

COMMISSIONERS

Ray Larmee,
Chairman

Raymond Williams,
Secretary

Ben Quinn,
Treasurer

 West Shelby Water District

7101 Shelbyville Rd.
P.O. Box 39
Simpsonville, KY 40067
(502) 722-8944
E-mail: info@westshelbywater.org

MANAGERS

Wanda Land,
Co-Manager

Steve Eden,
Co-Manager

January 28, 2010

RECEIVED

JAN 28 2010

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, KY 40602

2009-00454

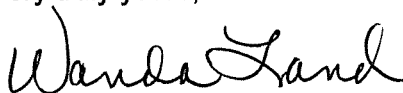
RE: West Shelby Water District,
Simpsonville, KY
Application for Rate Increase for Water Service

Dear Mr. Derouen:

Pursuant to KRS 278.020, KRS 278.180, KRS 278.190 and KRS 278.300, please find enclosed an original and ten (10) copies of an application of the West Shelby Water District for the approval of a proposed increase in rates for water service.

If you have any questions, please call me at (502) 722-8944.

Very truly yours,



Wanda Land, Co-Manager
West Shelby Water District

cc: Jack Conway, KY State Attorney General

RECEIVED

JAN 28 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE WEST SHELBY
WATER DISTRICT FOR THE APPROVAL OF THE
PROPOSED INCREASE IN RATES FOR WATER
SERVICE

)
) CASE NO.
) 2009-00454
)

STATEMENT AND NOTICE

The West Shelby Water District ("West Shelby"), by counsel, pursuant to KRS 278.020, KRS 278.180, KRS 278.190, and KRS 278.300, petitions the Commission for the approval of the proposed increase in the rates and charges. In support of its application, West Shelby respectfully states as follows:

1. West Shelby is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws. West Shelby's principal office and mailing address is 7101 Shelbyville Road, P.O. Box 39, Simpsonville, Kentucky 40067.

2. West Shelby is engaged in the distribution and sale of water. As reported in its "Annual Report to the Public Service Commission for the Year Ending December 31, 2008," West Shelby provides water service to approximately 1,728 residential customers, 129 commercial customers, and 17 industrial customers in Shelby County, Kentucky.

3. The proposed increase in the rates and charges is necessary for West Shelby to meet continuing demand for adequate service. It has been approximately 16 years since West Shelby last requested a general increase in its base rates. There

have been two increases in the wholesale rate charged to West Shelby that was absorbed by the district. An increase in its rates is essential for West Shelby to maintain a reasonable level of service, to meet the expanding needs of its service area and to cover its debt service.

4. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, West Shelby has utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2008.

5. West Shelby's annual reports, including the annual report for 2008, are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

6. West Shelby hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will result in an increase in annual operating revenues from water sales of \$19,334, an increase of approximately 1.6 percent over normalized revenues from water sales of \$1,203,156. The proposed increase is across the board increase and will be equally allocated to all customer classes.

7. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

8. West Shelby has complied with 807 KAR 5:011, Section 9, (2) and 807 KAR 5:001, Section 10, (3) and (4), by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit No. 9 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent

manner, the first of said publications has been made within (7) days of the date the Application is filed with the Commission.

9. As required by 807 KAR 5:001, Section 10, (4), (f), West Shelby will post a copy of its Customer Notices (Exhibit No. 9) at its place of business on the date the Application is filed with the Commission, and it will remain posted until the Public Service Commission has determined West Shelby's rates.

10. The lists of the documents filed in support of West Shelby's application for approval of the proposed adjustment of rates or the explanations for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, West Shelby Water District requests the Public Service Commission of Kentucky to find that the proposed rates are fair, just, and reasonable pursuant to KRS 278.030(1).

Dated at West Shelby, Kentucky this January 27, 2010.

Respectfully submitted,
WEST SHELBY WATER DISTRICT

By James Hite Hays

Attorney Name

Legal Firm's Street Address

Legal Firm's City, State, & Zip

Legal Firm's Telephone No.

JAMES HITE HAYS
HAYS LAW OFFICE
521 MAIN ST.
SHELBYVILLE, KY 40065
502-633-3534

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application at 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications has been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application at 1 and 2.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application at 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Application at 1.
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – West Shelby is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – West Shelby has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit 2.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application at 2 and 3. Customer Notice Exhibit 9.
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	N/A – West Shelby’s gross annual revenues do not exceed \$1,000,000.
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit 4.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	Commission Staff assisted with West Shelby in preparing its application and therefore, prepared testimony will not be submitted.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Application at 2.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit 6.
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers’ bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit 5.

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	West Shelby's revenue requirement is based on debt service coverage. Exhibit 6.
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	N/A – A more detailed system is not used.
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	Exhibit 10.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit 7.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Exhibit 8.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable; 	N/A – There are no affiliate allocations.

Filing Requirement Index Historical Test Period Rate Case

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	N/A – West Shelby's gross annual revenues do not exceed \$5,000,000. An across the board increase is being proposed.
807 KAR 5:001 Section 10 (6)(v)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: <ol style="list-style-type: none"> 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: <ol style="list-style-type: none"> (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles. 	N/A – West Shelby is a Water District.
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit 3. A balance sheet is not included because there are no pro forma adjustments that directly impact that financial statement.
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	N/A – Construction of West Shelby's proposed plant addition have been completed.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements; 	N/A – There are no pro forma adjustments that relate to future plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit 5.

Exhibit Index

<u>Exhibit Title</u>	<u>Exhibit Number</u>
Proposed Tariff	1
Comparison – Proposed & Current Tariffs	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions	4
Billing Analysis	5
Revenue Requirement Determination	6
Analysis of Depreciation	7
Monthly Managerial Reports	8
Public Notice	9
2008 Audited Financial Statements	10

West Shelby Water District

Tariff Pages

PROPOSED RATES

FOR Shelby County, Simpsonville, Kentucky
Community, Town or City

P.S.C. KY. NO. _____
SHEET NO. _____

WEST SHELBY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES AND CHARGES

Available: To all Customers served by the District

A. Monthly Rates:

5/8 inch Meter

First	2,500	Gallons per month , minimum bill	\$ 16.60
Next	7,500	Gallons per month , per 1,000 gallons	\$ 4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

3/4 inch Meter

First	3,500	Gallons per month , minimum bill	\$ 21.40
Next	6,500	Gallons per month , per 1,000 gallons	\$ 4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

1 inch Meter

First	5,000	Gallons per month , minimum bill	\$ 28.60
Next	5,000	Gallons per month , per 1,000 gallons	\$ 4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

1 1/2 inch Meter

First	10,000	Gallons per month , minimum bill	\$ 52.60
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY Ray L. Larmee Ray L. Larmee
(Signature of Officer)

TITLE DISTRICT COMMISSION CHAIRMAN

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ShelbyCounty, Simpsonville, Kentucky
Community, Town or City

P.S.C. KY. NO. _____
SHEET NO. _____

WEST SHELBY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES AND CHARGES

2 inch Meter

First	16,000	Gallons per month , minimum bill	\$ 79.48
Next	14,000	Gallons per month , per 1,000 gallons	\$ 4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

3 inch Meter

First	30,000	Gallons per month , minimum bill	\$ 142.20
Next	200,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

4 inch Meter

First	50,000	Gallons per month , minimum bill	\$ 223.60
Next	180,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

6 inch Meter

First	100,000	Gallons per month , minimum bill	\$ 427.10
Next	130,000	Gallons per month , per 1,000 gallons	\$ 4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.65

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY Ray L. Larmee Ray L. Larmee
(Signature of Officer)

TITLE DISTRICT COMMISSION CHAIRMAN

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

West Shelby Water District

Tariff Pages

STRIKE THROUGH COMPARISON

FOR ShelbyCounty,Simpsonville,Kentucky
Community, Town or City

P.S.C. KY. NO. _____
SHEET NO. _____

WEST SHELBY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES AND CHARGES

Available: To all Customers served by the District

A. Monthly Rates:

5/8 inch Meter

First	2,500	Gallons per month , minimum bill	\$ 13.84	\$ 16.60
Next	7,500	Gallons per month , per 1,000 gallons	\$ 4.89	4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.26	4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

3/4 inch Meter

First	3,500	Gallons per month , minimum bill	\$ 18.69	\$ 21.40
Next	6,500	Gallons per month , per 1,000 gallons	\$ 4.89	4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.26	4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

1 inch Meter

First	5,000	Gallons per month , minimum bill	\$ 26.04	\$ 28.60
Next	5,000	Gallons per month , per 1,000 gallons	\$ 4.89	4.80
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.26	4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

1 1/2 inch Meter

First	10,000	Gallons per month , minimum bill	\$ 50.45	\$ 52.60
Next	20,000	Gallons per month , per 1,000 gallons	\$ 4.26	4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

DATE OF ISSUE _____
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ISSUED BY _____
(Signature of Officer)

TITLE DISTRICT COMMISSION CHAIRMAN

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR Shelby County, Simpsonville, Kentucky
Community, Town or City

P.S.C. KY. NO. _____
SHEET NO. _____

WEST SHELBY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

RATES AND CHARGES

2 inch Meter

First	16,000	Gallons per month , minimum bill	\$ 76.00	\$ 79.48
Next	14,000	Gallons per month , per 1,000 gallons	\$ 4.26	4.48
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

3 inch Meter

First	30,000	Gallons per month , minimum bill	\$ 135.61	\$ 142.20
Next	200,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

4 inch Meter

First	50,000	Gallons per month , minimum bill	\$ 210.77	\$ 223.60
Next	180,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

6 inch Meter

First	100,000	Gallons per month , minimum bill	\$ 398.67	\$ 427.10
Next	130,000	Gallons per month , per 1,000 gallons	\$ 3.76	4.07
Over	230,000	Gallons per month , per 1,000 gallons	\$ 3.40	3.65

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
Signature of Officer)

TITLE DISTRICT COMMISSION CHAIRMAN

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

EXHIBIT NO. 3

**PRO FORMA
FINANCIAL STATEMENTS**

**EXHIBIT 3
WEST SHELBY WATER DISTRICT
PROFORMA FINANCIAL STATEMENTS**

Operating Revenues	2008 Annual Rep	Adjustments	Proforma Adjusted
Water Sales	\$ 1,200,759	\$ (4,584)	\$ 1,196,175
Total Water Sales	\$ 1,200,759	\$ (4,584) a	\$ 1,196,175
Other Revenues			
Forfeited Discounts	\$ 16,686		\$ 16,686
Miscellaneous Revenues	<u>12,681</u>		<u>12,681</u>
Total Other Revenues	<u>\$ 29,367</u>		<u>\$ 29,367</u>
Total Operating Revenue	\$ 1,230,126		\$ 1,225,542
Water Expenses:			
Salaries and Wages-Employees	190,398	23,245 b	213,643
Salaries and Wages-Officers	17,240		17,240
Pensions and Benefits	54,181	7,167 c	61,348
Purchased Water	469,741		469,741
Purchased Power	27,466		27,466
Materials and Supplies	68,353		68,353
Contract Services-Accounting	16,012		16,012
Contract Services-Legal	6,261		6,261
Rent-Bldg	2,250		2,250
Transportation	25,507		25,507
Vehicle Insurance	2,258		2,258
General Liability	13,866		13,866
Workers' Compensation	4,047	168 d	4,215
Other Insurance	2,825		2,825
Bad Debt Expense	1,055		1,055
Miscellaneous Expense	22,717		22,717
Depreciation Expense	229,232	20,531 e	249,763
Amortization Expense	1,555		1,555
Taxes Other Than Income	<u>13,374</u>	<u>3,099 f</u>	<u>16,473.000</u>
Total Operating Expenses	\$ 1,168,338	\$ 54,211	\$ 1,222,549
Other Income:			
Interest Income	92,907		92,907
Interest Expense	<u>60,100</u>		<u>60,100</u>
Total Other Income	\$ 32,807		\$ 32,807
Net Income	\$ 94,595		\$ 35,800

**WEST SHELBY
Depreciation Adjustment**

<u>Plant</u>	<u>Acquired</u>	<u>Cost</u>	<u>Life</u>	<u>2008 Deprec.</u>	<u>2009 Deprec.</u>	<u>Adjustment</u>
Tank Painting	7/31/2008	\$ 272,975	15	\$ 7,583	\$ 18,198	\$ 10,616
Services	7/1/2008	20,810	30	347	694	347
Meters	7/1/2008	37,253	30	621	1,241	621
Hydrants	5/31/2008	3,164	50	26	63	37
Variable Drive	7/1/2008	5,589	30	93	185	93
Computer Equipment	7/18/2008	2,392	7	1,282	214	214
Trailer	8/31/2008	3,850	10	2,021	385	385
Meter Reading Equipment	1/15/2008	12,260	10	613	1,226	613
Hammer Drill	2/7/2008	299	10	15	30	15
Cutquick	8/31/2008	771	10	39	77	39
Distribution Mains	12/31/2008	<u>378,000</u>	50	<u> </u>	<u>7,553</u>	<u>7,553</u>
Total		<u>\$ 737,364</u>		<u>\$ 12,639</u>	<u>\$ 29,866</u>	<u>\$ 20,531</u>

EXHIBIT 4

West Shelby Water District Pro Forma Adjustments

- a. Staff normalized water sales for the test period.
- b. **Salaries and wages** were adjusted to add one full time employee at fourteen dollars per hour, remove two part time employees and adjust for 2009 pay increases.
- c. **Pensions and benefits** were adjusted for increases in employee health insurance and employee retirement.
- d. **Workers' Compensation** was adjusted for an increase in premium.
- e. **Depreciation expense** was adjusted to include a full year of depreciation on plant that was added during the test year and plant under construction at the end of the test year but completed in 2009.
- f. **Taxes other than income** were adjusted for changes in salaries and wages.

West Shelby Water District

Billing Analysis

Current Rates

Billing Analysis for: WEST SHELBY WATER DISTRICT**Test Period From: January through December 2008**

	Meter Size	Bills	Gallons Sold	Revenue
	5/8 inch	20928	130,971,560	674,647.32
	3/4 inch	0	0	0.00
	1 inch	732	16,764,498	76,299.26
	1.5 inch	192	5,550,266	26,104.31
	2 inch	228	48,813,300	180,443.94
	3 inch	24	1,538,800	6,980.80
	4 inch	12	284,400	2,586.39
	6 inch	36	46,913,200	163,301.80
	8 inch	0	0	0.00
	10 inch	0	0	0.00
	Totals	22,152	250,836,024	\$1,130,363.82

Billing Analysis for: WEST SHELBY WATER DISTRICT								
Meter Size:	5/8 inch							
				FIRST	NEXT	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	2,500	7,500	20,000	200,000	230000
FIRST	2,500	5,254	7,240,600	7,240,600				
NEXT	7,500	13,405	70,041,060	33,512,500	36,528,560			
NEXT	20,000	1,945	29,728,200	4,862,500	14,587,500	10,278,200		
NEXT	200,000	310	17,554,700	775,000	2,325,000	6,200,000	8,254,700	
OVER	230,000	14	6,407,000	35,000	105,000	280,000	2,800,000	3,187,000
	TOTAL	20,928	130,971,560	46,425,600	53,546,060	16,758,200	11,054,700	3,187,000
REVENUE BY RATE INCREMENT								
		BILLS	GALLONS	RATE	REVENUE			
FIRST	2,500	20,928	46,425,600	\$13.81	\$289,015.68			
NEXT	7,500		53,546,060	4.89	261,840.23			
NEXT	20,000		16,758,200	4.26	71,389.93			
NEXT	200,000		11,054,700	3.76	41,565.67			
OVER	230,000		3,187,000	3.40	10,835.80			
NEXT	0		0		0.00			
	TOTAL	20928	130,971,560		\$674,647.32			

Billing Analysis for: WEST SHELBY WATER DISTRICT								
Meter Size:	1 inch							
				FIRST	NEXT	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	5,000	5,000	20,000	200,000	230000
FIRST	5,000	259	335,200	335,200				
NEXT	5,000	124	916,900	620,000	296,900			
NEXT	20,000	203	3,794,898	1,015,000	1,015,000	1,764,898		
NEXT	200,000	137	8,893,000	685,000	685,000	2,740,000	4,783,000	
OVER	230,000	9	2,824,500	45,000	45,000	180,000	1,800,000	754,500
	TOTAL	732	16,764,498	2,700,200	2,041,900	4,684,898	6,583,000	754,500
REVENUE BY RATE INCREMENT								
		BILLS	GALLONS	RATE	REVENUE			
FIRST	5,000	732	2,700,200	\$26.01	\$19,039.32			
NEXT	5,000		2,041,900	4.89	9,984.89			
NEXT	20,000		4,684,898	4.26	19,957.67			
NEXT	200,000		6,583,000	3.76	24,752.08			
OVER	230,000		754,500	3.40	2,565.30			
	TOTAL	732	16,764,498		\$76,299.26			

Billing Analysis for: WEST SHELBY WATER DISTRICT							
Meter Size:	1.5 inch						
				FIRST	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	10,000	20,000	200,000	230,000
FIRST	10,000	69	155,900	155,900			
NEXT	20,000	77	1,515,300	770,000	745,300		
NEXT	200,000	45	3,446,966	450,000	900,000	2,096,966	
OVER	230,000	1	432,100	10,000	20,000	200,000	202,100
	TOTAL	192	5,550,266	1,385,900	1,665,300	2,296,966	202,100
REVENUE BY RATE INCREMENT							
		BILLS	GALLONS	RATE	REVENUE		
FIRST	10,000	192	1,385,900	\$50.45	\$9,686.40		
NEXT	20,000		1,665,300	4.26	7,094.18		
NEXT	200,000		2,296,966	3.76	8,636.59		
OVER	230,000		202,100	3.40	687.14		
	TOTAL	192	5,550,266		\$26,104.31		

Billing Analysis for: WEST SHELBY WATER DISTRICT							
Meter Size:	2 inch						
				FIRST	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	16,000	14,000	200,000	230,000
FIRST	16,000	93	490,900	490,900			
NEXT	14,000	19	418,600	304,000	114,600		
NEXT	200,000	79	7,938,300	1,264,000	1,106,000	5,568,300	
OVER	230,000	37	39,965,500	592,000	518,000	7,400,000	31,455,500
	TOTAL	228	48,813,300	2,650,900	1,738,600	12,968,300	31,455,500
REVENUE BY RATE INCREMENT							
		BILLS	GALLONS	RATE	REVENUE		
FIRST	16,000	228	2,650,900	\$76.00	\$17,328.00		
NEXT	14,000		1,738,600	4.26	7,406.44		
NEXT	200,000		12,968,300	3.76	48,760.81		
OVER	230,000		31,455,500	3.40	106,948.70		
	TOTAL	228	48,813,300		\$180,443.94		

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	3 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	30,000	200,000	230,000
FIRST	30,000	9	97,800	97,800		
NEXT	200,000	15	1,441,000	450,000	991,000	
OVER	230,000	0	0	0	0	0
	TOTAL	24	1,538,800	547,800	991,000	0
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	30,000	24	547,800	\$135.61	\$3,254.64	
NEXT	200,000		991,000	3.76	3,726.16	
OVER	230,000		0	3.40	0.00	
	TOTAL	24	1,538,800		\$6,980.80	

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	4 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	50,000	180,000	230,000
FIRST	50,000	10	169,200	169,200		
NEXT	180,000	2	115,200	100,000	15,200	
OVER	230,000	0	0	0	0	0
	TOTAL	12	284,400	269,200	15,200	0
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	50,000	12	269,200	\$210.77	\$2,529.24	
NEXT	180,000		15,200	3.76	57.15	
OVER	230,000		0	3.40	0.00	
	TOTAL	12	284,400		\$2,586.39	

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	6 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	100,000	130,000	230,000
FIRST	100,000	0	0	0		
NEXT	130,000	0	0	0	0	
OVER	230,000	36	46,913,200	3,600,000	4,680,000	38,633,200
	TOTAL	36	46,913,200	3,600,000	4,680,000	38,633,200
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	100,000	36	3,600,000	\$398.67	\$14,352.12	
NEXT	130,000		4,680,000	3.76	17,596.80	
OVER	230,000		38,633,200	3.40	131,352.88	
	TOTAL	36	46,913,200		\$163,301.80	

Billing Analysis for: WEST SHELBY WATER DISTRICT			
Test Period From: January through December 2008			
Meter Size	Bills	Gallons Sold	Revenue
5/8 inch	20928	130,971,560	736,128
3/4 inch	0	0	0
1 inch	732	16,764,498	81,271
1.5 inch	192	5,550,266	27,646
2 inch	228	48,813,300	193,504
3 inch	24	1,538,800	7,446
4 inch	12	284,400	2,745
6 inch	36	46,913,200	175,434
Totals	22,152	250,836,024	1,224,175

Billing Analysis for: WEST SHELBY WATER DISTRICT								
Meter Size:	5/8 inch							
	USAGE	BILLS	GALLONS	FIRST	NEXT	NEXT	NEXT	OVER
				2,500	7,500	20,000	200,000	230000
FIRST	2,500	5,254	7,240,600	7,240,600				
NEXT	7,500	13,405	70,041,060	33,512,500	36,528,560			
NEXT	20,000	1,945	29,728,200	4,862,500	14,587,500	10,278,200		
NEXT	200,000	310	17,554,700	775,000	2,325,000	6,200,000	8,254,700	
OVER	230,000	14	6,407,000	35,000	105,000	280,000	2,800,000	3,187,000
	TOTAL	20,928	130,971,560	46,425,600	53,546,060	16,758,200	11,054,700	3,187,000
REVENUE BY RATE INCREMENT								
		BILLS	GALLONS	RATE	REVENUE			
FIRST	2,500	20,928	46,425,600	\$16.60	\$347,404.80			
NEXT	7,500		53,546,060	4.80	257,021.09			
NEXT	20,000		16,758,200	4.48	75,076.74			
NEXT	200,000		11,054,700	4.07	44,992.63			
OVER	230,000		3,187,000	3.65	11,632.55			
	TOTAL	20,928	130,971,560		\$736,127.80			

Billing Analysis for: WEST SHELBY WATER DISTRICT								
Meter Size:	1 inch							
				FIRST	NEXT	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	5,000	5,000	20,000	200,000	230000
FIRST	5,000	259	335,200	335,200				
NEXT	5,000	124	916,900	620,000	296,900			
NEXT	20,000	203	3,794,898	1,015,000	1,015,000	1,764,898		
NEXT	200,000	137	8,893,000	685,000	685,000	2,740,000	4,783,000	
OVER	230,000	9	2,824,500	45,000	45,000	180,000	1,800,000	754,500
	TOTAL	732	16,764,498	2,700,200	2,041,900	4,684,898	6,583,000	754,500
REVENUE BY RATE INCREMENT								
		BILLS	GALLONS	RATE	REVENUE			
FIRST	5,000	732	2,700,200	\$28.60	\$20,935.20			
NEXT	5,000		2,041,900	4.80	9,801.12			
NEXT	20,000		4,684,898	4.48	20,988.34			
NEXT	200,000		6,583,000	4.07	26,792.81			
OVER	230,000		754,500	3.65	2,753.93			
	TOTAL	732	16,764,498		\$81,271.40			

Billing Analysis for: WEST SHELBY WATER DISTRICT							
Meter Size:	1.5 inch						
				FIRST	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	10,000	20,000	200,000	230,000
FIRST	10,000	69	155,900	155,900			
NEXT	20,000	77	1,515,300	770,000	745,300		
NEXT	200,000	45	3,446,966	450,000	900,000	2,096,966	
OVER	230,000	1	432,100	10,000	20,000	200,000	202,100
	TOTAL	192	5,550,266	1,385,900	1,665,300	2,296,966	202,100
REVENUE BY RATE INCREMENT							
		BILLS	GALLONS	RATE	REVENUE		
FIRST	10,000	192	1,385,900	\$52.60	\$10,099.20		
NEXT	20,000		1,665,300	4.48	7,460.54		
NEXT	200,000		2,296,966	4.07	9,348.65		
OVER	230,000		202,100	3.65	737.67		
	TOTAL	192	5,550,266		\$27,646.06		

Billing Analysis for: WEST SHELBY WATER DISTRICT							
Meter Size:	2 inch						
				FIRST	NEXT	NEXT	OVER
	USAGE	BILLS	GALLONS	16,000	14,000	200,000	230,000
FIRST	16,000	93	490,900	490,900			
NEXT	14,000	19	418,600	304,000	114,600		
NEXT	200,000	79	7,938,300	1,264,000	1,106,000	5,568,300	
OVER	230,000	37	39,965,500	592,000	518,000	7,400,000	31,455,500
		228	48,813,300	2,650,900	1,738,600	12,968,300	31,455,500
REVENUE BY RATE INCREMENT							
		BILLS	GALLONS	RATE	REVENUE		
FIRST	16,000	228	2,650,900	\$79.48	\$18,121.44		
NEXT	14,000		1,738,600	4.48	7,788.93		
NEXT	200,000		12,968,300	4.07	52,780.98		
OVER	230,000		31,455,500	3.65	114,812.58		
	TOTAL	228	48,813,300		\$193,503.92		

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	3 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	30,000	200,000	230,000
FIRST	30,000	9	97,800	97,800		
NEXT	200,000	15	1,441,000	450,000	991,000	
OVER	230,000	0	0	0	0	0
		24	1,538,800	547,800	991,000	0
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	30,000	24	547,800	\$142.20	\$3,412.80	
NEXT	200,000		991,000	4.07	4,033.37	
NEXT	230,000		0	3.65	0.00	
	TOTAL	24	1,538,800		\$7,446.17	

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	4 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	50,000	180,000	230,000
FIRST	50,000	10	169,200	169,200		
NEXT	180,000	2	115,200	100,000	15,200	
OVER	230,000	0	0	0	0	0
	TOTAL	12	284,400	269,200	15,200	0
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	50,000	12	269,200	\$223.60	\$2,683.20	
NEXT	180,000		15,200	4.07	61.86	
OVER	230,000		0	3.65	0.00	
	TOTAL	12	284,400		\$2,745.06	

Billing Analysis for: WEST SHELBY WATER DISTRICT						
Meter Size:	6 inch					
				FIRST	NEXT	OVER
	USAGE	BILLS	GALLONS	100,000	130,000	230,000
FIRST	100,000	0	0	0		
NEXT	130,000	0	0	0	0	
OVER	230,000	36	46,913,200	3,600,000	4,680,000	38,633,200
	TOTAL	36	46,913,200	3,600,000	4,680,000	38,633,200
REVENUE BY RATE INCREMENT						
		BILLS	GALLONS	RATE	REVENUE	
FIRST	100,000	36	3,600,000	\$427.10	\$15,375.60	
NEXT	130,000		4,680,000	4.07	19,047.60	
OVER	230,000		38,633,200	3.65	141,011.18	
	TOTAL	36	46,913,200		\$175,434.38	

West Shelby Water District

Cost of Service Study

Allocation of Plant Value				
West Shelby Water District				
	Total	Commodity	Demand	Customer
Franchises	\$50			\$50
Land & Land Rights	127,198		\$127,198	
Structures and Improvements	366,661		366,661	
Pumping Equipment	330,443		330,443	
Water Treatment Equipment	7,548		7,548	
Distribution Reservoirs & Standpipes	2,084,458		2,084,458	
Trasmission & Distribution Mains	6,159,979		6,159,979	
Services	181,169			\$181,169
Meters & Meter Installations	546,511			546,511
Hydrants	273,252			273,252
Subtotal	\$10,077,269		\$9,076,287	\$1,000,982
Allocation Percentages	100%		90.1%	9.9%
Other Plant and Misc Equip	\$20,950		\$18,876	\$2,074
Office Furniture & Equipment	71,851		64,738	7,113
Transportation Equip	151,369		136,383	14,986
Tools, Shop & Garage Equipment	84,911		76,505	8,406
Laboratory Equipment	373		336	37
MISC. Equipment	6,243		5,625	618
Other Tangible Plant	21,663		19,518	2,145
Subtotal	\$357,360		\$321,981	\$35,379
Total	\$10,434,629		\$9,398,268	\$1,036,361
Percentages	100%		90.1%	9.9%
Allocation Percentages	100%		90.1%	9.9%

Source: PSC ANNUAL REPORT 2008

Allocation of Depreciation				
West Shelby Water District				
	Total	Commodity	Demand	Customer
Structures and Improvements	67,754		67,754	
Pumping Equipment	104,937		104,937	
Water Treatment Equipment	7,548		7,548	
Distribution Reservoirs & Standpipes	492,668		492,668	
Trasmission & Distribution Mains	1,440,288		1,440,288	
Services	75,916			\$75,916
Meters & Meter Installations	142,218			142,218
Hydrants	78,445			78,445
Backflow Prevention Devices	12,702			12,702
Subtotal	\$2,422,476		\$2,113,195	\$309,281
Allocation Percentages	100%		87.2%	12.8%
Other Plant and Misc Equip	\$49,609		\$43,259	\$6,350
Office Furniture & Equipment	110,884		96,691	14,193
Transportation Equip	56,544		49,306	7,238
Tools, Shop & Garage Equipment	6,158		5,370	788
Subtotal	\$223,195		\$194,626	\$28,569
Total	\$2,645,671		\$2,307,821	\$337,850
Percentages	100%		87.2%	12.8%
Allocation Percentages	100%		87.2%	12.8%

Source: PSC ANNUAL REPORT 2008

Allocation of Operation & Maintenance Expense				
West Shelby Water District				
	Total	Commodity	Demand	Customer
Salaries -Employees	\$168,460		\$80,822	\$87,638
Employee Benefits	\$48,507		23,027	\$25,480
Purchased Water	469,741	469,741		
Purchased Power	27,466	27,466		
Materials and Supplies	68,353		68,353	
Insurance - Workers Comp	3,256		1,720	1,536
Bad Debt	1,055			1,055
Subtotal	\$786,838	\$497,207	\$173,922	\$115,709
Less Commodity	\$497,207			
Total	\$289,631	\$497,207	\$173,922	\$115,709
Allocation Percentages	100%		60.0%	40.0%
Salaries - Employees Admin & General	45,183		27,110	18,073
Salaries & Wages-Officers	17,240		10,344	6,896
Employee Benefits - Admin & General	12,841		7,705	5,136
Contract Services - Accounting	16,012		9,607	6,405
Contract Services - Legal	6,261		3,757	2,504
Insurance - Liability	13,866		8,320	5,546
Insurance - Vehicle	2,258		1,355	903
Insurance - Workers Comp - A&G	960		576	384
Insurance - OTHER	2,825		1,695	1,130
Transportation Exp	25,507		15,304	10,203
Rental Building/Real Property	2,250		1,350	900
Misc. Expense	22,717		13,630	9,087
Taxes other than Income	16,473		9,884	6,589
Amortization Expense	1,555		933	622
Subtotal	\$185,948		\$111,570	\$74,378
Operating Expenses	\$972,786	\$497,207	\$285,492	\$190,087

Allocation of Cost of Service				
West Shelby Water District				
	Total	Commodity	Demand	Customer
Operation & Maintenance	\$972,786	\$497,207	\$285,492	\$190,087
Debt Service	122,216		110,117	12,099
Depreciation	249,763		217,793	31,970
General Water Service Cost	1,344,765	\$497,207	613,402	234,156
Less Other Revenues:				
Other Operating Revenues	29,367			29,367
Interest Income	92,907			92,907
Revenue Required from Rates	\$1,222,491	\$497,207	\$613,402	\$111,882

NOTES:

Debt Service has been allocated on a percentage of Plant Value Sheet.

Depreciation has been allocated on a percentage of Depreciation Sheet.

Calculation of Water Rates

West Shelby Water District

	Total	First 2,500 gallons	Next 7,500 gallons	Next 20,000 gallons	Next 200,000 gallons	Over 230,000 gallons
Actual Water Sales:						
Thousand Gallons	250,836,024	48,908,300	59,612,460	26,929,498	41,153,466	74,232,300
Percent	100%	19.5%	23.8%	10.7%	16.4%	29.6%
Weighted Sales for Demand:		2	1.75	1.5	1.25	1
Thousand Gallons	368,206,785	97,816,600	104,321,805	40,394,247	51,441,833	74,232,300
Percent	100%	26.6%	28.3%	11.0%	14.0%	20.2%
Allocation of Volumetric Costs:						
Commodity	\$497,207	\$96,955	\$118,335	\$53,201	\$81,542	\$147,173
Demand	613,402	63,165	173,593	67,474	85,876	123,907
Customer	111,882	111,882				
Total	\$1,222,491	\$372,002	\$291,928	\$120,675	\$167,418	\$271,080
Number of Bills	22,152					
Proposed Rates		\$16.79	\$4.90	\$4.48	\$4.07	\$3.65

Verification of Rates				
West Shelby Water District				
	Bills	Gallons	Rate	Revenue
First 2,500 gallons	22,152	48,908,300	\$16.79	371,932
Next 7,500 gallons		59,612,460	4.90	292,101
Next 20,000 gallons		26,929,498	4.48	120,644
Next 200,000 gallons		41,153,466	4.07	167,495
Over 230,000 gallons		74,232,300	3.65	270,948
Hydrants	12		104.25	1,251
Total Revenue from Rates				\$1,224,371
Other Income:				
Other Operating Revenues				29,367
Total Operating Revenue	22,152	250,836,024		\$1,253,738

Proposed Monthly Water Rates*			
5/8" Meters			
First 2,500 gallons	\$16.60	per 1,000 gallons	
Next 7,500 gallons	4.80	per 1,000 gallons	
Next 20,000 gallons	4.48	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
3/4" Meters			
First 3,500 gallons	\$21.40	per 1,000 gallons	
Next 6,500 gallons	4.80	per 1,000 gallons	
Next 20,000 gallons	4.48	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
1" Meters			
First 5,000 gallons	\$28.60	per 1,000 gallons	
Next 5,000 gallons	4.80	per 1,000 gallons	
Next 20,000 gallons	4.48	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
1 1/2" Meters			
First 10,000 gallons	\$52.60	per 1,000 gallons	
Next 20,000 gallons	4.48	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
2" Meters			
First 16,000 gallons	\$79.48	per 1,000 gallons	
Next 14,000 gallons	4.48	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
3" Meters			
First 30,000 gallons	\$142.20	per 1,000 gallons	
Next 200,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
4" Meters			
First 50,000 gallons	\$223.60	per 1,000 gallons	
Next 180,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
6" Meters			
First 100,000 gallons	\$427.10	per 1,000 gallons	
Next 130,000 gallons	4.07	per 1,000 gallons	
Over 230,000 gallons	3.65	per 1,000 gallons	
*Note: Proposed rates have been revised from the Cost of Service Rates so as to reflect the revenue related to the larger sized meters.			

Comparison of Rates				
Gallon Usage	Current Rates	Cost of Service Rates	Increase	Percentage
1,000	\$13.81	\$16.60	\$2.79	20.2%
2,000	13.81	16.60	2.79	20.2%
3,000	16.26	19.00	2.74	16.9%
3,500	18.70	21.40	2.70	14.4%
4,000	21.15	23.80	2.65	12.5%
5,000	26.04	28.60	2.56	9.8%
6,000	30.93	33.40	2.47	8.0%
7,000	35.82	38.20	2.38	6.6%
8,000	40.71	43.00	2.29	5.6%
9,000	45.60	47.80	2.20	4.8%
10,000	50.49	52.60	2.11	4.2%
15,000	71.79	75.00	3.21	4.5%
20,000	93.09	97.40	4.31	4.6%
25,000	114.39	119.80	5.41	4.7%
30,000	135.69	142.20	6.51	4.8%
35,000	154.49	162.55	8.06	5.2%
40,000	173.29	182.90	9.61	5.5%
50,000	210.89	223.60	12.71	6.0%
75,000	304.89	325.35	20.46	6.7%
100,000	398.89	427.10	28.21	7.1%
150,000	586.89	630.60	43.71	7.4%
200,000	774.89	834.10	59.21	7.6%
250,000	955.69	1,029.20	73.51	7.7%
300,000	1,125.69	1,211.70	86.01	7.6%
400,000	1,465.69	1,576.70	111.01	7.6%
500,000	1,805.69	1,941.70	136.01	7.5%

Comparison of Rates		
Block Usage	Current Rates	Proposed rates*
First 2,500 gallons	\$13.81	\$16.60
Next 7,500 gallons	4.89	4.80
Next 20,000 gallons	4.26	4.48
Next 200,000 gallons	3.76	4.07
Over 230,000 gallons	3.40	3.65

Effect on Customer Average Bill - 5,000 Gallons Usage			
Current Rates	Proposed Rates	Amount Increase	% Increase
\$26.04	\$28.60	\$2.56	9.80%

*Note: Proposed rates have been revised from the Cost of Service Rates so as to reflect the revenue related to the larger sized meters.

EXHIBIT 6

**REVENUE REQUIREMENT
DETERMINATION**

Exhibit 4

Revenue Requirement

Adjusted Operating Expense	\$	1,222,548
Debt Service Coverage		122,216
Revenue Requirement		1,344,764
Normalized Revenues		1,232,523
Other Revenue		<u>92,907</u>
Increase Required	\$	19,334

Debt Service Calculation

<u>:Year:</u>	<u>RECD Bonds</u>	<u>KRW Financing</u>	<u>Total</u>
2009	\$ 22,250	\$ 47,845	\$ 70,095
2010	68,800	47,741	116,541
2011	<u>70,400</u>	<u>48,505</u>	<u>118,905</u>
	\$ 161,450	\$ 144,091	305,541
		3 yr average.	\$ 101,847

EXHIBIT 7

**ANALYSIS OF
DEPRECIATION**

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Range: 105 - 158

Method: 1-FEDERAL-Std Conv Applied

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 105 - LAND A LAND RIGHTS								
01/01/80	FRANCHISE AND CONSENTS		0.00	50.00	0.00	50.00	0.00	0.00
	NONE FM 99.00 Omit Active New Not Listed	29	50.00	0.00	0.00	0.00	0.00	0.00
09/30/96	LAND - 7101 SHELBYVILLE ROAD		0.00	25,000.00	0.00	25,000.00	0.00	0.00
	LAND HY 99.00 Omit Active New Not Listed	13	25,000.00	0.00	0.00	0.00	0.00	0.00
05/13/02	LOT APPRAISAL - BELLEFONTE		0.00	350.00	0.00	350.00	0.00	0.00
	LAND HY 99.00 Omit Active New Not Listed	7	350.00	0.00	0.00	0.00	0.00	0.00
08/27/02	LOT DEPOSIT - BELLEFONTE		0.00	100.00	0.00	100.00	0.00	0.00
	LAND HY 99.00 Omit Active New Not Listed	7	100.00	0.00	0.00	0.00	0.00	0.00
10/17/02	BELLEFONTE ESTATES		0.00	57,900.00	0.00	57,900.00	0.00	0.00
	LAND HY 99.00 Omit Active New Not Listed	7	57,900.00	0.00	0.00	0.00	0.00	0.00
08/31/08 (A)	LAND-LEGETT & PLATT		0.00	40,048.31	0.00	40,048.31	0.00	0.00
	LAND HY 99.00 Omit Active New Not Listed	1	40,048.31	0.00	0.00	0.00	0.00	0.00
Totals for ASSET A/C#: 105			(6 assets)	123,448.31	0.00	123,448.31	0.00	0.00
				123,448.31	0.00	0.00	0.00	0.00

Summary For:	105	Cost	Section 179 +	Accum. Depr.	=	Total
Beginning Balances	(5 assets)	83,400.00	0.00	0.00		0.00
+ Additions (A)	(1 assets)	40,048.31	Curr. Depr. 0.00	0.00		0.00
Subtotals		123,448.31	0.00	0.00		0.00
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00		0.00
Ending Balances	(6 assets)	123,448.31	0.00	0.00		0.00

ASSET A/C#: 107 - STANDPIPES

06/01/80	DIST RESERV & STANDPIPES		0.00	802,405.20	0.00	802,405.20	16,048.10	348,042.61
	SL MM 50.00 Omit Active New Not Listed	29	438,314.49	0.00	0.00	0.00	0.00	364,090.71
12/31/93	PAINT FAIRVIEW TANK		0.00	46,555.00	0.00	46,555.00	0.00	46,555.00
	SL FM 5.00 Omit Active New Not Listed	16	0.00	0.00	0.00	0.00	0.00	46,555.00
06/21/01	STANDPIPES-I64		0.00	958,803.24	0.00	958,803.24	9,684.88	63,680.52
	ASL MM 99.00 Omit Active New Not Listed	8	885,437.84	0.00	0.00	0.00	0.00	73,365.40
09/03/04	FENCE AROUND PERIMETER		0.00	3,720.00	0.00	3,720.00	248.00	826.67
	SL FM 15.00 Omit Active New Not Listed	5	2,645.33	0.00	0.00	0.00	0.00	1,074.67
08/31/08 (A)	BEKERT TANK PAINTING		0.00	272,975.00	0.00	272,975.00	7,582.64	0.00
	SL FM 15.00 Omit Active New Not Listed	1	265,392.36	0.00	0.00	0.00	0.00	7,582.64
Totals for ASSET A/C#: 107			(5 assets)	2,084,458.44	0.00	2,084,458.44	33,563.62	459,104.80
				1,591,790.02	0.00	0.00	0.00	492,668.42

Summary For:	107	Cost	Section 179 +	Accum. Depr.	=	Total
Beginning Balances	(4 assets)	1,811,483.44	0.00	459,104.80		459,104.80
+ Additions (A)	(1 assets)	272,975.00	Curr. Depr. 0.00	33,563.62		33,563.62
Subtotals		2,084,458.44	0.00	492,668.42		492,668.42
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00		0.00
Ending Balances	(5 assets)	2,084,458.44	0.00	492,668.42		492,668.42

ASSET A/C#: 108 - WATER TREATMENT EQUIPMENT

06/01/80	WATER TREATMENT EQUIP		0.00	7,548.14	0.00	7,548.14	0.00	7,548.14
	SL MM 25.00 Omit Active New Not Listed	29	0.00	0.00	0.00	0.00	0.00	7,548.14
Totals for ASSET A/C#: 108			(1 assets)	7,548.14	0.00	7,548.14	0.00	7,548.14
				0.00	0.00	0.00	0.00	7,548.14

Summary For:	108	Cost	Section 179 +	Accum. Depr.	=	Total
Beginning Balances	(1 assets)	7,548.14	0.00	7,548.14		7,548.14
+ Additions (A)	(0 assets)	0.00	Curr. Depr. 0.00	0.00		0.00
Subtotals		7,548.14	0.00	7,548.14		7,548.14
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00		0.00
Ending Balances	(1 assets)	7,548.14	0.00	7,548.14		7,548.14

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Invt Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 109 - WATER DISTRIBUTION MAINS								
06/01/80	TRANS & DIST MAINS	0.00	833,265.75	0.00	833,265.75	16,665.32	416,343.56	
	SL MM 50.00 Omit Active New Not Listed	29	400,256.87	0.00	0.00	0.00	433,008.88	
06/30/90	POUNDS LANE	0.00	35,372.30	0.00	35,372.30	707.45	12,439.30	
	SL FM 50.00 Omit Active New Not Listed	19	22,225.55	0.00	0.00	0.00	13,146.75	
06/30/90	TAYLOR WOODS	0.00	249,618.07	0.00	249,618.07	4,992.36	87,782.33	
	SL FM 50.00 Omit Active New Not Listed	19	156,843.38	0.00	0.00	0.00	92,774.69	
11/30/91	WILLIAMS	0.00	242.94	0.00	242.94	4.86	78.55	
	SL FM 50.00 Omit Active New Not Listed	18	159.53	0.00	0.00	0.00	83.41	
12/31/91	DISTRIBUTION MAINS-FIELDS LANE	0.00	10,957.50	0.00	10,957.50	219.15	3,524.66	
	SL FM 50.00 Omit Active New Not Listed	18	7,213.69	0.00	0.00	0.00	3,743.81	
01/01/92	VEECHDALE/CLARK STATION	0.00	288.00	0.00	288.00	5.76	92.16	
	SL FM 50.00 Omit Active New Not Listed	17	190.08	0.00	0.00	0.00	97.92	
04/01/92	TAYLOR WOODS/POUNDS LN/CLARK	0.00	2,483.43	0.00	2,483.43	49.67	782.29	
	SL FM 50.00 Omit Active New Not Listed	17	1,651.47	0.00	0.00	0.00	831.96	
04/21/92	WILLIAMS PROPERTY	0.00	679.27	0.00	679.27	13.59	217.43	
	SL FM 50.00 Omit Active New Not Listed	17	448.25	0.00	0.00	0.00	231.02	
06/01/92	KY 1848 ROLLING RIDGE	0.00	12,057.15	0.00	12,057.15	241.14	3,757.77	
	SL FM 50.00 Omit Active New Not Listed	17	8,058.24	0.00	0.00	0.00	3,999.91	
06/01/92	DEVONSHIRE SUBDIVISION	0.00	30,810.00	0.00	30,810.00	616.20	9,602.45	
	SL FM 50.00 Omit Active New Not Listed	17	20,591.35	0.00	0.00	0.00	10,218.65	
06/01/93	SIMPSONVILLE GARDENS	0.00	4,871.46	0.00	4,871.46	97.43	1,420.85	
	SL FM 50.00 Omit Active New Not Listed	16	3,353.18	0.00	0.00	0.00	1,518.28	
06/01/93	KY 1399 BRIDGE LOCATION	0.00	51,646.47	0.00	51,646.47	1,032.93	15,063.56	
	SL FM 50.00 Omit Active New Not Listed	16	35,549.98	0.00	0.00	0.00	16,096.49	
06/01/93	BROOKS LANE	0.00	20,020.00	0.00	20,020.00	400.40	5,839.17	
	SL FM 50.00 Omit Active New Not Listed	16	13,780.43	0.00	0.00	0.00	6,239.57	
06/01/93	WHITNEY YOUNG	0.00	179,413.47	0.00	179,413.47	3,588.27	52,328.94	
	SL FM 50.00 Omit Active New Not Listed	16	123,496.26	0.00	0.00	0.00	55,917.21	
06/01/93	MAPLE RIDGE	0.00	5,749.47	0.00	5,749.47	114.99	1,676.94	
	SL FM 50.00 Omit Active New Not Listed	16	3,957.54	0.00	0.00	0.00	1,791.93	
07/01/94	SHELBYVILLE METERING POINT & VAULT	0.00	18,855.00	0.00	18,855.00	377.10	5,090.85	
	SL FM 50.00 Omit Active New Not Listed	15	13,387.05	0.00	0.00	0.00	5,467.95	
07/01/94	MAHURON LANE 270FT 6"	0.00	12,897.61	0.00	12,897.61	257.95	3,482.33	
	SL FM 50.00 Omit Active New Not Listed	15	9,157.33	0.00	0.00	0.00	3,740.28	
07/01/94	INDUSTRIAL PARK 700 FT 12" IRON	0.00	37,965.00	0.00	37,965.00	759.30	10,250.55	
	SL FM 50.00 Omit Active New Not Listed	15	26,955.15	0.00	0.00	0.00	11,009.85	
07/01/94	ROLLING RIDGE CIRCLE 640FT 6"	0.00	5,575.97	0.00	5,575.97	111.52	1,505.52	
	SL FM 50.00 Omit Active New Not Listed	15	3,958.93	0.00	0.00	0.00	1,617.04	
07/01/94	LONE OAKS 1040FT 6"	0.00	7,973.81	0.00	7,973.81	159.48	2,152.98	
	SL FM 50.00 Omit Active New Not Listed	15	5,661.35	0.00	0.00	0.00	2,312.46	
07/01/94	SADDLE CREEK 1600FT 8"	0.00	16,887.60	0.00	16,887.60	337.75	4,559.63	
	SL FM 50.00 Omit Active New Not Listed	15	11,990.22	0.00	0.00	0.00	4,897.38	
07/01/94	HWY 148 4640FT 6"	0.00	24,689.05	0.00	24,689.05	493.78	6,666.03	
	SL FM 50.00 Omit Active New Not Listed	15	17,529.24	0.00	0.00	0.00	7,159.81	
07/01/94	HUNTERS POINT 920FT 6"/4256FT 8"	0.00	55,433.00	0.00	55,433.00	1,108.66	14,966.91	
	SL FM 50.00 Omit Active New Not Listed	15	39,357.43	0.00	0.00	0.00	16,075.57	
07/01/94	WHITNEY YOUNG-ADDITIONAL	0.00	1,500.00	0.00	1,500.00	30.00	405.00	
	SL FM 50.00 Omit Active New Not Listed	15	1,065.00	0.00	0.00	0.00	435.00	

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 109 - WATER DISTRIBUTION MAINS								
07/01/94	BROOKS LANE ADDITIONAL	0.00	232.00	0.00	232.00	4.64	62.64	
	SL FM 50.00 Omit Active New Not Listed	15	164.72	0.00	0.00	0.00	67.28	
07/01/94	TAYLOR WOODS-ADDITIONAL	0.00	2,230.57	0.00	2,230.57	44.61	602.24	
	SL FM 50.00 Omit Active New Not Listed	15	1,583.72	0.00	0.00	0.00	646.85	
04/21/95	640FT 6" & 4900 FT 8"-MAJESTIC OAKS	0.00	57,265.00	0.00	57,265.00	1,145.30	14,602.57	
	SL FM 50.00 Omit Active New Not Listed	14	41,517.13	0.00	0.00	0.00	15,747.87	
09/11/95	160FT 6" TODDS POINT	0.00	6,872.49	0.00	6,872.49	137.45	1,695.22	
	SL FM 50.00 Omit Active New Not Listed	14	5,039.82	0.00	0.00	0.00	1,832.67	
10/24/95	2200 FT 4" SANDERLIN FARM	0.00	19,099.95	0.00	19,099.95	382.00	4,679.50	
	SL FM 50.00 Omit Active New Not Listed	14	14,038.45	0.00	0.00	0.00	5,061.50	
11/09/95	6300 FT 6" FIELDS LANE	0.00	42,808.55	0.00	42,808.55	856.17	10,416.74	
	SL FM 50.00 Omit Active New Not Listed	14	31,535.64	0.00	0.00	0.00	11,272.91	
12/08/95	760 FT 10" & 420FT 8" & 160FT 6"R	0.00	28,321.32	0.00	28,321.32	566.43	6,844.36	
	SL FM 50.00 Omit Active New Not Listed	14	20,910.53	0.00	0.00	0.00	7,410.79	
02/01/97	COPPER COIN	0.00	12,576.53	0.00	12,576.53	251.53	2,745.87	
	SL FM 50.00 Omit Active New Not Listed	12	9,579.13	0.00	0.00	0.00	2,997.40	
04/30/97	OM JOHNSON	0.00	2,400.00	0.00	2,400.00	48.00	516.00	
	SL FM 50.00 Omit Active New Not Listed	12	1,836.00	0.00	0.00	0.00	564.00	
04/30/97	WALMART	0.00	109,293.96	0.00	109,293.96	2,185.88	23,498.21	
	SL FM 50.00 Omit Active New Not Listed	12	83,609.87	0.00	0.00	0.00	25,684.09	
05/01/97	PINE MEADOW	0.00	55,342.77	0.00	55,342.77	1,106.86	11,806.50	
	SL FM 50.00 Omit Active New Not Listed	12	42,429.41	0.00	0.00	0.00	12,913.36	
07/01/97	EAST BOUND REST AREA	0.00	326,875.00	0.00	326,875.00	6,537.50	68,643.75	
	SL FM 50.00 Omit Active New Not Listed	12	251,693.75	0.00	0.00	0.00	75,181.25	
07/01/97	NORFOLK SOUTHERN	0.00	245,695.14	0.00	245,695.14	4,913.90	51,595.95	
	SL FM 50.00 Omit Active New Not Listed	12	189,185.29	0.00	0.00	0.00	56,509.85	
07/31/97	TODD'S POINT	0.00	2,056.34	0.00	2,056.34	41.13	431.86	
	SL FM 50.00 Omit Active New Not Listed	12	1,583.35	0.00	0.00	0.00	472.99	
09/01/97	OVERBROOK BEND	0.00	35,883.38	0.00	35,883.38	717.67	7,415.92	
	SL FM 50.00 Omit Active New Not Listed	12	27,749.79	0.00	0.00	0.00	8,133.59	
09/01/97	LANDSPUR HILL	0.00	30,084.38	0.00	30,084.38	601.69	6,217.46	
	SL FM 50.00 Omit Active New Not Listed	12	23,265.23	0.00	0.00	0.00	6,819.15	
11/30/97	HUNTER'S POINT LOOP	0.00	5,517.18	0.00	5,517.18	110.34	1,121.79	
	SL FM 50.00 Omit Active New Not Listed	12	4,285.05	0.00	0.00	0.00	1,232.13	
04/08/98	TIMBERWOOD	0.00	39,455.68	0.00	39,455.68	789.11	7,693.83	
	SL MM 50.00 Omit Active New Not Listed	11	30,972.74	0.00	0.00	0.00	8,482.94	
04/08/98	NORFOLK & SOUTHERN	0.00	233,209.86	0.00	233,209.86	4,664.20	45,475.95	
	SL MM 50.00 Omit Active New Not Listed	11	183,069.71	0.00	0.00	0.00	50,140.15	
04/08/98	WALMART	0.00	85,971.17	0.00	85,971.17	1,719.42	16,764.35	
	SL MM 50.00 Omit Active New Not Listed	11	67,487.40	0.00	0.00	0.00	18,483.77	
06/01/98	HWY 148 & CLARK STATION	0.00	111,777.13	0.00	111,777.13	2,235.54	21,423.93	
	SL MM 50.00 Omit Active New Not Listed	11	88,117.66	0.00	0.00	0.00	23,659.47	
06/01/98	TODD'S POINT	0.00	9,400.00	0.00	9,400.00	188.00	1,801.67	
	SL MM 50.00 Omit Active New Not Listed	11	7,410.33	0.00	0.00	0.00	1,989.67	
10/01/98	HUNTER'S POINT LOOP	0.00	1,663.05	0.00	1,663.05	33.26	307.66	
	SL MM 50.00 Omit Active New Not Listed	11	1,322.13	0.00	0.00	0.00	340.92	
07/01/99	BAXTER ESTATES	0.00	35,949.08	0.00	35,949.08	718.98	6,111.33	
	SL MM 50.00 Omit Active New Not Listed	10	29,118.77	0.00	0.00	0.00	6,830.31	

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 109 - WATER DISTRIBUTION MAINS								
07/01/99	SANNER RIDGE	0.00	24,948.20	0.00	24,948.20	498.96	4,241.16	
	SL MM 50.00 Omit Active New Not Listed	10	20,208.08	0.00	0.00	0.00	4,740.12	
07/01/99	KINGBROOK COMMERCE	0.00	176,410.16	0.00	176,410.16	3,528.20	29,989.70	
	SL MM 50.00 Omit Active New Not Listed	10	142,892.26	0.00	0.00	0.00	33,517.90	
07/01/99	LONE OAKS II	0.00	21,717.16	0.00	21,717.16	434.34	3,691.89	
	SL MM 50.00 Omit Active New Not Listed	10	17,590.93	0.00	0.00	0.00	4,126.23	
07/01/99	MAJESTIC OAKS	0.00	2,179.58	0.00	2,179.58	43.59	370.52	
	SL MM 50.00 Omit Active New Not Listed	10	1,765.47	0.00	0.00	0.00	414.11	
07/01/99	MAJESTIC OAKS II	0.00	55,085.08	0.00	55,085.08	1,101.70	9,364.45	
	SL MM 50.00 Omit Active New Not Listed	10	44,618.93	0.00	0.00	0.00	10,466.15	
07/01/99	CITIZENS BLVD	0.00	58,682.64	0.00	58,682.64	1,173.65	9,976.03	
	SL MM 50.00 Omit Active New Not Listed	10	47,532.96	0.00	0.00	0.00	11,149.68	
07/01/99	KPJ	0.00	22,151.56	0.00	22,151.56	443.03	3,765.76	
	SL MM 50.00 Omit Active New Not Listed	10	17,942.77	0.00	0.00	0.00	4,208.79	
07/01/99	COPPER COIN	0.00	897.37	0.00	897.37	17.95	152.57	
	SL MM 50.00 Omit Active New Not Listed	10	726.85	0.00	0.00	0.00	170.52	
07/01/99	CLARK STATION	0.00	281,384.82	0.00	281,384.82	5,627.70	47,835.45	
	SL MM 50.00 Omit Active New Not Listed	10	227,921.67	0.00	0.00	0.00	53,463.15	
07/01/00	DISTRIBUTION MAINS - CLAUDIA SANDER	0.00	20,762.52	0.00	20,762.52	415.25	3,114.38	
	SL MM 50.00 Omit Active New Not Listed	9	17,232.89	0.00	0.00	0.00	3,529.63	
07/01/00	DISTRIBUTION MAINS - WALNUT WAY	0.00	22,253.19	0.00	22,253.19	445.06	3,337.95	
	SL MM 50.00 Omit Active New Not Listed	9	18,470.18	0.00	0.00	0.00	3,783.01	
07/01/00	DISTRIBUTION MAINS - TODD STATION	0.00	94,133.38	0.00	94,133.38	1,882.67	14,120.02	
	SL MM 50.00 Omit Active New Not Listed	9	78,130.69	0.00	0.00	0.00	16,002.69	
06/21/01	TO I64 WATER TANK	0.00	445,090.63	0.00	445,090.63	8,901.81	58,232.68	
	ASL MM 50.00 Omit Active New Not Listed	8	377,956.14	0.00	0.00	0.00	67,134.49	
07/01/01	HUNTER POINT	0.00	2,928.51	0.00	2,928.51	58.57	378.26	
	ASL MM 50.00 Omit Active New Not Listed	8	2,491.68	0.00	0.00	0.00	436.83	
07/31/01	BIREITENSTEN	0.00	52,785.00	0.00	52,785.00	1,055.70	6,818.06	
	ASL MM 50.00 Omit Active New Not Listed	8	44,911.24	0.00	0.00	0.00	7,873.76	
10/01/01	METER APPLICATION 3"	0.00	10,000.00	0.00	10,000.00	0.00	0.00	
	LAND HY 99.00 Omit Active New Not Listed	8	10,000.00	0.00	0.00	0.00	0.00	
10/31/01	HICKORY HILLS	0.00	387,634.05	0.00	387,634.05	7,752.68	48,131.22	
	ASL MM 50.00 Omit Active New Not Listed	8	331,750.15	0.00	0.00	0.00	55,883.90	
11/26/01	TO LOUISVILLE METER	0.00	128,482.66	0.00	128,482.66	2,569.65	15,739.11	
	ASL MM 50.00 Omit Active New Not Listed	8	110,173.90	0.00	0.00	0.00	18,308.76	
07/01/02	BELLEFONTE ESTATES	0.00	102,338.39	0.00	102,338.39	2,046.77	11,257.23	
	SL MM 50.00 Omit Active New Not Listed	7	89,034.39	0.00	0.00	0.00	13,304.00	
07/01/02	HELSON LN	0.00	10,934.38	0.00	10,934.38	218.69	1,202.79	
	SL MM 50.00 Omit Active New Not Listed	7	9,512.90	0.00	0.00	0.00	1,421.48	
07/01/02	ROLLING RIDGE	0.00	25,624.12	0.00	25,624.12	512.48	2,818.64	
	SL MM 50.00 Omit Active New Not Listed	7	22,293.00	0.00	0.00	0.00	3,331.12	
07/01/02	LEVINE	0.00	12,211.00	0.00	12,211.00	244.22	1,343.21	
	SL MM 50.00 Omit Active New Not Listed	7	10,623.57	0.00	0.00	0.00	1,587.43	
07/01/02	MAHURON LN	0.00	18,360.50	0.00	18,360.50	367.21	2,019.66	
	SL MM 50.00 Omit Active New Not Listed	7	15,973.63	0.00	0.00	0.00	2,386.87	
07/01/02	MAJESTIC OAKS	0.00	80,799.35	0.00	80,799.35	1,615.99	8,887.94	
	SL MM 50.00 Omit Active New Not Listed	7	70,295.42	0.00	0.00	0.00	10,503.93	

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Range: 105 - 158

Method: 1-FEDERAL-Std Conv Applied

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 109 - WATER DISTRIBUTION MAINS								
07/01/02	TODD STATION #2	0.00	39,520.00	0.00	39,520.00	790.40	4,348.70	
	SL MM 50.00 Omit Active New Not Listed	7	34,380.90	0.00	0.00	0.00	5,139.10	
07/01/02	BROOKS LN	0.00	17,414.18	0.00	17,414.18	348.28	1,915.54	
	SL MM 50.00 Omit Active New Not Listed	7	15,150.36	0.00	0.00	0.00	2,263.82	
07/01/02	MILLER LN	0.00	2,203.65	0.00	2,203.65	44.07	242.39	
	SL MM 50.00 Omit Active New Not Listed	7	1,917.19	0.00	0.00	0.00	286.46	
07/01/02	KINGBROOK	0.00	31,452.28	0.00	31,452.28	629.05	3,459.77	
	SL MM 50.00 Omit Active New Not Listed	7	27,363.46	0.00	0.00	0.00	4,088.82	
08/09/02	8" VALVES - U.S. 60 LINE	0.00	7,990.00	0.00	7,990.00	159.80	865.58	
	SL MM 50.00 Omit Active New Not Listed	7	6,964.62	0.00	0.00	0.00	1,025.38	
04/30/03	STATION POINT 1020' 6"PVC, 3990' 12	0.00	127,313.00	0.00	127,313.00	2,546.26	12,094.74	
	SL MM 50.00 Omit Active New Not Listed	6	112,672.00	0.00	0.00	0.00	14,641.00	
05/16/03	Le MASTER LANE - 3700' 6" PVC	0.00	47,073.25	0.00	47,073.25	941.47	4,393.52	
	SL MM 50.00 Omit Active New Not Listed	6	41,738.26	0.00	0.00	0.00	5,334.99	
07/01/03	HELSON	0.00	1,500.00	0.00	1,500.00	30.00	135.00	
	SL MM 50.00 Omit Active New Not Listed	6	1,335.00	0.00	0.00	0.00	165.00	
12/17/03	TODD STATION #3 - 1745' 12" DI, 273	0.00	102,238.83	0.00	102,238.83	2,044.78	8,523.88	
	SL MM 50.00 Omit Active New Not Listed	6	91,670.17	0.00	0.00	0.00	10,568.66	
07/01/04	1350 FT PVC 8" - KFC JOE BARBATI	0.00	42,863.98	0.00	42,863.98	857.28	3,000.48	
	SL MM 50.00 Omit Active New Not Listed	5	39,006.22	0.00	0.00	0.00	3,857.76	
07/01/04	740 FT PVC 6" - CEDAR CT ROLLING RI	0.00	13,703.40	0.00	13,703.40	274.07	959.24	
	SL MM 50.00 Omit Active New Not Listed	5	12,470.09	0.00	0.00	0.00	1,233.31	
07/01/04	350 FT PVC 6" - BOB WOOD BULLIT ROA	0.00	6,139.66	0.00	6,139.66	122.79	429.77	
	SL MM 50.00 Omit Active New Not Listed	5	5,587.10	0.00	0.00	0.00	552.56	
05/20/05	WINDHURST 1800' 8" PVC	0.00	34,269.21	0.00	34,269.21	685.38	2,076.22	
	SL MM 50.00 Omit Active New Not Listed	4	31,507.61	0.00	0.00	0.00	2,761.60	
10/01/05	LOWE'S - 5000' 12" DUCTILE PIPE	0.00	172,453.61	0.00	172,453.61	3,449.07	7,754.35	
	SL MM 50.00 Omit Active New Not Listed	4	161,250.19	0.00	0.00	0.00	11,203.42	
10/03/05	LINKS EXT-970' 6" PVC - 600' 4" PV	0.00	19,109.92	0.00	19,109.92	382.20	1,025.45	
	SL MM 50.00 Omit Active New Not Listed	4	17,702.27	0.00	0.00	0.00	1,407.65	
10/19/05	HILL AND DALE 800' 6" PVC	0.00	13,250.68	0.00	13,250.68	265.01	591.27	
	SL MM 50.00 Omit Active New Not Listed	4	12,394.40	0.00	0.00	0.00	856.28	
12/08/05	TODDS PT-500' 8" PVC 1900' 6" PVC	0.00	47,884.35	0.00	47,884.35	957.69	2,172.27	
	SL MM 50.00 Omit Active New Not Listed	4	44,754.39	0.00	0.00	0.00	3,129.96	
02/28/06	300 FT PVC ROBERT ELLIS EXT	0.00	3,387.98	0.00	3,387.98	67.76	129.87	
	SL MM 50.00 Omit Active New Not Listed	3	3,190.35	0.00	0.00	0.00	197.63	
05/18/06	SIMPSONVILLE COMM. CTR 1800 FT 8" P	0.00	52,914.74	0.00	52,914.74	1,058.29	2,084.15	
	SL MM 50.00 Omit Active New Not Listed	3	49,772.30	0.00	0.00	0.00	3,142.44	
07/20/07	Kingbrook Phase III 2050 LF 16"DI	0.00	158,274.27	0.00	158,274.27	3,165.49	1,582.74	
	SL MM 50.00 Omit Active New Not Listed	2	153,526.04	0.00	0.00	0.00	4,748.23	
10/04/07	Cardinal Oaks Phase II 1150 LF 8"P	0.00	41,994.63	0.00	41,994.63	839.89	209.97	
	SL MM 50.00 Omit Active New Not Listed	2	40,944.77	0.00	0.00	0.00	1,049.86	
Totals for ASSET A/C#: 109			6,159,978.72	0.00	6,159,978.72	122,999.57	1,317,288.64	0.00
			4,719,690.51	0.00	0.00	0.00	1,440,288.21	0.00

Summary For:	109	Cost	Section 179	+ Accum. Depr.	= Total
Beginning Balances	(93 assets)	6,159,978.72	0.00	1,317,288.64	1,317,288.64
+ Additions (A)	(0 assets)	0.00	Curr. Depr.	122,999.57	122,999.57
Subtotals		6,159,978.72	0.00	1,440,288.21	1,440,288.21
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(93 assets)	6,159,978.72	0.00	1,440,288.21	1,440,288.21

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Range: 105 - 158

Method: 1-FEDERAL-Std Conv Applied

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss	
ASSET A/C#: 110 - SERVICES									
06/01/80	SERVICES	0.00	84,252.07	0.00	84,252.07	1,685.04	53,318.61		
	SL MM 50.00 Omit Active New Not Listed	29	29,248.42	0.00	0.00	0.00	55,003.65		
06/30/90	TAYLOR WOODS SERVICES	0.00	8,281.81	0.00	8,281.81	276.06	4,854.06		
	SL FM 30.00 Omit Active New Not Listed	19	3,151.69	0.00	0.00	0.00	5,130.12		
06/30/90	POUNDS LANE SERVICES	0.00	2,155.34	0.00	2,155.34	71.84	1,263.19		
	SL FM 30.00 Omit Active New Not Listed	19	820.31	0.00	0.00	0.00	1,335.03		
06/30/90	SERVICES	0.00	2,152.31	0.00	2,152.31	71.74	1,261.43		
	SL FM 30.00 Omit Active New Not Listed	19	819.14	0.00	0.00	0.00	1,333.17		
02/01/92	SERVICES	0.00	2,072.24	0.00	2,072.24	69.07	1,099.37		
	SL FM 30.00 Omit Active New Not Listed	17	903.80	0.00	0.00	0.00	1,168.44		
05/12/93	SERVICES	0.00	905.60	0.00	905.60	30.19	442.78		
	SL FM 30.00 Omit Active New Not Listed	16	432.63	0.00	0.00	0.00	472.97		
07/01/97	SERVICE	0.00	3,012.56	0.00	3,012.56	100.42	1,054.41		
	SL FM 30.00 Omit Active New Not Listed	12	1,857.73	0.00	0.00	0.00	1,154.83		
07/01/98	SERVICES	0.00	3,609.73	0.00	3,609.73	120.32	1,143.04		
	SL MM 30.00 Omit Active New Not Listed	11	2,346.37	0.00	0.00	0.00	1,263.36		
07/01/99	SERVICES	0.00	5,285.64	0.00	5,285.64	176.19	1,497.61		
	SL FM 30.00 Omit Active New Not Listed	10	3,611.84	0.00	0.00	0.00	1,673.80		
07/01/00	SERVICES	0.00	8,644.81	0.00	8,644.81	288.16	2,161.20		
	SL MM 30.00 Omit Active New Not Listed	9	6,195.45	0.00	0.00	0.00	2,449.36		
07/01/01	SERVICES	0.00	12,925.12	0.00	12,925.12	430.84	2,800.46		
	SL MM 30.00 Omit Active New Not Listed	8	9,693.82	0.00	0.00	0.00	3,231.30		
07/01/07	Services	0.00	27,062.09	0.00	27,062.09	902.07	451.03		
	SL MM 30.00 Omit Active New Not Listed	2	25,708.99	0.00	0.00	0.00	1,353.10		
07/01/08 (A)	SERVICES	0.00	20,809.89	0.00	20,809.89	346.83	0.00		
	SL MM 30.00 Omit Active New Not Listed	1	20,463.06	0.00	0.00	0.00	346.83		
Totals for ASSET A/C#: 110									
			(13 assets)	181,169.21	0.00	181,169.21	4,568.77	71,347.19	0.00
				105,253.25	0.00	0.00	0.00	75,915.96	0.00

Summary For:	110	Cost	Section 179 + Accum. Depr.	= Total
Beginning Balances	(12 assets)	160,359.32	0.00	71,347.19
+ Additions (A)	(1 assets)	20,809.89	Curr. Depr. 0.00	4,568.77
Subtotals		181,169.21	0.00	75,915.96
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00
Ending Balances	(13 assets)	181,169.21	0.00	75,915.96

ASSET A/C#: 111 - METERS & METER INSTALLATI

06/30/80	METERS & METER INSTALLATION	0.00	93,533.15	0.00	93,533.15	1,870.66	56,609.36	
	SL MM 50.00 Omit Active New Not Listed	29	35,053.13	0.00	0.00	0.00	58,480.02	
06/30/90	METERS & METER INSTALLATION	0.00	5,052.94	0.00	5,052.94	168.43	2,961.56	
	SL FM 30.00 Omit Active New Not Listed	19	1,922.95	0.00	0.00	0.00	3,129.99	
06/30/90	TAYLOR WOODS	0.00	3,862.35	0.00	3,862.35	128.75	2,263.82	
	SL FM 30.00 Omit Active New Not Listed	19	1,469.78	0.00	0.00	0.00	2,392.57	
06/30/91	METERS & INSTALLATION	0.00	2,595.00	0.00	2,595.00	86.50	1,434.46	
	SL FM 30.00 Omit Active New Not Listed	18	1,074.04	0.00	0.00	0.00	1,520.96	
06/01/92	METERS & INSTALLATION	0.00	9,387.32	0.00	9,387.32	312.91	4,876.18	
	SL FM 30.00 Omit Active New Not Listed	17	4,198.23	0.00	0.00	0.00	5,189.09	
12/08/93	METERS & INSTALLATION	0.00	4,988.20	0.00	4,988.20	166.27	2,341.64	
	SL FM 30.00 Omit Active New Not Listed	16	2,480.29	0.00	0.00	0.00	2,507.91	
07/01/94	METERS & INSTALLATION	0.00	10,821.80	0.00	10,821.80	360.73	4,869.85	
	SL FM 30.00 Omit Active New Not Listed	15	5,591.22	0.00	0.00	0.00	5,230.58	

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 111 - METERS & METER INSTALLATI								
07/01/95	METERS & INSTALLATION	0.00	14,006.67	0.00	14,006.67	466.89	5,836.12	
	SL FM 30.00 Omit Active New Not Listed	14	7,703.66	0.00	0.00	0.00	6,303.01	
06/30/96	METERS & INSTALLATIONS	0.00	6,281.59	0.00	6,281.59	209.39	2,425.43	
	SL FM 30.00 Omit Active New Not Listed	13	3,646.77	0.00	0.00	0.00	2,634.82	
06/30/97	METERS & SERVICES	0.00	4,711.94	0.00	4,711.94	157.06	1,662.22	
	SL FM 30.00 Omit Active New Not Listed	12	2,892.66	0.00	0.00	0.00	1,819.28	
07/01/98	METERS & INSTALLATION	0.00	5,645.98	0.00	5,645.98	188.20	1,787.90	
	SL MM 30.00 Omit Active New Not Listed	11	3,669.88	0.00	0.00	0.00	1,976.10	
07/01/99	METERS & INSTALLATIONS	0.00	8,267.29	0.00	8,267.29	275.58	2,342.43	
	SL MM 30.00 Omit Active New Not Listed	10	5,649.28	0.00	0.00	0.00	2,618.01	
07/01/00	METERS & INSTALLATION	0.00	13,521.36	0.00	13,521.36	450.71	3,380.33	
	SL MM 30.00 Omit Active New Not Listed	9	9,690.32	0.00	0.00	0.00	3,831.04	
07/01/01	METERS & INSTALLATION	0.00	21,197.65	0.00	21,197.65	706.59	4,592.83	
	SL MM 30.00 Omit Active New Not Listed	8	15,898.23	0.00	0.00	0.00	5,299.42	
07/01/02	METERS & INSTALLATION	0.00	35,419.76	0.00	35,419.76	1,180.66	6,493.63	
	SL MM 30.00 Omit Active New Not Listed	7	27,745.47	0.00	0.00	0.00	7,874.29	
07/01/03	METERS & INSTALLATION	0.00	41,048.02	0.00	41,048.02	1,368.27	6,157.21	
	SL MM 30.00 Omit Active New Not Listed	6	33,522.54	0.00	0.00	0.00	7,525.48	
07/01/04	METERS AND INSTALLATION	0.00	66,743.20	0.00	66,743.20	2,224.77	7,786.70	
	SL MM 30.00 Omit Active New Not Listed	5	56,731.73	0.00	0.00	0.00	10,011.47	
07/01/05	METERS AND INSTALLATION	0.00	46,594.33	0.00	46,594.33	1,553.14	3,882.85	
	SL MM 30.00 Omit Active New Not Listed	4	41,158.34	0.00	0.00	0.00	5,435.99	
07/01/06	METERS AND INSTALLATION	0.00	67,133.07	0.00	67,133.07	2,237.77	3,356.65	
	SL MM 30.00 Omit Active New Not Listed	3	61,538.65	0.00	0.00	0.00	5,594.42	
07/01/07	METERS AND INSTALLATION	0.00	48,446.00	0.00	48,446.00	1,614.87	807.43	
	SL MM 30.00 Omit Active New Not Listed	2	46,023.70	0.00	0.00	0.00	2,422.30	
07/01/08 (A)	METERS & METER INSTALLATION	0.00	37,253.41	0.00	37,253.41	620.89	0.00	
	SL MM 30.00 Omit Active New Not Listed	1	36,632.52	0.00	0.00	0.00	620.89	
Totals for ASSET A/C#: 111								
			(21 assets)					
			546,511.03	0.00	546,511.03	16,349.04	125,868.60	0.00
			404,293.39	0.00	0.00	0.00	142,217.64	0.00

Summary For:	111	Cost	Section 179 +	Accum. Depr.	=	Total
Beginning Balances	(20 assets)	509,257.62	0.00	125,868.60		125,868.60
+ Additions (A)	(1 assets)	37,253.41	Curr. Depr. 0.00	16,349.04		16,349.04
Subtotals		546,511.03	0.00	142,217.64		142,217.64
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00		0.00
Ending Balances	(21 assets)	546,511.03	0.00	142,217.64		142,217.64

ASSET A/C#: 113 - HYDRANTS

06/30/80	HYDRANTS	0.00	62,436.07	0.00	62,436.07	1,248.72	34,741.83	
	SL MM 50.00 Omit Active New Not Listed	29	26,445.52	0.00	0.00	0.00	35,990.55	
06/30/90	TAYLOR WOOD	0.00	21,643.63	0.00	21,643.63	432.87	7,611.30	
	SL FM 50.00 Omit Active New Not Listed	19	13,599.46	0.00	0.00	0.00	8,044.17	
06/30/90	POUNDS LANE	0.00	4,747.26	0.00	4,747.26	94.95	1,669.50	
	SL FM 50.00 Omit Active New Not Listed	19	2,982.81	0.00	0.00	0.00	1,764.45	
06/30/91	HYDRANTS	0.00	3,030.00	0.00	3,030.00	60.60	1,004.95	
	SL FM 50.00 Omit Active New Not Listed	18	1,964.45	0.00	0.00	0.00	1,065.55	
07/01/93	HYDRANTS-KY 1399 BRIDGE	0.00	1,500.00	0.00	1,500.00	30.00	435.00	
	SL FM 50.00 Omit Active New Not Listed	16	1,035.00	0.00	0.00	0.00	465.00	
07/01/93	HYDRANTS-BROOKS LANE	0.00	4,500.00	0.00	4,500.00	90.00	1,305.00	
	SL FM 50.00 Omit Active New Not Listed	16	3,105.00	0.00	0.00	0.00	1,395.00	

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Range: 105 - 158

Method: 1-FEDERAL-Std Conv Applied

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 113 - HYDRANTS								
07/01/93	HYDRANTS-WHITNEY YOUNG	0.00	9,250.00	0.00	9,250.00	185.00	2,682.50	
	SL FM 50.00 Omit Active New Not Listed	16	6,382.50	0.00	0.00	0.00	2,867.50	
07/01/93	HYDRANTS-MAPLE RIDGE	0.00	1,500.00	0.00	1,500.00	30.00	435.00	
	SL FM 50.00 Omit Active New Not Listed	16	1,035.00	0.00	0.00	0.00	465.00	
03/01/94	HYDRANT	0.00	233.50	0.00	233.50	4.67	64.60	
	SL FM 50.00 Omit Active New Not Listed	15	164.23	0.00	0.00	0.00	69.27	
07/01/94	HYDRANT-MAHURON LANE	0.00	540.00	0.00	540.00	10.80	145.80	
	SL FM 50.00 Omit Active New Not Listed	15	383.40	0.00	0.00	0.00	156.60	
07/01/94	2 HYDRANTS-ROLLING RIDGE	0.00	1,500.00	0.00	1,500.00	30.00	405.00	
	SL FM 50.00 Omit Active New Not Listed	15	1,065.00	0.00	0.00	0.00	435.00	
07/01/94	2 HYDRANTS-LONE OAKS	0.00	1,957.70	0.00	1,957.70	39.15	528.53	
	SL FM 50.00 Omit Active New Not Listed	15	1,390.02	0.00	0.00	0.00	567.68	
07/01/94	2 HYDRANTS-SADDLE CREEK	0.00	2,800.00	0.00	2,800.00	56.00	756.00	
	SL FM 50.00 Omit Active New Not Listed	15	1,988.00	0.00	0.00	0.00	812.00	
07/01/94	HYDRANT-HWY 148	0.00	937.23	0.00	937.23	18.74	252.99	
	SL FM 50.00 Omit Active New Not Listed	15	665.50	0.00	0.00	0.00	271.73	
07/01/94	HYDRANTS-HUNTERS POINT	0.00	6,750.00	0.00	6,750.00	135.00	1,822.50	
	SL FM 50.00 Omit Active New Not Listed	15	4,792.50	0.00	0.00	0.00	1,957.50	
04/21/95	5 HYDRANTS-MAJESTIC OAKS	0.00	7,000.00	0.00	7,000.00	140.00	1,785.00	
	SL FM 50.00 Omit Active New Not Listed	14	5,075.00	0.00	0.00	0.00	1,925.00	
09/11/95	HYDRANT-TODD'S POINT	0.00	800.00	0.00	800.00	16.00	197.33	
	SL FM 50.00 Omit Active New Not Listed	14	586.67	0.00	0.00	0.00	213.33	
11/09/95	HYDRANT-FIELDS LANE	0.00	800.00	0.00	800.00	16.00	194.67	
	SL FM 50.00 Omit Active New Not Listed	14	589.33	0.00	0.00	0.00	210.67	
12/08/95	2 HYDRANTS-EVERGREEN WAY	0.00	2,500.00	0.00	2,500.00	50.00	604.17	
	SL FM 50.00 Omit Active New Not Listed	14	1,845.83	0.00	0.00	0.00	654.17	
06/30/96	2 HYDRANTS & INSTALL.	0.00	1,730.74	0.00	1,730.74	34.61	400.90	
	SL HY 50.00 Omit Active New Not Listed	13	1,295.23	0.00	0.00	0.00	435.51	
07/31/96	HYDRANTS	0.00	1,066.00	0.00	1,066.00	21.32	245.18	
	SL FM 50.00 Omit Active New Not Listed	13	799.50	0.00	0.00	0.00	266.50	
08/31/96	1 HYDRANT VEECHDALE ROAD	0.00	1,215.00	0.00	1,215.00	24.30	277.43	
	SL FM 50.00 Omit Active New Not Listed	13	913.27	0.00	0.00	0.00	301.73	
10/31/96	HYDRANT - TAYLOR WOOD RD	0.00	844.77	0.00	844.77	16.90	190.12	
	SL FM 50.00 Omit Active New Not Listed	13	637.75	0.00	0.00	0.00	207.02	
11/30/96	HYDRANT	0.00	162.40	0.00	162.40	3.25	36.29	
	SL FM 50.00 Omit Active New Not Listed	13	122.86	0.00	0.00	0.00	39.54	
05/01/98	3 HYDRANTS-HWY 148 & CLARK STATION	0.00	1,565.76	0.00	1,565.76	31.32	302.76	
	SL MM 50.00 Omit Active New Not Listed	11	1,231.68	0.00	0.00	0.00	334.08	
07/01/99	BAXTER ESTATES	0.00	2,712.66	0.00	2,712.66	54.25	461.13	
	SL MM 50.00 Omit Active New Not Listed	10	2,197.28	0.00	0.00	0.00	515.38	
07/01/99	SANNER RIDGE	0.00	6,836.00	0.00	6,836.00	136.72	1,162.12	
	SL MM 50.00 Omit Active New Not Listed	10	5,537.16	0.00	0.00	0.00	1,298.84	
07/01/99	MAJESTIC OAKS II	0.00	500.00	0.00	500.00	10.00	85.00	
	SL MM 50.00 Omit Active New Not Listed	10	405.00	0.00	0.00	0.00	95.00	
07/01/99	CITIZENS BLVD	0.00	4,800.00	0.00	4,800.00	96.00	816.00	
	SL MM 50.00 Omit Active New Not Listed	10	3,888.00	0.00	0.00	0.00	912.00	
07/01/99	CLARK STATION	0.00	46,164.60	0.00	46,164.60	923.29	7,847.97	
	SL MM 50.00 Omit Active New Not Listed	10	37,393.34	0.00	0.00	0.00	8,771.26	

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Range: 105 - 158

Method: 1-FEDERAL-Std Conv Applied

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 113 - HYDRANTS								
07/01/00	HYDRANT	0.00	808.33	0.00	808.33	16.17	121.27	
	SL MM 50.00 Omit Active New Not Listed	9	670.89	0.00	0.00	0.00	137.44	
08/28/01	HYDRANTS	0.00	863.79	0.00	863.79	17.28	110.88	
	SL MM 50.00 Omit Active New Not Listed	8	735.63	0.00	0.00	0.00	128.16	
07/01/02	ROLLING RIDGE	0.00	2,000.00	0.00	2,000.00	40.00	220.00	
	SL MM 50.00 Omit Active New Not Listed	7	1,740.00	0.00	0.00	0.00	260.00	
07/01/02	LEVINE	0.00	1,900.00	0.00	1,900.00	38.00	209.00	
	SL MM 50.00 Omit Active New Not Listed	7	1,653.00	0.00	0.00	0.00	247.00	
07/01/02	MAJESTIC OAKS	0.00	8,000.00	0.00	8,000.00	160.00	880.00	
	SL MM 50.00 Omit Active New Not Listed	7	6,960.00	0.00	0.00	0.00	1,040.00	
07/01/02	TODD STATION #2	0.00	4,000.00	0.00	4,000.00	80.00	440.00	
	SL MM 50.00 Omit Active New Not Listed	7	3,480.00	0.00	0.00	0.00	520.00	
07/01/02	BROOKS LN	0.00	5,400.00	0.00	5,400.00	108.00	594.00	
	SL MM 50.00 Omit Active New Not Listed	7	4,698.00	0.00	0.00	0.00	702.00	
10/31/02	HYDRANTS	0.00	2,192.03	0.00	2,192.03	43.84	230.16	
	SL MM 50.00 Omit Active New Not Listed	7	1,918.03	0.00	0.00	0.00	274.00	
07/01/04	1 FIRE HYDRANT- BOB WOOD - BULLIT	0.00	859.13	0.00	859.13	17.18	65.86	
	SL MM 50.00 Omit Active New Not Listed	5	776.09	0.00	0.00	0.00	83.04	
12/15/04	3 FIRE HYDRANTS	0.00	3,118.69	0.00	3,118.69	62.37	192.31	
	SL MM 50.00 Omit Active New Not Listed	5	2,864.01	0.00	0.00	0.00	254.68	
05/20/05	HYDRANTS - WINDHURST	0.00	5,625.00	0.00	5,625.00	112.50	300.00	
	SL MM 50.00 ITC=N Active New Not Listed	4	5,212.50	0.00	0.00	0.00	412.50	
09/01/05	HYDRANTS	0.00	2,561.84	0.00	2,561.84	51.24	119.56	
	SL MM 50.00 Omit Active New Not Listed	4	2,391.04	0.00	0.00	0.00	170.80	
10/01/05	HYDRANT - LOWE'S	0.00	4,800.00	0.00	4,800.00	96.00	216.00	
	SL MM 50.00 Omit Active New Not Listed	4	4,488.00	0.00	0.00	0.00	312.00	
10/03/05	HYDRANT - LINKS	0.00	2,200.00	0.00	2,200.00	44.00	99.00	
	SL MM 50.00 Omit Active New Not Listed	4	2,057.00	0.00	0.00	0.00	143.00	
10/19/05	HYDRANT - HILL AND DALE	0.00	2,200.00	0.00	2,200.00	44.00	99.00	
	SL MM 50.00 Omit Active New Not Listed	4	2,057.00	0.00	0.00	0.00	143.00	
12/08/05	4 HYDRANTS RSVS @ TODDS POINT	0.00	8,000.00	0.00	8,000.00	160.00	333.33	
	SL MM 50.00 Omit Active New Not Listed	4	7,506.67	0.00	0.00	0.00	493.33	
07/01/06	4 HYDRANTS - 6" MUELLER HYDRANTS	0.00	7,964.02	0.00	7,964.02	159.28	238.92	
	SL MM 50.00 Omit Active New Not Listed	3	7,565.82	0.00	0.00	0.00	398.20	
09/01/07	HYDRANTS	0.00	5,589.86	0.00	5,589.86	111.80	37.27	
	SL MM 50.00 Omit Active New Not Listed	2	5,440.79	0.00	0.00	0.00	149.07	
05/31/08 (A)	HYDRANTS	0.00	3,146.44	0.00	3,146.44	69.92	0.00	
	SL MM 50.00 Omit Active New Not Listed	1	3,076.52	0.00	0.00	0.00	69.92	
Totals for ASSET A/C#: 113 (49 assets)			273,252.45	0.00	273,252.45	5,472.04	72,973.13	0.00
			194,807.28	0.00	0.00	0.00	78,445.17	0.00

Summary For:	113	Cost	Section 179 +	Accum. Depr.	= Total
Beginning Balances	(48 assets)	270,106.01	0.00	72,973.13	72,973.13
+ Additions (A)	(1 assets)	3,146.44	Curr. Depr. 0.00	5,472.04	5,472.04
Subtotals		273,252.45	0.00	78,445.17	78,445.17
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(49 assets)	273,252.45	0.00	78,445.17	78,445.17

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C# Range: 105 - 158
 Method: 1-FEDERAL-Std Conv Applied Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 115 - PUMPING STATION EQUIP								
01/01/80	PUMPING EQUIPMENT - SHELBYVILLE	0.00	35,948.30	0.00	35,948.30	718.97	23,244.51	
	SL MM 50.00 Omit Active New Not Listed	29	11,984.82	0.00	0.00	0.00	23,963.48	
06/30/90	PUMPING STATION -JEFF CO	0.00	58,952.38	0.00	58,952.38	1,965.08	34,552.63	
	SL FM 30.00 Omit Active New Not Listed	19	22,434.67	0.00	0.00	0.00	36,517.71	
10/31/95	SENSAPHONE ON TANK	0.00	1,545.61	0.00	1,545.61	0.00	1,545.61	
	SL FM 7.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	1,545.61	
02/29/96	STRAFFER PUMP-SESAPHONE DIALER	0.00	617.44	0.00	617.44	0.00	617.44	
	SL FM 7.00 Omit Active New Not Listed	13	0.00	0.00	0.00	0.00	617.44	
07/01/02	KY 148 PUMP STATION	0.00	140,569.04	0.00	140,569.04	4,685.63	25,770.97	
	SL MM 30.00 Omit Active New Not Listed	7	110,112.44	0.00	0.00	0.00	30,456.60	
08/31/03	TELEMETRY @ PUMP	0.00	33,391.00	0.00	33,391.00	1,113.03	4,915.88	
	SL MM 30.00 Omit Active New Not Listed	6	27,362.09	0.00	0.00	0.00	6,028.91	
06/30/05	DEHUMIDIFIER	0.00	1,005.00	0.00	1,005.00	143.57	358.93	
	SL HY 7.00 Omit Active New Not Listed	4	502.50	0.00	0.00	0.00	502.50	
08/31/05	VALVE @ JEFF STATION	0.00	5,584.90	0.00	5,584.90	186.16	449.89	
	SL MM 30.00 Omit Active New Not Listed	4	4,948.85	0.00	0.00	0.00	636.05	
09/28/05	METER VAULT	0.00	32,686.84	0.00	32,686.84	1,089.56	2,542.31	
	SL MM 30.00 Omit Active New Not Listed	4	29,054.97	0.00	0.00	0.00	3,631.87	
04/24/06	25 HP PUMP & REBUILD OF SPARE JEFF	0.00	6,400.00	0.00	6,400.00	213.33	373.33	
	SL MM 30.00 Omit Active New Not Listed	3	5,813.34	0.00	0.00	0.00	586.66	
08/01/07	3 PHASE ELEC	0.00	4,801.98	0.00	4,801.98	160.07	66.69	
	SL MM 30.00 Omit Active New Not Listed	2	4,575.22	0.00	0.00	0.00	226.76	
11/30/07	PUMP	0.00	3,352.00	0.00	3,352.00	111.73	18.62	
	SL MM 30.00 Omit Active New Not Listed	2	3,221.65	0.00	0.00	0.00	130.35	
07/01/08 (A)	VARIABLE DRIVE	0.00	5,589.00	0.00	5,589.00	93.15	0.00	
	SL MM 30.00 Omit Active New Not Listed	1	5,495.85	0.00	0.00	0.00	93.15	
Totals for ASSET A/C#: 115 (13 assets)			330,443.49	0.00	330,443.49	10,480.28	94,456.81	0.00
			225,506.40	0.00	0.00	0.00	104,937.09	0.00

Summary For:	115	Cost	Section 179 +	Accum. Depr.	= Total
Beginning Balances	(12 assets)	324,854.49	0.00	94,456.81	94,456.81
+ Additions (A)	(1 assets)	5,589.00	Curr. Depr. 0.00	10,480.28	10,480.28
Subtotals		330,443.49	0.00	104,937.09	104,937.09
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(13 assets)	330,443.49	0.00	104,937.09	104,937.09

ASSET A/C#: 116 - OTHER PLANT EQUIPMENT

06/30/80	OTHER PLANT & MISC EQUIPMENT	0.00	6,054.60	0.00	6,054.60	121.09	3,854.89	
	SL MM 50.00 Omit Active New Not Listed	28	2,078.62	0.00	0.00	0.00	3,975.98	
10/31/94	TELEMETERING SYSTEM	0.00	2,400.00	0.00	2,400.00	120.00	1,590.00	
	SL FM 20.00 Omit Active New Not Listed	15	690.00	0.00	0.00	0.00	1,710.00	
04/30/96	PUSH RODS	0.00	461.55	0.00	461.55	0.00	461.55	
	SL FM 7.00 Omit Active New Not Listed	13	0.00	0.00	0.00	0.00	461.55	
11/30/97	SCOOP FORKS FOR BACKHOE	0.00	1,546.17	0.00	1,546.17	0.00	1,546.17	
	SL MQ 5.00 Omit Active New Not Listed	12	0.00	0.00	0.00	0.00	1,546.17	
03/15/98	AIR COMPRESSOR	0.00	1,063.00	0.00	1,063.00	0.00	1,063.00	
	SL FM 7.00 Omit Active New Not Listed	11	0.00	0.00	0.00	0.00	1,063.00	
06/30/01	FENCE	0.00	9,425.00	0.00	9,425.00	471.25	3,102.40	
	SL FM 20.00 Omit Active New Not Listed	8	5,851.35	0.00	0.00	0.00	3,573.65	

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq	Description	Inv Credit	Cost	Sec. 179	Depr Basis	Current Depr	Beg A/Depr	Selling Price
Date Sold	Meth - Conv - Life - ITC - Stat - New - Listed	Depr Year	Net Book Value	Salvage Value	AFY Depr	Current AFYD	End A/Depr	Gain/Loss
Totals for ASSET A/C#: 116		(6 assets)	20,950.32	0.00	20,950.32	712.34	11,618.01	0.00
			8,619.97	0.00	0.00	0.00	12,330.35	0.00

Summary For: 116		Cost	Section 179 + Accum. Depr.	= Total
Beginning Balances	(6 assets)	20,950.32	0.00	11,618.01
+ Additions (A)	(0 assets)	0.00	0.00	712.34
Subtotals		20,950.32	0.00	12,330.35
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00
Ending Balances	(6 assets)	20,950.32	0.00	12,330.35

ASSET A/C#: 145 - LAND AND BUILDING

09/30/96	BUILDING	0.00	112,966.66	0.00	112,966.66	2,896.58	32,714.69	
	MSL MM 39.00 Omit Active New Not Listed	13	77,355.39	0.00	0.00	0.00	35,611.27	
02/28/97	LAND - WATER TOWER	0.00	12,439.00	0.00	0.00	0.00	0.00	
	NONE HY 0.00 Omit Active New Not Listed	12	12,439.00	0.00	0.00	0.00	0.00	
07/31/97	BUILDING - MAINT GARAGE	0.00	55,113.85	0.00	55,113.85	1,413.18	14,779.51	
	MSL MM 39.00 Omit Active New Not Listed	12	38,921.16	0.00	0.00	0.00	16,192.69	
12/01/98	FURNACE	0.00	1,822.80	0.00	1,822.80	91.14	827.86	
	SL FM 20.00 Omit Active New Not Listed	11	903.80	0.00	0.00	0.00	919.00	
02/01/00	ROOM IN OUTSIDE BUILDING - LOFT	0.00	639.36	0.00	639.36	21.31	168.71	
	SL MM 30.00 Omit Active New Not Listed	9	449.34	0.00	0.00	0.00	190.02	
11/01/00	PAVING OFFICE PARKING LOT	0.00	2,280.00	0.00	2,280.00	190.00	1,425.00	
	SL MQ 12.00 Omit Active New Not Listed	9	665.00	0.00	0.00	0.00	1,615.00	
11/30/01	ADDITION	0.00	61,673.98	0.00	61,673.98	2,383.91	9,885.59	
	SL MM 39.00 Omit Active New Not Listed	8	49,404.48	0.00	0.00	0.00	12,269.50	
10/22/03	LOT 1.65 ACRES TODDS POINT ROAD	0.00	73,124.75	0.00	73,124.75	0.00	0.00	
	LAND HY 99.00 Omit Active New Not Listed	6	73,124.75	0.00	0.00	0.00	0.00	
10/31/05	NEW WINDOWS - OFFICE	0.00	9,008.81	0.00	9,008.81	231.00	519.75	
	SL MM 39.00 Omit Active New Not Listed	4	8,258.06	0.00	0.00	0.00	750.75	
11/30/05	AWNINGS - OFFICE	0.00	200.00	0.00	200.00	5.13	11.11	
	SL MM 39.00 Omit Active New Not Listed	4	183.76	0.00	0.00	0.00	16.24	
06/06/06	SURVEY - LOT (NEW BLDG, SHOP, OFFIC	0.00	1,100.00	0.00	1,100.00	0.00	0.00	
	LAND HY 99.00 Omit Active New Not Listed	3	1,100.00	0.00	0.00	0.00	0.00	
02/28/07	OFFICE ADDITION	0.00	1,225.61	0.00	1,225.61	31.43	28.81	
	SL MM 39.00 Omit Active New Not Listed	2	1,165.37	0.00	0.00	0.00	60.24	
09/30/07	SHOP ENGR	0.00	3,767.50	0.00	3,767.50	96.60	32.20	
	SL MM 39.00 Omit Active New Not Listed	2	3,638.70	0.00	0.00	0.00	128.80	
11/30/07	LAND EXCAVATION	0.00	31,298.62	0.00	31,298.62	0.00	0.00	
	LAND MM 99.00 Omit Active New Not Listed	2	31,298.62	0.00	0.00	0.00	0.00	
Totals for ASSET A/C#: 145		(14 assets)	366,660.94	0.00	354,221.94	7,360.28	60,393.23	0.00
			298,907.43	0.00	0.00	0.00	67,753.51	0.00

Summary For: 145		Cost	Section 179 + Accum. Depr.	= Total
Beginning Balances	(14 assets)	366,660.94	0.00	60,393.23
+ Additions (A)	(0 assets)	0.00	0.00	7,360.28
Subtotals		366,660.94	0.00	67,753.51
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00
Ending Balances	(14 assets)	366,660.94	0.00	67,753.51

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 149 - COMMUNICATIONS EQUIP								
12/01/00	HAND HELD RADIOS & REPEATERS	0.00	5,059.97	0.00	5,059.97	0.00	5,059.97	
	SL MQ 7.00 Omit Active New Not Listed	9	0.00	0.00	0.00	0.00	5,059.97	
09/04/02	2 TRUCK RADIOS	0.00	1,182.70	0.00	1,182.70	168.96	929.28	
	SL HY 7.00 Omit Active New Not Listed	7	84.46	0.00	0.00	0.00	1,098.24	
Totals for ASSET A/C#: 149 (2 assets)			6,242.67	0.00	6,242.67	168.96	5,989.25	0.00
			84.46	0.00	0.00	0.00	6,158.21	0.00

Summary For:	149	Cost	Section 179 +	Accum. Depr.	= Total
Beginning Balances	(2 assets)	6,242.67	0.00	5,989.25	5,989.25
+ Additions (A)	(0 assets)	0.00	Curr. Depr. 0.00	168.96	168.96
Subtotals		6,242.67	0.00	6,158.21	6,158.21
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(2 assets)	6,242.67	0.00	6,158.21	6,158.21

ASSET A/C#: 150 - OFFICE FURN & EQUIP								
09/22/94	DESK-FILE CABINET-CHAIR	0.00	343.96	0.00	343.96	0.00	343.96	
	SL FM 7.00 Omit Active New Not Listed	15	0.00	0.00	0.00	0.00	343.96	
12/31/94	INVENTORY PROGRAM	0.00	495.00	0.00	495.00	0.00	495.00	
	SL FM 5.00 Omit Active New Not Listed	15	0.00	0.00	0.00	0.00	495.00	
07/31/95	BANK DRAFT PROGRAM	0.00	828.71	0.00	828.71	0.00	828.71	
	SL FM 5.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	828.71	
12/28/95	TOSHIBA COPIER	0.00	2,099.00	0.00	2,099.00	0.00	2,099.00	
	SL FM 7.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	2,099.00	
12/28/95	COPIER STAND	0.00	156.00	0.00	156.00	0.00	156.00	
	SL FM 7.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	156.00	
11/30/96	OFFICE FURNITURE	0.00	150.00	0.00	150.00	0.00	150.00	
	SL FM 7.00 Omit Active New Not Listed	13	0.00	0.00	0.00	0.00	150.00	
11/30/96	SIGN FOR BUILDING	0.00	477.00	0.00	477.00	0.00	477.00	
	SL FM 10.00 Omit Active New Not Listed	13	0.00	0.00	0.00	0.00	477.00	
05/31/97	CALCULATOR	0.00	189.99	0.00	189.99	0.00	189.99	
	SL MQ 5.00 Omit Active New Not Listed	12	0.00	0.00	0.00	0.00	189.99	
01/26/98	CHAIRS	0.00	1,019.00	0.00	1,019.00	0.00	1,019.00	
	SL FM 7.00 Omit Active New Not Listed	11	0.00	0.00	0.00	0.00	1,019.00	
01/26/98	TABLE & CHAIRS	0.00	198.19	0.00	198.19	0.00	198.19	
	SL FM 7.00 Omit Active New Not Listed	11	0.00	0.00	0.00	0.00	198.19	
04/24/98	FIRE SAFE	0.00	163.22	0.00	163.22	0.00	163.22	
	SL FM 7.00 Omit Active New Not Listed	11	0.00	0.00	0.00	0.00	163.22	
02/09/99	COMPUTERS (2) & MONITORS (2)	0.00	4,285.00	0.00	4,285.00	0.00	4,285.00	
	SL FM 7.00 Omit Active New Not Listed	10	0.00	0.00	0.00	0.00	4,285.00	
03/15/00	EQUIPMENT	0.00	715.61	0.00	715.61	0.00	715.61	
	SL MQ 7.00 Omit Active New Not Listed	9	0.00	0.00	0.00	0.00	715.61	
12/01/00	DESK (STEVE'S OFFICE)	0.00	126.88	0.00	126.88	0.00	126.88	
	SL MQ 7.00 Omit Active New Not Listed	9	0.00	0.00	0.00	0.00	126.88	
12/08/00	PRINTER, DIGI BOARD, CABLE, SERIAL	0.00	1,155.00	0.00	1,155.00	0.00	1,155.00	
	SL MQ 7.00 Omit Active New Not Listed	9	0.00	0.00	0.00	0.00	1,155.00	
07/01/01	FURNITURE AND EQUIPMENT	0.00	7,683.20	0.00	7,683.20	768.32	4,994.08	
	SL FM 10.00 Omit Active New Not Listed	8	1,920.80	0.00	0.00	0.00	5,762.40	
01/30/02	LASER PRINTER	0.00	1,880.50	0.00	1,880.50	268.64	1,477.52	
	SL HY 7.00 Omit Active New Not Listed	7	134.34	0.00	0.00	0.00	1,746.16	
02/08/02	MONITOR & DRIVE	0.00	569.97	0.00	569.97	81.42	447.81	
	SL HY 7.00 Omit Active New Not Listed	7	40.74	0.00	0.00	0.00	529.23	

ASSET DEPRECIATION REPORT

West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#

Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158

Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 150 - OFFICE FURN & EQUIP								
04/24/02	TRAILER	0.00	550.00	0.00	550.00	55.00	302.50	
	SL HY 10.00 Omit Active New Not Listed	7	192.50	0.00	0.00	0.00	357.50	
04/25/02	LAWN MOWER	0.00	3,495.00	0.00	3,495.00	499.29	2,746.09	
	SL HY 7.00 Omit Active New Not Listed	7	249.62	0.00	0.00	0.00	3,245.38	
05/09/02	MAP SYS 720	0.00	2,790.00	0.00	2,790.00	398.57	2,192.14	
	SL HY 7.00 Omit Active New Not Listed	7	199.29	0.00	0.00	0.00	2,590.71	
09/27/02	WORK STATION & MONITOR	0.00	1,870.00	0.00	1,870.00	267.14	1,469.27	
	SL HY 7.00 Omit Active New Not Listed	7	133.59	0.00	0.00	0.00	1,736.41	
10/25/02	TAPE BACKUP	0.00	998.00	0.00	998.00	142.57	784.14	
	SL HY 7.00 Omit Active New Not Listed	7	71.29	0.00	0.00	0.00	926.71	
10/25/02	PRINTER	0.00	419.96	0.00	419.96	59.99	329.95	
	SL HY 7.00 Omit Active New Not Listed	7	30.02	0.00	0.00	0.00	389.94	
02/28/03	SECURITY SYSTEM	0.00	714.39	0.00	714.39	102.06	459.27	
	SL HY 7.00 Omit Active New Not Listed	6	153.06	0.00	0.00	0.00	561.33	
07/31/03	COMPUTER PROGRAM	0.00	500.00	0.00	500.00	71.43	321.43	
	SL HY 7.00 Omit Active New Not Listed	6	107.14	0.00	0.00	0.00	392.86	
04/20/04	PRINTER	0.00	1,395.00	0.00	1,395.00	199.29	697.51	
	SL HY 7.00 Omit Active New Not Listed	5	498.20	0.00	0.00	0.00	896.80	
12/31/04	HAND HELD COMPUTER METER	0.00	20,050.00	0.00	20,050.00	2,864.29	8,592.87	
	SL HY 7.00 Omit Active New Not Listed	5	8,592.84	0.00	0.00	0.00	11,457.16	
02/28/05	4 FILE CABINETS	0.00	345.96	0.00	345.96	49.42	123.55	
	SL HY 7.00 Omit Active New Not Listed	4	172.99	0.00	0.00	0.00	172.97	
04/22/05	DEHUMIDIFIER	0.00	134.00	0.00	134.00	19.14	47.85	
	SL HY 7.00 Omit Active New Not Listed	4	67.01	0.00	0.00	0.00	66.99	
08/31/05	COMPUTER	0.00	1,757.00	0.00	1,757.00	351.40	878.50	
	SL HY 5.00 Omit Active New Not Listed	4	527.10	0.00	0.00	0.00	1,229.90	
01/30/06	3 FLATSCREEN MONITORS	0.00	967.00	0.00	967.00	193.40	290.10	
	SL HY 5.00 Omit Active New Not Listed	3	483.50	0.00	0.00	0.00	483.50	
01/30/06	XP SOFTWARE	0.00	199.00	0.00	199.00	39.80	59.70	
	SL HY 5.00 Omit Active New Not Listed	3	99.50	0.00	0.00	0.00	99.50	
03/06/06	COMPUTER EQUIPMENT	0.00	620.00	0.00	620.00	124.00	186.00	
	SL HY 5.00 Omit Active New Not Listed	3	310.00	0.00	0.00	0.00	310.00	
05/26/06	DESK	0.00	729.10	0.00	729.10	104.16	156.24	
	SL HY 7.00 Omit Active New Not Listed	3	468.70	0.00	0.00	0.00	260.40	
06/09/06	CABINETS (REMOVABLE FROM OFFICE)	0.00	3,753.95	0.00	3,753.95	536.28	804.42	
	SL HY 7.00 Omit Active New Not Listed	3	2,413.25	0.00	0.00	0.00	1,340.70	
08/30/06	COUNTER	0.00	1,121.99	0.00	1,121.99	160.28	240.42	
	SL HY 7.00 Omit Active New Not Listed	3	721.29	0.00	0.00	0.00	400.70	
02/01/07	NIGHT BOX	0.00	552.48	0.00	552.48	78.93	39.46	
	SL HY 7.00 Omit Active New Not Listed	2	434.09	0.00	0.00	0.00	118.39	
03/01/07	FILE CABINET	0.00	420.00	0.00	420.00	60.00	30.00	
	SL HY 7.00 Omit Active New Not Listed	2	330.00	0.00	0.00	0.00	90.00	
05/01/07	PHONE SYSTEM	0.00	2,412.37	0.00	2,412.37	344.62	172.31	
	SL HY 7.00 Omit Active New Not Listed	2	1,895.44	0.00	0.00	0.00	516.93	
06/01/07	SECURITY CAMERA	0.00	172.00	0.00	172.00	24.57	12.29	
	SL HY 7.00 Omit Active New Not Listed	2	135.14	0.00	0.00	0.00	36.86	
08/01/07	FILE CABINET	0.00	649.92	0.00	649.92	92.85	46.42	
	SL HY 7.00 Omit Active New Not Listed	2	510.65	0.00	0.00	0.00	139.27	

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C# Range: 105 - 158
 Method: 1-FEDERAL-Std Conv Applied Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 150 - OFFICE FURN & EQUIP								
12/01/07	CREDIT CARD EQUIPMENT	0.00	305.00	0.00	305.00	43.57	21.79	
	SL HY 7.00 Omit Active New Not Listed	2	239.64	0.00	0.00	0.00	65.36	
01/18/08 (A)	COMPUTER EQUIPMENT	0.00	2,392.94	0.00	2,392.94	1,281.93	0.00	
	SL HY 7.00 Omit Active New Not Listed	1	1,111.01	0.00	0.00	1,196.47	1,281.93	
Totals for ASSET A/C#: 150 (44 assets)			71,851.29	0.00	71,851.29	9,282.36	40,326.19	0.00
			22,242.74	0.00	0.00	1,196.47	49,608.55	0.00

Summary For:	150	Cost	Section 179 +	Accum. Depr.	= Total
Beginning Balances	(43 assets)	69,458.35	0.00	40,326.19	40,326.19
+ Additions (A)	(1 assets)	2,392.94	Curr. Depr. 0.00	9,282.36	9,282.36
Subtotals		71,851.29	0.00	49,608.55	49,608.55
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(44 assets)	71,851.29	0.00	49,608.55	49,608.55

ASSET A/C#: 152 - TRANSPORTATION EQUIP								
06/30/87	TRANSPORTATION EQUIP	0.00	7,764.32	0.00	7,764.32	0.00	7,764.32	
	SL FM 5.00 Omit Active New Not Listed	22	0.00	0.00	0.00	0.00	7,764.32	
07/13/92	STROBE LIGHT/HITCH PLATE/LIGHTS	0.00	2,322.25	0.00	2,322.25	0.00	2,322.25	
	SL FM 5.00 Omit Active New Not Listed	17	0.00	0.00	0.00	0.00	2,322.25	
10/27/95	TRAILER TO HAUL BACKHOE	0.00	1,671.95	0.00	1,671.95	0.00	1,671.95	
	SL FM 7.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	1,671.95	
07/17/98	CRANE FOR SERVICE TRUCK	0.00	400.00	0.00	400.00	0.00	400.00	
	SL FM 7.00 Omit Active New Not Listed	11	0.00	0.00	0.00	0.00	400.00	
02/02/99	1999 F-350	0.00	19,228.25	0.00	19,228.25	0.00	19,228.25	
	SL FM 5.00 Omit Active New Not Listed	10	0.00	0.00	0.00	0.00	19,228.25	
02/02/99	TRUCK BED & LETTERING	0.00	4,037.00	0.00	4,037.00	0.00	4,037.00	
	SL FM 5.00 Omit Active New Not Listed	10	0.00	0.00	0.00	0.00	4,037.00	
02/05/99	SKID LOADER	0.00	21,764.00	0.00	21,764.00	0.00	21,764.00	
	SL FM 7.00 Omit Active New Not Listed	10	0.00	0.00	0.00	0.00	21,764.00	
08/19/02	F-250 3/4 TON PICKUP TRUCK	0.00	18,609.70	0.00	18,609.70	0.00	18,609.70	
	SL HY 5.00 Omit Active New Not Listed	7	0.00	0.00	0.00	0.00	18,609.70	
09/30/03	2004 RANGER PU	0.00	11,590.00	0.00	11,590.00	1,159.00	10,431.00	
	SL HY 5.00 Omit Active New Not Listed	6	0.00	0.00	0.00	0.00	11,590.00	
05/26/06	CASE BACKHOE	0.00	60,132.00	0.00	60,132.00	8,590.29	12,885.43	
	SL HY 7.00 Omit Active New Not Listed	3	38,656.28	0.00	0.00	0.00	21,475.72	
08/31/08 (A)	TRAILER	0.00	3,850.00	0.00	3,850.00	2,021.25	0.00	
	SL HY 10.00 Omit Active New Not Listed	1	1,828.75	0.00	0.00	1,925.00	2,021.25	
Totals for ASSET A/C#: 152 (11 assets)			151,369.47	0.00	151,369.47	11,770.54	99,113.90	0.00
			40,485.03	0.00	0.00	1,925.00	110,884.44	0.00

Summary For:	152	Cost	Section 179 +	Accum. Depr.	= Total
Beginning Balances	(10 assets)	147,519.47	0.00	99,113.90	99,113.90
+ Additions (A)	(1 assets)	3,850.00	Curr. Depr. 0.00	11,770.54	11,770.54
Subtotals		151,369.47	0.00	110,884.44	110,884.44
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(11 assets)	151,369.47	0.00	110,884.44	110,884.44

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 157 - SHOP EQUIPMENT								
06/01/91	BACKHOE	0.00	26,498.00	0.00	26,498.00	0.00	26,498.00	
	SL FM 7.00 Omit Active New Not Listed	18	0.00	0.00	0.00	0.00	26,498.00	
08/01/92	CONSTRUCTION SAW AND BLADES	0.00	777.50	0.00	777.50	0.00	777.50	
	SL FM 7.00 Omit Active New Not Listed	17	0.00	0.00	0.00	0.00	777.50	
07/31/95	12" BACKHOE BUCKET	0.00	375.00	0.00	375.00	0.00	375.00	
	SL FM 7.00 Omit Active New Not Listed	14	0.00	0.00	0.00	0.00	375.00	
01/26/01	AIR COMPRESSOR	0.00	1,883.00	0.00	1,883.00	188.30	1,223.95	
	SL FM 10.00 Omit Active New Not Listed	8	470.75	0.00	0.00	0.00	1,412.25	
07/01/01	TOOLS	0.00	1,706.52	0.00	1,706.52	170.65	1,109.23	
	SL FM 10.00 Omit Active New Not Listed	8	426.64	0.00	0.00	0.00	1,279.88	
10/01/01	AIR COMPRESSOR	0.00	4,100.00	0.00	4,100.00	410.00	2,665.00	
	SL FM 10.00 Omit Active New Not Listed	8	1,025.00	0.00	0.00	0.00	3,075.00	
10/18/01	BORE MACHINE	0.00	3,240.00	0.00	3,240.00	324.00	2,106.00	
	SL FM 10.00 Omit Active New Not Listed	8	810.00	0.00	0.00	0.00	2,430.00	
04/30/03	SAW	0.00	470.60	0.00	470.60	67.23	302.53	
	SL HY 7.00 Omit Active New Not Listed	6	100.84	0.00	0.00	0.00	369.76	
05/31/03	2" TAPPING SLEEVE	0.00	664.38	0.00	664.38	94.91	427.10	
	SL HY 7.00 Omit Active New Not Listed	6	142.37	0.00	0.00	0.00	522.01	
11/30/03	MF 1440V TRACTOR	0.00	16,542.65	0.00	16,542.65	2,363.24	10,634.58	
	SL HY 7.00 Omit Active New Not Listed	6	3,544.83	0.00	0.00	0.00	12,997.82	
11/15/04	ROTATING SAW	0.00	490.27	0.00	490.27	70.04	245.14	
	SL HY 7.00 Omit Active New Not Listed	5	175.09	0.00	0.00	0.00	315.18	
02/28/05	GPS LOCATOR AND COMPUTER MOUNT	0.00	521.05	0.00	521.05	104.21	260.53	
	SL HY 5.00 Omit Active New Not Listed	4	156.31	0.00	0.00	0.00	364.74	
03/24/05	MOBILE WATER PUMP	0.00	1,302.00	0.00	1,302.00	186.00	465.00	
	SL HY 7.00 Omit Active New Not Listed	4	651.00	0.00	0.00	0.00	651.00	
04/22/05	MAG LIGHT	0.00	167.44	0.00	167.44	23.92	59.80	
	SL HY 7.00 Omit Active New Not Listed	4	83.72	0.00	0.00	0.00	83.72	
10/27/05	METROTECH 990	0.00	3,365.42	0.00	3,365.42	480.77	1,201.93	
	SL HY 7.00 Omit Active New Not Listed	4	1,682.72	0.00	0.00	0.00	1,682.70	
12/01/05	LEAK DETECTOR	0.00	1,566.51	0.00	1,566.51	223.79	559.47	
	SL HY 7.00 Omit Active New Not Listed	4	783.25	0.00	0.00	0.00	783.26	
04/13/06	CENSUS AUTO GUN - METER READER	0.00	1,006.21	0.00	1,006.21	143.74	215.61	
	SL HY 7.00 Omit Active New Not Listed	3	646.86	0.00	0.00	0.00	359.35	
09/06/06	GENERATOR	0.00	528.94	0.00	528.94	75.56	113.34	
	SL HY 7.00 Omit Active New Not Listed	3	340.04	0.00	0.00	0.00	188.90	
09/06/06	WAGNER POWER SPRAYER	0.00	210.94	0.00	210.94	30.13	45.20	
	SL HY 7.00 Omit Active New Not Listed	3	135.61	0.00	0.00	0.00	75.33	
11/02/06	AQUA TAP MACHINE READER	0.00	2,195.00	0.00	2,195.00	313.57	470.36	
	SL HY 7.00 Omit Active New Not Listed	3	1,411.07	0.00	0.00	0.00	783.93	
01/31/07	COMPUTER	0.00	802.38	0.00	802.38	114.63	57.31	
	SL HY 7.00 Omit Active New Not Listed	2	630.44	0.00	0.00	0.00	171.94	
08/01/07	GENERATOR	0.00	1,200.00	0.00	1,200.00	171.43	85.71	
	SL HY 7.00 Omit Active New Not Listed	2	942.86	0.00	0.00	0.00	257.14	
11/01/07	LINE LOCATOR,PUMP,SAW	0.00	1,967.44	0.00	1,967.44	281.06	140.53	
	SL HY 7.00 Omit Active New Not Listed	2	1,545.85	0.00	0.00	0.00	421.59	
01/15/08 (A)	METER READING EQUIPMENT	0.00	12,260.00	0.00	12,260.00	613.00	0.00	
	SL HY 10.00 Omit Active New Not Listed	1	11,647.00	0.00	0.00	0.00	613.00	

ASSET DEPRECIATION REPORT
 West Shelby Water District Dec. 31, 2008

Sorted: ASSET A/C#
 Method: 1-FEDERAL-Std Conv Applied

Range: 105 - 158
 Include: All assets

Date Acq Date Sold	Description Meth - Conv - Life - ITC - Stat - New - Listed	Inv Credit Depr Year	Cost Net Book Value	Sec. 179 Salvage Value	Depr Basis AFY Depr	Current Depr Current AFYD	Beg A/Depr End A/Depr	Selling Price Gain/Loss
ASSET A/C#: 157 - SHOP EQUIPMENT								
02/07/08 (A)	HAMMER DRILL+		299.00	0.00	299.00	14.95	0.00	
	SL HY 10.00 Omit Active New Not Listed	1	284.05	0.00	0.00	0.00	14.95	
08/31/08 (A)	CUTQUICK		770.68	0.00	770.68	38.53	0.00	
	SL HY 10.00 Omit Active New Not Listed	1	732.15	0.00	0.00	0.00	38.53	
Totals for ASSET A/C#: 157 (26 assets)			84,910.93	0.00	84,910.93	6,503.66	50,038.82	0.00
			28,368.45	0.00	0.00	0.00	56,542.48	0.00

Summary For:	157	Cost	Section 179	+ Accum. Depr.	= Total
Beginning Balances	(23 assets)	71,581.25	0.00	50,038.82	50,038.82
+ Additions (A)	(3 assets)	13,329.68	Curr. Depr.	0.00	6,503.66
Subtotals		84,910.93	0.00	56,542.48	56,542.48
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(26 assets)	84,910.93	0.00	56,542.48	56,542.48

ASSET A/C#: 158 - LABORATORY EQUIPMENT

10/31/93	CHLORINE TESTER		373.10	0.00	373.10	0.00	373.10	
	SL FM 7.00 Omit Active New Not Listed	16	0.00	0.00	0.00	0.00	373.10	
Totals for ASSET A/C#: 158 (1 assets)			373.10	0.00	373.10	0.00	373.10	0.00
			0.00	0.00	0.00	0.00	373.10	0.00

Summary For:	158	Cost	Section 179	+ Accum. Depr.	= Total
Beginning Balances	(1 assets)	373.10	0.00	373.10	373.10
+ Additions (A)	(0 assets)	0.00	Curr. Depr.	0.00	0.00
Subtotals		373.10	0.00	373.10	373.10
- Disposals (D) and Trades (T)	(0 assets)	0.00	0.00	0.00	0.00
Ending Balances	(1 assets)	373.10	0.00	373.10	373.10

Grand totals for all accounts: (305 assets)			10,409,168.51	0.00	10,396,729.51	229,231.46	2,416,439.81	0.00
			7,763,497.24	0.00	0.00	3,121.47	2,645,671.27	0.00

Summary For Grand Totals	Cost	Section 179	+ Accum. Depr.	= Total
Beginning Balances (294 assets)	10,009,773.84	0.00	2,416,439.81	2,416,439.81
+ Additions (A) (11 assets)	399,394.67	Curr. Depr.	0.00	229,231.46
Subtotals	10,409,168.51	0.00	2,645,671.27	2,645,671.27
- Disposals (D) and Trades (T) (0 assets)	0.00	0.00	0.00	0.00
Ending Balances (305 active assets)	10,409,168.51	0.00	2,645,671.27	2,645,671.27

	Cost	Current Depreciation	Ending Accum. Depr.
Depreciable assets: (305 assets, 0 disposed)	10,409,168.51	229,231.46	2,645,671.27
Amortizable assets: (0 assets, 0 disposed)	0.00	0.00	0.00

Codes that may appear next to the date acquired include: A - Addition, D - Disposal, T - Traded, I - Inactive

Additional Summary Statistics for Assets:

	Cost	Current Year Section 179	Prior Year Section 179	Depreciable Basis	Beginning Accum. Depr.	Current Depreciation	Ending Accum. Depr.	Net Book Value
Grand Totals for all assets	10,409,168.51	0.00	0.00	10,396,729.51	2,416,439.81	229,231.46	2,645,671.27	7,763,497.24
Less: Inactive Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Traded Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Totals (Active Assets)	10,409,168.51	0.00	0.00	10,396,729.51	2,416,439.81	229,231.46	2,645,671.27	7,763,497.24

Total Additional First Year Depreciation Taken at 30% Rate: 0.00

Total Additional First Year Depreciation Taken at 50% Rate: 3,121.47

Total Additional First Year Depreciation Taken: 3,121.47

EXHIBIT 8

**MONTHLY MANAGERIAL
REPORTS**

West Shelby Water District

PUBLIC NOTICE

NOTICE TO CUSTOMERS

West Shelby Water District has filed an application with the Public Service Commission (PSC) for a proposed rate increase for water service, effective March 1, 2010.

			Current	Proposed	% Increase
5/8 inch Meter					
First	2,500	Gallons per month , minimum bill	\$ 13.81	\$ 16.60	20.02%
Next	7,500	Gallons per month , per 1,000 gallons	4.89	\$ 4.80	-1.84%
Next	20,000	Gallons per month , per 1,000 gallons	4.26	\$ 4.48	5.16%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
3/4 inch Meter					
First	3,500	Gallons per month , minimum bill	\$ 18.69	\$ 21.40	14.50%
Next	6,500	Gallons per month , per 1,000 gallons	4.89	\$ 4.80	-1.84%
Next	20,000	Gallons per month , per 1,000 gallons	4.26	\$ 4.48	5.16%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
1 inch Meter					
First	5,000	Gallons per month , minimum bill	\$ 26.01	\$ 28.60	9.96%
Next	5,000	Gallons per month , per 1,000 gallons	4.89	\$ 4.80	-1.84%
Next	20,000	Gallons per month , per 1,000 gallons	4.26	\$ 4.48	5.16%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
1 1/2 inch Meter					
First	10,000	Gallons per month , minimum bill	\$ 50.45	\$ 52.60	4.26%
Next	7,500	Gallons per month , per 1,000 gallons	4.89	\$ 4.80	-1.84%
Next	20,000	Gallons per month , per 1,000 gallons	4.26	\$ 4.48	5.16%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
2 inch Meter					
First	16,000	Gallons per month , minimum bill	\$ 76.00	\$ 79.48	4.55%
Next	14,000	Gallons per month , per 1,000 gallons	4.26	\$ 4.48	5.16%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
3 inch Meter					
First	30,000	Gallons per month , minimum bill	\$ 135.61	\$ 142.20	4.86%
Next	200,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
4 inch Meter					
First	50,000	Gallons per month , minimum bill	\$ 210.77	\$ 223.60	6.09%
Next	180,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%
6 inch Meter					
First	100,000	Gallons per month , minimum bill	\$ 398.67	\$ 427.10	7.13%
Next	130,000	Gallons per month , per 1,000 gallons	3.76	\$ 4.07	8.25%
Over	230,000	Gallons per month , per 1,000 gallons	3.40	\$ 3.65	7.35%

The monthly bill for a customer using an average of 5,000 gallons per month will increase \$2.56 from \$26.04 to \$28.60 or 9.8%

The rates contained in this notice are the rates proposed by West Shelby Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within 30 days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the application and testimony by contacting West Shelby Water District at 7101 Shelbyville Road, Simpsonville, KY 40067, (502) 722-8944 or the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40602, (502) 564-3940. A copy of the application and testimony shall be available for public inspection at the utility's offices.

NOTICE TO CUSTOMERS

West Shelby Water District has filed an application with the Public Service Commission (PSC) for a proposed rate increase for water service, effective March 1, 2010.

		Current	Proposed	% Increase	
5/8 inch Meter					
First	2,500	Gallons per month, minimum bill	\$ 13.81	16.60	20.02%
Next	7,500	Gallons per month, per 1,000 gallons	4.89	4.80	-1.84%
Next	20,000	Gallons per month, per 1,000 gallons	4.26	4.48	5.16%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
3/4 inch Meter					
First	3,500	Gallons per month, minimum bill	\$ 18.69	21.40	14.50%
Next	6,500	Gallons per month, per 1,000 gallons	4.89	4.80	-1.84%
Next	20,000	Gallons per month, per 1,000 gallons	4.26	4.48	5.16%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Next	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
1 inch Meter					
First	5,000	Gallons per month, minimum bill	\$ 26.01	28.60	9.96%
Next	5,000	Gallons per month, per 1,000 gallons	4.89	4.80	-1.84%
Next	20,000	Gallons per month, per 1,000 gallons	4.26	4.48	5.16%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
1 1/2 inch Meter					
First	10,000	Gallons per month, minimum bill	\$ 50.45	52.60	4.26%
Next	7,500	Gallons per month, per 1,000 gallons	4.89	4.80	-1.84%
Next	20,000	Gallons per month, per 1,000 gallons	4.26	4.48	5.16%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
2 inch Meter					
First	16,000	Gallons per month, minimum bill	\$ 76.00	79.48	4.55%
Next	14,000	Gallons per month, per 1,000 gallons	4.26	4.48	5.16%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
3 inch Meter					
First	30,000	Gallons per month, minimum bill	\$ 135.61	142.20	4.86%
Next	200,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
4 inch Meter					
First	50,000	Gallons per month, minimum bill	\$ 210.77	223.60	6.09%
Next	180,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%
6 inch Meter					
First	100,000	Gallons per month, minimum bill	\$ 398.67	427.10	7.13%
Next	130,000	Gallons per month, per 1,000 gallons	3.76	4.07	8.25%
Over	230,000	Gallons per month, per 1,000 gallons	3.40	3.65	7.35%

The monthly bill for a customer using an average of 5,000 gallons per month will increase \$2.56 from \$26.04 to \$28.60 or 9.8%

The rates contained in this notice are the rates proposed by West Shelby Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within 30 days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenor may obtain copies of the application and testimony by contacting West Shelby Water District at 7101 Shelbyville Road, Simpsonville, KY 40067, (502) 722-8944 or the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40602, (502) 564-3940. A copy of the application and testimony shall be available for public inspection at the utility's offices.

EXHIBIT 10

**2006 AUDITED
FINANCIAL STATEMENTS**

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
REBA C. KELLEY, CPA

PHONE: 502-633-3976
FAX: 502-633-3977
E-Mail: jscpa@win.net

January 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of January 31, 2008 and the related statement of income for the month and one 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

Shelby Water District
Balance Sheet
JANUARY 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,033,358.16
Services	133,297.23
Meters and installation	539,394.15
Hydrants	270,106.01
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	200,253.98
Accumulated depreciation	(2,171,989.78)

TOTAL TRANSMISSION AND DISTRIBUTION

7,264,561.04

GENERAL PLANT

Land and building	366,660.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	83,940.25
Laboratory equipment	373.10
Accumulated depreciation	(258,187.96)

TOTAL GENERAL PLANT

422,249.76

FUNDS AND INVESTMENTS

Cash-sinking fund	9,142.13
Investments-const fund	31,271.18
Cash-depreciation account	83,401.78
Investments-deprec fund	125,000.00
Investments-Ky Rural Finance	39,335.17

TOTAL FUNDS AND INVESTMENTS

288,150.26

See Accountant's Compilation Report

Shelby County Public Schools
Balance Sheet
JANUARY 31, 2008

CURRENT ASSETS

Petty cash	100.00
Cash-revenue fund	534,900.11
Cash-operations & maint	58,306.79
Cash-operating payroll	1,644.89
Cash-construction	168,950.18
Investments	1,308,904.77
Accounts receivable	81,037.66
Inventory-materials/supplies	77,220.83
Returned checks	59.32
Prepaid insurance	9,723.59

TOTAL CURRENT ASSETS 2,240,848.14

DEFERRED DEBITS

Unamortized debt expense	15,125.91
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TOTAL DEFERRED DEBITS 15,125.91

TOTAL ASSETS 10,230,935.11

See Accountant's Compilation Report

Balance Sheet

JANUARY 31, 2008

LIABILITIES

LONG-TERM DEBT

Bonds payable	926,000.00
N/P- KY Rural Water	516,166.67

TOTAL LONG-TERM DEBT

1,442,166.67

CURRENT LIABILITIES

Accounts payable	18,936.00
Accounts payable-construction	44,897.23
Social security withheld	1,132.91
Federal income tax withheld	1,516.17
Ky income tax withheld	698.67
County income tax withheld	163.15
Employee retirement w/h	974.43
Shelby Co. school tax	2,539.41
Sales tax payable	2,728.23
Accrued payroll taxes	1,076.74
Accrued retirement-CERS	1,814.03
Accrued interest	15,731.64
Accrued int.-customer dep.	(291.72)
Customer deposits	82,775.00

TOTAL CURRENT LIABILITIES

174,691.89

EQUITY

EQUITY

Member meter tap on	908,644.87
Grants	779,684.45
Contributions in aid of const	5,028,206.67
Retained earnings-prior	1,900,879.26
Retained earnings-current year	(3,338.70)

TOTAL EQUITY

8,614,076.55

TOTAL LIABILITIES AND EQUITY

10,230,935.11

See Accountant's Compilation Report

West Liberty Water District
Income Statement
For The ONE Periods Ended JANUARY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	45,936.05	51.77	45,936.05	51.77
Commercial customers	9,624.64	10.85	9,624.64	10.85
Industrial customers	19,277.46	21.73	19,277.46	21.73
Governmental customers	2,410.44	2.72	2,410.44	2.72
Multi-family customers	4,725.82	5.33	4,725.82	5.33
Private fire protection	3,618.72	4.08	3,618.72	4.08
Miscellaneous income	780.00	.88	780.00	.88
Forfeited discounts	2,353.67	2.65	2,353.67	2.65
TOTAL SALE OF WATER	88,726.80	100.00	88,726.80	100.00
OPERATING EXPENSES				
Water purchased	32,738.39	36.90	32,738.39	36.90
Power-pumping equipment	1,292.15	1.46	1,292.15	1.46
Maint-service and meters	1,198.15	1.35	1,198.15	1.35
Operating supplies	223.00	.25	223.00	.25
Salaries-maint dist mains	823.29	.93	823.29	.93
Salaries-oper pumping equip	6,407.76	7.22	6,407.76	7.22
Salaries-oper dist mains	(205.48)	(.23)	(205.48)	(.23)
Salaries-customer accts	5,202.27	5.86	5,202.27	5.86
TOTAL OPERATING EXPENSES	47,679.53	53.74	47,679.53	53.74
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	3.97	3,522.14	3.97
Office supplies & expense	142.42	.16	142.42	.16
Employee benefits	4,509.92	5.08	4,509.92	5.08
Uncollectible revenue	1,007.47	1.14	1,007.47	1.14
Legal and accounting	1,450.00	1.63	1,450.00	1.63
Director fees	1,500.00	1.69	1,500.00	1.69
Insurance	2,025.12	2.28	2,025.12	2.28
Misc. general expenses	1,329.12	1.50	1,329.12	1.50
Maint-general properties	2,247.91	2.53	2,247.91	2.53
Truck and equip. expenses	2,409.48	2.72	2,409.48	2.72
Utilities	1,013.28	1.14	1,013.28	1.14
Payroll taxes	1,132.92	1.28	1,132.92	1.28
TOTAL ADMINISTRATIVE AND GENERAL	22,289.78	25.12	22,289.78	25.12
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	14,958.18	16.86	14,958.18	16.86
Depreciation-general plant	2,754.02	3.10	2,754.02	3.10
Amortization expense	146.86	.17	146.86	.17
Trustee fees	62.00	.07	62.00	.07

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The ONE Periods Ended JANUARY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
TOTAL OTHER OPERATING DEDUCTIONS	17,921.06	20.20	17,921.06	20.20
TOTAL OPERATING EXPENSES	87,890.37	99.06	87,890.37	99.06
NET INCOME FROM OPERATIONS	836.43	.94	836.43	.94
OTHER INCOME				
Interest earned	1,893.43	2.13	1,893.43	2.13
TOTAL OTHER INCOME	1,893.43	2.13	1,893.43	2.13
OTHER DEDUCTIONS				
Interest-long-term debt	(6,068.56)	(6.84)	(6,068.56)	(6.84)
TOTAL OTHER DEDUCTIONS	(6,068.56)	(6.84)	(6,068.56)	(6.84)
NET INCOME (LOSS)	(3,338.70)	(3.76)	(3,338.70)	(3.76)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
REBA C. KELLEY, CPA

PHONE: 502-633-3976
FAX: 502-633-3977
E-Mail: jscpa@win.net

February 29, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of February 29, 2008 and the related statement of income for the month and two 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
FEBRUARY 29, 2008

A S S E T S

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,033,358.16
Services	133,297.23
Meters and installation	539,394.15
Hydrants	270,106.01
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	200,253.98
Accumulated depreciation	(2,186,947.96)

TOTAL TRANSMISSION AND DISTRIBUTION

7,249,602.86

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,239.25
Laboratory equipment	373.10
Accumulated depreciation	(260,941.98)

TOTAL GENERAL PLANT

420,544.74

FUNDS AND INVESTMENTS

Cash-sinking fund	13,128.47
Investments-const fund	31,271.18
Cash-depreciation account	83,926.30
Investments-deprec fund	125,000.00
Investments-Ky Rural Finance	39,335.17

TOTAL FUNDS AND INVESTMENTS

292,661.12

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
FEBRUARY 29, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	519,291.22	
Cash-operations & maint	86,051.75	
Cash-operating payroll	1,764.80	
Cash-construction	149,769.18	
Investments	1,310,421.14	
Accounts receivable	81,851.76	
Inventory-materials/supplies	78,185.68	
Returned checks	(.68)	
Prepaid insurance	7,698.47	
	<hr/>	
TOTAL CURRENT ASSETS		2,235,133.32

DEFERRED DEBITS

Unamortized debt expense	14,979.05	
	<hr/>	
TOTAL DEFERRED DEBITS		14,979.05

TOTAL ASSETS

10,212,921.09

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
FEBRUARY 29, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	514,333.34	
	<hr/>	
TOTAL LONG-TERM DEBT		1,440,333.34

CURRENT LIABILITIES		
Accounts payable	24,909.86	
Accounts payable-construction	44,897.23	
Social security withheld	1,101.88	
Federal income tax withheld	1,386.32	
Ky income tax withheld	663.05	
County income tax withheld	321.90	
Employee retirement w/h	937.78	
Shelby Co. school tax	2,565.80	
Sales tax payable	2,972.80	
Accrued payroll taxes	1,076.74	
Accrued retirement-CERS	1,814.03	
Accrued interest	19,665.82	
Accrued int.-customer dep.	(318.99)	
Customer deposits	83,875.00	
	<hr/>	
TOTAL CURRENT LIABILITIES		185,869.22

EQUITY

EQUITY		
Member meter tap on	909,269.87	
Grants	779,684.45	
Contributions in aid of const	5,006,525.67	
Retained earnings-prior	1,900,879.26	
Retained earnings-current year	(9,640.72)	
	<hr/>	
TOTAL EQUITY		8,586,718.53
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,212,921.09
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The TWO Periods Ended FEBRUARY 29, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	41,541.97	47.24	87,478.02	49.51
Commercial customers	8,484.79	9.65	18,109.43	10.25
Industrial customers	24,378.62	27.72	43,656.08	24.71
Governmental customers	3,755.17	4.27	6,165.61	3.49
Multi-family customers	4,225.25	4.80	8,951.07	5.07
Private fire protection	3,618.72	4.11	7,237.44	4.10
Miscellaneous income	900.00	1.02	1,680.00	.95
Forfeited discounts	1,039.85	1.18	3,393.52	1.92
TOTAL SALE OF WATER	87,944.37	100.00	176,671.17	100.00
OPERATING EXPENSES				
Water purchased	34,592.96	39.34	67,331.35	38.11
Power-pumping equipment	1,379.32	1.57	2,671.47	1.51
Maintenance-pumping equip	2,941.00	3.34	2,941.00	1.66
Maint-service and meters	(45.11)	(.05)	1,153.04	.65
Operating supplies	698.62	.79	921.62	.52
Salaries-maint dist mains	264.16	.30	1,087.45	.62
Salaries-oper pumping equip	1,154.94	1.31	7,562.70	4.28
Salaries-oper dist mains	5,637.07	6.41	5,431.59	3.07
Salaries-customer accts	5,296.75	6.02	10,499.02	5.94
TOTAL OPERATING EXPENSES	51,919.71	59.04	99,599.24	56.38
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	4.01	7,044.28	3.99
Office supplies & expense	2,995.35	3.41	3,137.77	1.78
Employee benefits	4,212.04	4.79	8,721.96	4.94
Uncollectible revenue	.00	.00	1,007.47	.57
Legal and accounting	825.00	.94	2,275.00	1.29
Director fees	1,500.00	1.71	3,000.00	1.70
Insurance	2,025.12	2.30	4,050.24	2.29
Misc. general expenses	463.33	.53	1,792.45	1.01
Maint-general properties	724.12	.82	2,972.03	1.68
Truck and equip. expenses	2,821.80	3.21	5,231.28	2.96
Rent	150.00	.17	150.00	.08
Utilities	967.79	1.10	1,981.07	1.12
Payroll taxes	1,101.84	1.25	2,234.76	1.26
TOTAL ADMINISTRATIVE AND GENERAL	21,308.53	24.23	43,598.31	24.68
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	14,958.18	17.01	29,916.36	16.93
Depreciation-general plant	2,754.02	3.13	5,508.04	3.12
Amortization expense	146.86	.17	293.72	.17

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The TWO Periods Ended FEBRUARY 29, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
Trustee fees	62.00	.07	124.00	.07
TOTAL OTHER OPERATING DEDUCTIONS	17,921.06	20.38	35,842.12	20.29
TOTAL OPERATING EXPENSES	91,149.30	103.64	179,039.67	101.34
NET INCOME FROM OPERATIONS	(3,204.93)	(3.64)	(2,368.50)	(1.34)
OTHER INCOME				
Interest earned	2,971.47	3.38	4,864.90	2.75
TOTAL OTHER INCOME	2,971.47	3.38	4,864.90	2.75
OTHER DEDUCTIONS				
Interest-long-term debt	(6,068.56)	(6.90)	(12,137.12)	(6.87)
TOTAL OTHER DEDUCTIONS	(6,068.56)	(6.90)	(12,137.12)	(6.87)
NET INCOME (LOSS)	(6,302.02)	(7.17)	(9,640.72)	(5.46)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
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REBA C. KELLEY, CPA

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E-Mail: jscca@win.net

March 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of March 31, 2008 and the related statement of income for the month and 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
MARCH 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	516,096.31
Hydrants	270,106.01
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	12,387.76
Accumulated depreciation	(2,205,723.38)

TOTAL TRANSMISSION AND DISTRIBUTION

7,198,401.03

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,140.25
Laboratory equipment	373.10
Accumulated depreciation	(264,303.34)

TOTAL GENERAL PLANT

417,084.38

FUNDS AND INVESTMENTS

Cash-sinking fund	17,120.23
Investments-const fund	31,271.18
Cash-depreciation account	84,442.47
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

261,805.88

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
MARCH 31, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	408,565.06	
Cash-operations & maint	113,074.89	
Cash-operating payroll	2,113.37	
Cash-construction	236,739.68	
Investments	1,416,862.56	
Accounts receivable	75,539.75	
Inventory-materials/supplies	76,889.87	
Returned checks	12.00	
Prepaid insurance	6,056.41	
	<hr/>	
TOTAL CURRENT ASSETS		2,335,953.59

DEFERRED DEBITS

Unamortized debt expense	14,852.91	
	<hr/>	
TOTAL DEFERRED DEBITS		14,852.91

TOTAL ASSETS		<hr/> <hr/> 10,228,097.79
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See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
MARCH 31, 2008

LIABILITIES

LONG-TERM DEBT

Bonds payable	926,000.00
N/P- KY Rural Water	512,500.01

TOTAL LONG-TERM DEBT	1,438,500.01
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CURRENT LIABILITIES

Accounts payable	21,825.33
Accounts payable-construction	47,836.00
Social security withheld	1,085.40
Federal income tax withheld	1,417.64
Ky income tax withheld	653.88
County income tax withheld	478.68
Employee retirement w/h	952.45
Shelby Co. school tax	2,253.14
Sales tax payable	2,194.40
Accrued payroll taxes	1,126.05
Accrued retirement-CERS	2,215.61
Accrued interest	23,508.98
Accrued int.-customer dep.	2,572.84
Customer deposits	88,690.00

TOTAL CURRENT LIABILITIES	196,810.40
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EQUITY

EQUITY

Member meter tap on	904,689.87
Grants	779,684.45
Contributions in aid of const	4,954,994.30
Retained earnings-prior	1,970,171.73
Retained earnings-current year	(16,752.97)

TOTAL EQUITY	8,592,787.38
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TOTAL LIABILITIES AND EQUITY	10,228,097.79
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See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The THREE Periods Ended MARCH 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	40,196.99	50.27	127,675.01	49.75
Commercial customers	7,591.36	9.49	25,700.79	10.01
Industrial customers	19,314.63	24.15	62,970.71	24.54
Governmental customers	3,153.87	3.94	9,319.48	3.63
Multi-family customers	4,026.96	5.04	12,978.03	5.06
Private fire protection	3,618.72	4.53	10,856.16	4.23
Miscellaneous income	1,171.24	1.46	2,851.24	1.11
Forfeited discounts	890.83	1.11	4,284.35	1.67
TOTAL SALE OF WATER	79,964.60	100.00	256,635.77	100.00
OPERATING EXPENSES				
Water purchased	32,151.47	40.21	99,482.82	38.76
Power-pumping equipment	1,236.61	1.55	3,908.08	1.52
Maintenance-pumping equip	.00	.00	2,941.00	1.15
Maint-service and meters	2,128.85	2.66	3,281.89	1.28
Operating supplies	726.95	.91	1,648.57	.64
Salaries-maint dist mains	665.93	.83	1,753.38	.68
Salaries-oper pumping equip	1,036.49	1.30	8,599.19	3.35
Salaries-oper dist mains	4,754.51	5.95	10,186.10	3.97
Salaries-customer accts	5,334.95	6.67	15,833.97	6.17
Salaries-maint service & meter	207.64	.26	207.64	.08
TOTAL OPERATING EXPENSES	48,243.40	60.33	147,842.64	57.61
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	4.40	10,566.42	4.12
Office supplies & expense	305.82	.38	3,443.59	1.34
Employee benefits	4,515.34	5.65	13,237.30	5.16
Uncollectible revenue	.00	.00	1,007.47	.39
Legal and accounting	3,022.50	3.78	5,297.50	2.06
Director fees	1,500.00	1.88	4,500.00	1.75
Insurance	1,977.75	2.47	6,027.99	2.35
Misc. general expenses	194.32	.24	1,986.77	.77
Maint-general properties	116.18	.15	3,088.21	1.20
Truck and equip. expenses	1,420.55	1.78	6,651.83	2.59
Rent	.00	.00	150.00	.06
Utilities	915.16	1.14	2,896.23	1.13
Payroll taxes	1,085.38	1.36	3,320.14	1.29
TOTAL ADMINISTRATIVE AND GENERAL	18,575.14	23.23	62,173.45	24.23
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	19.51	45,518.06	17.74
Depreciation-general plant	2,560.81	3.20	8,068.85	3.14

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The THREE Periods Ended MARCH 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
Amortization expense	126.10	.16	419.82	.16
Trustee fees	412.00	.52	536.00	.21
TOTAL OTHER OPERATING DEDUCTIONS	18,700.61	23.39	54,542.73	21.25
TOTAL OPERATING EXPENSES	85,519.15	106.95	264,558.82	103.09
NET INCOME FROM OPERATIONS	(5,554.55)	(6.95)	(7,923.05)	(3.09)
OTHER INCOME				
Interest earned	4,419.84	5.53	9,284.74	3.62
TOTAL OTHER INCOME	4,419.84	5.53	9,284.74	3.62
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(7.48)	(18,114.66)	(7.06)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(7.48)	(18,114.66)	(7.06)
NET INCOME (LOSS)	(7,112.25)	(8.89)	(16,752.97)	(6.53)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
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April 30, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of April 30, 2008 and the related statement of income for the month and four 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
APRIL 30, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	523,584.89
Hydrants	270,406.01
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	26,446.91
Accumulated depreciation	(2,221,325.08)

TOTAL TRANSMISSION AND DISTRIBUTION

7,204,647.06

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,140.25
Laboratory equipment	373.10
Accumulated depreciation	(266,864.15)

TOTAL GENERAL PLANT

414,523.57

FUNDS AND INVESTMENTS

Cash-sinking fund	21,117.61
Investments-const fund	31,271.18
Cash-depreciation account	84,930.49
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

266,291.28

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The FOUR Periods Ended APRIL 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	42,109.43	50.05	169,784.44	49.82
Commercial customers	9,377.83	11.15	35,078.62	10.29
Industrial customers	21,213.67	25.21	84,184.38	24.70
Governmental customers	1,819.30	2.16	11,138.78	3.27
Multi-family customers	4,512.48	5.36	17,490.51	5.13
Private fire protection	3,618.72	4.30	14,474.88	4.25
Miscellaneous income	640.00	.76	3,491.24	1.02
Forfeited discounts	841.91	1.00	5,126.26	1.50
TOTAL SALE OF WATER	84,133.34	100.00	340,769.11	100.00
OPERATING EXPENSES				
Water purchased	25,082.09	29.81	124,564.91	36.55
Power-pumping equipment	1,209.28	1.44	5,117.36	1.50
Maintenance-pumping equip	256.75	.31	3,197.75	.94
Maint-service and meters	5,124.48	6.09	8,406.37	2.47
Operating supplies	354.80	.42	2,003.37	.59
Salaries-maint dist mains	252.04	.30	2,005.42	.59
Salaries-oper pumping equip	1,269.27	1.51	9,868.46	2.90
Salaries-oper dist mains	5,300.61	6.30	15,486.71	4.54
Salaries-customer accts	4,812.84	5.72	20,646.81	6.06
Salaries-maint service & meter	784.37	.93	992.01	.29
TOTAL OPERATING EXPENSES	44,446.53	52.83	192,289.17	56.43
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	4.19	14,088.56	4.13
Office supplies & expense	933.22	1.11	4,376.81	1.28
Employee benefits	5,555.13	6.60	18,792.43	5.51
Uncollectible revenue	47.90	.06	1,055.37	.31
Legal and accounting	7,250.00	8.62	12,547.50	3.68
Director fees	1,500.00	1.78	6,000.00	1.76
Insurance	1,977.75	2.35	8,005.74	2.35
Misc. general expenses	621.04	.74	2,607.81	.77
Maint-general properties	376.04	.45	3,464.25	1.02
Truck and equip. expenses	1,408.78	1.67	8,060.61	2.37
Rent	.00	.00	150.00	.04
Utilities	753.00	.90	3,649.23	1.07
Payroll taxes	1,121.03	1.33	4,441.17	1.30
TOTAL ADMINISTRATIVE AND GENERAL	25,066.03	29.79	87,239.48	25.60
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	18.54	61,119.76	17.94
Depreciation-general plant	2,560.81	3.04	10,629.66	3.12

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The FOUR Periods Ended APRIL 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
Amortization expense	126.10	.15	545.92	.16
Trustee fees	62.00	.07	598.00	.18
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	21.81	72,893.34	21.39
TOTAL OPERATING EXPENSES	87,863.17	104.43	352,421.99	103.42
NET INCOME FROM OPERATIONS	(3,729.83)	(4.43)	(11,652.88)	(3.42)
OTHER INCOME				
Interest earned	882.43	1.05	10,167.17	2.98
TOTAL OTHER INCOME	882.43	1.05	10,167.17	2.98
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(7.10)	(24,092.20)	(7.07)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(7.10)	(24,092.20)	(7.07)
NET INCOME (LOSS)	(8,824.94)	(10.49)	(25,577.91)	(7.51)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
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May 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of May 31, 2008 and the related statement of income for the month and five 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
MAY 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	530,338.42
Hydrants	272,696.30
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	173,864.41
Accumulated depreciation	(2,236,926.78)

TOTAL TRANSMISSION AND DISTRIBUTION

7,345,506.68

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,140.25
Laboratory equipment	373.10
Accumulated depreciation	(269,424.96)

TOTAL GENERAL PLANT

411,962.76

FUNDS AND INVESTMENTS

Cash-sinking fund	25,118.23
Investments-const fund	31,271.18
Cash-depreciation account	85,401.45
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

270,762.86

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
MAY 31, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	446,472.55	
Cash-operations & maint.	24,068.31	
Cash-operating payroll	2,062.18	
Cash-construction	88,101.91	
Investments	1,416,862.56	
Accounts receivable	77,570.48	
Inventory-materials/supplies	88,059.07	
Returned checks	(60.00)	
Prepaid insurance	19,026.99	
	<hr/>	
TOTAL CURRENT ASSETS		2,162,264.05

DEFERRED DEBITS

Unamortized debt expense	14,600.71	
	<hr/>	
TOTAL DEFERRED DEBITS		14,600.71

TOTAL ASSETS

10,205,097.06

See Accountant's Compilation Report

J Sutherland, psc
CERTIFIED PUBLIC ACCOUNTANT
SHELBYVILLE, KENTUCKY

West Shelby Water District
Balance Sheet
MAY 31, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	508,833.35	
	<hr/>	
TOTAL LONG-TERM DEBT		1,434,833.35
CURRENT LIABILITIES		
Accounts payable	14,579.65	
Accounts payable-construction	47,836.00	
Social security withheld	1,119.48	
Federal income tax withheld	1,440.17	
Ky income tax withheld	669.71	
County income tax withheld	322.82	
Employee retirement w/h	958.83	
Shelby Co. school tax	2,629.17	
Sales tax payable	139.05	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	31,195.30	
Accrued int.-customer dep.	2,417.99	
Customer deposits	82,150.00	
	<hr/>	
TOTAL CURRENT LIABILITIES		188,799.83

EQUITY

EQUITY		
Member meter tap on	906,564.87	
Grants	779,684.45	
Contributions in aid of const	4,959,994.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	(34,951.47)	
	<hr/>	
TOTAL EQUITY		8,581,463.88
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,205,097.06
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The FIVE Periods Ended MAY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	48,164.34	51.59	217,948.78	50.20
Commercial customers	11,214.69	12.01	46,293.31	10.66
Industrial customers	20,178.65	21.61	104,363.03	24.04
Governmental customers	3,649.67	3.91	14,788.45	3.41
Multi-family customers	4,028.91	4.32	21,519.42	4.96
Private fire protection	3,618.72	3.88	18,093.60	4.17
Miscellaneous income	1,165.00	1.25	4,656.24	1.07
Forfeited discounts	1,335.53	1.43	6,461.79	1.49
TOTAL SALE OF WATER	93,355.51	100.00	434,124.62	100.00
OPERATING EXPENSES				
Water purchased	40,309.86	43.18	164,874.77	37.98
Power-pumping equipment	979.79	1.05	6,097.15	1.40
Maintenance-pumping equip	699.00	.75	3,896.75	.90
Maint-distribution mains	1,272.41	1.36	1,272.41	.29
Maint-service and meters	2,425.90	2.60	10,832.27	2.50
Maintenance-hydrants	2,451.76	2.63	2,451.76	.56
Operating supplies	419.77	.45	2,423.14	.56
Salaries-maint dist mains	904.70	.97	2,910.12	.67
Salaries-oper pumping equip	1,232.26	1.32	11,100.72	2.56
Salaries-oper dist mains	4,681.40	5.01	20,168.11	4.65
Salaries-customer accts	4,455.12	4.77	25,101.93	5.78
Salaries-maint service & meter	386.12	.41	1,378.13	.32
Salaries-Hydrants	54.88	.06	54.88	.01
TOTAL OPERATING EXPENSES	60,272.97	64.56	252,562.14	58.18
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	3.77	17,610.70	4.06
Office supplies & expense	1,850.66	1.98	6,227.47	1.43
Employee benefits	4,476.76	4.80	23,269.19	5.36
Uncollectible revenue	.00	.00	1,055.37	.24
Legal and accounting	825.00	.88	13,372.50	3.08
Director fees	1,300.00	1.39	7,300.00	1.68
Insurance	1,977.75	2.12	9,983.49	2.30
Misc. general expenses	187.33	.20	2,795.14	.64
Maint-general properties	924.93	.99	4,389.18	1.01
Truck and equip. expenses	2,196.64	2.35	10,257.25	2.36
Rent	.00	.00	150.00	.03
Utilities	727.22	.78	4,376.45	1.01
Payroll taxes	1,119.45	1.20	5,560.62	1.28
TOTAL ADMINISTRATIVE AND GENERAL	19,107.88	20.47	106,347.36	24.50

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The FIVE Periods Ended MAY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	16.71	76,721.46	17.67
Depreciation-general plant	2,560.81	2.74	13,190.47	3.04
Amortization expense	126.10	.14	672.02	.15
Trustee fees	62.00	.07	660.00	.15
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	19.66	91,243.95	21.02
TOTAL OPERATING EXPENSES	97,731.46	104.69	450,153.45	103.69
NET INCOME FROM OPERATIONS	(4,375.95)	(4.69)	(16,028.83)	(3.69)
OTHER INCOME				
Interest earned	979.93	1.05	11,147.10	2.57
TOTAL OTHER INCOME	979.93	1.05	11,147.10	2.57
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(6.40)	(30,069.74)	(6.93)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(6.40)	(30,069.74)	(6.93)
NET INCOME (LOSS)	(9,373.56)	(10.04)	(34,951.47)	(8.05)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
REBA C. KELLEY, CPA

PHONE: 502-633-3976
FAX: 502-633-3977
E-Mail: jscpa@win.net

June 30, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of June 30, 2008 and the related statement of income for the month and six 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
JUNE 30, 2008

A S S E T S

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	542,128.57
Hydrants	272,696.30
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	173,864.41
Accumulated depreciation	(2,252,528.48)

TOTAL TRANSMISSION AND DISTRIBUTION

7,341,695.13

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,140.25
Laboratory equipment	373.10
Accumulated depreciation	(271,985.77)

TOTAL GENERAL PLANT

409,401.95

FUNDS AND INVESTMENTS

Cash-sinking fund	5,977.36
Investments-const fund	31,271.18
Cash-depreciation account	85,874.56
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

252,095.10

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
JUNE 30, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	438,751.94	
Cash-operations & maint	40,911.70	
Cash-operating payroll	2,089.48	
Cash-construction	90,601.91	
Investments	1,416,862.56	
Accounts receivable	110,687.19	
Inventory-materials/supplies	74,033.15	
Returned checks	(60.00)	
Prepaid insurance	22,080.24	
	<hr/>	
TOTAL CURRENT ASSETS		2,196,058.17

DEFERRED DEBITS

Unamortized debt expense	14,474.61	
	<hr/>	
TOTAL DEFERRED DEBITS		14,474.61

TOTAL ASSETS

10,213,724.96

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
JUNE 30, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	507,000.02	
	<hr/>	
TOTAL LONG-TERM DEBT		1,433,000.02

CURRENT LIABILITIES		
Accounts payable	24,576.66	
Accounts payable-construction	47,836.00	
Social security withheld	1,112.95	
Federal income tax withheld	1,416.31	
Ky income tax withheld	663.29	
County income tax withheld	483.49	
Employee retirement w/h	952.95	
Shelby Co. school tax	5,905.79	
Sales tax payable	3,109.30	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	11,888.46	
Accrued int.-customer dep.	2,398.58	
Customer deposits	83,930.00	
	<hr/>	
TOTAL CURRENT LIABILITIES		187,615.44

EQUITY

EQUITY		
Member meter tap on	908,439.87	
Grants	779,684.45	
Contributions in aid of const	4,962,494.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	(27,680.85)	
	<hr/>	
TOTAL EQUITY		8,593,109.50
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,213,724.96
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The SIX Periods Ended JUNE 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	57,459.40	50.82	275,408.18	50.33
Commercial customers	15,239.13	13.48	61,532.44	11.25
Industrial customers	25,115.62	22.21	129,478.65	23.66
Governmental customers	5,223.17	4.62	20,011.62	3.66
Multi-family customers	4,162.56	3.68	25,681.98	4.69
Private fire protection	3,618.72	3.20	21,712.32	3.97
Miscellaneous income	1,405.00	1.24	6,061.24	1.11
Forfeited discounts	851.81	.75	7,313.60	1.34
TOTAL SALE OF WATER	113,075.41	100.00	547,200.03	100.00
OPERATING EXPENSES				
Water purchased	43,104.27	38.12	207,979.04	38.01
Power-pumping equipment	1,048.50	.93	7,145.65	1.31
Maintenance-pumping equip	175.00	.15	4,071.75	.74
Maint-distribution mains	.00	.00	1,272.41	.23
Maint-service and meters	4,508.00	3.99	15,340.27	2.80
Maintenance-hydrants	390.00	.34	2,841.76	.52
Operating supplies	291.51	.26	2,714.65	.50
Salaries-maint dist mains	541.18	.48	3,451.30	.63
Salaries-oper pumping equip	1,153.24	1.02	12,253.96	2.24
Salaries-oper dist mains	4,882.88	4.32	25,050.99	4.58
Salaries-customer accts	4,196.19	3.71	29,298.12	5.35
Salaries-maint service & meter	1,153.84	1.02	2,531.97	.46
Salaries-Hydrants	.00	.00	54.88	.01
TOTAL OPERATING EXPENSES	61,444.61	54.34	314,006.75	57.38
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,848.30	3.40	21,459.00	3.92
Office supplies & expense	393.26	.35	6,620.73	1.21
Employee benefits	4,349.55	3.85	27,618.74	5.05
Uncollectible revenue	.00	.00	1,055.37	.19
Legal and accounting	1,313.75	1.16	14,686.25	2.68
Director fees	1,300.00	1.15	8,600.00	1.57
Insurance	1,977.75	1.75	11,961.24	2.19
Misc. general expenses	2,421.53	2.14	5,216.67	.95
Maint-general properties	2,489.45	2.20	6,878.63	1.26
Truck and equip. expenses	1,705.17	1.51	11,962.42	2.19
Rent	.00	.00	150.00	.03
Utilities	714.19	.63	5,090.64	.93
Payroll taxes	484.46	.43	6,045.08	1.10
TOTAL ADMINISTRATIVE AND GENERAL	20,997.41	18.57	127,344.77	23.27

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The SIX Periods Ended JUNE 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	13.80	92,323.16	16.87
Depreciation-general plant	2,560.81	2.26	15,751.28	2.88
Amortization expense	126.10	.11	798.12	.15
Trustee fees	62.00	.05	722.00	.13
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	16.23	109,594.56	20.03
TOTAL OPERATING EXPENSES	100,792.63	89.14	550,946.08	100.68
NET INCOME FROM OPERATIONS	12,282.78	10.86	(3,746.05)	(.68)
OTHER INCOME				
Interest earned	965.38	.85	12,112.48	2.21
TOTAL OTHER INCOME	965.38	.85	12,112.48	2.21
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(5.29)	(36,047.28)	(6.59)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(5.29)	(36,047.28)	(6.59)
NET INCOME (LOSS)	7,270.62	6.43	(27,680.85)	(5.06)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
REBA C. KELLEY, CPA

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FAX: 502-633-3977
E-Mail: jscpa@win.net

July 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of July 31, 2008 and the related statement of income for the month and seven 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
JULY 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	544,434.20
Hydrants	272,696.30
Pumping station equipment	324,854.49
Other plant equipment	20,950.32
Constuction in progress	173,864.41
Accumulated depreciation	(2,268,130.18)

TOTAL TRANSMISSION AND DISTRIBUTION

7,328,399.06

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,140.25
Laboratory equipment	373.10
Accumulated depreciation	(274,546.58)

TOTAL GENERAL PLANT

406,841.14

FUNDS AND INVESTMENTS

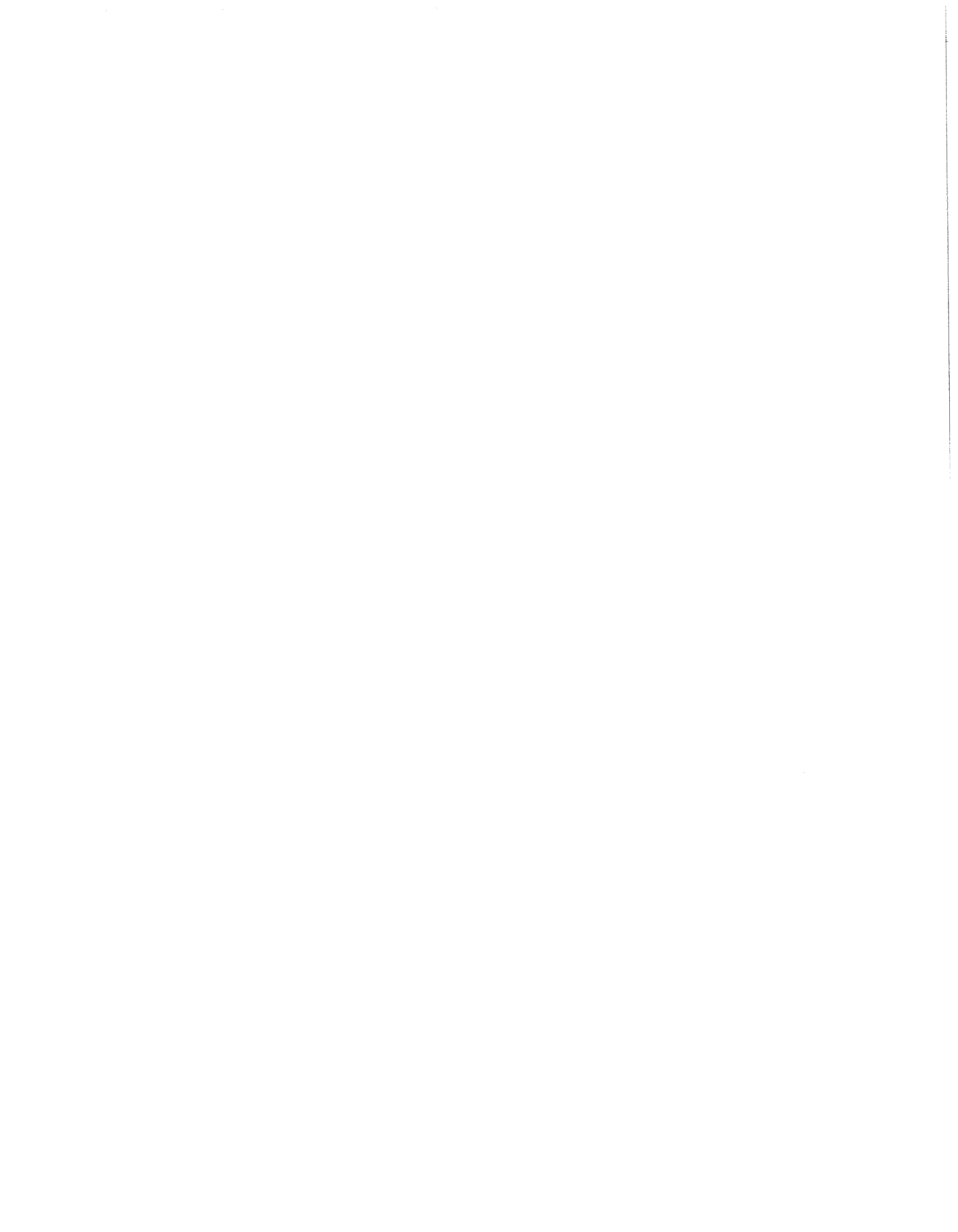
Cash-sinking fund	9,954.65
Investments-const fund	31,271.18
Cash-depreciation account	86,347.98
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

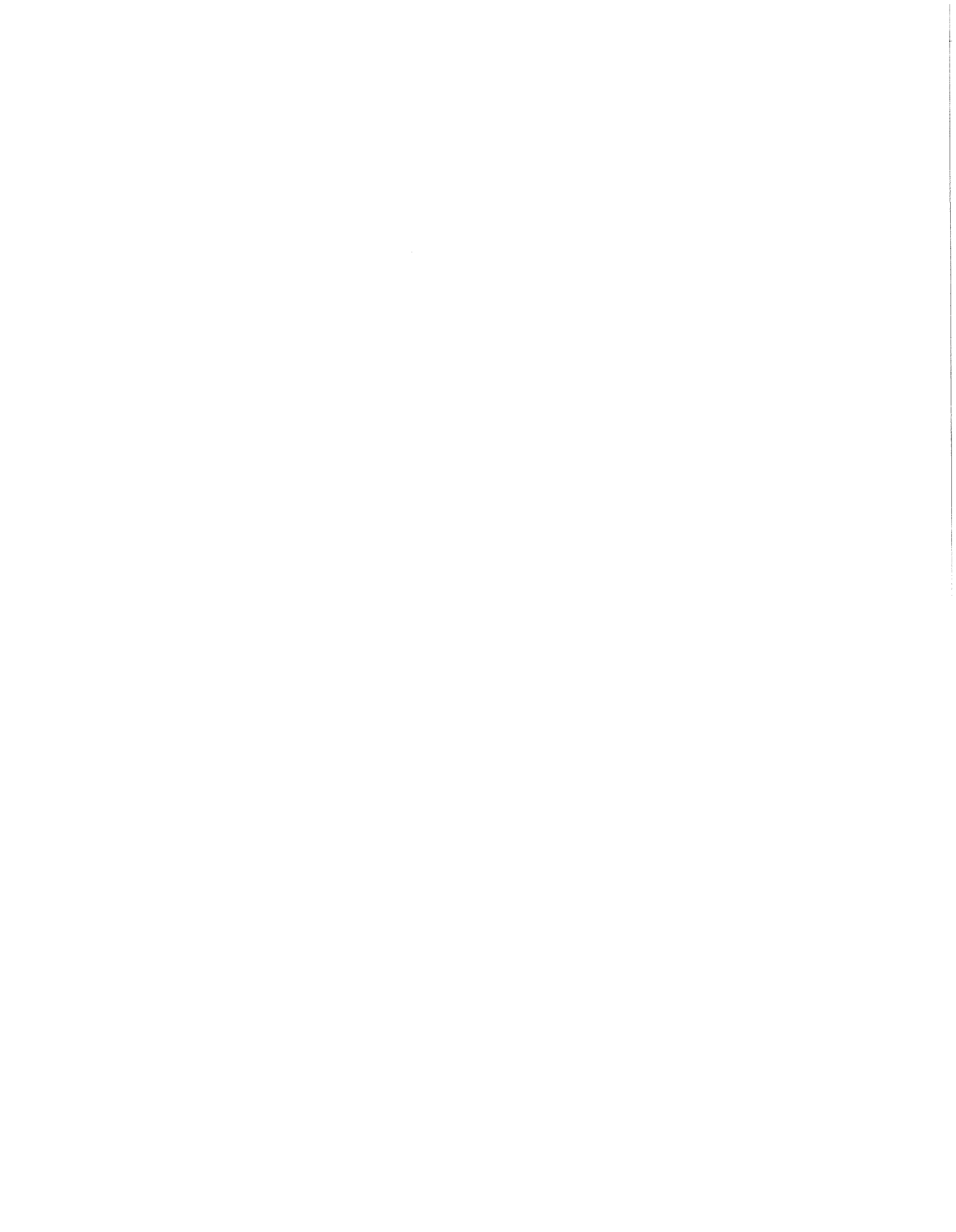
TOTAL FUNDS AND INVESTMENTS

256,545.81

See Accountant's Compilation Report

 Sutherland, psc
CERTIFIED PUBLIC ACCOUNTANT
SHELBYVILLE, KENTUCKY







West Shelby Water District
Balance Sheet
JULY 31, 2008

CURRENT ASSETS

Petty cash	100.00
Cash-revenue fund	453,537.02
Cash-operations & maint	56,374.68
Cash-operating payroll	1,740.90
Cash-construction	90,601.91
Investments	1,416,862.56
Accounts receivable	80,879.71
Inventory-materials/supplies	93,050.52
Returned checks	(60.00)
Prepaid insurance	20,102.49

TOTAL CURRENT ASSETS

2,213,189.79

DEFERRED DEBITS

Unamortized debt expense	14,348.51
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TOTAL DEFERRED DEBITS

14,348.51

TOTAL ASSETS

10,219,324.31

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
JULY 31, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	505,166.69	
TOTAL LONG-TERM DEBT		1,431,166.69
CURRENT LIABILITIES		
Accounts payable	37,497.97	
Accounts payable-construction	47,836.00	
Social security withheld	1,154.01	
Federal income tax withheld	1,500.94	
Ky income tax withheld	692.94	
County income tax withheld	166.31	
Employee retirement w/h	980.39	
Shelby Co. school tax	2,869.34	
Sales tax payable	210.48	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	15,731.62	
Accrued int.-customer dep.	2,040.17	
Customer deposits	71,910.00	
TOTAL CURRENT LIABILITIES		185,931.83

EQUITY

EQUITY		
Member meter tap on	910,939.87	
Grants	779,684.45	
Contributions in aid of const	4,962,494.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	(21,064.56)	
TOTAL EQUITY		8,602,225.79
TOTAL LIABILITIES AND EQUITY		10,219,324.31

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The SEVEN Periods Ended JULY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	56,471.03	53.30	331,879.21	50.81
Commercial customers	15,144.75	14.29	76,677.19	11.74
Industrial customers	19,117.73	18.04	148,596.38	22.75
Governmental customers	3,712.40	3.50	23,724.02	3.63
Multi-family customers	4,686.96	4.42	30,368.94	4.65
Private fire protection	3,618.72	3.42	25,331.04	3.88
Miscellaneous income	1,160.00	1.09	7,221.24	1.11
Forfeited discounts	2,047.22	1.93	9,360.82	1.43
TOTAL SALE OF WATER	105,958.81	100.00	653,158.84	100.00
OPERATING EXPENSES				
Water purchased	42,580.24	40.19	250,559.28	38.36
Power-pumping equipment	1,405.96	1.33	8,551.61	1.31
Maintenance-pumping equip	.00	.00	4,071.75	.62
Maint-distribution mains	.00	.00	1,272.41	.19
Maint-service and meters	209.55	.20	15,549.82	2.38
Maintenance-hydrants	14.14	.01	2,855.90	.44
Operating supplies	1,177.84	1.11	3,892.49	.60
Salaries-maint dist mains	352.22	.33	3,803.52	.58
Salaries-oper pumping equip	1,548.74	1.46	13,802.70	2.11
Salaries-oper dist mains	5,523.99	5.21	30,574.98	4.68
Salaries-customer accts	4,635.47	4.37	33,933.59	5.20
Salaries-maint service & meter	83.67	.08	2,615.64	.40
Salaries-Hydrants	.00	.00	54.88	.01
TOTAL OPERATING EXPENSES	57,531.82	54.30	371,538.57	56.88
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,797.14	3.58	25,256.14	3.87
Office supplies & expense	710.80	.67	7,331.53	1.12
Employee benefits	4,075.68	3.85	31,694.42	4.85
Uncollectible revenue	.00	.00	1,055.37	.16
Legal and accounting	825.00	.78	15,511.25	2.37
Director fees	1,300.00	1.23	9,900.00	1.52
Insurance	1,977.75	1.87	13,938.99	2.13
Misc. general expenses	786.00	.74	6,002.67	.92
Maint-general properties	544.11	.51	7,422.74	1.14
Truck and equip. expenses	2,335.81	2.20	14,298.23	2.19
Cash over and short	.50	.00	.50	.00
Rent	449.75	.42	599.75	.09
Utilities	702.15	.66	5,792.79	.89
Payroll taxes	1,170.89	1.11	7,215.97	1.10
TOTAL ADMINISTRATIVE AND GENERAL	18,675.58	17.63	146,020.35	22.36

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The SEVEN Periods Ended JULY 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	14.72	107,924.86	16.52
Depreciation-general plant	2,560.81	2.42	18,312.09	2.80
Amortization expense	126.10	.12	924.22	.14
Trustee fees	62.00	.06	784.00	.12
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	17.32	127,945.17	19.59
TOTAL OPERATING EXPENSES	94,558.01	89.24	645,504.09	98.83
NET INCOME FROM OPERATIONS	11,400.80	10.76	7,654.75	1.17
OTHER INCOME				
Interest earned	1,193.03	1.13	13,305.51	2.04
TOTAL OTHER INCOME	1,193.03	1.13	13,305.51	2.04
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(5.64)	(42,024.82)	(6.43)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(5.64)	(42,024.82)	(6.43)
NET INCOME (LOSS)	6,616.29	6.24	(21,064.56)	(3.23)

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
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JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
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August 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of August 31, 2008 and the related statement of income for the month and eight 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
AUGUST 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	548,764.37
Hydrants	273,252.45
Pumping station equipment	330,443.49
Other plant equipment	20,950.32
Constuction in progress	282,642.64
Accumulated depreciation	(2,283,731.88)

TOTAL TRANSMISSION AND DISTRIBUTION

7,432,050.91

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,960.93
Laboratory equipment	373.10
Accumulated depreciation	(277,107.39)

TOTAL GENERAL PLANT

405,101.01

FUNDS AND INVESTMENTS

Cash-sinking fund	13,937.20
Investments-const fund	31,271.18
Cash-depreciation account	86,817.98
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

260,998.36

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
AUGUST 31, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	413,124.64	
Cash-operations & maint	67,266.88	
Cash-operating payroll	2,797.39	
Cash-construction	176,942.34	
Investments	1,416,862.56	
Accounts receivable	109,347.57	
Inventory-materials/supplies	103,012.43	
Returned checks	(60.00)	
Prepaid insurance	18,124.74	
	<hr/>	
TOTAL CURRENT ASSETS		2,307,518.55

DEFERRED DEBITS

Unamortized debt expense	14,222.41	
	<hr/>	
TOTAL DEFERRED DEBITS		14,222.41

TOTAL ASSETS

10,419,891.24

See Accountant's Compilation Report

J Sutherland, psc
CERTIFIED PUBLIC ACCOUNTANT
SHELBYVILLE, KENTUCKY

West Shelby Water District
Balance Sheet
AUGUST 31, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	503,333.36	
	<hr/>	
TOTAL LONG-TERM DEBT		1,429,333.36

CURRENT LIABILITIES		
Accounts payable	75,011.58	
Accounts payable-construction	47,836.00	
Social security withheld	1,105.01	
Federal income tax withheld	1,391.80	
Ky income tax withheld	655.41	
County income tax withheld	325.88	
Employee retirement w/h	945.40	
Shelby Co. school tax	3,453.05	
Sales tax payable	3,502.59	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	19,574.78	
Accrued int.-customer dep.	2,019.28	
Customer deposits	81,271.95	
	<hr/>	
TOTAL CURRENT LIABILITIES		240,434.39

EQUITY

EQUITY		
Member meter tap on	913,439.87	
Grants	779,684.45	
Contributions in aid of const	5,084,764.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	2,063.14	
	<hr/>	
TOTAL EQUITY		8,750,123.49
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,419,891.24
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The EIGHT Periods Ended AUGUST 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	63,307.67	50.83	395,186.88	50.81
Commercial customers	18,754.75	15.06	95,431.94	12.27
Industrial customers	25,385.34	20.38	173,981.72	22.37
Governmental customers	5,352.54	4.30	29,076.56	3.74
Multi-family customers	5,585.09	4.48	35,954.03	4.62
Private fire protection	3,618.72	2.91	28,949.76	3.72
Miscellaneous income	1,615.00	1.30	8,836.24	1.14
Forfeited discounts	926.22	.74	10,287.04	1.32
TOTAL SALE OF WATER	124,545.33	100.00	777,704.17	100.00
OPERATING EXPENSES				
Water purchased	48,197.51	38.70	298,756.79	38.42
Power-pumping equipment	1,550.88	1.25	10,102.49	1.30
Maintenance-pumping equip	.00	.00	4,071.75	.52
Maint-distribution mains	.00	.00	1,272.41	.16
Maint-service and meters	72.29	.06	15,622.11	2.01
Maintenance-hydrants	.00	.00	2,855.90	.37
Operating supplies	419.61	.34	4,312.10	.55
Salaries-maint dist mains	658.29	.53	4,461.81	.57
Salaries-oper pumping equip	675.06	.54	14,477.76	1.86
Salaries-oper dist mains	3,252.16	2.61	33,827.14	4.35
Salaries-customer accts	4,398.19	3.53	38,331.78	4.93
Salaries-maint service & meter	70.44	.06	2,686.08	.35
Salaries-Hydrants	.00	.00	54.88	.01
TOTAL OPERATING EXPENSES	59,294.43	47.61	430,833.00	55.40
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	2.83	28,778.28	3.70
Office supplies & expense	1,748.14	1.40	9,079.67	1.17
Employee benefits	4,198.53	3.37	35,892.95	4.62
Uncollectible revenue	.00	.00	1,055.37	.14
Legal and accounting	825.00	.66	16,336.25	2.10
Director fees	1,340.00	1.08	11,240.00	1.45
Insurance	1,977.75	1.59	15,916.74	2.05
Misc. general expenses	312.36	.25	6,315.03	.81
Maint-general properties	448.20	.36	7,870.94	1.01
Truck and equip. expenses	2,335.70	1.88	16,633.93	2.14
Cash over and short	.00	.00	.50	.00
Rent	.00	.00	599.75	.08
Utilities	902.54	.72	6,695.33	.86
Payroll taxes	1,105.02	.89	8,320.99	1.07
TOTAL ADMINISTRATIVE AND GENERAL	18,715.38	15.03	164,735.73	21.18

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The EIGHT Periods Ended AUGUST 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	12.53	123,526.56	15.88
Depreciation-general plant	2,560.81	2.06	20,872.90	2.68
Amortization expense	126.10	.10	1,050.32	.14
Trustee fees	62.00	.05	846.00	.11
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	14.73	146,295.78	18.81
TOTAL OPERATING EXPENSES	96,360.42	77.37	741,864.51	95.39
NET INCOME FROM OPERATIONS	28,184.91	22.63	35,839.66	4.61
OTHER INCOME				
Interest earned	920.33	.74	14,225.84	1.83
TOTAL OTHER INCOME	920.33	.74	14,225.84	1.83
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(4.80)	(48,002.36)	(6.17)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(4.80)	(48,002.36)	(6.17)
NET INCOME (LOSS)	23,127.70	18.57	2,063.14	.27

See Accountant's Compilation Report

J Sutherland, psc

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September 30, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of September 30, 2008 and the related statement of income for the month and nine 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
SEPTEMBER 30, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	550,654.59
Hydrants	273,252.45
Pumping station equipment	330,443.49
Other plant equipment	20,950.32
Constuction in progress	322,869.08
Accumulated depreciation	(2,299,333.58)

TOTAL TRANSMISSION AND DISTRIBUTION

7,458,565.87

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,960.93
Laboratory equipment	373.10
Accumulated depreciation	(279,668.20)

TOTAL GENERAL PLANT

402,540.20

FUNDS AND INVESTMENTS

Cash-sinking fund	17,924.20
Investments-const fund	31,271.18
Cash-depreciation account	87,293.96
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

265,461.34

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
SEPTEMBER 30, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	406,819.05	
Cash-operations & maint	41,739.68	
Cash-operating payroll	3,587.29	
Cash-construction	173,140.55	
Investments	1,416,862.56	
Accounts receivable	138,437.03	
Inventory-materials/supplies	73,329.82	
Returned checks	(80.00)	
Prepaid insurance	16,146.99	
	<hr/>	
TOTAL CURRENT ASSETS		2,270,082.97

DEFERRED DEBITS

Unamortized debt expense	14,096.31	
	<hr/>	
TOTAL DEFERRED DEBITS		14,096.31

TOTAL ASSETS		<hr/> <hr/>
		10,410,746.69

See Accountant's Compilation Report

west shelby water District
Balance Sheet
SEPTEMBER 30, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	501,500.03	
	<hr/>	
TOTAL LONG-TERM DEBT		1,427,500.03
CURRENT LIABILITIES		
Accounts payable	28,166.76	
Accounts payable-construction	47,836.00	
Social security withheld	1,144.30	
Federal income tax withheld	1,528.60	
Ky income tax withheld	687.69	
County income tax withheld	490.94	
Employee retirement w/h	983.01	
Shelby Co. school tax	3,926.36	
Sales tax payable	296.31	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	23,417.94	
Accrued int.-customer dep.	1,986.31	
Customer deposits	81,588.23	
	<hr/>	
TOTAL CURRENT LIABILITIES		195,394.11

EQUITY

EQUITY		
Member meter tap on	915,939.87	
Grants	779,684.45	
Contributions in aid of const	5,084,764.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	37,292.20	
	<hr/>	
TOTAL EQUITY		8,787,852.55
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,410,746.69
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The NINE Periods Ended SEPTEMBER 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	70,897.26	50.54	466,084.14	50.77
Commercial customers	25,844.89	18.42	121,276.83	13.21
Industrial customers	26,497.39	18.89	200,479.11	21.84
Governmental customers	5,749.62	4.10	34,826.18	3.79
Multi-family customers	5,403.81	3.85	41,357.84	4.51
Private fire protection	3,618.72	2.58	32,568.48	3.55
Miscellaneous income	1,055.00	.75	9,891.24	1.08
Forfeited discounts	1,218.89	.87	11,505.93	1.25
TOTAL SALE OF WATER	140,285.58	100.00	917,989.75	100.00
OPERATING EXPENSES				
Water purchased	47,988.22	34.21	346,745.01	37.77
Power-pumping equipment	1,822.67	1.30	11,925.16	1.30
Maintenance-pumping equip	.00	.00	4,071.75	.44
Maint-distribution mains	.00	.00	1,272.41	.14
Maint-service and meters	175.54	.13	15,797.65	1.72
Maintenance-hydrants	.00	.00	2,855.90	.31
Operating supplies	525.00	.37	4,837.10	.53
Salaries-maint dist mains	519.56	.37	4,981.37	.54
Salaries-oper pumping equip	1,344.09	.96	15,821.85	1.72
Salaries-oper dist mains	4,483.38	3.20	38,310.52	4.17
Salaries-customer accts	4,820.52	3.44	43,152.30	4.70
Salaries-maint service & meter	91.00	.06	2,777.08	.30
Salaries-Hydrants	.00	.00	54.88	.01
TOTAL OPERATING EXPENSES	61,769.98	44.03	492,602.98	53.66
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	2.51	32,300.42	3.52
Office supplies & expense	211.06	.15	9,290.73	1.01
Employee benefits	4,128.90	2.94	40,021.85	4.36
Uncollectible revenue	.00	.00	1,055.37	.12
Legal and accounting	825.00	.59	17,161.25	1.87
Director fees	1,500.00	1.07	12,740.00	1.39
Insurance	1,977.75	1.41	17,894.49	1.95
Misc. general expenses	337.27	.24	6,652.30	.72
Maint-general properties	795.81	.57	8,666.75	.94
Truck and equip. expenses	3,878.50	2.76	20,512.43	2.23
Travel	596.97	.43	596.97	.07
Cash over and short	.00	.00	.50	.00
Rent	150.00	.11	749.75	.08
Utilities	762.09	.54	7,457.42	.81
Payroll taxes	1,144.31	.82	9,465.30	1.03

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The NINE Periods Ended SEPTEMBER 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
TOTAL ADMINISTRATIVE AND GENERAL	19,829.80	14.14	184,565.53	20.11
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	11.12	139,128.26	15.16
Depreciation-general plant	2,560.81	1.83	23,433.71	2.55
Amortization expense	126.10	.09	1,176.42	.13
Trustee fees	62.00	.04	908.00	.10
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	13.08	164,646.39	17.94
TOTAL OPERATING EXPENSES	99,950.39	71.25	841,814.90	91.70
NET INCOME FROM OPERATIONS	40,335.19	28.75	76,174.85	8.30
OTHER INCOME				
Interest earned	871.41	.62	15,097.25	1.64
TOTAL OTHER INCOME	871.41	.62	15,097.25	1.64
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(4.26)	(53,979.90)	(5.88)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(4.26)	(53,979.90)	(5.88)
NET INCOME (LOSS)	35,229.06	25.11	37,292.20	4.06

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
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E-Mail: jscpa@win.net

October 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of October 31, 2008 and the related statement of income for the month and ten 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

WEST SHELBY WATER DISTRICT
Balance Sheet
OCTOBER 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	551,739.80
Hydrants	273,252.45
Pumping station equipment	330,443.49
Other plant equipment	20,950.32
Constuction in progress	322,869.08
Accumulated depreciation	(2,314,935.28)

TOTAL TRANSMISSION AND DISTRIBUTION

7,444,049.38

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,910.93
Laboratory equipment	373.10
Accumulated depreciation	(282,229.01)

TOTAL GENERAL PLANT

399,929.39

FUNDS AND INVESTMENTS

Cash-sinking fund	21,921.82
Investments-const fund	31,271.18
Cash-depreciation account	87,768.38
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

269,933.38

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
OCTOBER 31, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	428,300.20	
Cash-operations & maint	63,515.50	
Cash-operating payroll	4,016.29	
Cash-construction	173,140.55	
Investments	1,416,862.56	
Accounts receivable	101,983.68	
Inventory-materials/supplies	101,273.52	
Returned checks	(80.00)	
Prepaid insurance	14,169.24	
	<hr/>	
TOTAL CURRENT ASSETS		2,303,281.54

DEFERRED DEBITS

Unamortized debt expense	13,970.21	
	<hr/>	
TOTAL DEFERRED DEBITS		13,970.21

TOTAL ASSETS		<hr/> <hr/> 10,431,163.90
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See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
OCTOBER 31, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	926,000.00	
N/P- KY Rural Water	499,666.70	
	<hr/>	
TOTAL LONG-TERM DEBT		1,425,666.70
CURRENT LIABILITIES		
Accounts payable	37,134.26	
Accounts payable-construction	47,836.00	
Social security withheld	1,179.26	
Federal income tax withheld	1,560.08	
Ky income tax withheld	715.49	
County income tax withheld	166.22	
Employee retirement w/h	982.50	
Shelby Co. school tax	3,395.19	
Sales tax payable	3,789.28	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	27,261.10	
Accrued int.-customer dep.	1,916.55	
Customer deposits	74,293.44	
	<hr/>	
TOTAL CURRENT LIABILITIES		203,571.03

EQUITY

EQUITY		
Member meter tap on	916,564.87	
Grants	779,684.45	
Contributions in aid of const	5,084,764.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	50,740.82	
	<hr/>	
TOTAL EQUITY		8,801,926.17
		<hr/>
TOTAL LIABILITIES AND EQUITY		10,431,163.90
		<hr/> <hr/>

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The TEN Periods Ended OCTOBER 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	58,739.12	47.67	524,823.26	50.41
Commercial customers	25,100.09	20.37	146,376.92	14.06
Industrial customers	23,698.24	19.23	224,177.35	21.53
Governmental customers	4,558.85	3.70	39,385.03	3.78
Multi-family customers	4,176.16	3.39	45,534.00	4.37
Private fire protection	3,618.72	2.94	36,187.20	3.48
Miscellaneous income	1,104.30	.90	10,995.54	1.06
Forfeited discounts	2,221.49	1.80	13,727.42	1.32
TOTAL SALE OF WATER	123,216.97	100.00	1,041,206.72	100.00
OPERATING EXPENSES				
Water purchased	47,448.45	38.51	394,193.46	37.86
Power-pumping equipment	1,675.91	1.36	13,601.07	1.31
Maintenance-pumping equip	1,205.50	.98	5,277.25	.51
Maint-distribution mains	.00	.00	1,272.41	.12
Maint-service and meters	2,254.77	1.83	18,052.42	1.73
Maintenance-hydrants	.00	.00	2,855.90	.27
Operating supplies	241.38	.20	5,078.48	.49
Salaries-maint dist mains	418.28	.34	5,399.65	.52
Salaries-oper pumping equip	1,033.58	.84	16,855.43	1.62
Salaries-oper dist mains	6,350.55	5.15	44,661.07	4.29
Salaries-customer accts	4,715.65	3.83	47,867.95	4.60
Salaries-maint service & meter	252.45	.20	3,029.53	.29
Salaries-Hydrants	.00	.00	54.88	.01
TOTAL OPERATING EXPENSES	65,596.52	53.24	558,199.50	53.61
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,648.94	2.96	35,949.36	3.45
Office supplies & expense	956.88	.78	10,247.61	.98
Employee benefits	4,986.36	4.05	45,008.21	4.32
Uncollectible revenue	.00	.00	1,055.37	.10
Legal and accounting	825.00	.67	17,986.25	1.73
Director fees	1,500.00	1.22	14,240.00	1.37
Insurance	1,977.75	1.61	19,872.24	1.91
Misc. general expenses	910.50	.74	7,562.80	.73
Maint-general properties	723.15	.59	9,389.90	.90
Truck and equip. expenses	1,443.33	1.17	21,955.76	2.11
Travel	283.53	.23	880.50	.08
Cash over and short	.00	.00	.50	.00
Rent	1,500.00	1.22	2,249.75	.22
Utilities	807.06	.66	8,264.48	.79
Payroll taxes	1,179.18	.96	10,644.48	1.02

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The TEN Periods Ended OCTOBER 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
TOTAL ADMINISTRATIVE AND GENERAL	20,741.68	16.83	205,307.21	19.72
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	12.66	154,729.96	14.86
Depreciation-general plant	2,560.81	2.08	25,994.52	2.50
Amortization expense	126.10	.10	1,302.52	.13
Trustee fees	62.00	.05	970.00	.09
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	14.89	182,997.00	17.58
TOTAL OPERATING EXPENSES	104,688.81	84.96	946,503.71	90.90
NET INCOME FROM OPERATIONS	18,528.16	15.04	94,703.01	9.10
OTHER INCOME				
Interest earned	898.00	.73	15,995.25	1.54
TOTAL OTHER INCOME	898.00	.73	15,995.25	1.54
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(4.85)	(59,957.44)	(5.76)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(4.85)	(59,957.44)	(5.76)
NET INCOME (LOSS)	13,448.62	10.91	50,740.82	4.87

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J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA
ASSOCIATE
REBA C. KELLEY, CPA

PHONE: 502-633-3976
FAX: 502-633-3977
E-Mail: jscpa@win.net

November 30, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of November 30, 2008 and the related statement of income for the month and eleven 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
NOVEMBER 30, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	566,157.98
Hydrants	273,252.45
Pumping station equipment	330,443.49
Other plant equipment	20,950.32
Constuction in progress	324,590.27
Accumulated depreciation	(2,330,536.98)

TOTAL TRANSMISSION AND DISTRIBUTION

7,444,587.05

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,910.93
Laboratory equipment	373.10
Accumulated depreciation	(284,789.82)

TOTAL GENERAL PLANT

397,368.58

FUNDS AND INVESTMENTS

Cash-sinking fund	29,925.13
Investments-const fund	31,271.18
Cash-depreciation account	88,222.87
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

278,391.18

See Accountant's Compilation Report

West Shelby Water District
Balance Sheet
NOVEMBER 30, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	393,419.64	
Cash-operations & maint	92,805.22	
Cash-operating payroll	5,445.37	
Cash-construction	171,419.36	
Investments	1,416,862.56	
Accounts receivable	97,076.01	
Inventory-materials/supplies	78,797.14	
Returned checks	(80.00)	
Prepaid insurance	12,191.49	
	<hr/>	
TOTAL CURRENT ASSETS		2,268,036.79

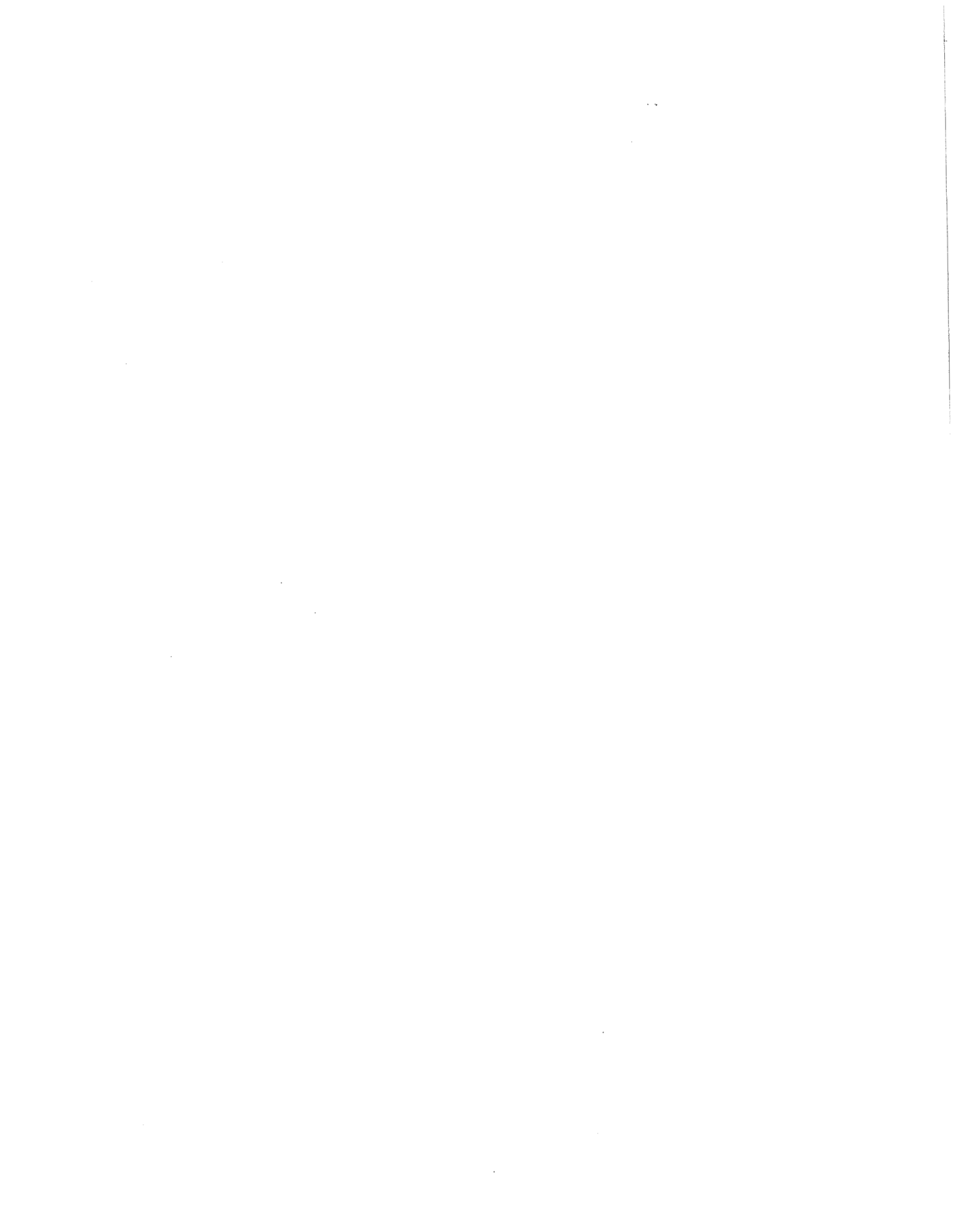
DEFERRED DEBITS

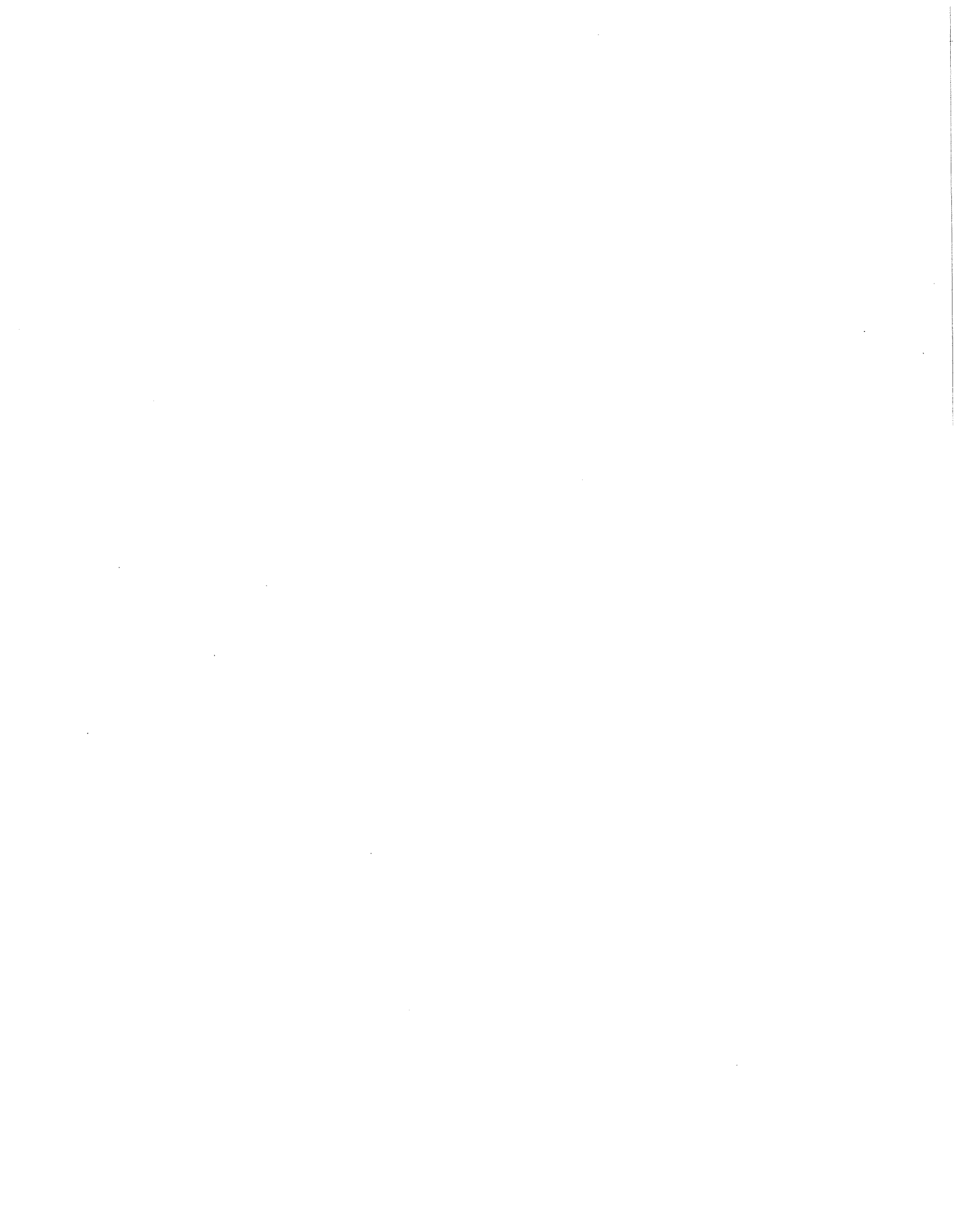
Unamortized debt expense	13,844.11	
	<hr/>	
TOTAL DEFERRED DEBITS		13,844.11

TOTAL ASSETS

10,402,227.71

See Accountant's Compilation Report





West Shelby Water District
Balance Sheet
NOVEMBER 30, 2008

LIABILITIES

LONG-TERM DEBT

Bonds payable	926,000.00
N/P- KY Rural Water	497,833.37

TOTAL LONG-TERM DEBT

1,423,833.37

CURRENT LIABILITIES

Accounts payable	23,079.18
Accounts payable-construction	47,836.00
Social security withheld	1,494.19
Federal income tax withheld	1,386.40
Ky income tax withheld	651.32
County income tax withheld	373.07
Employee retirement w/h	930.07
Shelby Co. school tax	2,706.71
Sales tax payable	3,056.66
Accrued payroll taxes	1,126.05
Accrued retirement-CERS	2,215.61
Accrued interest	31,104.26
Accrued int.-customer dep.	1,893.19
Customer deposits	74,151.95

TOTAL CURRENT LIABILITIES

192,004.66

EQUITY

EQUITY

Member meter tap on	917,814.87
Grants	779,684.45
Contributions in aid of const	5,084,764.30
Retained earnings-prior	1,970,171.73
Retained earnings-current year	33,954.33

TOTAL EQUITY

8,786,389.68

TOTAL LIABILITIES AND EQUITY

10,402,227.71

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The ELEVEN Periods Ended NOVEMBER 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	49,117.80	49.51	573,941.06	50.33
Commercial customers	13,965.29	14.08	160,342.21	14.06
Industrial customers	21,818.54	21.99	245,995.89	21.57
Governmental customers	4,018.61	4.05	43,403.64	3.81
Multi-family customers	4,662.66	4.70	50,196.66	4.40
Private fire protection	3,618.72	3.65	39,805.92	3.49
Miscellaneous income	905.00	.91	11,900.54	1.04
Forfeited discounts	1,099.05	1.11	14,826.47	1.30
TOTAL SALE OF WATER	99,205.67	100.00	1,140,412.39	100.00
OPERATING EXPENSES				
Water purchased	43,294.40	43.64	437,487.86	38.36
Power-pumping equipment	1,236.79	1.25	14,837.86	1.30
Maintenance-structures	2,274.12	2.29	2,274.12	.20
Maintenance-pumping equip	.00	.00	5,277.25	.46
Maint-distribution mains	.00	.00	1,272.41	.11
Maint-service and meters	9,023.92	9.10	27,076.34	2.37
Maintenance-hydrants	.00	.00	2,855.90	.25
Operating supplies	751.31	.76	5,829.79	.51
Salaries-maint dist mains	158.50	.16	5,558.15	.49
Salaries-oper pumping equip	850.80	.86	17,706.23	1.55
Salaries-oper dist mains	5,184.41	5.23	49,845.48	4.37
Salaries-customer accts	7,375.88	7.43	55,243.83	4.84
Salaries-maint service & meter	1,021.57	1.03	4,051.10	.36
Salaries-Hydrants	.00	.00	54.88	.00
TOTAL OPERATING EXPENSES	71,171.70	71.74	629,371.20	55.19
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	5,711.52	5.76	41,660.88	3.65
Office supplies & expense	152.88	.15	10,400.49	.91
Employee benefits	5,105.95	5.15	50,114.16	4.39
Uncollectible revenue	.00	.00	1,055.37	.09
Legal and accounting	2,587.00	2.61	20,573.25	1.80
Director fees	1,500.00	1.51	15,740.00	1.38
Insurance	1,927.75	1.94	21,799.99	1.91
Misc. general expenses	106.84	.11	7,669.64	.67
Maint-general properties	(1,160.09)	(1.17)	8,229.81	.72
Truck and equip. expenses	1,880.84	1.90	23,836.60	2.09
Travel	.00	.00	880.50	.08
Cash over and short	.00	.00	.50	.00
Rent	.00	.00	2,249.75	.20
Utilities	2,041.82	2.06	10,306.30	.90
Payroll taxes	1,494.26	1.51	12,138.74	1.06

See Accountant's Compilation Report

West Shelby Water District
Income Statement
For The ELEVEN Periods Ended NOVEMBER 30, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
TOTAL ADMINISTRATIVE AND GENERAL	21,348.77	21.52	226,655.98	19.87
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	15.73	170,331.66	14.94
Depreciation-general plant	2,560.81	2.58	28,555.33	2.50
Amortization expense	126.10	.13	1,428.62	.13
Trustee fees	62.00	.06	1,032.00	.09
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	18.50	201,347.61	17.66
TOTAL OPERATING EXPENSES	110,871.08	111.76	1,057,374.79	92.72
NET INCOME FROM OPERATIONS	(11,665.41)	(11.76)	83,037.60	7.28
OTHER INCOME				
Interest earned	856.46	.86	16,851.71	1.48
TOTAL OTHER INCOME	856.46	.86	16,851.71	1.48
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(6.03)	(65,934.98)	(5.78)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(6.03)	(65,934.98)	(5.78)
NET INCOME (LOSS)	(16,786.49)	(16.92)	33,954.33	2.98

See Accountant's Compilation Report

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
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REBA C. KELLEY, CPA

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FAX: 502-633-3977
E-Mail: jscca@win.net

December 31, 2008

West Shelby Water District

Gentlemen:

We have compiled the accompanying balance sheet of West Shelby Water District as of December 31, 2008 and the related statement of income for the month and twelve 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. We 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, the statement of retained earnings, and the statement of cash flows. If the omitted disclosures, statement of retained earnings, and the statement of cash flows 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. Accordingly, these financial statements are not designed for those who are not informed about such matters.

J Sutherland psc

West Shelby Water District
Balance Sheet
DECEMBER 31, 2008

ASSETS

TRANSMISSION AND DISTRIBUTION

Land and land rights	87,200.00
Standpipes	1,819,588.34
Water treatment equipment	7,548.14
Water distribution mains	6,185,033.72
Services	160,359.32
Meters and installation	567,320.92
Hydrants	273,252.45
Pumping station equipment	330,443.49
Other plant equipment	20,950.32
Constuction in progress	325,584.77
Accumulated depreciation	(2,346,138.68)

TOTAL TRANSMISSION AND DISTRIBUTION

7,431,142.79

GENERAL PLANT

Land and building	367,410.94
Communication equipment	6,242.67
Office furniture & equipment	71,851.29
Transportation equipment	151,369.47
Shop equipment	84,910.93
Laboratory equipment	373.10
Accumulated depreciation	(287,350.63)

TOTAL GENERAL PLANT

394,807.77

FUNDS AND INVESTMENTS

Cash-sinking fund	7,805.95
Investments-const fund	31,271.18
Cash-depreciation account	88,681.79
Investments-deprec fund	87,925.39
Investments-Ky Rural Finance	41,046.61

TOTAL FUNDS AND INVESTMENTS

256,730.92

See Accountant's Compilation Report

West Sneyd Water District
Balance Sheet
DECEMBER 31, 2008

CURRENT ASSETS

Petty cash	100.00	
Cash-revenue fund	399,554.02	
Cash-operations & maint	87,012.60	
Cash-operating payroll	2,162.69	
Cash-construction	170,424.86	
Investments	1,416,862.56	
Accounts receivable	88,237.81	
Inventory-materials/supplies	77,626.17	
Returned checks	(57.34)	
Prepaid insurance	10,213.74	
	<hr/>	
TOTAL CURRENT ASSETS		2,252,137.11

DEFERRED DEBITS

Unamortized debt expense	13,718.01	
	<hr/>	
TOTAL DEFERRED DEBITS		13,718.01

TOTAL ASSETS

10,348,536.60

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West Shelby Water District
Balance Sheet
DECEMBER 31, 2008

LIABILITIES

LONG-TERM DEBT		
Bonds payable	901,000.00	
N/P- KY Rural Water	496,000.04	
TOTAL LONG-TERM DEBT		1,397,000.04
CURRENT LIABILITIES		
Accounts payable	16,008.91	
Accounts payable-construction	47,836.00	
Social security withheld	1,175.55	
Federal income tax withheld	1,573.65	
Ky income tax withheld	714.11	
County income tax withheld	538.76	
Employee retirement w/h	1,212.36	
Shelby Co. school tax	2,420.98	
Sales tax payable	2,594.09	
Accrued payroll taxes	1,126.05	
Accrued retirement-CERS	2,215.61	
Accrued interest	11,797.42	
Accrued int.-customer dep.	1,881.42	
Customer deposits	74,411.95	
TOTAL CURRENT LIABILITIES		165,506.86

EQUITY

EQUITY		
Member meter tap on	918,439.87	
Grants	779,684.45	
Contributions in aid of const	5,084,764.30	
Retained earnings-prior	1,970,171.73	
Retained earnings-current year	32,969.35	
TOTAL EQUITY		8,786,029.70
TOTAL LIABILITIES AND EQUITY		10,348,536.60

See Accountant's Compilation Report

WEST SHELBY WATER DISTRICT
Income Statement
For The TWELVE Periods Ended DECEMBER 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
SALE OF WATER				
Residential customers	47,038.27	52.33	620,979.33	50.47
Commercial customers	9,114.83	10.14	169,457.04	13.77
Industrial customers	18,377.40	20.44	264,373.29	21.49
Governmental customers	4,261.65	4.74	47,665.29	3.87
Multi-family customers	4,921.69	5.48	55,118.35	4.48
Private fire protection	3,618.72	4.03	43,424.64	3.53
Miscellaneous income	700.00	.78	12,600.54	1.02
Forfeited discounts	1,859.07	2.07	16,685.54	1.36
TOTAL SALE OF WATER	89,891.63	100.00	1,230,304.02	100.00
OPERATING EXPENSES				
Water purchased	32,252.91	35.88	469,740.77	38.18
Power-pumping equipment	1,263.43	1.41	16,101.29	1.31
Maintenance-structures	(2,274.12)	(2.53)	.00	.00
Maintenance-pumping equip	.00	.00	5,277.25	.43
Maint-distribution mains	.00	.00	1,272.41	.10
Maint-service and meters	298.64	.33	27,374.98	2.23
Maintenance-hydrants	.00	.00	2,855.90	.23
Operating supplies	250.10	.28	6,079.89	.49
Salaries-maint dist mains	521.65	.58	6,079.80	.49
Salaries-oper pumping equip	1,147.19	1.28	18,853.42	1.53
Salaries-oper dist mains	6,043.64	6.72	55,889.12	4.54
Salaries-customer accts	4,661.34	5.19	59,905.17	4.87
Salaries-maint service & meter	381.62	.42	4,432.72	.36
Salaries-Hydrants	.00	.00	54.88	.00
TOTAL OPERATING EXPENSES	44,546.40	49.56	673,917.60	54.78
ADMINISTRATIVE AND GENERAL				
Salaries-adm & general	3,522.14	3.92	45,183.02	3.67
Office supplies & expense	2,459.40	2.74	12,859.89	1.05
Employee benefits	4,440.93	4.94	54,555.09	4.43
Uncollectible revenue	.00	.00	1,055.37	.09
Legal and accounting	1,700.00	1.89	22,273.25	1.81
Director fees	1,500.00	1.67	17,240.00	1.40
Insurance	1,977.75	2.20	23,777.74	1.93
Misc. general expenses	1,599.01	1.78	9,268.65	.75
Maint-general properties	2,572.48	2.86	10,802.29	.88
Truck and equip. expenses	789.30	.88	24,625.90	2.00
Travel	.00	.00	880.50	.07
Cash over and short	.00	.00	.50	.00
Rent	.00	.00	2,249.75	.18
Utilities	1,058.34	1.18	11,364.64	.92
Payroll taxes	1,175.54	1.31	13,314.28	1.08

See Accountant's Compilation Report

West Energy Water District
Income Statement
For The TWELVE Periods Ended DECEMBER 31, 2008

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	%	ACTUAL	%
TOTAL ADMINISTRATIVE AND GENERAL	22,794.89	25.36	249,450.87	20.28
OTHER OPERATING DEDUCTIONS				
Depreciation-trans & dist	15,601.70	17.36	185,933.36	15.11
Depreciation-general plant	2,560.81	2.85	31,116.14	2.53
Amortization expense	126.10	.14	1,554.72	.13
Trustee fees	62.00	.07	1,094.00	.09
TOTAL OTHER OPERATING DEDUCTIONS	18,350.61	20.41	219,698.22	17.86
TOTAL OPERATING EXPENSES	85,691.90	95.33	1,143,066.69	92.91
NET INCOME FROM OPERATIONS	4,199.73	4.67	87,237.33	7.09
OTHER INCOME				
Interest earned	792.83	.88	17,644.54	1.43
TOTAL OTHER INCOME	792.83	.88	17,644.54	1.43
OTHER DEDUCTIONS				
Interest-long-term debt	(5,977.54)	(6.65)	(71,912.52)	(5.85)
TOTAL OTHER DEDUCTIONS	(5,977.54)	(6.65)	(71,912.52)	(5.85)
NET INCOME (LOSS)	(984.98)	(1.10)	32,969.35	2.68

See Accountant's Compilation Report

AUDIT REPORT
WEST SHELBY WATER DISTRICT
SIMPSONVILLE, KENTUCKY
AS OF
DECEMBER 31, 2008 AND 2007

J Sutherland, psc
CERTIFIED PUBLIC ACCOUNTANT
SHELBYVILLE, KENTUCKY 40065

COMMISSIONERS

Ray Larmee,
Chairman

Raymond Williams,
Secretary

Ben Quinn Jr.,
Treasurer



West Shelby Water District

7101 Shelbyville Rd.
P.O. Box 39
Simpsonville, KY 40067
(502) 722-8944
E-mail: info@westshelbywater.org

MANAGERS

Wanda Land,
Co-Manager

Steve Eden,
Co-Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of West Shelby Water District provides this discussion and analysis of the West Shelby Water District's financial condition and operating activities for the year ended December 31, 2008. We encourage readers to consider this information, in conjunction with the additional information that is furnished in the accompanying Independent Auditor's Report and Audited Financial Statements.

The West Shelby Water District is a water district established by the Shelby County Fiscal Court. The District is not a component unit of Shelby County Fiscal Court.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2008 are as follows:

Changes in net assets - The District's total net assets increased by \$224,684. This is the result of excess revenue over expenses and capital contributions.

Long-Term Debt - The District's total long-term debt obligations decreased in 2008 by \$47,000.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District are reported on the accrual basis of accounting. These statements offer financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It provides the basis for assessing the liquidity and financial flexibility of the District. All current years' revenues and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Assets. This statement measures the result of the District's operations over the past years. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital and non-capital financing activities.

FINANCIAL ANALYSIS STATEMENT OF NET ASSETS

The following analysis focuses on the District's net assets as of December 31, 2008 and 2007:

ASSETS	2008	2007
Cash	\$1,977,237	\$1,981,050
Account receivables	88,260	84,312
Other current assets	86,772	93,903
Restricted funds	431,284	458,359
Transmission distribution & general plant	7,776,776	7,622,189
Other assets	13,718	15,273
TOTAL ASSETS	\$10,374,047	\$10,255,086
LIABILITIES		
Account payables	32,694	65,650
Other current liabilities	89,698	115,465
Long-term debt	1,397,000	1,444,000
TOTAL LIABILITIES	1,519,392	1,625,115
NET ASSETS	8,854,655	8,629,971
TOTAL LIABILITIES AND NET ASSETS	\$10,374,047	\$10,255,086

STATEMENT OF REVENUES AND EXPENSES

REVENUE

Sale of water	\$1,200,759	\$1,230,330
Interest earned	92,907	119,258
Other revenues	29,367	29,923
TOTAL REVENUES	\$1,323,033	\$1,379,511

EXPENSES

Operating expenses	\$ 699,410	\$ 697,725
Administration & general	238,141	232,259
Depreciation & amortization	242,968	217,234
Other deductions	60,100	74,901
TOTAL EXPENSES	\$1,240,619	\$1,222,119
NET INCOME	\$ 82,414	\$ 157,392

SIGNIFICANT EVENTS AND PROJECTS

The District provides water service to Western areas of Shelby County. The District acquires water for distribution from The Louisville Water Company and The Shelbyville Municipal Water and Sewer Commission.

During 2008 the District added 25 new customers and constructed no new water distribution lines.

CONTACTING THE DISTRICT'S FINANCIAL OFFICES

This financial report is designed to provide customers, creditors and other readers with a general overview of the District's Finances and to demonstrate the District's accountability for the funds received. If you have any questions about this report or need additional information, contact the District's office at (502) 722-8944.



Wanda H. Land, Co-Manager
West Shelby Water District

AUDIT REPORT

WEST SHELBY WATER DISTRICT
SIMPSONVILLE, KENTUCKY

AS OF

DECEMBER 31, 2008 AND 2007

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J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA

ASSOCIATE
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March 16, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
West Shelby Water District
Simpsonville, Kentucky

We have audited the accompanying financial statements of West Shelby Water District as of and for the years ended December 31, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Shelby Water District as of December 31, 2008 and 2007, and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated March 16, 2009, on the consideration of West Shelby Water District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contract, and agent 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

West Shelby Water District

March 16, 2009

Page 2

Management's discussion and analysis and budgeting comparison information on page 11 and page 12 are not a required part of the basic financial statements but are required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "J. Sutherland, PSC". The signature is written in black ink and is positioned to the right of the main text block.

STATEMENT OF NET ASSETS
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
TRANSMISSION AND DISTRIBUTION PLANT		
Land and land rights	\$127,248	\$87,200
Pumping equipment	330,443	324,855
Water treatment equipment	7,548	7,548
Standpipes	2,084,458	1,811,483
Transmission and distribution mains	6,159,979	6,185,034
Services and meters	727,680	669,617
Hydrants	273,252	270,106
Other plant equipment	20,950	20,950
Construction in progress	21,663	
Total	\$9,753,221	\$9,376,793
Less accumulated depreciation	2,354,351	2,160,205
 Total Transmission and Distribution Plant	 \$7,398,870	 \$7,216,588
 GENERAL PLANT		
Office furniture and equipment	\$71,851	\$69,458
Buildings	366,661	366,661
Transportation equipment	151,369	147,519
Tools, shop and garage equipment	84,911	71,581
Laboratory equipment	373	373
Communication equipment	6,243	6,243
Total	\$681,408	\$661,835
Less accumulated depreciation	291,320	256,234
 Total General Plant	 \$390,088	 \$405,601
 RESTRICTED FUNDS		
Depreciation fund	\$180,786	\$211,926
Construction fund	201,696	200,221
Sinking fund	48,802	46,212
Total Restricted Funds	\$431,284	\$458,359

See Accompanying Notes and Auditor's Report

STATEMENT OF NET ASSETS (continued)
 DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash	\$1,977,237	\$1,981,050
Accounts receivable	88,260	84,312
Inventory-materials and supplies	75,777	81,819
Prepaid expenses	10,995	12,084
Total Current Assets	<u>2,152,269</u>	<u>2,159,265</u>
DEFERRED DEBITS		
Unamortized debt expense	\$13,718	\$15,273
Total Deferred Debits	<u>13,718</u>	<u>15,273</u>
TOTAL ASSETS	\$10,386,229	\$10,255,086
LIABILITIES AND NET ASSETS		
LONG TERM DEBT		
Bonds payable	\$901,000	\$926,000
Notes payable	474,000	496,000
Total Long Term Debt	<u>\$1,375,000</u>	<u>\$1,422,000</u>
CURRENT LIABILITIES		
Notes payable	\$22,000	\$22,000
Accounts payable	16,009	17,814
Accounts payable-construction	16,685	47,836
Accrued interest - long term debt	67	11,879
Accrued interest - customer deposits	1,704	2,642
Accrued and withheld expenses	13,015	13,044
Customer deposits	74,912	87,900
Total Current Liabilities	<u>144,392</u>	<u>203,115</u>
NET ASSETS		
Unrestricted net assets	\$8,435,553	\$8,171,612
Restricted net assets	431,284	458,359
Total Net Assets	<u>8,866,837</u>	<u>8,629,971</u>
TOTAL LIABILITIES AND NET ASSETS	\$10,386,229	\$10,255,086

See Accompanying Notes and Auditor's Report

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR YEARS ENDING DECEMBER 31, 2008 AND 2007

	2008		2007	
REVENUE FROM SALE OF WATER				
Residential customers	\$620,721	50.46 %	\$630,231	50.00 %
Commercial customers	169,457	13.78	191,926	15.23
Industrial customers	264,373	21.49	271,471	21.54
Public authorities	47,665	3.87	47,160	3.74
Multi-family dwellings	55,118	4.48	46,452	3.69
Private fire protection	43,425	3.53	43,090	3.42
Total Sale of Water	\$1,200,759	97.61 %	\$1,230,330	97.62 %
OTHER REVENUE				
Forfeited discounts	\$16,686	1.36 %	\$15,945	1.27 %
Miscellaneous revenue	12,681	1.03	13,978	1.11
Total Other Revenue	29,367	2.39	29,923	2.38
TOTAL REVENUES	\$1,230,126	100.00 %	\$1,260,253	100.00 %
DIRECT OPERATING EXPENSES				
Water purchased	\$469,741	38.19 %	\$486,445	38.60 %
Power-pumping equipment	16,101	1.32	15,290	1.21
Salaries	145,215	11.80	132,610	10.52
Maintenance materials and supplies	62,273	5.06	52,220	4.14
Operating supplies and expenses	6,080	.49	11,160	.89
Total Operating Expenses	\$699,410	56.86 %	\$697,725	55.36 %
ADMINISTRATIVE AND GENERAL				
Salaries	\$45,183	3.67 %	\$41,233	3.26 %
Office supplies and expenses	12,860	1.05	14,106	1.12
Uncollectible revenue	1,055	.09	126	.01
Legal and accounting	22,273	1.81	17,085	1.36
Commissioners fees	17,240	1.40	18,000	1.43
Insurance	22,996	1.87	23,828	1.89
Interest			2,934	.23
Miscellaneous	9,857	.80	12,812	1.02
Rent	2,250	.18	2,239	.18
Utilities	11,365	.92	10,839	.86
Payroll taxes	13,374	1.09	15,078	1.20
Employee benefits	54,181	4.40	56,648	4.49
Truck & equipment expenses	24,626	2.00	16,606	1.32
Travel	881	.08	725	.06
Total Administrative and General	238,141	19.36	232,259	18.43

See Accompanying Notes and Auditor's Report

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES
 IN FUND NET ASSETS (CONTINUED)
 FOR YEARS ENDING DECEMBER 31, 2008 AND 2007

	2008		2007	
OTHER OPERATING DEDUCTIONS				
Depreciation	\$229,231	18.63 %	\$215,619	17.11 %
Amortization	<u>1,555</u>	0.12	<u>1,615</u>	0.13
Total Other Operating Deductions	<u>230,786</u>	18.75	<u>217,234</u>	17.24
TOTAL OPERATING EXPENSES	<u>1,168,337</u>	94.97	<u>1,147,218</u>	91.03
OPERATING INCOME	\$61,789	5.03 %	\$113,035	8.97 %
OTHER INCOME (DEDUCTIONS)				
Interest earned	\$92,907	7.56 %	\$119,258	9.46 %
Interest-long term debt	<u>(60,100)</u>	<u>(4.89)</u>	<u>(74,901)</u>	<u>(5.94)</u>
Total Other Income (Deductions)	<u>32,807</u>	2.67	<u>44,357</u>	3.52
EXCESS REVENUE OVER EXPENSES	\$94,596	7.70 %	\$157,392	12.49 %
CHANGES IN EQUITY CONTRIBUTION				
Member tap on	\$15,000		\$35,358	
Member construction contribution	<u>127,270</u>		<u>155,238</u>	
Total	<u>142,270</u>		<u>190,596</u>	
CHANGE IN NET ASSETS	\$236,866		\$347,988	
TOTAL NET ASSETS - JANUARY 1	<u>8,629,971</u>		<u>8,281,983</u>	
TOTAL NET ASSETS - DECEMBER 31	\$8,866,837		\$8,629,971	

See Accompanying Notes and Auditor's Report

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007

	2008	2007
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$1,226,178	\$1,262,412
Payments to suppliers	(765,778)	(775,900)
Payments to employees	(190,398)	(173,843)
Net cash provided by operating activities	\$270,002	\$312,669
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisitions of capital assets	(\$374,817)	(\$334,294)
Payments on bonds and notes payable	(47,000)	(41,000)
Member construction contributions	127,270	155,238
Member tap on fees	15,000	35,358
Interest payments on long-term debt	(60,100)	(74,901)
Net cash used for capital and related financial activities	(339,647)	(259,599)
<u>Cash Flows from Investing Activities</u>		
Interest received	\$92,907	\$119,257
Increase (decrease) in restricted funds	(27,075)	70,500
Net cash provided by investing activities	\$65,832	\$189,757
Net Increase (Decrease) in Cash and Cash Equivalents	(3,813)	242,827
Cash and Cash Equivalents, Beginning of Year	1,981,050	1,738,223
Cash and Cash Equivalents, End of Year	\$1,977,237	\$1,981,050
<u>Reconciliation of Operating Income to Net Cash Provided by Operating activities</u>		
Operating income	\$61,789	\$113,035
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	230,786	217,234
Accounts receivable	(3,948)	(8,221)
Inventories	6,042	(21,229)
Prepaid expenses	1,089	147
Accounts payable	(1,805)	(3,711)
Accounts payable - construction	(9,996)	2,939
Accrued interest - customer deposits	(938)	840
Accrued and withheld expenses	(29)	1,255
Customer deposits	(12,988)	10,380
Net cash provided by operating activities	\$270,002	\$312,669

See Accompanying Notes and Auditor's Report

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of significant accounting policies

Business activity

The West Shelby Water District was established by order of the Shelby County Court on March 10, 1964. The District was established to develop and operate a complete water supply and distribution system, which services parts of Shelby County.

Accrual basis

Customer meters are read and billed monthly at which time the receivable is recorded and revenue is recognized. No provision has been made for doubtful accounts due to the amount determined to be uncollectible.

Plant assets

All property and equipment is recorded at acquisition cost if purchased and at estimated fair market value if donated. Interest incurred on funds borrowed for construction is capitalized during the construction period. During the years ending December 31, 2008 and 2007, no interest was capitalized as construction in progress. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

Inventory

Inventories are stated at the lower of cost or market based on the first-in first-out method.

Customer deposits

Interest is accrued at a rate no greater than the District receives on cash investments and at no time greater than 6% annually.

New customers

New service connection fees and construction contributions are recorded as an addition to equity. The cost of installation of the new service is recorded as an addition to plant assets and is subject to depreciation.

Accumulated vacation and sick leave

On January 13, 1995, the Commissioners adopted a formal policy relating to vacation and sick leave. Vacation is earned at rates varying from one to ten days per year depending on the length of service. Sick leave accrues at the rate of ½ day for every month employed or six days per year and shall accumulate to a maximum of 20 days. No accrual is necessary as a limited number of personnel are employed.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - Summary of significant accounting policies (continued)

Cash equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of twelve months or less to be cash equivalents.

Uses of 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 disclosure 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.

Retirement system

All full time employees on a regular basis are provided retirement through the County Employees Retirement System.

NOTE 2 - Construction in progress

At December 31, 2008, the District had distribution mains under construction at the Shelby County Public School.

NOTE 3 - Depreciation fund

The amounts held in the depreciation fund are invested in money market accounts and certificate of deposits.

NOTE 4 - Construction fund

The fund is being used for current construction projects. Customer contributions and unexpended bond proceeds are carried in this fund.

NOTE 5 - Cash and cash investments

At December 31, 2008 and 2007 the carrying amount of the District's cash and cash investments were \$2,282,759 and \$2,418,811 respectively. All cash investments and bank balances were collateralized by federal depository insurance up to \$250,000 and other securities pledged by the financial institutions.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 - Bonds payable

This is the amount due Rural Economic & Community Development for long term financing as follows at December 31, 2008:

Bonds dated October 18, 1978 for \$300,000 with interest at 5%	\$140,000
Bonds dated January 11, 2001 for \$835,000 with interest at 5%	<u>761,000</u>
Total Bonds Outstanding	\$901,000

Current amounts due on January 1, 2009 of \$20,000 were paid prior to December 31, 2008. Future maturities of bonds are as follows:

	Principal 1978 <u>Issue</u>	Interest 1978 <u>Issue</u>	Principal 2001 <u>Issue</u>	Interest 2001 <u>Issue</u>	<u>Total</u>
2009		3,500	\$	18,750	22,250
2010	14,000	6,300	-11,000	37,500	68,800
2011	16,000	5,500	12,000	36,900	70,400
2012	16,000	4,700	13,000	36,250	69,950
2013	18,000	3,800	13,000	35,600	70,400
2014-2018	76,000	5,900	77,000	166,800	325,700
2019-2023			98,000	144,450	242,450
2024-2028			126,000	115,950	241,950
2029-2033			159,000	79,650	238,650
2034-2038			205,000	33,135	238,135
2039-2040			47,000		47,000
	\$ 140,000	\$ 29,700	\$ 761,000	\$ 704,985	\$1,635,685

All properties and assets, both real and personal, and revenues are pledged to secure these loans.

NOTE 7 - Notes payable

A loan was obtained through Kentucky Rural Water Financing Corporation on June 27, 2001 in the amount of \$626,000. This money was used to redeem the January 18, 1990 USDA-RD bonds outstanding in the amount of \$603,000.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 - Notes Payable (continued)

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$22,000	\$25,845	\$47,845
2010	23,000	24,741	47,741
2011	25,000	23,505	48,505
2012	26,000	22,192	48,192
2013	28,000	20,802	48,802
2014-2018	166,000	78,523	244,523
2019-2023	<u>206,000</u>	<u>26,776</u>	<u>232,776</u>
	\$ 496,000	\$ 222,384	\$ 718,384

NOTE 8 - Revenue from sale of water

The following is a statistical analysis of water purchased, sold, and unbilled:

	<u>Water Purchased</u>		<u>Water Sold</u>		<u>Water Unbilled</u>	
	Gallons	Cost/1000	Gallons Sold/1000			
2008	272,007,172	\$1.726	254,467,500	\$4.720	17,539,672	6.45%
2007	285,172,900	\$1.710	265,673,500	\$4.630	19,499,000	6.84%
2006	260,070,600	\$1.644	231,070,600	\$4.630	29,000,000	11.15%
2005	289,509,900	\$1.586	254,301,100	\$4.436	35,208,800	12.16%
2004	263,211,100	\$1.506	229,124,800	\$4.368	34,086,300	12.95%

NOTE 9 - Pension Plan

The District provides pension benefits for regular full-time employees with at least 100 hours of work per month. These benefits are provided under the County Employee Retirement System of the state of Kentucky. Regular full-time employees are required to participate. The plan is included in the Annual Report of the Kentucky Retirement Systems.

A copy may be obtained from Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or www.kyret.com.

Plan Description - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 - Pension Plan (continued)

Cost-of-living (COLA) adjustments are provided at the discretion of the State legislature.

Contributions - For the year ended June 30, 2007, plan members were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565 (3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of the new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2007, participating employers contributed 13.19% of each employee's creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

The District and covered employees made the required contributions for the year amounting to \$39,122 on covered payroll of \$182,038 and \$34,976 on covered payroll of \$164,302 for 2007.

J Sutherland, psc

CERTIFIED PUBLIC ACCOUNTANT
1020 WASHINGTON STREET
SHELBYVILLE, KENTUCKY 40065

JOSEPH E. SUTHERLAND, JR., CPA

ASSOCIATE
REBA C. KELLEY, CPA

March 16, 2009

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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 Commissioners
West Shelby Water District
Simpsonville, Kentucky

We have audited the accompanying financial statements of West Shelby Water District, as of and for the years ended December 31, 2008 and 2007 as listed in the table of contents, which collectively comprise West Shelby Water District's basic financial statements and have issued our report thereon dated March 16, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Shelby Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

West Shelby Water District
March 16, 2009
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Shelby Water District's financial statements are free of 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.

This report is intended solely for the information and use of management, Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "J. Sutherland PSC".

SUPPLEMENTAL INFORMATION

WEST SHELBY WATER DISTRICT
SIMPSONVILLE, KENTUCKY

AS OF

DECEMBER 31, 2008

STATEMENT OF REVENUE AND EXPENSES
 ACTUAL COMPARED TO BUDGET
 FOR THE YEAR ENDING DECEMBER 31, 2008

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES			
Residential customers	\$620,721	\$618,000	\$2,721
Commercial customers	169,457	172,000	(2,543)
Industrial customers	264,373	267,000	(2,627)
Public authorities	47,665	47,000	665
Multi-family dwellings	55,118	54,000	1,118
Private fire protection	43,425	43,500	(75)
Total sale of water	\$1,200,759	\$1,201,500	(\$741)
Forfeited discounts	\$16,686	\$16,000	\$686
Miscellaneous	12,681	13,500	(819)
Total	29,367	29,500	(133)
TOTAL REVENUES	\$1,230,126	\$1,231,000	(\$874)
OPERATION AND MAINTENANCE EXPENSE			
Salaries-employees	\$190,398	\$200,000	\$9,602
Salaries-commissioners	17,240	18,000	760
Employee benefits	54,181	56,000	1,819
Purchased water	469,741	472,000	2,259
Purchased power	16,101	16,000	(101)
Materials and supplies	62,273	51,000	(11,273)
Accounting and legal	22,273	17,000	(5,273)
Rental of equipment	2,250	2,500	250
Transportation expense	24,626	20,000	(4,626)
Insurance	22,996	24,000	1,004
Bad debts	1,055	1,000	(55)
Miscellaneous expense	41,043	49,000	7,957
Total operation and maintenance	924,177	926,500	2,323
DEPRECIATION EXPENSE	229,231	217,000	(12,231)
AMORTIZATION EXPENSE	1,555	1,600	45
TAXES			
Payroll taxes	13,374	16,000	2,626
TOTAL EXPENSES	1,168,337	1,161,100	(7,237)
OPERATING INCOME	\$61,789	\$69,900	(\$8,111)

STATEMENT OF REVENUE AND EXPENSES (continued)
 ACTUAL COMPARED TO BUDGET
 FOR THE YEAR ENDING DECEMBER 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTEREST INCOME	92,907	18,000	74,907
INTEREST EXPENSE	(60,100)	(71,520)	11,420
NET INCOME	\$94,596	\$16,380	\$78,216