

Berger & Nienaber

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Thomas R. Nienaber

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Gregory N. Schabell
R. Leslie Knight
Bryan C. Berger

August 13, 2012

Public Service Commission
Attn: Mr. Jeff Derouen
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

AUG 20 2012

PUBLIC SERVICE
COMMISSION

Case No.
2012-00354

Re: Bullock Pen Water District
Supplemental Filing
Application of the Bullock Pen Water District for a Certificate of Public
Convenience and Necessity to Construct the Water Tower Project

Dear Director Derouen:

Enclosed please find an original and 10 copies of a Supplemental filing which I am submitting in reference to the subject proceeding before the Commission. As of this Supplemental filing, a Case No. has not yet been assigned. Please file this Supplemental Filing with the original case.

Should you have any additional questions or need any additional information, please do not hesitate to call.

Very truly yours,

BERGER & NIENABER, P.S.C.


Thomas R. Nienaber

TRN/css
Enclosure

RECEIVED

AUG 20 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BULLOCK)
PEN WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT AND)
FINANCE A WATER TOWER PROJECT)

CASE NO. 2012- 00354

SUPPLEMENTAL FILING

Comes now Bullock Pen Water District ("District"), by and through counsel, and submits the attached: (1) August 2, 2012 correspondence from the Commonwealth of Kentucky, Energy and Environment Cabinet, Division of Water, approving the District's eligibility to receive \$1,796,300.00 for the Grant County Improvement Project (Exhibit "H"); and (2) the Kentucky Infrastructure Authority Conditional Loan Commitment Letter for \$1,796,300.00 (Exhibit "I").

BULLOCK PEN WATER DISTRICT

BY: *Bobby Burgess*
BOBBY BURGESS, CHAIRMAN

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

The undersigned BOBBY BURGESS, Chairman of the BULLOCK PEN WATER DISTRICT, being duly sworn states and deposes that he is the Chairman of the Board of Commissioners of the Bullock Pen Water District. The undersigned states that he has read the foregoing Application and has noted the contents thereof and that they are true and correct to the best of his knowledge and belief.

IN TESTIMONY WHEREOF, witness the signature of the undersigned this 16 day of August, 2012.

[Signature]
NOTARY PUBLIC
MY COMMISSION EXPIRES: 3/27/16

BERGER & NIENABER, P.S.C.

A large, stylized handwritten signature in black ink, appearing to be 'T. Nienaber', is written over a horizontal line.

Thomas R. Nienaber - KBA# 51820
401 Madison Avenue
Covington, KY 41011
(859) 491-9088

EXHIBIT “H”

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

200 FAIR OAKS LANE, 4TH FLOOR

FRANKFORT, KENTUCKY 40601

www.kentucky.gov

August 2, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL1133
Bullock Pen Water District--1476
Activity ID: FGL20070007
Assistance Agreement
DWSRF F 11-05
Revised Final Certification

Dear Mr. Covington:

The Division of Water hereby certifies that the referenced project is entitled to an Assistance Agreement from the Drinking Water State Revolving Fund, and that the project is in compliance with federal and state requirements. The project is eligible to receive \$1,796,300 for BPWD Grant County Improvements Project.

If you should have any questions or require additional information, please contact Cathy Arnett, Project Administrator, at (502) 564-8158, extension 4594.

Sincerely,

A handwritten signature in cursive script that reads "Buddy Griffin".

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:CA

C: Peck, Shaffer & Williams
Mr. Bobby Burgess
Jeff Abshire, KIA
Kerry Odle, Engineer

EXHIBIT "I"



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Steven L. Beshear
Governor

John E. Covington III
Executive Director

August 2, 2012

Mr. Bobby Burgess, Chairman
Bullock Pen Water District
P.O. Box 188
Crittenden, KY 41030

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F11-05) (10% INCREASE)

Dear Mr. Burgess:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On August 2, 2012, the Authority approved an increase of \$163,300 to your existing loan for the BPWD Grant County Improvements project subject to the conditions stated below. The revised total cost of the project shall not exceed \$1,876,300 of which the Authority loan shall provide \$1,796,300 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Bullock Pen Water District upon satisfactory performance of the conditions set forth in this letter. You were previously granted an extension of time until October 21, 2012 to meet the conditions set forth in the original commitment letter and to enter into an Assistance Agreement. If the project does not meet the conditions by the new expiration date, no additional extensions will be considered and the commitment will be rescinded. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$1,796,300.

Mr. Bobby Burgess
August 2, 2012
Page 2

2. The loan shall bear interest at the rate of 2% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications

Mr. Bobby Burgess
August 2, 2012
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checklist shall be approved by the Division of Water prior to project bid.

12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

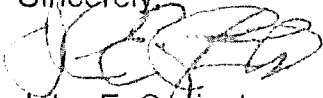
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



John E. Covington
Executive Director

Attachments

cc: Kerry Odle, CMW, Inc.
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG

Mr. Bobby Burgess
August 2, 2012
Page 5

Borrower File - Bullock Pen Water District - F11-05

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

Accepted

Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND F11-05)

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Telephone: _____ Contact: _____

Federal I.D. # _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Phone No: _____

City: _____ State: _____ Zip: _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Please return completed form to:

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157

ATTACHMENT A

**Bullock Pen Water District
F11-05**

**EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND F, FEDERALLY ASSISTED DRINKING WATER
REVOLVING LOAN FUND**

Reviewer: Sandy Williams
Date: August 2, 2012
KIA Loan Number: F11-05 Increase
WRIS Number: WX21081304

BORROWER **BULLOCK PEN WATER DISTRICT
GRANT COUNTY**

BRIEF DESCRIPTION

The Bullock Pen Water District is requesting an increase of \$163,300 in their Fund "F" loan that was previously approved on April 7, 2011. The increase is required due to bids being higher than the original estimate due to changes in foundation design of the tank (due to depth of rock), inclusion of a generator for a pump station, and increased labor costs from the original estimate. The amount of the increase falls within the approval authority of the Executive Director. The original project description is below.

This project is for the construction of a 500,000 gallon elevated water storage tank, pump station with variable frequency drive controller, the installation of .92 miles of new 8" PVC water line and the replacement of .46 miles of 3" and 4" water lines with 8" water lines. The tank will be constructed on the west side of Interstate 75 and will supplement water storage with a 200,000 gallon tank that is on the east side of I-75. The pump station will then pump water through the new lines to fill the existing Mt. Zion tank. The current path of feeding this tank, along with two other tanks, at times causes high pressure on the water lines in the Zion Station area. The new configuration will result in all tanks filling faster while reducing pressure.

PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
Fund F Loan	\$1,796,300	Legal Expenses			\$10,000
Grant County Sanitary Sewer District	30,000	Planning			5,000
BPWD	50,000	Eng - Design	8.1%	6.8%	111,750
		Eng - Constr / Insp	5.0%	4.3%	69,827
		Eng - Other			19,754
		Construction			1,623,982
		Equipment			18,000
		Contingency			17,987
TOTAL	\$1,876,300	TOTAL			\$1,876,300

REPAYMENT	Rate	2.00%	Est. Annual Payment	\$113,906
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	CMW, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	Bid Opening	July-12
	Construction Start	September-12
	Construction Stop	February-14

DEBT PER CUSTOMER	Existing	\$1,027
	Proposed	\$1,037

RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>
	Current	6,989	\$44.19 (for 4,000 gallons)
	Additional	0	\$44.19 (for 4,000 gallons)

REGIONAL COORDINATION This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income After Debt Service	Coverage Ratio
Audited 2007	545,351	749,012	(203,661)	0.7
Audited 2008	250,442	729,279	(478,837)	0.3
Audited 2009	508,560	714,732	(206,172)	0.7
Audited 2010	1,414,386	801,585	612,801	1.8
Estimated 2011	1,348,623	825,969	522,654	1.6
Projected 2012	1,288,892	799,745	489,147	1.6
Projected 2013	1,233,220	761,662	471,558	1.6
Projected 2014	1,198,286	800,351	397,935	1.5
Projected 2015	1,121,251	787,526	333,725	1.4

Reviewer: Sandy Williams
Date: August 2, 2012
Loan Number: F11-05 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
BULLOCK PEN WATER DISTRICT, GRANT COUNTY
PROJECT REVIEW
WX21081304**

I. PROJECT DESCRIPTION

The Bullock Pen Water District is requesting an increase of \$163,300 in their Fund "F" loan that was previously approved on April 7, 2011. The increase is required due to bids being higher than the original estimate due to changes in foundation design of the tank (due to depth of rock), inclusion of a generator for a pump station, and increased labor costs from the original estimate. The amount of the increase falls within the approval authority of the Executive Director. The original project description is below.

The Bullock Pen Water District (the "District") is requesting a \$1,633,000 Drinking Water SRF loan for the Grant County Improvements project. The project is for the construction of a 500,000 gallon elevated water storage tank, pump station with variable frequency drive controller, the installation of .92 miles of new 8" PVC water line and the replacement of .46 miles of 3" and 4" water lines with 8" water lines. The tank will be constructed on the west side of Interstate 75 and will supplement water storage with a 200,000 gallon tank that is on the east side of Interstate 75. The pump station will then pump water through the new lines to fill the existing Mt. Zion tank. The current path of feeding this tank, along with two other tanks, at times causes high pressure on the water lines in the Zion Station area. The new configuration will result in all tanks filling faster while reducing pressure.

The District serves areas of Grant, Boone, Kenton, Pendleton and Gallatin Counties. They purchase water from the Boone County Water District, Northern Kentucky Water District and the cities of Walton and Williamstown.

II. PROJECT BUDGET

	Original	Increase	Revised
Legal Expenses	\$ 10,000	\$ 0	\$ 10,000
Land, Easements	30,000	(30,000)	0
Engineering Fees	202,803	3,528	206,331
Construction	1,277,480	346,502	1,623,982
Contingency	127,717	(109,730)	17,987
Other	15,000	3,000	18,000
Total	\$ 1,663,000	\$ 213,300	\$ 1,876,300

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$ 1,796,300	96%
Grant County Sanitary Sewer District	30,000	2%
BPWD	50,000	3%
Total	\$ 1,876,300	100%

IV. KIA DEBT SERVICE

	Original	Increase	Revised
Construction Loan	\$ 1,633,000	\$ 163,300	\$ 1,796,300
Interest Rate	2.00%	2.00%	2.00%
Loan Term (Years)	20	20	20
Estimated Annual Debt Service	\$ 99,468	\$ 9,947	\$ 109,415
Administrative Fee (0.25%)	4,083	408	4,491
Total Estimated Annual Debt Service	\$ 103,550	\$ 10,356	\$ 113,906

V. PROJECT SCHEDULE

Bid Opening:	July 2012
Construction Start:	September 2012
Construction Stop:	February 2014

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

	Current
Residential	6,623
Commercial	361
Industrial	5
Total	6,989

B) Rates

Water rates are subject to PSC jurisdiction. Rates were last increased in January 2010.

Rates Per 1,000 Gallons	
First 2,000 gallons (Minimum Bill)	\$26.59
Next 3,000 gallons (per 1000 gal)	8.80
Next 5,000 gallons (per 1000 gal)	7.96
Next 10,000 gallons (per 1000 gal)	7.11
All Over 20,000 gal, per 1000 gal)	6.26
Cost for 4,000 gallons	\$44.19
Affordability Index (Rate/MHI)	1.4%

Surcharges ranging from \$10 to \$15 per month also exist for five expansion areas within the district.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2006-2010, the County's population was 24,604 with a Median Household Income (MHI) of \$42,475. The median household income for the Commonwealth is \$41,576. The project will qualify for a 2% interest rate because the District is a regional service provider. Requests for loan increases retain the terms of the original loan approval.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for \$120,000 in Green Project Reserve (GPR) funding under the category of Energy Efficiency.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the District was obtained from audited financial statements for the years ended December 31, 2007 through 2010. Amounts for 2011 are estimated.

HISTORICAL

Revenues have increased 100% from \$2,986,801 in 2007 to \$4,152,883 in 2010 due to a combination of customer growth and rate increases. The District's customer base has increased approximately 20% from 5,559 in 6,989 since 2007. Additionally, rates were increased 44.5% at the beginning of 2010. Customer growth has been driven by expansion projects that were funded with a mix of new debt and grant funding.

Purchased water costs have increased 26% while operating expenses have fluctuated but increased 2% for the same period. Revenues did not keep pace with expense increases in 2007 through 2009 resulting in a decrease in the debt coverage ratio to below 1.0 for each year. With the rate increase at the beginning of 2010 the debt coverage ratio improved from .7 to 1.7 in 2010.

The current ratio improved to 6.0 in 2010 and has remained above 2.0 in all prior years. Debt to equity remained relatively constant in the .5 to .6 range. The District's financial position reflects adequate capacity to assume the additional debt.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase by 2% annually for customer growth from existing capacity.
- 2) Purchased water cost and operating expenses will increase by 5% annually.
- 3) A replacement reserve of \$4,500 will be funded annually for ten years. Total replacement reserve on KIA loans will be \$60,964 in 2011 and decline to \$15,464 in 2014.

Based on the above assumptions, the District will meet the required cash flow with a debt coverage ratio of 1.5 in 2014.

REPLACEMENT RESERVE

The annual replacement cost is \$4,500. This amount should be added to the replacement account each December 1 until the balance reaches \$45,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
1978 Rural Development Bonds	\$ 456,000	Jan-18
1982 Rural Development Bonds	63,000	Jan-22
2001C KRWFC Bonds - Surcharge	305,000	Jan-27
2001C KRWFC Bonds - Phase 5	275,000	Jan-27
2001C KRWFC Bonds - Refinancing	380,000	Jan-21
2001G KRWFC Bonds - Dry Ridge Tank	277,000	Jan-18
2004D KRWFC Bonds - Phase 7	62,000	Jan-19
2005B KRWFC Bonds - Phase 8	461,000	Jan-31
2005B KRWFC Bonds - Phase 10	260,000	Jan-31
1991 KIA Fund C Loan (C89-05)	12,500	Jun-11
1993 KIA Fund C Loan (C91-13)	85,000	Jun-13
2002 KIA Fund F Loan (F01-06)	240,739	Jun-22
2003 KIA Fund F Loan (F02-11)	894,970	Jun-24
2009 KIA Fund F Loan (F07-09)	2,147,316	Jun-30
2004 Forcht Bank Line of Credit (\$300,000)	0	Not specified
Forcht Bank Note Payable	30,030	Jun-12
Forcht Bank Note Payable	15,299	Oct-12
Software Solutions Note Payable	17,587	May-13
Capital Lease - Grant County Fiscal Court	1,020,000	Feb-19
2003 Old National Bank Capital Lease	173,751	Feb-14
2004 Old National Bank Capital Lease	4,614	Mar-11
Total	\$ 7,180,806	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Water Line Extension Phase 11 (2008)	KIA	50,000	Grant
Water Line Extension Phase 11 (2006)	KIA	750,000	Grant
Water Line Extension Phase 11 (2008)	EPA	200,000	Grant

XII. CONTACTS

Applicant

Name Bullock Pen Water District
Address P.O. Box 188
Crittenden, KY 41030
County Grant
Contact Bobby Burgess
Phone (859) 428-2112
Email BullockPen@fuse.net

Engineer / Applicant Contact

Name Kerry Odle
Firm CMW, Inc.
Address 400 East Vine Street, Suite 400
Lexington, KY 40507
Phone (859) 254-6623
Email kodle@cmwaec.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan increase with the standard conditions.

**BULLOCK PEN WATER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)**

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Upon Completion 2013
Current Assets					
Cash	184,057	113,604	80,717	457,719	471,558
Certificates of Deposit	268,775	58,516	0	0	0
Accounts Receivable	447,250	409,731	440,864	582,348	616,800
Inventory	139,064	139,568	149,191	175,138	175,138
Prepaid	47,609	36,381	38,904	34,825	34,825
Accrued Interest Income	2,291	283	0	0	0
Unamortized Expenses	15,455	11,775	17,514	23,694	23,694
Total Current Assets	1,104,501	769,858	727,190	1,273,724	1,322,015
Restricted Assets					
Loan Proceeds Fund	1,139	1,158	0	0	0
Debt Service Reserve Fund - KIA	16,147	18,562	20,976	19,889	21,000
Current Reserve Fund - Rural Development	166,145	145,325	147,011	147,807	147,807
Debt Payment Account	314,970	316,243	245,611	272,888	272,888
Maintenance and Replacement Reserve	221,304	272,934	314,362	369,883	543,275
Customer Deposits	127,452	133,381	137,345	153,996	153,996
Construction Funds	41,507	116,691	94,345	15,391	15,391
Accounts Receivable - Surcharges	9,718	6,411	9,506	10,864	10,864
Grant Receivable	105,107	72,295	0	0	0
Total Restricted Assets	1,003,489	1,083,000	969,156	990,518	1,165,221
Utility Plant					
Land, System, Building and Equipment	22,752,256	23,244,565	24,568,692	25,539,884	27,248,268
Total	22,752,256	23,244,565	24,568,692	25,539,884	27,248,268
Less Accumulated Depreciation ()	(5,045,622)	(5,542,930)	(5,954,702)	(6,404,648)	(8,484,072)
Net Fixed Assets	17,706,634	17,701,635	18,613,990	19,135,236	18,764,196
Other Assets					
Miscellaneous Deferred Charges	140,959	139,101	149,292	178,040	178,040
Total Other Assets	140,959	139,101	149,292	178,040	178,040
Total Assets	19,955,583	19,693,594	20,459,628	21,577,518	21,429,472
LIABILITIES					
Current Liabilities					
Accounts Payable	152,412	160,126	143,517	156,717	153,193
Withholdings and Accrued Liabilities	68,119	79,425	104,991	55,838	55,838
Notes Payable	0	115,000	115,000	0	0
Total Current Liabilities	220,531	354,551	363,508	212,555	209,031
Liabilities Payable - Restricted Assets					
Revenue Bonds - C P	152,000	157,000	162,000	166,000	193,000
Notes Payable - C P	119,444	121,509	123,641	232,683	203,652
Leases - C P	162,725	165,387	170,643	173,781	130,019
Customer Deposits	110,896	117,165	125,766	140,537	140,537
Accrued Interest Payable	52,550	49,228	50,409	57,904	52,500
Accounts Payable - Construction and Meters	183,262	221,016	245,231	100,515	0
Total Liabilities Payable - Restricted Assets	780,877	831,305	877,690	871,420	719,708
Long Term Liabilities					
Revenue Refunding Bonds	2,858,000	2,701,000	2,539,000	2,373,000	1,844,000
Notes Payable	1,478,357	1,356,849	2,484,749	3,210,757	4,375,517
Capital Lease Obligations	1,494,570	1,323,062	1,146,032	1,024,585	501,239
Total Long Term Liabilities	5,830,927	5,380,911	6,169,781	6,608,342	6,720,756
Total Liabilities	6,832,335	6,566,767	7,410,979	7,692,317	7,649,495
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	11,537,672	11,808,704	12,068,745	12,073,844	12,316,761
Restricted	457,265	515,063	467,017	565,323	582,611
Unrestricted	1,128,311	803,060	512,887	1,246,034	860,606
Total Retained Earnings	13,123,248	13,126,827	13,048,649	13,885,201	13,779,977
Total Liabilities and Equities	19,955,583	19,693,594	20,459,628	21,577,518	21,429,472
Balance Sheet Analysis					
Current Ratio	5 0	2 2	2 0	6 0	6 3
Debt to Equity	0 5	0 5	0 6	0 6	0 6
Days Sales in Accounts Receivable	54 7	51 6	54 6	51 2	51 2

EXHIBIT 1

BULLOCK PEN WATER DISTRICT

CASH FLOW ANALYSIS (DECEMBER YEAR END)

	Audited 2007	% Change	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	Estimated 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
Operating Revenues												
Water Revenue and Penalties	2,876,797	-3%	2,784,496	2%	2,832,666	42%	4,010,790	4,091,006	4,172,826	4,256,283	4,341,409	4,428,237
Management Fees	110,004	4%	114,174	1%	115,665	23%	142,093	142,100	142,100	142,100	142,100	142,100
Total Revenues	2,986,801	-3%	2,898,670	2%	2,948,331	41%	4,152,883	4,233,106	4,314,926	4,398,383	4,483,509	4,570,337
Operating Expenses												
Purchased Water	766,310	14%	870,316	-1%	859,050	13%	968,851	1,017,294	1,068,159	1,121,567	1,177,645	1,236,527
Operating Expenses	1,685,926	4%	1,748,494	-12%	1,538,853	12%	1,727,357	1,813,725	1,904,411	1,999,632	2,099,614	2,204,595
Depreciation	462,650	8%	498,961	0%	498,542	7%	533,908	603,608	683,908	791,908	913,808	1,035,708
Replacement Reserve	50,000		50,000		50,000		50,000	60,964	60,964	51,464	15,464	15,464
Total Expenses	2,964,886	7%	3,167,771	-7%	2,946,445	11%	3,280,116	3,495,591	3,717,442	3,964,571	4,206,531	4,492,294
Net Operating Income	21,915	-1328%	(269,101)	-101%	1,886	46176%	872,767	737,515	597,484	433,812	276,978	78,043
Non-Operating Income and Expenses												
Interest Income	44,786	-54%	20,582	-60%	8,132	-5%	7,711	7,500	7,500	7,500	7,500	7,500
Other	16,000		0		0		0	0	0	0	0	0
Total Non-Operating Income & Expenses	60,786	-66%	20,582	-60%	8,132	-5%	7,711	7,500	7,500	7,500	7,500	7,500
Add Non-Cash Expenses												
Depreciation	462,650	8%	498,961	0%	498,542	7%	533,908	603,608	683,908	791,908	913,808	1,035,708
Cash Available for Debt Service	545,351	-54%	250,442	103%	508,560	178%	1,414,386	1,348,623	1,288,892	1,233,220	1,198,286	1,121,251
Debt Service (enter as positive #'s)												
Existing Principal	444,494		440,289		450,283		506,126	572,464	564,962	546,460	489,927	492,601
Existing Interest	304,518		288,990		264,449		295,459	253,505	234,783	215,202	196,518	181,019
Proposed KIA Loan	0		0		0		0	0	0	0	113,906	113,906
Total Debt Service	749,012		729,279		714,732		801,585	825,969	799,745	761,662	800,351	787,526
Income After Debt Service	(203,661)		(478,837)		(206,172)		612,801	522,654	489,147	471,558	397,935	333,725
Debt Coverage Ratio	0.7		0.3		0.7		1.8	1.6	1.6	1.6	1.5	1.4