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PUBLIC SERVICE  
COMMISSION

NEBO WATER DISTRICT

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REPORT ON COMPILATION OF  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS  
ENDED MARCH 31, 2010



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To the Commissioners  
Nebo Water District  
Nebo, Kentucky

I have compiled the accompanying balance sheet of Nebo Water District as of March 31, 2010, and the related income statement for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statements of retained earnings and cash flows as required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows for the period then ended. Accordingly, these financial statements are not designed for those who are not informed about such matters.

April 22, 2010  
Providence, Kentucky

**NEBO WATER DISTRICT  
BALANCE SHEET  
March 31, 2010**

**ASSETS**

**CURRENT ASSETS**

Cash- O & M Fund	\$	111,687.86
Cash- Depreciation Fund		56,596.94
Cash- Bond Sinking Fund		31,363.97
Cash- Regions Bank		10,409.92
Cash on Hand		50.00
C D- O & M Fund		0.00
C D- O & M Fund (SDB)		389,808.70
C D- Depreciation Fund		144,757.96
Accounts Receivable		7,299.27
Inventory		37,182.54
Prepaid Insurance		4,859.12

**TOTAL CURRENT ASSETS** **\$ 794,016.28**

**PROPERTY AND EQUIPMENT**

Land & Land Rights	\$	38,258.30
Construction in Progress		13,640.00
Structures & Improvements		70,551.35
Pumping Equipment		73,137.49
Distribution Reserv & Std Pipe		707,510.26
T & D Mains		1,902,974.18
Meters/Meter Installation		420,183.04
Hydrants		27,367.04
Office Equipment		34,189.55
Power Operational Equipment		102,049.52
Communication Equipment		10,316.01
Accumulated Depreciation		(2,106,056.16)

**TOTAL PROPERTY AND EQUIPMENT** **\$ 1,294,120.58**

**OTHER ASSETS**

Deferred Bond Issue Costs	\$	8,775.32
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**TOTAL OTHER ASSETS** **\$ 8,775.32**

**TOTAL ASSETS** **\$ 2,096,912.18**  
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**NEBO WATER DISTRICT  
BALANCE SHEET  
March 31, 2010**

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$	4,679.54
Sales Taxes Payable		1,272.06
Federal Withholding Tax Payabl		2,792.46
State Withholding Taxes Payabl		390.96
Accrued SUTA		2,636.12
Benefits Reserve		2,544.00
Bonds Payable(1991)-Current		<u>34,000.00</u>

**TOTAL CURRENT LIABILITIES** **\$ 48,315.14**

**NON-CURRENT LIABILITIES**

Bonds Payable(1991)-Long-Term	\$	306,000.00
Notes Payable(KRWA)-Long-Term		260,000.00
Notes Payable KY Rural Water		<u>142,000.00</u>

**TOTAL NON-CURRENT LIABILITIES** **\$ 708,000.00**

**EQUITY**

Tap On Fees	\$	526,647.01
Federal Grants		883,000.00
Contributions in Aid		34,512.30
Other Grants		63,935.02
Retained Earnings		(193,406.70)
<b>NET INCOME (LOSS)</b>		<u>25,909.41</u>

**TOTAL EQUITY** **\$ 1,340,597.04**

**TOTAL LIABILITIES AND EQUITY** **\$ 2,096,912.18**

**NEBO WATER DISTRICT  
STATEMENT OF REVENUE AND EXPENSES  
For The Period**

**January 01, 2010  
to  
March 31, 2010**

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**SALES**

Water Sales	\$	224,226.53
Tower Lease Revenue		2,400.00
Other Water Revenue		9,380.27
Miscellaneous Income		1,157.29
Connect Fees		800.00
Reconnect Fees		1,080.00
Tap Fees		1,400.00
Service Charge		15.00
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Total SALES	\$	240,459.09
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**COST OF SALES**

Water Purchased	\$	97,884.71
Power Purchased For Pump		1,990.39
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Total COST OF SALES	\$	99,875.10
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Total GROSS PROFIT	\$	140,583.99
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**GENERAL & ADMINISTRATIVE**

Salaries-Employees	\$	28,237.95
Salaries-Commissioners		3,300.00
Auto Expense		2,148.89
Bank Service Charges		154.69
Contract Services-Meter Reader		3,600.00
Contract Services-T & D Maint		385.00
Depreciation Expense		21,500.00
Amortization Expense		135.00
Utilities		1,082.44
Insurance - Employee Group		3,680.22
Insurance - Individual		3,350.27
Insurance - General		4,353.00
401K Expense		635.62
Interest Expense		10,001.47
Legal & Accounting		7,500.00
Miscellaneous Expense		871.00
Office Expense		202.26

**SEE ACCOUNTANTS' REPORT**

**NEDU WATER DISTRICT  
STATEMENT OF REVENUE AND EXPENSES  
For The Period**

	<b>January 01, 2010 to March 31, 2010</b>
Postage Expense	\$ 1,866.64
Repairs & Maintenance	4,816.80
Supplies-T & D Operations	1,673.41
Supplies-T & D Maintenance	10,609.10
Supplies-Customer Accounts	607.00
Taxes - Payroll	5,324.29
Telephone	662.47
Uniforms	<u>529.09</u>
<b>Total GENERAL &amp; ADMINISTRATIVE</b>	<b>\$ <u>117,226.61</u></b>
<b>Total NET OPERATING INCOME (LOSS)</b>	<b>\$ 23,357.38</b>
<b>OTHER (INCOME) AND EXPENSES</b>	
Interest Income	\$ <u>( 2,552.03)</u>
<b>Total OTHER (INCOME) AND EXPENSES</b>	<b>\$ <u>( 2,552.03)</u></b>
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>\$ <u>25,909.41</u></b>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>25,909.41</u></b> <b>=====</b>

**SEE ACCOUNTANTS' REPORT**