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**SOUTH ANDERSON WATER DISTRICT  
AUDIT REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2013 & 2012**

**W. Dudley Shryock, CPA, PSC  
Certified Public Accountant  
P.O. Box 542  
Lawrenceburg, Kentucky 40342**

**SOUTH ANDERSON WATER DISTRICT  
CONTENTS  
YEARS ENDED DECEMBER 31, 2013 & 2012**

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheets	2 - 3
Statements of Operations	4
Statements of Net Worth	5
Statements of Cash Flow	6
Notes to Financial Statements	7-12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14
 <u>SUPPLEMENTAL SCHEDULES:</u>	
Members of the Board	15

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
South Anderson Water District  
Lawrenceburg, KY 40342

### Report on the Financial Statements

We have audited the accompanying financial statements of South Anderson Water District as of and for the years ended December 31, 2013 & 2012.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Anderson Water District, as of December 31, 2013 & 2012, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the South Anderson Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Anderson Water District's internal control over financial reporting and compliance.

*W. Dudley Shryock, CPA, PSC*  
June 20, 2014

**SOUTH ANDERSON WATER DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2013 & 2012**

**ASSETS**

	<b>2013</b>	<b>2012</b>
<b>UTILITY PLANT (NOTE 3)</b>		
Construction Work in Progress	\$ -	\$ -
In-Service - at cost	12,319,389	12,090,339
Less: Accumulated Provision for Depreciation	(3,434,065)	(3,134,016)
Deferred Debits (Bond Discount/Issuance Costs)	0	34,647
Total Utility Plant	\$ 8,885,324	\$ 8,990,970
 <b>OTHER ASSETS AND INVESTMENTS</b>		
Investments (Note 5)	\$ 446,818	\$ 446,817
Total Other Assets and Investments	\$ 446,818	\$ 446,817
 <b>CURRENT ASSETS</b>		
Cash - General Funds (Note 5)	\$ 396,933	\$ 337,457
Cash - Reserved (Note 5)	580,965	408,226
Inventory	33,340	26,672
Prepaid Bond Payment		15,649
Accounts Receivable, net of allowance for doubtful accounts - \$8,294 and \$2,225, respectively	121,163	132,750
Total Current Assets	\$ 1,132,401	\$ 920,754
<b>TOTAL ASSETS</b>	<b>\$ 10,464,543</b>	<b>\$ 10,358,541</b>

The accompanying notes are an integral part of these statements.

**SOUTH ANDERSON WATER DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2013 & 2012**

**NET WORTH AND LIABILITIES**

	<b>2013</b>	<b>2012</b>
<b>NET WORTH</b>		
Contribution-In-Aid (Note 7)	\$ 8,343,166	\$ 8,319,116
Retained Earnings	(549,797)	(493,086)
Total Net Worth	\$ 7,793,369	\$ 7,826,030
 <b>LONG-TERM DEBT</b>		
RDA Mortgage Notes less current maturities (Note4)	\$ 351,000	\$ 369,000
Refunding Revenue Bonds-1999A	-	-
Rural Water Finance Corp Series 2012B	1,870,000	1,877,083
Construction Loan Draws	153,573	-
Total long-term Debt	\$ 2,374,573	\$ 2,246,083
 <b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt (Note 4)	\$ 103,000	\$ 105,536
Accounts Payable - Purchased Water	40,722	33,445
Accounts Payable - Other	8,191	4,074
Consumer Deposits	128,157	124,484
Accrued Wages	0	0
Accrued Taxes	4,289	6,431
Accrued Pension	4,441	4,239
Accrued Interest	7,801	8,219
Total Current Liabilities	\$ 296,601	\$ 286,428
 <b>TOTAL NET WORTH AND LIABILITIES</b>	<b>\$ 10,464,543</b>	<b>\$ 10,358,541</b>

The accompanying notes are an integral part of these statements.

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

	2013	2012
<b>OPERATING INCOME:</b>	<u>\$ 1,504,836</u>	<u>\$ 1,430,478</u>
<b>OPERATING EXPENSE:</b>		
Cost of Water	\$ 602,045	\$ 433,327
Salaries & Wages - Employees	219,674	226,736
Salaries & Wages - Commissioners	18,000	18,000
Payroll Taxes	16,669	17,161
Employee Benefits	76,204	93,563
Purchased Power	45,084	40,467
Chemical Water Testing	3,648	4,764
Materials & Supplies	118,247	105,816
Contractual Services	37,134	36,512
Rent	6,000	13,300
Transportation	29,438	24,033
Insurance	16,835	11,462
PSC Assessment	2,582	2,126
Advertising	1,847	846
Bad Debt	3,048	2,704
Miscellaneous	7,637	6,645
Depreciation & Amortization	300,049	229,341
Total Operating Expense	<u>\$ 1,504,141</u>	<u>\$ 1,266,803</u>
<b>OPERATING INCOME BEFORE FIXED CHARGES</b>	<b>\$ 695</b>	<b>\$ 163,675</b>
<b>FIXED EXPENSES</b>		
Interest on Long-Term Debt & Consumer Deposits	<u>\$ 83,069</u>	<u>\$ 94,822</u>
<b>NET OPERATING PROFIT (LOSS)</b>	<b>\$ (82,374)</b>	<b>\$ 68,853</b>
<b>NON-OPERATING INCOME:</b>		
Tower Rent from Broadband	8,890	7,264
Sewer Billing Fee	8,768	8,746
Interest Income	8,005	10,413
Total Non-Operating Income	<u>\$ 25,663</u>	<u>\$ 26,423</u>
<b>NET PROFIT (LOSS) FOR CALENDAR YEAR</b>	<b>\$ (56,711)</b>	<b>\$ 95,276</b>

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, 2011	(\$588,362)	\$6,294,055	\$5,705,693
Net Profit (Loss) for the year ended December 31, 2012	95,276	N/A	95,276
Rounding	0	0	0
Contribution In-Aid	N/A	2,025,061	2,025,061
Balance - December 31, 2012	(\$493,086)	\$8,319,116	\$7,826,030
Net Profit (Loss) for the year ended December 31, 2013	(56,711)	N/A	(56,711)
Rounding	0	0	0
Contribution In-Aid	N/A	24,050	24,050
Balance - December 31, 2013	(\$549,797)	\$8,343,166	\$7,793,369

The accompanying notes are an integral part of these statements.

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

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit (Loss)	\$ (56,711)	\$ 95,276
Items Not Requiring Cash:		
Depreciation	300,049	226,986
Amortization		2,354
Change in Deferred Debits (Bond Issuance Costs)	34,647	-
Change in Inventory	(6,668)	(1,004)
Change in Prepayments	15,649	(15,649)
Change in Accounts Receivable	11,587	(17,939)
Change in Accounts Payable	11,394	454
Change in Accrued Expenses	(2,358)	(38,231)
Change in Current Maturities LT Debt	(2,536)	26,536
Net Cash Flows From Operation Activities	<u>\$ 305,053</u>	<u>\$ 278,783</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Equipment	\$ (6,294)	\$ -
Water Tanks/Standpipes	(1,585)	(9,510)
Building & Improvements	(10,107)	(154,770)
Meter & Installation	(37,139)	(21,158)
Distribution Main Construction	(154,925)	(2,071,657)
Transportation Equipment	(19,000)	-
Land & Land Rights	-	-
Bulk Water Station	-	-
Certificates of Deposit Redeemed/(Additions)	(1)	(12,599)
Contributions in Aid of Construction	24,050	2,025,061
Consumers Deposits (net)	3,673	(6,778)
Net Cash Flows From Investing Activities	<u>\$ (201,328)</u>	<u>\$ (251,411)</u>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES:</b>		
Draw / (Repay) Construction Loan Draws	\$ 153,573	\$ -
Repayment/Trsfr to current of Refunding Bonds		(515,000)
Repayment/Trsfr to current of RD Bonds	(18,000)	(1,509,500)
Repayment/Trsfr to current of KRWA Bonds	(7,083)	(162,917)
Proceeds of KRWA Bonds	-	2,040,000
Net Cash Flows From Financing Activities	<u>\$ 128,490</u>	<u>\$ (147,417)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b><u>\$ 232,215</u></b>	<b><u>\$ (120,045)</u></b>
<b>Cash &amp; Cash Equivalents January 1</b>	<b><u>\$ 745,683</u></b>	<b><u>\$ 865,728</u></b>
<b>Cash &amp; Cash Equivalents December 31</b>	<b><u>\$ 977,898</u></b>	<b><u>\$ 745,683</u></b>

The accompanying notes are an integral part of these statements.



**SOUTH ANDERSON WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 & 2012**

**Note 1 – Summary of Significant Accounting Policies and Description of Funds:**

South Anderson Water District was created pursuant to the provisions of KRS 71.440 through 71.520 for the purpose of supplying treated water to rural Anderson County.

The District maintains its records in accordance with policies prescribed or permitted by the Kentucky Public Service Commission and the United States Rural Development Administration. The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. The more significant accounting policies are as follows:

Utility Plant: Utility Plant is stated at original cost, which is the cost when first dedicated to public service. Such basis includes applicable supervisory and overhead cost.

The cost of maintenance and repairs, including replacements of minor items of property, is charged to operation expenses. The cost of replacements of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation.

Depreciation: Depreciation of all fixed assets is charged as an expense against operations. Depreciation has been spread over the estimated useful asset lives using the straight-line method. The estimated useful lives are as follows:

Utility Plant	45 years
Buildings	40 years
Office Equipment	5-10 years
Computer Equipment & Vehicles	5 years

Cash and Cash Equivalents: The Water District considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Revenue and Cost of Water: Revenues are principally recorded in the period in which meters are read. South Anderson Water District has consistently used the January 10<sup>th</sup> billing as accounts receivable. The District does not accrue amounts receivable for water sold but not billed. Cost of purchased water is recorded during the period in which it is consumed to the best of their ability.

**SOUTH ANDERSON WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 & 2012**

Investments: The Water District may, and also does, invest idle funds in local banks consisting of certificates of deposits. These investments are classified as held-to-maturity in accordance with provisions of the Financial Instruments Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"). Held-to-maturity securities are presented at amortized cost. The fair value of held-to-maturity securities approximates cost. Investments are required to be collateralized by direct obligations of the United States, FDIC insured, or invested in direct obligations of the United States.

Income Tax Status: Earnings from the Water District are exempt from federal and state income taxes since the Water Commission is a government entity.

Risk Management: The Water District is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

Fair Value Measurements: The Fair Value Measurements and Disclosures Topic of the FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. The Fair Values Measurements Topic establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

**Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

**Level 2:** Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

**Level 3:** Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of the Water District's cash and cash equivalents, other receivables, investments, inventories, other assets, trade accounts payable, accrued expenses and liabilities, and other liabilities approximate fair value due to their short maturity. Other assets and liabilities are not considered financial instruments because they represent activities specifically related to the Water

**SOUTH ANDERSON WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 & 2012**

District. Long term debt cannot be traded in the market, and is specifically for government entities and, therefore, a value other than its outstanding principal cannot be determined.

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

Environmental Contingency: The Water District from time to time is required to work with and handle chemicals and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require the Water Commission to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Water District's financial position or its future cash flows.

Subsequent Events: Management has evaluated subsequent events through June 20, 2014, the date the financial statements were available to be issued. There were no significant subsequent events to report.

**NOTE 2 – Assets Pledged:**

Substantially all assets are pledged as security for long-term debt to the United States Rural Development Administration.

**SOUTH ANDERSON WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 & 2012**

**NOTE 3 – Utility Plant:**

Listed below is the utility plant in service at December 31:

	2013	2012
Land & Land Rights	\$ 35,798	\$ 35,798
Structure & Improvements	164,878	154,770
Reservoir & Standpipes	285,714	284,129
Distribution Mains	10,522,330	10,367,405
Meter & Meter Installations	1,033,533	996,395
Hydrants	1,216	1,216
Bulk Water Station	24,900	24,900
Transportation Equipment	157,432	138,432
Equipment	36,394	30,100
Office Equipment	57,194	57,194
	<u>\$ 12,319,389</u>	<u>\$ 12,090,339</u>
Accumulated Depreciation	(3,434,065)	(3,134,016)
Utility Plant in Service	<u>\$ 8,885,324</u>	<u>\$ 8,956,323</u>

**Note 4 – Long-Term Debt:**

Long-term debt consists of mortgage notes payable to the United States Department of Agriculture (Rural Development) and Ky Rural Water Association (refunding bond issue Series 2012B). Following is a summary of outstanding long-term debt as of December 31:

	2013	2012
5.0% USDA Rural Development	\$ 43,500	\$ 56,500
4.125% USDA Rural Development	325,500	330,000
KRWA Series 2012B	1,955,000	1,965,119
Construction Loan Draws	153,573	0
Less: Current Maturities	(103,000)	(105,536)
	<u>\$ 2,374,573</u>	<u>\$ 2,246,083</u>

As of December 31, 2013 annual maturities of long-term debt outstanding for the next five years are as follows:

Dec. 31, 2014	103,000
Dec. 31, 2015	108,000
Dec. 31, 2016	97,500
Dec. 31, 2017	98,000
Dec. 31, 2018	103,500

**SOUTH ANDERSON WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 & 2012**

**NOTE 5 – Cash & Equivalents / Investments:**

All cash is deposited in institutions insured by the Federal Deposit Insurance Corporation.

(a) Cash consists of the following:

	Unreserved	
	2013	2012
Revenue Account	\$ 265,639	\$ 119,301
Operation & Maint. Account	130,138	217,011
Local Construction	756	745
Petty Cash	400	400
	\$ 396,933	\$ 337,457
	Reserved	
	2013	2012
Construction Extension Acct.	\$ 208,234	\$ 197,014
Debt Service Acct.	66,915	18,919
Reserve Account	5,580	5,580
Interest & Principal Acct.	179,174	186,713
Regions Sinking Fund	121,062	-
	\$ 580,965	\$ 408,226

Investments at December 31 were made up of Certificates of Deposit at Main Source Bank and Farmers Bank as listed below:

	2013	2012
Customer Security Deposits	\$ 143,000	\$ 143,000
Extension Accounts	152,500	152,500
Debt Service	87,500	87,500
Reserve Account	63,818	63,817
	\$ 446,818	\$ 446,817

**NOTE 6 – RATES:**

The district operates under rates approved by the Kentucky Public Service Commission.

**NOTE 7 – CONTRIBUTIONS IN AID OF CONSTRUCTION:**

The members of the district and various government agencies have made contributions in aid of construction to facilitate the construction of the district's waterlines. As of December 31, 2013 the district had received

**SOUTH ANDERSON WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 & 2012**

\$1,530,631 from members in the form of tap-on fees. Grants from federal, state, and local government agencies totaled \$6,812,536. This includes grants from USDA – Rural Development, Community Development Block Grant Program, Kentucky Infrastructure Authority, and the local county government in Anderson County, Kentucky.

**NOTE 8 –EMPLOYEE’S RETIREMENT SYSTEM:**

For employees that qualify, the District contributes to the Kentucky Employee's Retirement System ("KERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KERS covers substantially all regular full-time members employed in non-hazardous duty positions of each county and any additional eligible local agencies electing to participate in the KERS. KERS provides for retirement, disability, and death benefits to plan members. Cost of living adjustments are provided at the discretion of the State legislature.

The KERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for KERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646.

Plan members are required to contribute 5% / 6% (depending on hire date) of their annual creditable compensation, and the District is required to contribute 19.55% (January 1, 2013 – June 30, 2013) and 18.89% (July 1, 2013 – December 31, 2013) of the employee's total compensation. The contribution requirements of KERS members and the District are established and may be amended by the KERS Board of Trustees.

South Anderson Water District's total payroll for 2013 was \$219,674. The payroll for employees covered by KERS was \$201,944. The District's contributions to KERS for the years ending December 31, 2013, 2012, and 2011, were \$38,786, \$41,192, and \$35,246, respectively, equal to the required contributions for each year.

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

To the Board of Commissioners  
South Anderson Water District  
Lawrenceburg, KY 40342

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Anderson Water District, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise South Anderson Water District's basic financial statements, and have issued our report thereon dated June 20, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Anderson Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Anderson Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Anderson Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies.

**Significant Deficiencies:** South Anderson Water District does not have a sufficient number of trained accounting personnel to completely segregate duties. For example, the same personnel approves invoices for payment, records the accounts payable in the computer system, cuts the check, and reconciles the bank statement. In an ideal internal control system, these duties would be performed by separate accounting personnel.

**District's Response:** South Anderson Water District does not have an unlimited budget and believes that the cost to benefit outweighs these internal controls and has decided against hiring additional accounting personnel. Alternative procedures are in place, such as Board approval of warrants and Board participation in the financial operation of the District.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Anderson Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**South Anderson Water District's Response to Findings**

South Anderson Water District's response to the findings identified in our audit is described previously. South Anderson Water District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*W. Dudley Shryock, CPA, PSC*  
June 20, 2014



**SUPPLEMENTAL SCHEDULES**

**SOUTH ANDERSON WATER DISTRICT  
MEMBERS OF THE BOARD  
AND KEY PERSONNEL  
DECEMBER 31, 2013**

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
Eddie R. Stevens Chairman	1057 Pleasant Grove Ridge Mt. Eden, KY 40046	April 2014
Timothy D. Baker Treasurer	1192 Mays Road Lawrenceburg, KY 40342	June 2016
Ollie Neat Secretary	1270 Carey Mill Road Lawrenceburg, KY 40342	June 2017
Brenda Robinson Office Manager	1027 Woodlake Dr. Lawrenceburg, KY 40342	
Shawn Cook Operations Manager	1070 Driscoll Lane Mt. Eden, KY 40046	