

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

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

April 15, 2010

RECEIVED
APR 19 2010
PUBLIC SERVICE
COMMISSION

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

Re: North Nelson Water District PSC Application

Dear Mr. Derouen:

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

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before May 27, 2010 (the closing date).**

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jl
Enclosures

cc: Mr. John R. Robinson, North Nelson Water District
Damon R. Talley, Esq.
Ms. Kristen Millard, Morgan Keegan

RECEIVED

APR 19 2010

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF NORTH)
NELSON WATER DISTRICT TO)
ISSUE SECURITIES IN THE APPROX-)
MATE PRINCIPAL AMOUNT OF \$1,605,000)
FOR THE PURPOSE OF REFUNDING CERTAIN)
OUTSTANDING REVENUE BONDS OF THE)
DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

Case No. 2010-00159

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

APPLICATION

The Applicant, North Nelson Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum \$1,605,000 (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 Nelson County, which Order is on file in the County Court Order Books in the office of the Clerk of Nelson 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:

North Nelson Water District
c/o Mr. John R. Robinson, Chairman
P.O. Box 25
Coxs Creek, Kentucky 40013
Telephone: (502) 348-8342

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 2009 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 \$1,605,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as North Nelson Water District Water System Revenue Bonds, Series 1998, dated April 1, 1998, in the original principal amount of \$2,500,000 (the "Prior Bonds"), currently held in the open market.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the

KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

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

8. The Sources and Uses of Funds 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 generate a net combined present value savings of approximately \$95,612.65. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

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

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

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

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

14. The detailed Statement of Revenue and Expenses, Balance Sheet and Statement of Cash Flows for the twelve month period ending on December 31, 2009 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2009 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

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

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 6(5) Bonds: The KRWFC Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within

ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2009. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2009. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the KRWFC Loan while more current financial data is compiled.

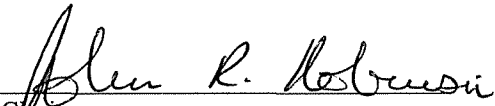
18. No rate adjustment will be necessary.

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

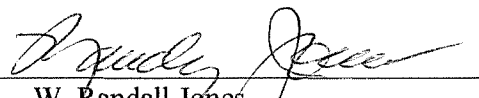
1. Authorize the issuance of the securities requested in the Application prior to the estimated closing date of **May 27, 2010**;
2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2009 Annual Report and 2009 audit in lieu of more recent financial data, there being no material change in the data in 2010 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.

North Nelson Water District

By 
Chairman
P.O. Box 25
Coxs Creek, Kentucky 40013
Phone: (502) 348-8342

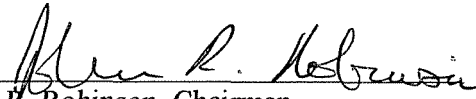
Rubin & Hays

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

STATE OF KENTUCKY)
) SS
COUNTY OF NELSON)

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

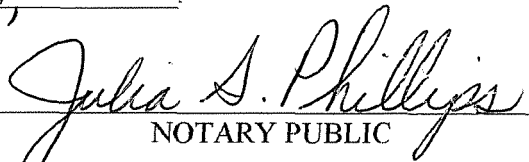
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 12th day of April, 2010.



John R. Robinson, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by John R. Robinson, Chairman of the North Nelson Water District, on this the 12th day of April, 2010.

My Commission expires: July 21, 2012.



NOTARY PUBLIC

\$1,605,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/13/2010	-	-	-	-	-
08/01/2010	-	-	12,677.71	12,677.71	-
12/30/2010	-	-	-	-	12,677.71
02/01/2011	50,000.00	2.250%	29,256.25	79,256.25	-
08/01/2011	-	-	28,693.75	28,693.75	-
12/30/2011	-	-	-	-	107,950.00
02/01/2012	70,000.00	2.250%	28,693.75	98,693.75	-
08/01/2012	-	-	27,906.25	27,906.25	-
12/30/2012	-	-	-	-	126,600.00
02/01/2013	70,000.00	2.250%	27,906.25	97,906.25	-
08/01/2013	-	-	27,118.75	27,118.75	-
12/30/2013	-	-	-	-	125,025.00
02/01/2014	75,000.00	2.250%	27,118.75	102,118.75	-
08/01/2014	-	-	26,275.00	26,275.00	-
12/30/2014	-	-	-	-	128,393.75
02/01/2015	75,000.00	2.250%	26,275.00	101,275.00	-
08/01/2015	-	-	25,431.25	25,431.25	-
12/30/2015	-	-	-	-	126,706.25
02/01/2016	75,000.00	3.250%	25,431.25	100,431.25	-
08/01/2016	-	-	24,212.50	24,212.50	-
12/30/2016	-	-	-	-	124,643.75
02/01/2017	80,000.00	3.250%	24,212.50	104,212.50	-
08/01/2017	-	-	22,912.50	22,912.50	-
12/30/2017	-	-	-	-	127,125.00
02/01/2018	80,000.00	3.250%	22,912.50	102,912.50	-
08/01/2018	-	-	21,612.50	21,612.50	-
12/30/2018	-	-	-	-	124,525.00
02/01/2019	85,000.00	3.750%	21,612.50	106,612.50	-
08/01/2019	-	-	20,018.75	20,018.75	-
12/30/2019	-	-	-	-	126,631.25
02/01/2020	85,000.00	3.750%	20,018.75	105,018.75	-
08/01/2020	-	-	18,425.00	18,425.00	-
12/30/2020	-	-	-	-	123,443.75
02/01/2021	90,000.00	4.250%	18,425.00	108,425.00	-
08/01/2021	-	-	16,512.50	16,512.50	-
12/30/2021	-	-	-	-	124,937.50
02/01/2022	100,000.00	4.250%	16,512.50	116,512.50	-
08/01/2022	-	-	14,387.50	14,387.50	-
12/30/2022	-	-	-	-	130,900.00
02/01/2023	100,000.00	4.250%	14,387.50	114,387.50	-
08/01/2023	-	-	12,262.50	12,262.50	-
12/30/2023	-	-	-	-	126,650.00
02/01/2024	105,000.00	4.250%	12,262.50	117,262.50	-
08/01/2024	-	-	10,031.25	10,031.25	-
12/30/2024	-	-	-	-	127,293.75
02/01/2025	110,000.00	4.250%	10,031.25	120,031.25	-
08/01/2025	-	-	7,693.75	7,693.75	-
12/30/2025	-	-	-	-	127,725.00
02/01/2026	115,000.00	4.250%	7,693.75	122,693.75	-
08/01/2026	-	-	5,250.00	5,250.00	-
12/30/2026	-	-	-	-	127,943.75
02/01/2027	120,000.00	4.375%	5,250.00	125,250.00	-
08/01/2027	-	-	2,625.00	2,625.00	-
12/30/2027	-	-	-	-	127,875.00
02/01/2028	120,000.00	4.375%	2,625.00	122,625.00	-
12/30/2028	-	-	-	-	122,625.00
Total	\$1,605,000.00	-	\$664,671.46	\$2,269,671.46	-

Yield Statistics

Bond Year Dollars.....	\$16,535.25
Average Life.....	10.302 Years
Average Coupon.....	4.0197243%
Net Interest Cost (NIC).....	4.1151359%
True Interest Cost (TIC).....	4.1041152%
Bond Yield for Arbitrage Purposes.....	3.7049883%
All Inclusive Cost (AIC).....	4.3841359%

IRS Form 8038

Net Interest Cost.....	3.9232365%
Weighted Average Maturity.....	10.281 Years

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\$1,605,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Sources & Uses

Dated 05/13/2010 | Delivered 05/13/2010

Sources Of Funds

Par Amount of Bonds.....	\$1,605,000.00
Reoffering Premium.....	12,310.95
Transfers from Prior Issue Debt Service Funds.....	54,954.17
Transfers from Prior Issue DSR Funds.....	190,000.00
Other contributions.....	200,000.00
Total Sources.....	\$2,062,265.12

Uses Of Funds

Total Underwriter's Discount (1.75%).....	28,087.50
Costs of Issuance.....	29,785.00
Deposit to Current Refunding Fund.....	1,979,851.52
Financial Advisor.....	15,000.00
Local Counsel.....	5,000.00
Rounding Amount.....	4,541.10
Total Uses.....	\$2,062,265.12

\$1,605,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2010	12,677.71	-	12,677.71	49,931.25	37,253.54
12/30/2011	107,950.00	450.00	108,400.00	163,286.25	54,886.25
12/30/2012	126,600.00	450.00	127,050.00	165,012.50	37,962.50
12/30/2013	125,025.00	450.00	125,475.00	166,440.00	40,965.00
12/30/2014	128,393.75	450.00	128,843.75	167,565.00	38,721.25
12/30/2015	126,706.25	450.00	127,156.25	163,525.00	36,368.75
12/30/2016	124,643.75	450.00	125,093.75	164,317.50	39,223.75
12/30/2017	127,125.00	450.00	127,575.00	164,832.50	37,257.50
12/30/2018	124,525.00	450.00	124,975.00	165,068.75	40,093.75
12/30/2019	126,631.25	450.00	127,081.25	165,022.50	37,941.25
12/30/2020	123,443.75	450.00	123,893.75	164,692.50	40,798.75
12/30/2021	124,937.50	450.00	125,387.50	164,075.00	38,687.50
12/30/2022	130,900.00	450.00	131,350.00	168,037.50	36,687.50
12/30/2023	126,650.00	450.00	127,100.00	166,606.25	39,506.25
12/30/2024	127,293.75	450.00	127,743.75	164,912.50	37,168.75
12/30/2025	127,725.00	450.00	128,175.00	167,825.00	39,650.00
12/30/2026	127,943.75	450.00	128,393.75	165,343.75	36,950.00
12/30/2027	127,875.00	450.00	128,325.00	167,468.75	39,143.75
12/30/2028	122,625.00	450.00	123,075.00	164,200.00	41,125.00
TOTAL	\$2,269,671.46	\$8,100.00	\$2,277,771.46	\$3,028,162.50	\$750,391.04

Gross FV Debt Service Savings.....	750,391.04
Transfers from Prior Issue Debt Service Fund.....	(54,954.17)
Transfers from Prior Issue DSR Fund.....	(190,000.00)
Total Cash contribution.....	(200,000.00)
Contingency or Rounding Amount.....	4,541.10
Net Benefit.....	\$309,977.97

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	541,595.42
Effects of changes in Expenses.....	(5,569.71)
Net PV Cashflow Savings @ 4.384%(AIC).....	536,025.72
Total Cash contribution.....	(200,000.00)
Transfers from Prior Issue Debt Service Fund.....	(54,954.17)
Transfers from Prior Issue DSR Fund.....	(190,000.00)
Contingency or Rounding Amount.....	4,541.10
Net Present Value Benefit.....	\$95,612.65

Net PV Benefit / \$1,930,000 Refunded Principal.....	4.954%
Net PV Benefit / \$1,605,000 Refunding Principal.....	5.957%

Refunding Bond Information

Refunding Dated Date.....	5/13/2010
Refunding Delivery Date.....	5/13/2010

\$2,500,000*North Nelson Water District**Series 1998***Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
07/01/2010	-	-	49,931.25	49,931.25
01/01/2011	65,000.00	4.850%	49,931.25	114,931.25
07/01/2011	-	-	48,355.00	48,355.00
01/01/2012	70,000.00	4.850%	48,355.00	118,355.00
07/01/2012	-	-	46,657.50	46,657.50
01/01/2013	75,000.00	5.000%	46,657.50	121,657.50
07/01/2013	-	-	44,782.50	44,782.50
01/01/2014	80,000.00	5.000%	44,782.50	124,782.50
07/01/2014	-	-	42,782.50	42,782.50
01/01/2015	80,000.00	5.100%	42,782.50	122,782.50
07/01/2015	-	-	40,742.50	40,742.50
01/01/2016	85,000.00	5.100%	40,742.50	125,742.50
07/01/2016	-	-	38,575.00	38,575.00
01/01/2017	90,000.00	5.150%	38,575.00	128,575.00
07/01/2017	-	-	36,257.50	36,257.50
01/01/2018	95,000.00	5.150%	36,257.50	131,257.50
07/01/2018	-	-	33,811.25	33,811.25
01/01/2019	100,000.00	5.200%	33,811.25	133,811.25
07/01/2019	-	-	31,211.25	31,211.25
01/01/2020	105,000.00	5.200%	31,211.25	136,211.25
07/01/2020	-	-	28,481.25	28,481.25
01/01/2021	110,000.00	5.250%	28,481.25	138,481.25
07/01/2021	-	-	25,593.75	25,593.75
01/01/2022	120,000.00	5.250%	25,593.75	145,593.75
07/01/2022	-	-	22,443.75	22,443.75
01/01/2023	125,000.00	5.250%	22,443.75	147,443.75
07/01/2023	-	-	19,162.50	19,162.50
01/01/2024	130,000.00	5.250%	19,162.50	149,162.50
07/01/2024	-	-	15,750.00	15,750.00
01/01/2025	140,000.00	5.250%	15,750.00	155,750.00
07/01/2025	-	-	12,075.00	12,075.00
01/01/2026	145,000.00	5.250%	12,075.00	157,075.00
07/01/2026	-	-	8,268.75	8,268.75
01/01/2027	155,000.00	5.250%	8,268.75	163,268.75
07/01/2027	-	-	4,200.00	4,200.00
01/01/2028	160,000.00	5.250%	4,200.00	164,200.00
Total	\$1,930,000.00	-	\$1,098,162.50	\$3,028,162.50

Yield Statistics

Average Life.....	10.530 Years
Weighted Average Maturity (Par Basis).....	10.530 Years
Average Coupon.....	5.2235451%

Refunding Bond Information

Refunding Dated Date.....	5/13/2010
Refunding Delivery Date.....	5/13/2010

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**NORTH NELSON WATER DISTRICT
STATEMENT OF FUND NET ASSETS- PROPRIETARY FUND
DECEMBER 31, 2009**

Assets	Enterprise Fund
<u>Current Assets</u>	
Cash On Hand & In Banks	\$ 137,073
Certificates Of Deposit	877,591
Accounts Receivable	92,608
Accrued Interest Receivable	23,223
Inventory	34,021
Prepaid Insurance	6,332
Total Current Assets	\$ 1,170,848
<u>Restricted Assets</u>	
Cash In Banks	\$ 210,101
Certificates Of Deposit	2,445,637
Total Restricted Assets	\$ 2,655,738
<u>Noncurrent Assets</u>	
Capital Assets, Net Of Accumulated Depreciation	\$ 5,422,824
Notes Receivable	160,490
Unamortized Bond Discount	70,643
Total Noncurrent Assets	\$ 5,653,957
Total Assets	\$ 9,480,543
Liabilities & Net Assets	
<u>Current Liabilities</u>	
Accounts Payable	\$ 79,310
Other Current Liabilities	10,964
Accrued Interest Payable On Bonds Payable	50,087
Revenue Bonds Payable, Current	65,000
Total Current Liabilities	\$ 205,361
<u>Liabilities Payable From Restricted Assets:</u>	
Accrued Interest On Customer Deposits	\$ 146
Customer Deposits	23,059
Total Liabilities Payable From Restricted Assets	\$ 23,205
<u>Noncurrent Liabilities</u>	
Noncurrent Portion Of Bond Obligations	\$ 1,930,000
Total Noncurrent Liabilities	\$ 1,930,000
Total Liabilities	\$ 2,158,566
<u>Net Assets</u>	
Invested In Capital Assets, Net Of Related Debt	\$ 3,427,824
Restricted	2,655,738
Unrestricted	1,238,415
Total Net Assets	\$ 7,321,977

See independent auditor's report and accompanying notes to financial statements.

**NORTH NELSON WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Enterprise Fund</u>
Operating Revenues:	
Charges For Services	
Metered Sales To General Customers	\$ 1,245,117
Forfeited Discounts	19,530
Miscellaneous	24,444
Other Water Revenues	<u>14,204</u>
Total Operating Revenues	\$ 1,303,295
Operating Expenses:	
Wages & Benefits	\$ 236,942
Maintenance & Operations	638,407
Materials & Supplies	72,439
Depreciation	206,846
Taxes & Licenses	<u>16,278</u>
Total Operating Expenses	\$ 1,170,912
Income (Loss) From Operations	<u>\$ 132,383</u>
Non-Operating Revenues (Expenses):	
Interest Income - Notes Receivable	\$ 10,962
Interest Income - Other	102,504
Amortization Of Bond Discount & Issue Costs	(3,855)
Interest Expense	<u>(101,547)</u>
Total Non-Operating Revenues (Expenses)	\$ 8,064
Income (Loss) Before Contributions	\$ 140,447
Capital Contributions In Aid Of Construction:	
Customers	\$ 73,627
State & Local Governments	<u>540,307</u>
Total Capital Contributions In Aid Of Construction	\$ 613,934
Change In Net Assets	\$ 754,381
Net Assets, January 1	<u>6,567,596</u>
Net Assets, December 31	<u><u>\$ 7,321,977</u></u>

See independent auditor's report and accompanying notes to financial statements

**NORTH NELSON WATER DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Flows From Operating Activities	
Cash Received From Customers	\$ 1,227,694
Cash Paid To / For	
Supplies	(614,990)
Employees	(252,859)
Professional Contractors	(82,609)
Other Operating Revenues	<u>58,178</u>
Net Cash Provided By Operating Activities	<u>\$ 335,414</u>
Cash Flows From Capital & Related Financing Activities	
Acquisition Of Capital Assets	\$ (645,249)
Principal Paid On Revenue Bonds	(60,000)
Interest Paid On Revenue Bonds	(104,328)
Principal Received On Notes Receivable	8,719
Interest Received On Notes Receivable	11,374
Capital Contributions	<u>613,893</u>
Net Cash Provided (Used) By Capital & Related Financing Activities	<u>\$ (175,591)</u>
Cash Flows From Investing Activities	
Investment Income	<u>\$ 101,119</u>
Net Cash Provided (Used) By Investing Activities	<u>\$ 101,119</u>
Net Increase In Cash & Temporary Cash Investments	\$ 260,942
Cash & Temporary Cash Investments, Beginning Of Year	<u>3,409,460</u>
Cash & Temporary Cash Investments, End Of Year	<u><u>\$ 3,670,402</u></u>
Classified as:	
Unrestricted-	
Cash On Hand And In Banks	\$ 137,073
Certificates Of Deposit	877,591
Restricted	
Cash In Banks	210,101
Certificates Of Deposit	<u>2,445,637</u>
Total Cash And Temporary Cash Investments	<u><u>\$ 3,670,402</u></u>

See independent auditor's report and accompanying notes to financial statements.

**NORTH NELSON WATER DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise Fund
<u>Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</u>	
Operating Income (Loss)	\$ 132,383
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities	
Depreciation	206,846
Changes In Assets And Liabilities:	
(Increase) Decrease In Accounts Receivable	(20,278)
(Increase) Decrease In Inventory	6,220
(Increase) Decrease In Prepaids	(93)
Increase (Decrease) In Accounts Payable	9,193
Increase (Decrease) In Other Current Liabilities	(1,712)
Increase (Decrease) In Accrued Interest Payable On Customer Deposits	(124)
Increase (Decrease) In Customer Deposits Liability	2,979
Total Adjustments	203,031
 Net Cash Provided (Used) By Operating Activities	 \$ 335,414

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