

Yield Statistics

Base date for Avg Life & Avg Coupon Calculation	6/15/2013
Average Life	12.809 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	12.809 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$501,000

Adair County Water District

(City of Columbia)

Series 2000

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	8,100.00	4.500%	9,830.25	17,930.25
12/31/2014	8,500.00	4.500%	19,296.00	27,796.00
12/31/2015	8,800.00	4.500%	18,913.50	27,713.50
12/31/2016	9,200.00	4.500%	18,517.50	27,717.50
12/31/2017	9,600.00	4.500%	18,103.50	27,703.50
12/31/2018	10,100.00	4.500%	17,671.50	27,771.50
12/31/2019	10,500.00	4.500%	17,217.00	27,717.00
12/31/2020	11,000.00	4.500%	16,744.50	27,744.50
12/31/2021	11,500.00	4.500%	16,249.50	27,749.50
12/31/2022	12,000.00	4.500%	15,732.00	27,732.00
12/31/2023	12,600.00	4.500%	15,192.00	27,792.00
12/31/2024	13,100.00	4.500%	14,625.00	27,725.00
12/31/2025	13,700.00	4.500%	14,035.50	27,735.50
12/31/2026	14,300.00	4.500%	13,419.00	27,719.00
12/31/2027	15,000.00	4.500%	12,775.50	27,775.50
12/31/2028	15,700.00	4.500%	12,100.50	27,800.50
12/31/2029	16,400.00	4.500%	11,394.00	27,794.00
12/31/2030	17,100.00	4.500%	10,656.00	27,756.00
12/31/2031	17,900.00	4.500%	9,886.50	27,786.50
12/31/2032	18,700.00	4.500%	9,081.00	27,781.00
12/31/2033	19,500.00	4.500%	8,239.50	27,739.50
12/31/2034	20,400.00	4.500%	7,362.00	27,762.00
12/31/2035	21,300.00	4.500%	6,444.00	27,744.00
12/31/2036	22,300.00	4.500%	5,485.50	27,785.50
12/31/2037	23,300.00	4.500%	4,482.00	27,782.00
12/31/2038	24,300.00	4.500%	3,433.50	27,733.50
12/31/2039	25,400.00	4.500%	2,340.00	27,740.00
12/31/2040	26,600.00	4.500%	1,197.00	27,797.00
Total	\$436,900.00	-	\$330,423.75	\$767,323.75

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	16.601 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	16.601 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

\$627,000

Adair County Water District
Series 2003

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2013	-	-	12,251.25	12,251.25
12/31/2014	9,500.00	-	24,288.75	33,788.75
12/31/2015	10,000.00	-	23,850.00	33,850.00
12/31/2016	10,500.00	-	23,388.75	33,888.75
12/31/2017	11,000.00	-	22,905.00	33,905.00
12/31/2018	11,500.00	-	22,398.75	33,898.75
12/31/2019	12,000.00	-	21,870.00	33,870.00
12/31/2020	12,500.00	-	21,318.75	33,818.75
12/31/2021	13,000.00	-	20,745.00	33,745.00
12/31/2022	13,500.00	-	20,148.75	33,648.75
12/31/2023	14,000.00	-	19,530.00	33,530.00
12/31/2024	14,500.00	-	18,888.75	33,388.75
12/31/2025	15,000.00	-	18,213.75	33,713.75
12/31/2026	16,000.00	-	17,505.00	33,505.00
12/31/2027	16,500.00	-	16,773.75	33,273.75
12/31/2028	17,500.00	-	16,008.75	33,508.75
12/31/2029	18,500.00	-	15,198.75	33,698.75
12/31/2030	19,000.00	-	14,355.00	33,355.00
12/31/2031	20,000.00	-	13,477.50	33,477.50
12/31/2032	21,000.00	-	12,555.00	33,555.00
12/31/2033	22,000.00	-	11,587.50	33,587.50
12/31/2034	23,000.00	-	10,575.00	33,575.00
12/31/2035	24,000.00	-	9,517.50	33,517.50
12/31/2036	25,000.00	-	8,415.00	33,415.00
12/31/2037	26,000.00	-	7,267.50	33,267.50
12/31/2038	27,000.00	-	6,075.00	33,075.00
12/31/2039	28,500.00	-	4,826.25	33,326.25
12/31/2040	29,500.00	-	3,521.25	33,021.25
12/31/2041	31,000.00	-	2,160.00	33,160.00
12/31/2042	32,500.00	4.500%	731.25	33,231.25
Total	\$544,500.00	-	\$440,347.50	\$984,847.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/15/2013
Average Life	17.516 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	17.516 Years

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF NET ASSETS
 December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 265,503	\$ 190,215
Customer Accounts Receivable	308,451	294,509
Accounts Receivable - Other	-	9,990
Inventory	166,817	179,916
Prepaid Expenses	14,405	8,659
Total Unrestricted Current Assets	755,176	683,289
Restricted Cash and Investments	732,695	735,412
Total Current Assets	1,487,871	1,418,701
NON-CURRENT ASSETS		
Capital Assets:		
Land and Construction in Progress	1,766,106	2,726,557
Other Capital Assets (net of accumulated depreciation)	33,830,067	30,861,015
Total Non-Current Assets	35,596,173	33,587,572
TOTAL ASSETS	37,084,044	35,006,273
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable - Trade	162,778	249,009
Accrued and Withheld Taxes	42,139	55,860
Customer Deposits	36,258	34,586
Accrued Payroll	15,005	11,440
Deferred Credit	221,368	398,593
Liabilities Payable from Restricted Assets:		
Interest Payable	198,027	224,096
Current Portion of Revenue Notes and Bonds Payable	480,770	268,884
Current Portion of Notes Payable	1,545,182	2,556,485
Total Current Liabilities	2,701,527	3,798,953
NON-CURRENT LIABILITIES		
Long-term Liabilities (Excluding Current Portion):		
Non-Current Portion of Revenue Notes and Bonds Payable	12,046,107	8,526,676
Total Non-Current Liabilities	12,046,107	8,526,676
TOTAL LIABILITIES	14,747,634	12,325,629
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	21,326,086	22,011,429
Restricted	732,695	735,412
Unrestricted	277,629	(66,197)
TOTAL NET ASSETS	\$ 22,336,410	\$ 22,680,644

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
DBA COLUMBIA/ADAIR UTILITIES DISTRICT
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2012 and 2011

	County Water	City Water	Sewer	Total 2012	Total 2011
OPERATING REVENUES					
Water Sales	\$ 2,678,196	\$ 835,602	\$ 586,937	\$ 4,100,735	\$ 2,680,846
Service Charges and Other	136,833	11,460	-	148,293	128,668
Total Operating Revenues	2,815,029	847,062	586,937	4,249,028	2,809,514
OPERATING EXPENSES					
Personal Service	829,356	403,899	295,790	1,529,045	1,237,875
Contractual Services	21,204	11,944	21,436	54,584	44,794
Supplies and Materials	243,806	124,416	24,243	392,465	291,213
Repairs and Maintenance	66,768	25,778	53,677	146,223	100,286
Operational	473,771	149,718	154,543	778,032	627,487
Depreciation and Amortization	660,848	95,851	399,768	1,156,467	928,365
Total Operating Expenses	2,295,753	811,606	949,457	4,056,816	3,230,020
OPERATING INCOME/(LOSS)	519,276	35,456	(362,520)	192,212	(420,506)
NON-OPERATING REVENUES (EXPENSES)					
Other Non-Utility Income	981	-	-	981	30,824
Operating Lease - City	-	-	-	-	174,336
Operating Lease -Water Plant	(334,463)	-	-	(334,463)	(715,326)
Interest Income	3,725	-	-	3,725	3,197
Miscellaneous Nonutility Expenses	(732)	(521)	(401)	(1,654)	(2,563)
Interest Expenses and Fiscal Charges	(283,513)	(20,808)	(74,777)	(379,098)	(313,772)
Total Non-Operating Revenues (Expenses)	(614,002)	(21,329)	(75,178)	(710,509)	(823,304)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(94,726)	14,127	(437,698)	(518,297)	(1,243,810)
Capital Contributions	166,564	6,999	500	174,063	11,621,897
Grants	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	71,838	21,126	(437,198)	(344,234)	10,378,087
NET ASSETS					
Beginning of Year, Restated (2011)				22,680,644	12,302,557
End of Year				<u>\$ 22,336,410</u>	<u>\$ 22,680,644</u>

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF CASH FLOWS
 Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	\$ 4,235,086	\$ 2,908,321
Cash Payments to Employees for Services	(1,525,480)	(1,193,547)
Cash Payments to Suppliers for Goods and Services	(1,453,914)	(938,199)
Customer Deposits Received	28,800	35,575
Customer Deposits Returned	(27,130)	(23,515)
Net Cash Provided/(Used) By Operating Activities	1,257,362	788,635
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(3,177,413)	(2,706,047)
Principal Paid on Debt	(3,304,796)	(258,919)
Interest Paid on Debt	(384,497)	(318,066)
Loan Proceeds	6,021,061	1,869,455
Operating Transfer	(324,463)	-
Contributed Capital	(18,409)	870,940
Net Cash Provided/(Used) By Investing Activities Related Financing Activities	(1,188,517)	(542,637)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	3,726	3,198
Net Cash Provided/(Used) By Investing Activities	3,726	3,198
Net Increase/(Decrease) in Cash and Cash Equivalents	72,571	249,196
Cash and Cash Equivalents - Beginning of Year	925,627	676,431
Cash and Cash Equivalents - End of Year	\$ 998,198	\$ 925,627
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and Cash Equivalents	\$ 265,503	\$ 190,215
Short-Term Investments	-	-
Restricted Cash	732,695	735,412
TOTAL CASH AND CASH EQUIVALENTS	\$ 998,198	\$ 925,627
 NONCASH ITEMS:		
Contributed Capital from City Water & Sewer Assets		10,751,457

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF CASH FLOWS (CONTINUED)
 Years Ended December 31, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) FOR OPERATING ACTIVITIES		
Operating Margin	\$ 192,211	\$ (420,506)
ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) FOR OPERATING ACTIVITIES		
Depreciation	1,156,467	928,365
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(13,942)	84,267
(Increase)/Decrease in Accounts Receivable Other	9,990	-
(Increase)/Decrease in Inventory	13,099	(19,677)
(Increase)/Decrease in Prepaid Expenses	(5,747)	34,159
Increase/(Decrease) in Accounts Payable	(86,232)	125,581
Increase/(Decrease) in Salaries and Wages Payable	3,565	2,917
Increase/(Decrease) in Customer Deposits	1,672	12,119
Increase/(Decrease) in Accrued and Withheld Taxes	(13,721)	41,410
Total Reconciling Adjustments	1,065,151	1,209,141
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	\$ 1,257,362	\$ 788,635

See Accompanying Notes to Financial Statements