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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE NORTH SHELBY  
WATER COMPANY FOR THE APPROVAL OF  
THE PROPOSED INCREASE IN RATES FOR  
WATER SERVICE

)  
) CASE NO.  
) 2009-00484  
)

STATEMENT AND NOTICE

The North Shelby Water Company ("North 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, North Shelby respectfully states as follows:

1. North Shelby is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws. North Shelby's principal office and mailing address is 4596 Bagdad Road, P.O. Box 97, Bagdad, Kentucky 40003.

2. North 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," North Shelby provides water service to approximately 4,796 residential customers, 38 commercial customers, 1 industrial customer, 3 Public Authorities and four fire protection agencies Shelby, Oldham, Henry and Franklin Counties in Kentucky.

3. The proposed increase in the rates and charges is necessary for North Shelby to meet continuing demand for adequate service. It has been approximately ten

years since North Shelby last requested a general increase in its base rates. An increase in its rates is essential for North 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, North Shelby has utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2008.

5. North 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. North 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 \$437,643, an increase of approximately 20.80 percent over normalized revenues from water sales of \$2,106,530. 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. North 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. 13 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), North Shelby will post a copy of its Customer Notices (Exhibit No. 13) 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 North Shelby's rates.

10. The lists of the documents filed in support of North 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, North Shelby Water Company 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 Bagdad, Kentucky this 25<sup>th</sup> day of January, 2010.

Respectfully Submitted,

North Shelby Water Company

By: Don Prather

Donald T. Prather

MATHIS, RIGGS & PRATHER, P.S.C.

500 Main Street, Suite 5

Shelbyville, Kentucky 40065

Phone (502) 633-5220

Fax (502) 633-0667

## 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 – North 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 – North 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 – North 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 North 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 – North 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.	North 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 – North 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 – North 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 – North 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 – North 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 – North 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"> <li>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;</li> <li>2. Explanation of how allocator for the test period was determined; and</li> <li>3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;</li> </ol>	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 – North 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"> <li>1. Jurisdictional separations study consistent with Part 36 of the FCC’s rules and regulations; and</li> <li>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"> <li>(a) Based on current and reliable data from a single time period; and</li> <li>(b) Using generally recognized fully allocated, embedded, or incremental cost principles.</li> </ol> </li> </ol>	N/A – North 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 North 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

<p>807 KAR 5:001 Section 10 (7)(c)</p>	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> <li>1. Starting date of the construction of each major component of plant;</li> <li>2. Proposed in-service date;</li> <li>3. Total estimated cost of construction at completion;</li> <li>4. Amount contained in construction work in progress at end of test period;</li> <li>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;</li> <li>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;</li> <li>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</li> <li>8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements;</li> </ol>	<p>N/A – There are no pro forma adjustments that relate to future plant additions.</p>
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**Filing Requirement Index  
Historical Test Period Rate Case**

<b>Filing Requirements</b>	<b>Filing Requirement Description</b>	<b>Location or Absence Reason</b>
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**

<b><u>Exhibit Title</u></b>	<b><u>Exhibit Number</u></b>
Proposed Tariff	1
Comparison – Proposed & Current Tariffs	2
Pro Forma Financial Statements	3
Pro Forma Adjustment Descriptions	4
Billing Analysis	5
Impact on Average Bill by Customer Classification	6
Revenue Requirement Determination	6
Analysis of Depreciation	7
Monthly Managerial Reports	8
Customer Notification	9
2008 Audited Financial Statements	10

**EXHIBIT NO. 1**  
**PROPOSED TARIFF**

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

NORTH SHELBY WATER DISTRICT  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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CONTENTS

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**Monthly Water Rates**

**5/8" X 3/4" Meter**

First	2,000 gallons	\$14.87 minimum bill
Next	3,000 gallons	6.05 per 1,000 gallons
Next	5,000 gallons	4.67 per 1,000 gallons
Next	40,000 gallons	3.98 per 1,000 gallons
Over	50,000 gallons	3.30 per 1,000 gallons

**1" Meter**

First	5,000 gallons	\$33.03 minimum bill
Next	5,000 gallons	4.67 per 1,000 gallons
Next	40,000 gallons	3.98 per 1,000 gallons
Over	50,000 gallons	3.30 per 1,000 gallons

**1 1/2" Meter**

First	10,000 gallons	\$56.41 minimum bill
Next	40,000 gallons	3.98 per 1,000 gallons
Over	50,000 gallons	3.30 per 1,000 gallons

**2" Meter**

First	15,000 gallons	\$76.31 minimum bill
Next	35,000 gallons	3.98 per 1,000 gallons
Over	50,000 gallons	3.30 per 1,000 gallons

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

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

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

NORTH SHELBY WATER DISTRICT  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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CONTENTS

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**3" Meter**

First	35,000 gallons	\$155.99 minimum bill
Next	15,000 gallons	3.98 per 1,000 gallons
Over	50,000 gallons	3.30 per 1,000 gallons

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

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

**EXHIBIT NO. 2**

**COMPARISON –  
PROPOSED & CURRENT  
TARRIFFS**



FOR ENTIRE AREA SERVED  
P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

NORTH SHELBY WATER DISTRICT  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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RULES AND REGULATIONS

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**5/8 " Meter**

First 2,000 gallons — \$11.74 minimum bill  
Next 3,000 gallons — 4.75 per 1,000 gallons  
Next 5,000 gallons — 3.63 per 1,000 gallons  
Next 40,000 gallons — 3.07 per 1,000 gallons  
Over 50,000 gallons — 2.51 per 1,000 gallons

**1 " Meter**

First 5,000 gallons — \$25.99 minimum bill  
Next 5,000 gallons — 3.63 per 1,000 gallons  
Next 40,000 gallons — 3.07 per 1,000 gallons  
Over 50,000 gallons — 2.51 per 1,000 gallons

**1 1/2 " Meter**

First 10,000 gallons — \$44.14 minimum bill  
Next 40,000 gallons — 3.07 per 1,000 gallons  
Over 50,000 gallons — 2.51 per 1,000 gallons

**5/8 " Meter**

First 2,000 gallons \$14.87 minimum bill  
Next 3,000 gallons 6.05 per 1,000 gallons  
Next 5,000 gallons 4.67 per 1,000 gallons  
Next 40,000 gallons 3.98 per 1,000 gallons  
Over 50,000 gallons 3.30 per 1,000 gallons

**1 " Meter**

First 5,000 gallons \$33.03 minimum bill  
Next 5,000 gallons 4.67 per 1,000 gallons  
Next 40,000 gallons 3.98 per 1,000 gallons  
Over 50,000 gallons 3.30 per 1,000 gallons

**1 1/2 " Meter**

First 10,000 gallons \$56.41 minimum bill  
Next 40,000 gallons 3.98 per 1,000 gallons  
Over 50,000 gallons 3.30 per 1,000 gallons

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

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

FOR ENTIRE AREA SERVED  
P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

NORTH SHELBY WATER DISTRICT  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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RULES AND REGULATIONS

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**2" Meter**

~~First 15,000 gallons — \$59.49 minimum bill~~  
~~Next 35,000 gallons — 3.07 per 1,000 gallons~~  
~~Over 50,000 gallons — 2.51 per 1,000 gallons~~

**3" Meter**

~~First 35,000 gallons — \$120.89 minimum bill~~  
~~Next 15,000 gallons — 3.07 per 1,000 gallons~~  
~~Over 50,000 gallons — 2.51 per 1,000 gallons~~

**2" Meter**

First 15,000 gallons \$76.31 minimum bill  
Next 35,000 gallons 3.98 per 1,000 gallons  
Over 50,000 gallons 3.30 per 1,000 gallons

**3" Meter**

First 35,000 gallons \$155.99 minimum bill  
Next 15,000 gallons 3.98 per 1,000 gallons  
Over 50,000 gallons 3.30 per 1,000 gallons

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

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

**EXHIBIT NO. 3**

**PRO FORMA  
FINANCIAL STATEMENTS**

**NORTH SHELBY WATER COMPANY  
PRO FORMA FINANCIAL STATEMENTS**

	<u>2008</u>	<u>Pro Forma Adj.</u>	<u>Adjusted</u>
Operating Revenues	\$ 2,005,342	\$ 101,188	\$ 2,106,530
<b>Total Operating Revenues</b>	<b>\$ 2,005,342</b>	<b>\$ 101,188 a</b>	<b>\$ 2,106,530</b>
Operating Expenses			
Salaries and Wages-employees	\$ 354,586	\$20,434.00 b	\$ 375,020
Salaries and Wages-officers	30,600		30,600
Pension and Benefits	130,179	10,013 c	140,192
Purchased Water	868,335		868,335
Purchased Power	93,308		93,308
Materials and Supplies	192,385	(27,400) d	164,985
Contractual Services-Accounting	19,345		19,345
Contractual Services-Legal	35,787		35,787
Water Testing	5,775		5,775
Contractual Services-other	58,689		58,689
Equipment Rental	2,023		2,023
Transportation Expenses	60,284		60,284
Vehicle Insurance	5,755		5,755
General Liability-Insurance	17,265		17,265
Workers' Compensation	6,072		6,072
Advertising	1,851		1,851
Bad Debt	8,832		8,832
Miscellaneous	43,279		43,279
<b>Total Water Expenses</b>	<b>\$ 1,934,350</b>		<b>\$ 1,937,397</b>
Depreciation Expense	377,299	8,725 e	386,023.5
Taxes other than Income.	33,914		33,914
<b>Total Operating Expenses</b>	<b>\$ 2,345,563</b>		<b>\$ 2,357,334.5</b>
<b>Utility Operating Income</b>	<b>\$ (340,221)</b>		<b>\$ (250,805)</b>
Interest Income	17,314	(16,317) f	997
Interest Expense	(62,737)		(62,637)
<b>Net Income</b>	<b>\$ (385,664)</b>		<b>\$ (312,445)</b>

**EXHIBIT 4**

**PRO FORMA  
ADJUSTMENT DESCRIPTIONS**

## **North Shelby Water Company**

- a.** Staff's normalized revenue from billing analysis.
- b.** Salaries and wages adjusted to annualize.
- c.** Adjust pensions and benefits for retirement and health insurance.
- d.** Capitalize expenses.
- e.** Adjust depreciation to allow for full year depreciation on new additions.
- f.** Remove interest on restricted funds.

**NORTH SHELBY WATER COMPANY  
Depreciation Adjustment**

<u>Description</u>	<u>Life</u>	<u>Basis</u>	2008 <u>Depreciation</u>	<u>Additional Depreciation</u>
Distribution Mains	50yr	\$86,975.00	\$869.75	\$869.75
Meters	30 yr	\$10,800.00	\$180.00	\$180.00
Meter Installation	30 yr	\$10,800.00	\$180.00	\$180.00
Pumping Equipment	7 yr	\$93,894.00	\$6,706.75	\$6,706.75
Services	30 yr	\$14,400.00	\$240.00	<u>\$240.00</u>
Capitalized Expenses	50 yr	\$27,400.00	\$548.00	<u>\$548.00</u>
<b>Total Additional Depreciation</b>				<b>\$8,724.50</b>

**EXHIBIT 5**  
**BILLING ANALYSIS**



**Billing Analysis for: North Shelby Water Company**  
**Test Period From: JANUARY 2008 TO DECEMBER 2008**

<b>Meter Size</b>	<b>Bills</b>	<b>Gallons Sold</b>	<b>Revenue</b>
5/8 inch	57344	351,175,400	2,076,422.88
1 inch	568	9,116,400	46,074.53
1.5 inch	136	8,892,100	34,791.21
2 inch	174	45,696,400	159,400.85
3 inch	12	312,200	2,307.04
<b>Totals</b>	<b>58,234</b>	<b>415,192,500</b>	<b>\$2,318,996.52</b>

Meter Size:		5/8 inch										
	USAGE	BILLS	GALLONS	FIRST	NEXT	NEXT	NEXT	NEXT	NEXT	NEXT	OVER	TOTAL
FIRST	2,000	12222	10,898,100	2,000	3,000	5,000	40,000	5,000	40,000	50,000	0	10,898,100
NEXT	3,000	23294	80,842,800	46,588,000	34,254,800							80,842,800
NEXT	5,000	15315	103,225,300	30,630,000	45,945,000	26,650,300						103,225,300
NEXT	40,000	6122	108,016,400	12,244,000	18,366,000	30,610,000	46,796,400					108,016,400
ALL OVER	50,000	391	48,192,800	782,000	1,173,000	1,955,000	15,640,000	28,642,800				48,192,800
		57344	351,175,400	101,142,100	99,738,800	59,215,300	62,436,400	28,642,800			0	351,175,400
<b>REVENUE BY RATE INCREMENT</b>												
		BILLS	GALLONS	RATE	REVENUE							
FIRST	2,000	57344	101,142,100	\$14.87	\$852,704.13							
NEXT	3,000		99,738,800	6.05	603,821.69							
NEXT	5,000		59,215,300	4.67	276,717.24							
NEXT	40,000		62,436,400	3.98	248,658.58							
ALL OVER	50,000		28,642,800	3.30	94,521.24							
	TOTAL	57344	351,175,400		\$2,076,422.88							









**EXHIBIT 6**

**REVENUE REQUIREMENT  
DETERMINATION**

North Shelby Water  
Debt Service Calculation  
Revenue Requirement

RECD Notes

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2009	102,479	65,959	168,438
2010	107,562	60,876	168,438
2011	<u>79,677</u>	<u>55,538</u>	<u>135,215</u>
	\$	\$	\$
	289,718	182,373	<u>472,091</u>
			\$
3- year average			157,364

**REVENUE  
REQUIREMENT**

Adjusted Operating Expense	\$ 2,357,335			
Debt Service Coverage	188,837	\$ 157,364	x	1.2
Revenue Requirement	2,546,172			
Normalized Revenue	1,880,286			
Other Revenue	<u>226,243</u>			
<b>INCREASE</b>	<b>\$ 439,643</b>			



**EXHIBIT 7**

**ANALYSIS OF  
DEPRECIATION**

**EXHIBIT 8**  
**MONTHLY MANAGERIAL**  
**REPORTS**

**EXHIBIT 9**

**CUSTOMER NOTIFICATION**

## NOTICE

North Shelby Water Company has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate:

<u>Current</u>			<u>Proposed</u>	<u>Rate</u>
First	2,000 Gallons	\$11.74	First 2,000	\$14.87 Minimum Bill
First	3,000 Gallons	4.75	First 3,000	6.05 per 1,000 gallons
First	5,000 Gallons	3.63	First 5,000	4.67 per 1,000 gallons
First	40,000 Gallons	3.07	First 40,000	3.98 per 1,000 gallons
Over	50,000 Gallons	2.51	Over 50,000	3.30 per 1,000 gallons

	MONTHLY		MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
MONTHLY	CURRENT		PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>RATE</u>	<u>CURRENT</u>
2,000	\$11.74		14.87	26.66%
5,000	25.99		33.02	27.05%
10,000	44.14		56.37	27.71%
20,000	74.84		96.17	28.50%
30,000	105.54		135.97	28.83%
50,000	166.94		215.57	29.13%
75,000	229.69		298.07	29.77%
100,000	292.44		380.57	30.14%

The rates contained in this notice are the rates proposed by the North Shelby Water Company. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 118 West Market Street in Princeton, KY 42445. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

North Shelby Water Company

**EXHIBIT 10**

**2006 AUDITED  
FINANCIAL STATEMENTS**

**NORTH SHELBY WATER COMPANY**  
**BASIC FINANCIAL STATEMENTS,**  
**SUPPLEMENTARY INFORMATION,**  
**AND INDEPENDENT AUDITORS' REPORTS**

**At December 31, 2008 and 2007**

**NORTH SHELBY WATER COMPANY  
BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND INDEPENDENT AUDITORS' REPORTS**

**Years Ended December 31, 2008 and 2007**

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RAISOR, ZAPP & WOODS, P.S.C.

Certified Public Accountants

513 HIGHLAND AVENUE  
P.O. BOX 354  
CARROLLTON, KENTUCKY 41008  
(502) 732-6655 FAX (502) 732-6161

To the Board of Directors of the  
North Shelby Water Company  
Bagdad, Kentucky 40003

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of North Shelby Water Company 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 North Shelby Water Company's management. Our responsibility is to express an opinion 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 the 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 opinion.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2009, on our consideration of North Shelby Water Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 2-5, is not a required part of the basic financial statements but is supplementary information 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.

*Raisor, Zapp & Woods, PSC*

RAISOR, ZAPP & WOODS, PSC  
Certified Public Accountants

March 30, 2009



**NORTH SHELBY WATER COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008**

Our discussion and analysis of the North Shelby Water Company's financial performance provides an overview of the Water Company's financial activities for the year ended December 31, 2008. Please read it in conjunction with the Water Company's financial statements, which begin on page 6.

**REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Water Company report information about the Company's use of accounting methods which are similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The balance sheet includes all of the Water Company's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to Water Company creditors (liabilities). It also provides the basis for evaluating the capital of the Water Company and assessing its liquidity and financial flexibility.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets. This statement measures the success of the Water Company's operations over the past year and can be used to determine whether the Water Company has successfully recovered all its costs through its water rates and other fees.

The final required financial statement is its statement of cash flows. The primary purpose of this statement is to provide information about the Water Company's cash receipts and cash payments during the reported period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and the change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Water Company's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**FINANCIAL HIGHLIGHTS**

The following are key financial highlights:

- Total assets at year-end were \$11,528,853 and exceeded liabilities in the amount of \$1,950,744 by \$9,578,109 (i.e. net assets).
- Operating revenues decreased 1.10% from 2007 to 2008
- Operating expenses increased \$168,193.
- Capital contributions increased during 2008 by \$185,267 to \$543,844.

**Statement of Net Assets**

	<b>Condensed Assets</b>		
	<b>2008</b>	<b>2007</b>	<b>Difference</b>
Current Assets	\$ 310,731	\$ 393,915	\$ (83,184)
Capital Assets (Net)	10,017,035	9,797,319	219,716
Other Non-Current Assets	1,201,087	1,101,470	99,617
<b>Total Assets</b>	<b>\$ 11,528,853</b>	<b>\$ 11,292,704</b>	<b>\$ 236,149</b>

**NORTH SHELBY WATER COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008**

The net change in total assets is a \$236,149 increase. The decrease in current assets (which includes unrestricted cash, accounts receivable, inventory and prepaid expenses) is due to normal operations of the Company that generate fluctuations in the individual line items. The increase in capital assets is the net effect of capital assets acquired during the year and the depreciation expense on all assets. The increase in other non-current assets (which is all restricted cash and certificates of deposit) is from the receipt and use of grant and debt proceeds to fund construction projects and improvements.

**Condensed Liabilities**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Current Liabilities	\$ 424,595	\$ 247,721	\$ 176,874
Noncurrent Liabilities	1,526,149	1,625,074	(98,925)
Total Liabilities	<u>\$ 1,950,744</u>	<u>\$ 1,872,795</u>	<u>\$ 77,949</u>

Current liabilities increased from 2007 to 2008 due to interim financing obtained through Commonwealth Bank and Trust Company to fund construction projects. Non-current liabilities (which includes notes payable and customer deposits payable) decreased mainly due to principal payments made during 2008.

**Net Assets**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Invested in Capital Assets, Net of Related Debt	\$ 8,507,740	\$ 8,320,129	\$ 187,611
Restricted Net Assets	1,165,470	1,044,936	120,534
Unrestricted Net Assets	(95,101)	54,844	(149,945)
Total Net Assets	<u>\$ 9,578,109</u>	<u>\$ 9,419,909</u>	<u>\$ 158,200</u>

Total net assets increased by \$158,200 (net income). Restricted net assets reflect restrictions placed on assets by notes payable requirements and construction activities. Negative unrestricted net assets of \$95,101 is caused by constraints placed on the use of assets from construction and debt activities and not by the Company's choice.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**Condensed Statement of Revenues and Expenses, and Changes in Fund Net Assets**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Operating Revenue	\$ 1,996,510	\$ 2,018,714	\$ (22,204)
Operating Expenses	2,338,441	2,170,248	(168,193)
Net Operating Income	\$ (341,931)	\$ (151,534)	\$ (190,397)
Non-Operating Revenue (Expenses)	(43,713)	(41,477)	(2,236)
Net Income (Loss) Before Contributions	\$ (385,644)	\$ (193,011)	\$ (192,633)
Capital Contributions	543,844	358,577	185,267
Net Income	\$ 158,200	\$ 165,566	\$ (7,366)
Net Assets-Beg Year	9,419,909	9,254,343	165,566
Net Assets-End Year	<u>\$ 9,578,109</u>	<u>\$ 9,419,909</u>	<u>\$ 158,200</u>

Operating revenue (which consists of billed water charges, reconnect/disconnect charges, forfeited discounts, contractual services, equipment rental income and miscellaneous) decreased (1.10%) because of the drought in 2007 versus fairly mild weather in 2008. Operating expenses were up compared to 2007. Increases in accounting and collection labor, maintenance expenses, professional services, transportation expenses and depreciation expense aided in the change.

**NORTH SHELBY WATER COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008**

**Statement of Cash Flows**

**Condensed Statement of Cash Flows**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Cash from Operating Activities	\$ 90,261	\$ 171,905	\$ (81,644)
Cash from Capital & Related Financing Activities	(96,870)	(534,965)	438,095
Cash from Investing Activities	5,436	44,977	(39,541)
Change in Cash	\$ (1,173)	\$ (318,083)	\$ 316,910
Cash Balance, Beg Year	831,147	1,149,230	(318,083)
Cash Balance, End Year	<u>\$ 829,974</u>	<u>\$ 831,147</u>	<u>\$ (1,173)</u>

Cash receipts from customers are down 1.86%, which is reflective of the decrease in operating revenues noted earlier. The net cash from capital and related financing activities reflect purchases related to new equipment, construction related financing, system additions and capital contributions received. Also, the net cash from capital and related financing activities reflect regularly scheduled long-term debt principal and interest disbursements. The change in investing activities is consistent with expectations for the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2008, the Water Company had \$14.97 million invested in capital assets (before depreciation) including buildings, equipment, and water lines. (See table below.) This represents an increase of \$571,421 or 3.97%.

	<u>2008</u>	<u>2007</u>
Land & Land Rights	\$ 92,526	\$ 92,526
Structures & Improvements	496,317	496,317
Distribution System	12,927,635	12,804,658
Machinery & Equipment	1,001,165	932,864
Construction-in-process	<u>454,276</u>	<u>74,133</u>
Totals	<u>\$ 14,971,919</u>	<u>\$ 14,400,498</u>

This year's major additions included:

- During 2008, \$216,872 of water line services, pumping equipment, meters, etc. were placed in service upon project completion along with normal system additions. The Northridge distribution line and Persimmon Ridge pump station projects were completed during the year.
- \$454,276 of costs in construction in process related to the Bellpoint and St. Johns pump projects.

**NORTH SHELBY WATER COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2008**

**Debt**

At year-end, the Water Company had \$1,379,552 in notes payable and \$129,743 in interim financing compared to \$1,477,190 of notes payable last year as shown below. The net increase of \$32,105 resulted from scheduled principal payments and interim financing proceeds used for construction projects.

	<u>2008</u>	<u>2007</u>
Interim Financing	\$ 129,743	\$ -
Notes Payable	<u>1,379,552</u>	<u>1,477,190</u>
Total	<u>\$ 1,509,295</u>	<u>\$ 1,477,190</u>

**ECONOMIC FACTORS**

The Bellpoint and St. Johns pump projects are to be completed in 2009. Work on the Louisville Transmission main is expected to begin in 2009.

**CONTACTING THE WATER COMPANY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers and creditors with a general overview of the Water Company's finances and to show the Company's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the North Shelby Water Company's office at 4596 Bagdad Road, Bagdad, Kentucky, 40003.

Darrell Dees  
Manager

**NORTH SHELBY WATER COMPANY**  
**STATEMENT OF NET ASSETS**  
December 31, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash	\$ 73,411	\$ 162,323
Accounts Receivable (Net)	154,013	137,785
Other Receivables	22,295	14,773
Inventory	50,507	68,015
Prepaid Insurance	10,505	11,019
Total Current Assets	<u>\$ 310,731</u>	<u>\$ 393,915</u>
<b>Noncurrent Assets:</b>		
<b>Restricted Assets:</b>		
Cash, Including Time Deposits	\$ 1,201,087	\$ 1,101,470
Capital Assets (Net)	10,017,035	9,797,319
Total Noncurrent Assets	<u>\$ 11,218,122</u>	<u>\$ 10,898,789</u>
<b>Total Assets</b>	<u>\$ 11,528,853</u>	<u>\$ 11,292,704</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 137,095	\$ 78,080
Accrued Employee Benefits	3,973	4,408
Accrued Payroll Taxes/Employee Withholding	6,555	5,344
Utility Tax Payable	4,345	4,031
Sales Tax Payable	163	219
Accrued Interest Payable - Customer Deposits	1,527	1,467
Interim Financing - Accrued Interest	3,098	-
Interim Financing	129,743	-
<b>Current Liabilities Payable from Restricted Assets:</b>		
Accounts Payable - Construction	-	10,810
Accrued Interest Payable - Notes Payable	35,617	45,724
Notes Payable	102,479	97,638
Total Current Liabilities	<u>\$ 424,595</u>	<u>\$ 247,721</u>
<b>Noncurrent Liabilities:</b>		
Notes Payable	\$ 1,277,073	\$ 1,379,552
Customer Deposits Payable	249,076	245,522
Total Noncurrent Liabilities	<u>\$ 1,526,149</u>	<u>\$ 1,625,074</u>
<b>Total Liabilities</b>	<u>\$ 1,950,744</u>	<u>\$ 1,872,795</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 8,507,740	\$ 8,320,129
Restricted for Capital Projects	482,091	273,904
Restricted for Debt Service	683,379	771,032
Unrestricted	(95,101)	54,844
<b>Total Net Assets</b>	<u>\$ 9,578,109</u>	<u>\$ 9,419,909</u>

**NORTH SHELBY WATER COMPANY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
For the Years Ended December 31, 2008 and 2007

	2008	2007
<b>Operating Revenues:</b>		
<b>Charges for Services:</b>		
Water Charges (Net of Estimated Bad Debts)	\$ 1,770,267	\$ 1,788,842
Total Charges for Services	\$ 1,770,267	\$ 1,788,842
<b>Other Charges and Miscellaneous:</b>		
Forfeited Discounts & Service Charges	\$ 54,461	\$ 63,419
Equipment Rental Income	30,299	31,673
Contractual Services	131,086	125,996
Miscellaneous	10,397	8,784
Total Other Charges and Miscellaneous	\$ 226,243	\$ 229,872
<b>Total Operating Revenues</b>	\$ 1,996,510	\$ 2,018,714
<b>Operating Expenses:</b>		
Accounting and Collecting Labor	\$ 271,243	\$ 219,714
Commissioner Fees	30,600	32,750
Contractual Service	64,464	61,816
Employee Retirement & Benefits	130,179	156,157
Insurance	29,092	29,654
Maintenance of Mains	152,279	114,648
Miscellaneous	21,975	6,828
Office Supplies and Expense	41,957	45,828
Operating Labor	83,343	94,867
Other Interest Expense	1,710	1,733
Payroll Taxes	30,672	29,552
Professional Services	55,132	31,949
Purchased Water	868,335	831,251
Purchased Power	86,814	85,389
Regulatory Fees	3,242	3,016
Rental of Equipment	2,023	1,266
Transportation Expense	60,284	49,990
Utilities	27,798	30,413
Depreciation Expense	377,299	343,427
<b>Total Operating Expenses</b>	\$ 2,338,441	\$ 2,170,248
<b>Net Operating Loss</b>	\$ (341,931)	\$ (151,534)
<b>Nonoperating Revenue (Expense):</b>		
Investment Income	\$ 17,314	\$ 29,896
Interest Expense	(61,027)	(71,373)
<b>Total Nonoperating Revenues (Expense)</b>	\$ (43,713)	\$ (41,477)
<b>Net Loss Before Contributions</b>	\$ (385,644)	\$ (193,011)
<b>Capital Contributions</b>	543,844	358,577
<b>Net Income</b>	\$ 158,200	\$ 165,566
<b>Net Assets--Beginning of Year</b>	9,419,909	9,254,343
<b>Net Assets--End of Year</b>	\$ 9,578,109	\$ 9,419,909

NORTH SHELBY WATER COMPANY  
STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2008 and 2007

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 1,972,760	\$ 2,010,220
Payments to Suppliers	(1,502,396)	(1,496,988)
Payments to Employees	(385,186)	(347,965)
Other Receipts (Payments)	5,083	6,638
Net Cash Provided (Used) by Operating Activities	\$ 90,261	\$ 171,905
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Contributions	\$ 543,844	\$ 358,577
Purchases of Capital Assets	(601,003)	(725,105)
Proceeds from Interim Financing	329,410	-
Principal Paid on Interim Financing	(199,667)	-
Principal Paid on Capital Debt	(97,638)	(93,023)
Interest Paid on Capital Debt (Including Capitalized Interest)	(71,816)	(75,414)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (96,870)	\$ (534,965)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Cash Provided by Certificates of Deposits Redeemed	\$ (11,878)	\$ 15,081
Interest Received	17,314	29,896
Net Cash Provided (Used) by Investing Activities	\$ 5,436	\$ 44,977
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,173)	\$ (318,033)
Balances-Beginning of the Year	831,147	1,149,230
Balances-End of the Year	\$ 829,974	\$ 831,147

	Balances Per December 31, 2008 Statement of Net Assets	Balances Per December 31, 2008 Statement of Cash Flows
Unrestricted Cash	\$ 73,411	\$ 73,411
Restricted Cash	756,563	756,563
Restricted Certificates of Deposit	444,524	-
Total Cash and Cash Equivalents, End of Year	\$ 1,274,498	\$ 829,974

	Balances Per December 31, 2007 Statement of Net Assets	Balances Per December 31, 2007 Statement of Cash Flows
Unrestricted Cash	\$ 162,323	\$ 162,323
Restricted Cash	668,824	668,824
Restricted Certificates of Deposit	432,646	-
Total Cash and Cash Equivalents, End of Year	\$ 1,263,793	\$ 831,147

(Continued)

**NORTH SHELBY WATER COMPANY**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2008 and 2007

	2008	2007
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (341,931)	\$ (151,534)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Depreciation Expense	377,299	343,427
Change in Assets and Liabilities:		
Receivables, Net	(16,228)	(9,888)
Other Receivables	(7,522)	1,394
Inventories	17,508	(14,697)
Prepaid Expenses	514	1,603
Accounts and Other Payables	55,973	(4,404)
Accrued Expenses	1,094	1,032
Customer Meter Deposits Payable	3,554	4,972
Net Cash Provided by Operating Activities	\$ 90,261	\$ 171,905

**SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

At December 31, 2008, North Shelby Water Company had \$3,042 of capitalized expenditures for the acquisition of plant assets included in accounts payable on the Statement of Net Assets.

At December 31, 2007, North Shelby Water Company had \$10,810 of capitalized expenditures for the acquisition/construction of plant assets included in construction payable on the Statement of Net Assets.



NORTH SHELBY WATER COMPANY  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2008 and 2007

**NOTE 1 – DESCRIPTION OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

The North Shelby Water Company is a rural water company serving customers in Franklin, Henry, Oldham and Shelby Counties, Kentucky, and is regulated by the Public Service Commission of the Commonwealth of Kentucky. The Water Company was formed as a 501(c)12 nonprofit organization in August 1972. Seven directors are elected from the members to manage the affairs of the corporation.

In evaluating how to define North Shelby Water Company for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Water Company is able to exercise oversight responsibilities. Based upon the application of these criteria, the Water Company has no component units.

A summary of the Water Company's significant accounting policies follows:

**Basis of presentation and accounting:** As stated in Kentucky Revised Statutes (KRS) 278.012, "any water association formed for the purpose of furnishing water services to the general public pursuant to KRS Chapter 273 is deemed to be and shall be a public utility and shall be subject to the jurisdiction of the Public Service Commission." In KRS 278.220, it is outlined that the Public Service Commission may establish a system of accounts to be kept by the utilities subject to its jurisdiction, and may prescribe the manner in which such accounts shall be kept. The financial statements of the Water Company are prepared in accordance with generally accepted accounting principles (GAAP). The Water Company applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

All activities of the Water Company are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Water Company is determined by its measurement focus. The transactions of the Water Company are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

**Revenues and expenses:** Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Water Company. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. The Water Company adheres to the use restrictions established by note agreements when expenses are incurred for which both restricted and unrestricted net assets are available. The Water Company has no policy defining which resources (restricted or unrestricted) to use first.

**Property and equipment:** Property and equipment purchased or constructed is stated at cost. Interest related to costs, and major improvements, renewals and replacements is capitalized as a cost of the project. Costs associated with hook-up fees are capitalized as meters, installations, and services. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives by type of asset is as follows:

NORTH SHELBY WATER COMPANY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2008 and 2007

**NOTE 1 – DESCRIPTION OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Buildings & Improvements	10-30 years
- Distribution System	5-50 years
- Machinery & Equipment	3-30 years

**Inventory:** Inventories are stated at cost based on first in – first out.

**Income Taxes:** The corporation is a nonprofit organization and is exempt from income taxes under Section 501(c)12 of the Internal Revenue Code.

**Contributed Capital:** Under the Governmental Accounting Standards Board's (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Water Company recognizes capital contributions as revenues, instead of contributed capital. Grants totaling \$420,944 and \$93,525 were received by the Water Company for the years ended December 31, 2008 and 2007, respectively. Tap-on fees of \$36,000 and contributions in aid of construction of \$86,900 were received by the Water Company for the year ended December 31, 2008. Tap-on fees of \$57,900 and contributions in aid of construction of \$207,152 were received by the Water Company for the year ended December 31, 2007.

**Net Assets:** Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

**Estimates:** The preparation of financial statements 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.

**Statement of Cash Flows:** For the purpose of the Statement of Cash Flows, North Shelby Water Company considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**NOTE 2 – DEBT RESTRICTIONS AND COVENANTS**

The Debt Service Account was established with the original RECD note payable, and is to be continued to be maintained as long as any of the 1971, 1972, 1979, 1993, 1998 or 2000 notes are outstanding. Under the loan agreement which established this account, it was provided that a minimum balance be maintained in this account as security to the creditor. In order to attain the minimum balance, a monthly transfer must be made in the sum equal to at least 1/12 of the annual installment next becoming due.

Transfers sufficient to meet the total obligation outstanding on all notes were made timely during the years ended December 31, 2008 and 2007.

Under the loan agreements of the original 1971 (2 notes) and 1972 (1 note) notes, a Depreciation Account was to be established to provide funds for extraordinary repairs and extensions to the system, and to make up any deficiency in the Debt Service Account. The monthly transfer required to be made to the Depreciation Account would be a minimum of \$741 each month until a balance of \$88,920 is accumulated. The 1979 note required an additional \$113 each month until a balance of \$13,560 is accumulated. The 1993 note required an additional \$185 each month until a balance of \$22,200 is accumulated. The 1998 note required an additional \$135 each month until a balance of \$16,200 is accumulated. The 2000 note required an additional \$260 each month until a balance of \$31,200 is accumulated. The Depreciation Account is to be maintained as long as any of the above notes are outstanding. Sufficient funds were transferred during the years ended December 31, 2008 and 2007.

NORTH SHELBY WATER COMPANY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2008 and 2007

**NOTE 3 – CASH AND INVESTMENTS**

The table presented below is designed to disclose the level of custody credit risk assumed by the Water Company based upon how its deposits were insured or secured with collateral at December 31, 2008 and 2007. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC Insurance or collateralized with a depository surety bond or securities held by the Water Company (public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Water Company's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Water Company's name; or collateralized with no written or approved collateral agreement.

**December 31, 2008**

Type of Deposits	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Time/Savings Deposits	\$ 794,118	\$ 325,122	\$ 364,645	\$ 104,351	\$ 792,257
Demand Deposits	482,091	482,091	-	-	482,091
<b>Total Deposits</b>	<b>\$ 1,276,209</b>	<b>\$ 807,213</b>	<b>\$ 364,645</b>	<b>\$ 104,351</b>	<b>\$ 1,274,348</b>

**December 31, 2007**

Type of Deposits	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Time/Savings Deposits	\$ 977,527	\$ 300,000	\$ 677,527	\$ -	\$ 978,929
Demand Deposits	299,425	100,000	199,425	-	284,714
<b>Total Deposits</b>	<b>\$ 1,276,952</b>	<b>\$ 400,000</b>	<b>\$ 876,952</b>	<b>\$ -</b>	<b>\$ 1,263,643</b>

**Reconciliation to Statement of Net Assets:**

	December 31, 2008	December 31, 2007
Unrestricted Cash,	\$ 73,411	\$ 162,323
Restricted Cash, Including Time Deposits	1,201,087	1,101,470
Less Cash on Hand	(150)	(150)
	<b>\$ 1,274,348</b>	<b>\$ 1,263,643</b>

**NOTE 4 – RESTRICTED ASSETS**

Restricted cash and time deposits consist of the following:

	December 31, 2008	December 31, 2007
Debt Service Accounts	\$ 527,839	\$ 655,736
Depreciation Accounts	191,157	161,020
Construction Accounts	482,091	284,714
<b>Total</b>	<b>\$ 1,201,087</b>	<b>\$ 1,101,470</b>

**NORTH SHELBY WATER COMPANY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2008 and 2007**

**NOTE 5 – CUSTOMER ACCOUNTS RECEIVABLE**

Customer Accounts Receivable has been netted with an Allowance for Bad Debts of \$12,043 and \$3,211 at December 31, 2008 and 2007, respectively. The amount provided for bad debts represents the portion of the total amounts for which collection is unlikely, based on historical collection data.

Estimated unbilled water service revenue of \$132,628 and \$115,498 is included in accounts receivable at December 31, 2008 and 2007, respectively.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2008 and 2007, was as follows:

	Balance at January 1, 2008	Additions	Disposals	Balance at December 31, 2008
Land & Land Rights	\$ 92,526	\$ -	\$ -	\$ 92,526
Structures & Improvements	496,317	-	-	496,317
Distribution System	12,804,658	122,977	-	12,927,635
Machinery & Equipment	932,864	93,895	(25,594)	1,001,165
Construction in Process	74,133	561,013	(180,870)	454,276
<b>Totals at Historical Cost</b>	<b>\$ 14,400,498</b>	<b>\$ 777,885</b>	<b>\$ (206,464)</b>	<b>\$ 14,971,919</b>
Less: Accumulated Depreciation				
Structures & Improvements	\$ (83,042)	\$ (16,550)	\$ -	\$ (99,592)
Distribution System	(3,915,906)	(296,596)	-	(4,212,502)
Machinery & Equipment	(604,231)	(64,153)	(25,594)	(642,790)
<b>Total Accumulated Depreciation</b>	<b>\$ (4,603,179)</b>	<b>\$ (377,299)</b>	<b>\$ (25,594)</b>	<b>\$ (4,954,884)</b>
<b>Capital Assets, Net</b>	<b>\$ 9,797,319</b>	<b>\$ 400,586</b>	<b>\$ (180,870)</b>	<b>\$ 10,017,035</b>
	Balance at January 1, 2007	Additions	Disposals	Balance at December 31, 2007
Land & Land Rights	\$ 92,526	\$ -	\$ -	\$ 92,526
Structures & Improvements	494,721	1,596	-	496,317
Distribution System	11,701,248	1,103,410	-	12,804,658
Machinery & Equipment	880,510	95,838	(43,484)	932,864
Construction in Process	579,973	389,099	(894,939)	74,133
<b>Totals at Historical Cost</b>	<b>\$ 13,748,978</b>	<b>\$ 1,589,943</b>	<b>\$ (938,423)</b>	<b>\$ 14,400,498</b>
Less: Accumulated Depreciation				
Structures & Improvements	\$ (77,606)	\$ (5,436)	\$ -	\$ (83,042)
Distribution System	(3,630,527)	(285,379)	-	(3,915,906)
Machinery & Equipment	(581,963)	(52,612)	(30,344)	(604,231)
<b>Total Accumulated Depreciation</b>	<b>\$ (4,290,096)</b>	<b>\$ (343,427)</b>	<b>\$ (30,344)</b>	<b>\$ (4,603,179)</b>
<b>Capital Assets, Net</b>	<b>\$ 9,458,882</b>	<b>\$ 1,246,516</b>	<b>\$ (908,079)</b>	<b>\$ 9,797,319</b>

Included under the Water Company's capital assets at December 31, 2008 and 2007, were \$704,586 and \$663,780 of fully depreciated assets, respectively. Land and land rights, and construction in process are capital assets not being depreciated.

Depreciation expense aggregated \$377,299 and \$343,427 in 2008 and 2007, respectively.

NORTH SHELBY WATER COMPANY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2008 and 2007

**NOTE 7 – CUSTOMER DEPOSITS**

Customer deposits are collected upon installation of water service. This amount is to be refunded to the customer upon discontinuation of service (after the customer's bill has been paid in full). Records are maintained which detail the accrued interest on each customer's deposit based on the current annual rate. Interest accrued is refunded to the customer or credited to the customer's bill on an annual basis. At December 31, 2008 and 2007, accrued interest on customer deposits was \$1,527 and \$1,467, respectively.

North Shelby Water Company has not maintained a separate bank account specifically for cash collected and disbursed relating to customer deposits.

**NOTE 8 – LONG-TERM DEBT**

As of December 31, 2008 and 2007, the long-term debt payable consisted of the following:

Notes Payable:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
1971 RECD note, original loan amount of \$500,000, secured by water revenues. Interest is charged 5.00% per annum. Final maturity is January, 2011.	\$ 66,317	\$ 91,388
1971 RECD note, original loan amount of \$500,000, secured by water revenues. Interest is charged 5.00% per annum. Final maturity is January, 2011.	66,417	91,483
1972 RECD note, original loan amount of \$500,000, secured by water revenues. Interest is charged 5.00% per annum. Final maturity is January, 2012.	91,042	114,935
1979 RECD note, original loan amount of \$230,000, secured by water revenues. Interest is charged 5.00% per annum. Final maturity is July, 2019.	116,832	124,183
1993 RECD note, original loan amount of \$300,600, secured by water revenues. Interest is charged 5.625% per annum. Final maturity is April, 2033.	251,892	256,508
1998 RECD note, original loan amount of \$288,500, secured by water revenues. Interest is charged 4.5% per annum. Final maturity is October, 2038.	259,902	264,008
2000 RECD note, original loan amount of \$568,000, secured by water revenues. Interest is charged 4.375% per annum. Final maturity is May, 2040.	527,150	534,685
<b>Total Notes Payable</b>	<b>\$ 1,379,552</b>	<b>\$ 1,477,190</b>
<b>Current Portion</b>	<b>\$ 102,479</b>	<b>\$ 97,638</b>
<b>Noncurrent Portion</b>	<b>1,277,073</b>	<b>1,379,552</b>
<b>Total Notes Payable</b>	<b>\$ 1,379,552</b>	<b>\$ 1,477,190</b>

NORTH SHELBY WATER COMPANY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2008 and 2007

**NOTE 8 – LONG-TERM DEBT (Continued)**

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the years ended December 31, 2008 and 2007.

**December 31, 2008**

	Balance at January 1, 2008	Additions	Repayments	Balance at December 31, 2008	Current Portion
Notes Payable	\$ 1,477,190	\$ -	\$ (97,638)	\$ 1,379,552	\$ 102,479

**December 31, 2007**

	Balance at January 1, 2007	Additions	Repayments	Balance at December 31, 2007	Current Portion
Notes Payable	\$ 1,570,213	\$ -	\$ (93,023)	\$ 1,477,190	\$ 97,638

The annual requirements for all notes payable outstanding at December 31, 2008 are as follows:

<u>Due</u>	Principal	Interest	Total
2009	\$ 102,479	\$ 65,959	\$ 168,438
2010	107,562	60,876	168,438
2011	79,677	55,538	135,215
2012	40,472	51,596	92,068
2013	29,901	49,617	79,518
2014-2018	172,712	224,878	397,590
2019-2023	169,210	181,321	350,531
2024-2028	188,995	140,795	329,790
2029-2033	237,295	90,626	327,921
2034-2038	193,895	38,833	232,728
2039-2040	57,354	3,776	61,130
	<u>\$ 1,379,552</u>	<u>\$ 963,815</u>	<u>\$ 2,343,367</u>

The annual requirements for all notes payable outstanding at December 31, 2007 are as follows:

<u>Due</u>	Principal	Interest	Total
2008	\$ 97,638	\$ 70,800	\$ 168,438
2009	102,479	65,959	168,438
2010	107,562	60,876	168,438
2011	79,676	55,538	135,214
2012	40,472	51,596	92,068
2013-2017	164,722	232,868	397,590
2018-2022	174,342	189,749	364,091
2023-2027	180,319	149,471	329,790
2028-2032	228,150	101,640	329,790
2033-2037	203,712	48,033	251,745
2038-2040	98,118	8,085	106,203
	<u>\$ 1,477,190</u>	<u>\$ 1,034,615</u>	<u>\$ 2,511,805</u>

NORTH SHELBY WATER COMPANY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2008 and 2007

**NOTE 9 – SHORT-TERM DEBT – INTERIM FINANCING**

North Shelby Water Company obtained a 5% fixed rate revolving line of credit loan through Commonwealth Bank & Trust Company. The \$1.6 million available line of credit (open until January 9, 2010) is being used to fund the Bellpoint and St. Johns pump projects and assisted in completing the Persimmon Ridge pump project.

	Balance at January 1, 2008	Additions	Repayments	Balance at December 31, 2008
Line of Credit	\$ -	\$ 329,410	\$ 199,667	\$ 129,743

**NOTE 10 – INTEREST EXPENSE**

Interest expense incurred for the years ended December 31, 2008 and 2007 was \$62,737 and \$73,106, respectively. \$6,878 of construction related interest expense was capitalized in 2008. No interest was capitalized in 2007.

**NOTE 11 – FUND EQUITY – RESTRICTED NET ASSETS**

	December 31, 2008	December 31, 2007
Restricted for Capital Projects:		
Monies Restricted for Construction	\$ 482,091	\$ 284,714
Less: Accounts Payable-Construction/Retainage	-	(10,810)
Total Restricted for Capital Projects	\$ 482,091	\$ 273,904
Restricted for Debt Service:		
RECD Notes Payable		
Cash	\$ 718,996	\$ 816,756
Less: Accrued Interest Payable	(35,617)	(45,724)
Total Restricted for Debt Service	\$ 683,379	\$ 771,032

**NOTE 12 – BAD DEBT EXPENSE**

Water revenue charges have been netted with an estimated bad debt expense of \$8,832 and \$3,973 at December 31, 2008 and 2007, respectively.

**NOTE 13 – INSURANCE AND RELATED ACTIVITIES**

The Water Company is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. and is also subject to the risks associated with employee injury. Each of these risks is covered through the purchase of commercial insurance.

**NOTE 14 – THE COUNTY EMPLOYEES' RETIREMENT SYSTEM**

North Shelby Water Company participates in the Commonwealth of Kentucky's County Employees' Retirement System (CERS). Electing employees and all new employees of the Water Company may participate in the system. The most recent financial report on CERS is included in the Kentucky Retirement System's annual report, June 30, 2008 and 2007. Copies of this report will be distributed to each participating employer in the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System. Copies will also be available to Legislative personnel and state libraries.

**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 under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents. Retirement benefits may be extended

NORTH SHELBY WATER COMPANY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2008 and 2007

**NOTE 14 – THE COUNTY EMPLOYEES' RETIREMENT SYSTEM (Continued)**

to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State legislature.

**Contributions** - For the years ended June 30, 2008 and 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 of Trustees of the Kentucky Retirement Systems (Board) on the basis of an annual valuation last preceding the July 1 of a 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 bases adopted by the Board. For the years ended June 30, 2008 and 2007, participating employers contributed 13.19% of each employee's creditable compensation through June 30, 2007 and 16.17% of each employee's creditable compensation through June 30, 2008. The rate was decreased to 13.50% July 1, 2008. These were the actuarially determined rates determined by the Board to be paid on creditable compensation. Administrative costs of the Kentucky Retirement System are financed through employer contributions and investment earnings.

The Water Company's total payroll for the year ended December 31, 2008 was \$408,372. Contributions were based on \$385,906 (eligible gross wages). The total pension expense for the year ended December 31, 2008 was \$57,225 and \$33,352 for the employer and employees, respectively. All contributions were made as required during the year ended December 31, 2008.

The Water Company's total payroll for the year ended December 31, 2007 was \$371,961. Contributions were based on \$351,718 (eligible gross wages). The total pension expense for the year ended December 31, 2007 was \$51,716 and \$22,272 for the employer and employees, respectively. All contributions were made as required during the year ended December 31, 2007.

The Water Company's contribution for the years ended June 30, 2008 and 2007 was .017% and .019% of the System's total contribution requirements for all employers, respectively.

For non-hazardous duty, the required contributions to the plan were as follows:

	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Retiree Drug Subsidy Contributions</u>	<u>Percentage Contributions</u>
June 30, 2008	544,853,127	347,035,445	6,003,181	64.8%
June 30, 2007	398,108,795	271,869,651	9,623,431	70.7%
June 30, 2006	356,066,426	219,701,869	-	61.7%

**NOTE 15 – COMPENSATED ABSENCES**

**Vacation Days**

Vacation is earned at rates varying one to fifteen days per year depending on the length of service. A maximum of five vacation days may be carried over to the next year. At December 31, 2008 and 2007, the Water Company did not have accrued compensated absences since company employees had used all available vacation days.

**Sick Days**

Sick leave accrues at the rate of five days per year and shall accumulate to a maximum of 90 days. At December 31, 2008 and 2007, the Water Company did not have an unrecorded sick pay liability since company employees had used all available accrued sick days.



NORTH SHELBY WATER COMPANY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2008 and 2007

NOTE 16 – ECONOMIC DEPENDENCY

The Water Company purchases 100% of the water it sells from the following entities: Shelbyville Municipal Water, Frankfort Electric & Water Plant Board, Louisville Water Company, and West Shelby Water.

NOTE 17 – OPERATION AND MAINTENANCE CONTRACT

The Water Company furnishes managerial, meter reading, maintenance, meter installation, accounts receivable processing, and general office services for U.S. 60 Water District. The Company received \$208,661 and \$202,554 for the years ended December 31, 2008 and 2007, respectively. There is a receivable due from U.S. 60 Water District in the amount of \$22,194 and \$14,685, at December 31, 2008 and 2007, respectively.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

North Shelby Water Company and six other municipalities, are participating in a joint engineering study through the Shelby-Franklin Water Management Group to determine the short and long-term water supply needs of the Shelby-Franklin Region, the appropriate size of the regional water transmission main, and the estimated cost of the transmission main and associated facilities. The seven entities have created a regional water Commission pursuant to the provisions of KRS 74.420 to 74.520 to jointly acquire and operate sources of supply of potable water in order to furnish potable water to the water systems serving the Shelby-Franklin Region. The Shelby-Franklin Water Commission is both a public corporation and a public body corporate and politic with the powers and duties specified in KRS 74.420 to 74.520. North Shelby Water Company nor any of the other organizing entities, shall be responsible for payment of any of the expenses, fees, debt obligations or other obligations possibly incurred by the Commission.

In 2007, a \$1.5 million grant was transferred from the City of Shelbyville, Kentucky to North Shelby Water Company as financing toward the construction of transmission lines. This project has been approved by the Capital Projects and Oversight Committee. Easements are being obtained. The total project cost is estimated at 2.391 million with financing provided by the \$1.5 million grant and \$450,000 of Company acquired loan funds.

In its decision to fund the construction of its Aiken Road project, North Shelby Water Company believed it had been awarded a \$300,000 Kentucky Infrastructure Authority grant. After numerous discussions with KIA representatives, the governor's office, and other representatives, it appears that this is not the case. Due to this occurrence, the Company has had to use internal funds to finance the project. In the 2007 legislature, the company was awarded a \$300,000 grant for a different project. In 2008, the Water Company received this grant.

Currently, the Water Company has two projects under construction. These are pump stations located at Bellpoint and St. Johns. \$291,536 and \$159,701 of costs related to the Bellpoint and St. John projects, respectively, are capitalized as construction in progress. These projects are being funded by line of credit loan funds provided by Commonwealth Bank and Trust Company.

the Board of Directors of the  
North Shelby Water Company  
Madison, KY 40003

**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**

We have audited the financial statements of North Shelby Water Company, as of and for the year ended December 31, 2008, and have issued our report thereon dated March 30, 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 North Shelby Water Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Shelby Water Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Shelby Water Company's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might constitute significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects North Shelby Water Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of North Shelby Water Company's financial statements that is more than inconsequential will not be prevented or detected by North Shelby Water Company's internal control. We consider Items 08-1 through 08-3 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by North Shelby Water Company's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might constitute significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiencies described above to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether North Shelby Water Company'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.

We noted certain matters that we reported to management of North Shelby Water Company, in a separate letter dated, March 30, 2009.

North Shelby Water Company's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit North Shelby Water Company's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Rural Economic Community Development Service, other lending agencies, and the Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Raisor, Zapp & Woods, PSC*

RAISOR, ZAPP, & WOODS P.S.C.  
Certified Public Accountants

March 30, 2009

NORTH SHELBY WATER COMPANY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended December 31, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of North Shelby Water Company.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the 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. The deficiencies were reported as material weaknesses. It is identified in the Schedule of Findings and Responses as 08-1 through 08-3.
3. No instances of noncompliance material to the financial statements of North Shelby Water Company, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

08-1 SIZE OF ENTITY

CONDITION

Due to the size of the administrative staff, internal control is limited.

CRITERIA

Internal controls should be in place to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

CAUSE

The staff size of the Company limits the ability to rotate duties and implement checking procedures.

EFFECT

This limitation may affect the ability to record, process, summarize and report financial data.

RECOMMENDATION

Management should strive to separate duties as staff and cost benefits allow.

RESPONSE

We concur with the recommendation.

NORTH SHELBY WATER COMPANY  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
For the Year Ended December 31, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

08-2 FAILURE TO PREPARE COMPLETE SET OF FINANCIAL STATEMENTS INCLUDING REQUIRED NOTE DISCLOSURES

CONDITION

District financial statements, including the required disclosures, are prepared as part of the annual audit.

CRITERIA

Internal controls should be in place to provide management with reasonable, but not absolute, assurance that financial statements and required notes are prepared in accordance with generally accepted accounting principles.

CAUSE

The draft accrual basis financial statements and disclosures are prepared during the audit process. The entries are entered into the District's general ledger/financial reports.

EFFECT

Management engaged auditor to prepare the draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for the financial statements prior to their issuance.

RECOMMENDATION

The outsourcing of this service is not unusual for a District this size and is a result of management's cost benefit decision to use others' accounting expertise rather than incur internal resource costs. We recommend that District management continue to enhance its knowledge of reporting requirements in providing oversight of this service.

RESPONSE

We concur with the recommendation and will continue to improve our overall accounting knowledge.

08-3 FAILURE TO PAY SALES TAX ON ALL APPLICABLE PURCHASES

CONDITION

The Company did not pay sales tax on purchases of property for use by the Company as applicable.

CRITERIA

North Shelby Water Company is not a sales tax exempt entity and as such should pay sales tax on all purchases of property for use by the Company.

CAUSE

Due to the varying sales tax status of the two water offices encompassed in one building, billing errors occurred in the area of sales tax. Also office personnel were not aware of the difference in exemption status for the two water offices.

NORTH SHELBY WATER COMPANY  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
For the Year Ended December 31, 2008

3. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

08-3 FAILURE TO PAY SALES TAX ON ALL APPLICABLE PURCHASES (Continued)

EFFECT

The Company did not pay the appropriate sales tax on all purchases.

RECOMMENDATION

Vendors should be advised of the proper entity making the purchase to keep all records accurate. Office personnel should review all invoices to ensure that sales tax is paid by the Company, when applicable. Accounts payable personnel should review the requirements of KRS 139.470.

RESPONSE

We concur with the recommendation.

COMPLIANCE

NONE

**RAISOR, ZAPP & WOODS, P.S.C.**

Certified Public Accountants

513 HIGHLAND AVENUE  
P.O. BOX 354  
CARROLLTON, KENTUCKY 41008  
(502) 732-6655 FAX (502) 732-6161

Board of Directors of North Shelby Water Company  
Bagdad, Kentucky 40003

In planning and performing our audit of the financial statements of North Shelby Water Company as of and for the year ended December 31, 2008, we considered the Company's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

We previously reported on the Company's internal control in our report dated March 30, 2009. A separate report contains our report on significant deficiencies in the Company's internal control. This letter does not affect our report dated March 30, 2009, on the financial statements of North Shelby Water Company.

We found the Company's accounting system to be capable of providing essential information for effective operating and financial control of the Company's operations. At the same time, we observed certain areas where procedural modifications or revisions might provide better internal control. This letter summarizes our comments and suggestions regarding those matters.

In our review of Company transactions, the following was observed:

Generally, transactions were posted correctly in the Company's general ledger. However, instances were observed where incorrect postings occurred consistently. The affected transactions included capital purchases and debt retirement payments. Care should be exercised to ascertain that monthly ending balances represent the actual assets and liabilities outstanding.

Customer deposits are not always entered into the customer records as appropriate. Office staff stated that there is no test to ensure deposits posted to customer records are equivalent to customer deposits deposited into the bank depository. A check process should be created to ensure deposited customer deposits are posted to customer records.

In our review of cash accounts it was identified that the Company had inadequate collateral at one of their bank depositories. While it is not a requirement of the Public Service Commission that the Company have all amounts not covered by FDIC be secured, it is a good practice to do so.

The Company's office personnel are not familiar with the Company's policy regarding delinquent accounts. Delinquent accounts were viewed that had been set up for payment plan, but no payment had been made. These accounts should have been shut off according to the Company's policy yet were not. Delinquent accounts should be reviewed frequently for payment status.

In our review of payroll expenditures it was observed that Christmas bonuses and certain other cash compensation were paid without appropriate taxes remitted in the required time frame, but rather at year end. All payroll taxes should be remitted timely. Also management should retain documented approval of all bonuses and other cash compensation.

The Company did not appropriately follow its personnel policy during the year in regards to employee sick leave. Paid maternity leave was given to an employee without any effect on the employee's sick or vacation balances. The Company's policy states that all non-exempt full-time employees shall accumulate at the rate of 5 days per year and accumulate sick leave up to 90 days to guard against prolonged illness or injury. The policy does not state any exception for maternity leave. Payroll personnel should review the personnel policy to ensure that all policies are appropriately followed. Payroll personnel should maintain an accurate and updated listing of sick and vacation leave accumulated and used.

In the area of disbursements we observed some instances where controls were lacking in invoice approval. Approval stamps are a convenience, but they should be used only by the authorized individual. Care should be taken to insure that (1) they are properly secured, and (2) that they are not used in any way which reduces the internal controls established to protect Company funds. Alternatively, instead of using such a stamp, personally initialing approval on the invoices may be considered.

Instances were observed of the over payment of invoices. We would recommend that bill paying procedures include a review of the previous payments to the vendor along with rechecking the rates charged and mathematical accuracy of the bill.

Check issuance procedures were reviewed during the audit. We would recommend that the Company's staff be given authorization to sign checks up to a particular dollar amount such as \$500, without a dual signature requirement. The bank statements could be sent directly to one of the Board members from the bank, providing for a review of all checks issued. These checks would provide greater internal control over expenditures.

The Company's system of file maintenance has improved. However, with two water offices being handled in one location, misfilings can occur. In our test of transactions instances were observed where invoice documentation could not be located and invoices had been addressed to the wrong recipient. Due to the varying sales tax status of the two water offices, some billing errors were observed in this area. Vendors should be advised of the proper entity making the purchase to keep all records accurate. The accounts payable clerk should be responsible for maintaining and filing all original invoices. Continued effort should be made to improve filing procedures.

While Company personnel are more experienced in their job functions, the Company should also cross-train individuals within the office personnel to be capable of performing other individual's duties in case of an extended absence. Interest and penalties were paid this year on sales and school tax due to late filing. This could have been prevented had appropriate cross-training occurred.

Also in the area disbursements, it was observed that the Board of Directors receive a treasurer's report monthly. The Board of Directors should sign the official copy and include it as part of the Company's minutes.

The Water Company should enter into a written contract that provides the costs and terms of its agreement as well as a description of the services provided to U.S. 60 Water District of Shelby and Franklin Counties as recommended in the Kentucky Public Service accounting inspection, Case #2005-00327.

Although we have indicated some items for review as observed during the audit process, we would like to take this opportunity to compliment the Company on the conscientious attitude exhibited. All involved were cordial and cooperative with us throughout the audit process.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management, the Rural Economic Community Development Service, and the Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Raisor, Zapp & Woods, PSC*

RAISOR, ZAPP & WOODS, PSC  
Certified Public Accountants

March 30, 2009



# **RAISOR, ZAPP & WOODS, P.S.C.**

Certified Public Accountants

513 HIGHLAND AVENUE  
P.O. BOX 354  
CARROLLTON, KENTUCKY 41008  
(502) 732-6655 FAX (502) 732-6161

March 30, 2009

To the Board of Directors of the  
North Shelby Water Company  
Bagdad, Kentucky 40003

We have audited the financial statements of North Shelby Water Company for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 30, 2009. Professional standards require that we provide you with the following information related to our audits.

## **Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter dated December 9, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of North Shelby Water Company. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of North Shelby Water Company's compliance with certain provisions of laws, regulations, contracts, and grants. However the objective of our tests was not to provide an opinion on compliance with such provisions.

## **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our conversations in January, 2009.

## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by North Shelby Water Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ending December 31, 2008 and 2007. We noted no transactions entered into by the Company during these years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

To the Board of Directors of the  
North Shelby Water Company  
Bagdad, Kentucky  
Page Two

- Management's estimate of the fixed asset depreciable lives is based on each asset's projected useful life expectancy. We evaluated the key factors and assumptions used to develop the fixed asset depreciable lives and evaluated depreciation expense in determining its reasonableness in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the aging and collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following material misstatements (cumulatively material) detected as a result of audit procedures were adjusted to the Company's trial balance by management:

- Prepaid expenditures for insurance.
- Record accounts payable.
- Adjust notes payable and the associated accounts of accrued interest and interest expense.
- Capitalize line improvements and other assets acquired during the year. Also, the capitalization of complete construction projects.
- Adjust allowance for doubtful accounts and bad debt expense.
- Record additional depreciation expense and adjustment to remove sold vehicle.
- Adjust inventory to physical count at year-end.
- Adjust for unbilled receivables at year-end.
- The reclassification of capital contributions.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 30, 2009.

To the Board of Directors of the  
North Shelby Water Company  
Bagdad, Kentucky  
Page Three

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of North Shelby Water Company and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Raisor, Zapp & Woods, PSC*

RAISOR, ZAPP & WOODS, PSC  
Certified Public Accountants

10:29 AM

01/25/10

Accrual Basis

North Shelby Water Company  
Profit & Loss  
January 2008

	<u>Jan 08</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	123,668.47
606 · Commercial Customers	10,466.04
608 · Industrial Customers	59.49
610 · Educational Customers	465.74
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	2,680.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,678.29
887 · Equipment Rental Income	2,489.55
884 · Interest Earned	1,925.14
605 · Return Check Fee Income	55.00
882 · Miscellaneous Income	1,820.52
<b>Total Income</b>	<u>155,115.95</u>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	55,896.38
<b>Total COGS</b>	<u>55,896.38</u>
<b>Gross Profit</b>	99,219.57
<b>Expense</b>	
812 · Commission Member Fees	2,100.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	13,023.98
735 · Fuel Expense	3,615.58
830 · Janitorial Wages	260.00
810 · Legal Fees	665.74
817 · License and Fees	174.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	876.32
820 · Maintenance - General Propertie	1,683.25
722 · Maintenance - Pumping Equipment	685.00
726 · Maintenance - Service & Meters	984.85
821 · Maintenance-Transportation Equi	8,845.88
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	48.67
730 · Meter Readings	4,835.82
818 · Misc. General Expense	497.73
804 · Office Supplies & Expense	1,715.51
732 · Operating Supplies	786.75
807 · Postage and Delivery	1,611.57
710 · Power Pumping Equipment	7,288.15
828 · Taxes - Payroll	2,441.87
822 · Telephone Expense	2,818.66
829 · Uniform Cleaning	340.96
827 · Utilities	81.15
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	11,436.03
808 · Management Salary	6,550.80
801 · Vacation, Holiday & Sick Pay	2,790.57
<b>Total Wages &amp; Salaries</b>	<u>20,777.40</u>
705 · Water Testing	375.00
<b>Total Expense</b>	<u>114,833.84</u>
<b>Net Ordinary Income</b>	<u>-15,614.27</u>
<b>Net Income</b>	<u><u>-15,614.27</u></u>

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 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 February 2008

	Feb 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	122,950.51
606 · Commercial Customers	10,232.33
608 · Industrial Customers	59.49
610 · Educational Customers	544.23
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	3,760.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,523.19
887 · Equipment Rental Income	1,760.60
884 · Interest Earned	1,985.76
605 · Return Check Fee Income	48.00
882 · Miscellaneous Income	0.50
<b>Total Income</b>	152,672.32
<b>Cost of Goods Sold</b>	
704 · Water Purchased	64,799.37
<b>Total COGS</b>	64,799.37
<b>Gross Profit</b>	87,872.95
<b>Expense</b>	
812 · Commission Member Fees	3,850.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	13,905.59
735 · Fuel Expense	4,248.00
830 · Janitorial Wages	260.00
810 · Legal Fees	2,025.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	1,589.64
820 · Maintenance - General Propertie	3,333.71
727 · Maintenance - Hydrants	28.25
722 · Maintenance - Pumping Equipment	2,034.09
726 · Maintenance - Service & Meters	986.80
821 · Maintenance-Transportation Equi	11,122.53
728 · Maintenance - Water Sales Stati	24.00
816 · Meals and Entertainment	111.19
730 · Meter Readings	4,789.92
818 · Misc. General Expense	25.00
804 · Office Supplies & Expense	2,498.36
732 · Operating Supplies	719.69
807 · Postage and Delivery	1,353.18
710 · Power Pumping Equipment	7,436.50
825 · Rental Equipment	91.41
828 · Taxes - Payroll	3,474.25
822 · Telephone Expense	673.26
829 · Uniform Cleaning	385.96
827 · Utilities	77.14
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	16,637.46
808 · Management Salary	10,662.87
801 · Vacation, Holiday & Sick Pay	1,481.98
<b>Total Wages &amp; Salaries</b>	28,782.31
<b>Total Expense</b>	132,125.78
<b>Net Ordinary Income</b>	-44,252.83
<b>Net Income</b>	-44,252.83

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Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
**March 2008**

	Mar 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	117,623.25
606 · Commercial Customers	10,098.04
608 · Industrial Customers	59.49
610 · Educational Customers	463.78
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	2,120.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	3,711.85
887 · Equipment Rental Income	1,786.82
884 · Interest Earned	1,559.32
605 · Return Check Fee Income	1.00
883 · Sales Tax Discounts	2.96
882 · Miscellaneous Income	1,895.47
<b>Total Income</b>	146,129.69
<b>Cost of Goods Sold</b>	
704 · Water Purchased	59,325.46
<b>Total COGS</b>	59,325.46
<b>Gross Profit</b>	86,804.23
<b>Expense</b>	
813 · Advertising	354.26
812 · Commission Member Fees	2,900.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	13,065.13
735 · Fuel Expense	4,978.27
830 · Janitorial Wages	260.00
810 · Legal Fees	2,615.36
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	1,446.49
820 · Maintenance - General Propertie	1,391.00
727 · Maintenance - Hydrants	134.18
722 · Maintenance - Pumping Equipment	3,037.02
726 · Maintenance - Service & Meters	362.63
720 · Maintenance - Structures	181.50
821 · Maintenance-Transportation Equi	4,810.93
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	83.35
804 · Office Supplies & Expense	5,362.68
732 · Operating Supplies	892.29
807 · Postage and Delivery	2,299.44
710 · Power Pumping Equipment	6,370.79
825 · Rental Equipment	371.95
828 · Taxes - Payroll	2,656.14
822 · Telephone Expense	2,975.71
829 · Uniform Cleaning	446.45
827 · Utilities	101.25
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	11,345.39
808 · Management Salary	10,328.52
801 · Vacation, Holiday & Sick Pay	1,093.57
<b>Total Wages &amp; Salaries</b>	22,767.48
705 · Water Testing	775.00
<b>Total Expense</b>	118,939.30
<b>Net Ordinary Income</b>	-32,135.07
<b>Net Income</b>	-32,135.07

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 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 April 2008

	<u>Apr 08</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	116,331.79
606 · Commercial Customers	8,642.12
608 · Industrial Customers	59.49
610 · Educational Customers	582.63
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	3,630.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,439.67
887 · Equipment Rental Income	2,225.26
884 · Interest Earned	1,356.38
605 · Return Check Fee Income	47.00
<b>Total Income</b>	<u>144,122.05</u>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	63,391.82
<b>Total COGS</b>	<u>63,391.82</u>
<b>Gross Profit</b>	80,730.23
<b>Expense</b>	
815 · Bank Service Charges	35.75
812 · Commission Member Fees	1,950.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	12,382.31
735 · Fuel Expense	5,454.35
830 · Janitorial Wages	260.00
810 · Legal Fees	1,116.17
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	1,921.80
820 · Maintenance - General Propertie	1,756.75
727 · Maintenance - Hydrants	160.50
722 · Maintenance - Pumping Equipment	1,221.38
726 · Maintenance - Service & Meters	-190.93
720 · Maintenance - Structures	57.50
821 · Maintenance-Transportation Equi	3,299.30
728 · Maintenance - Water Sales Stati	0.00
730 · Meter Readings	9,537.00
818 · Misc. General Expense	918.74
804 · Office Supplies & Expense	1,238.03
732 · Operating Supplies	385.68
807 · Postage and Delivery	1,236.80
710 · Power Pumping Equipment	7,432.08
825 · Rental Equipment	373.97
828 · Taxes - Payroll	2,221.40
822 · Telephone Expense	867.61
829 · Uniform Cleaning	368.14
827 · Utilities	79.48
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	9,814.25
808 · Management Salary	10,328.52
801 · Vacation, Holiday & Sick Pay	1,478.49
<b>Total Wages &amp; Salaries</b>	<u>21,621.26</u>
705 · Water Testing	375.00
<b>Total Expense</b>	<u>114,380.07</u>
<b>Net Ordinary Income</b>	<u>-33,649.84</u>
<b>Net Income</b>	<u><u>-33,649.84</u></u>

10:30 AM  
 01/25/10  
 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 May 2008

	May 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	120,503.06
606 · Commercial Customers	9,008.33
608 · Industrial Customers	59.49
610 · Educational Customers	531.60
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	3,580.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,196.20
887 · Equipment Rental Income	405.00
884 · Interest Earned	1,149.87
605 · Return Check Fee Income	18.00
882 · Miscellaneous Income	2,662.50
<b>Total Income</b>	<b>148,921.76</b>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	58,167.53
<b>Total COGS</b>	<b>58,167.53</b>
<b>Gross Profit</b>	<b>90,754.23</b>
<b>Expense</b>	
815 · Bank Service Charges	37.50
812 · Commission Member Fees	2,900.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	14,079.79
735 · Fuel Expense	5,719.94
830 · Janitorial Wages	260.00
810 · Legal Fees	1,339.39
817 · License and Fees	121.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	2,064.33
820 · Maintenance - General Propertie	2,029.75
727 · Maintenance - Hydrants	415.25
722 · Maintenance - Pumping Equipment	835.76
726 · Maintenance - Service & Meters	376.02
821 · Maintenance-Transportation Equi	4,383.44
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	241.92
730 · Meter Readings	4,803.63
818 · Misc. General Expense	516.08
804 · Office Supplies & Expense	143.48
732 · Operating Supplies	234.31
807 · Postage and Delivery	1,243.04
710 · Power Pumping Equipment	7,821.12
828 · Taxes - Payroll	2,691.00
822 · Telephone Expense	1,779.44
829 · Uniform Cleaning	303.86
827 · Utilities	104.24
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	12,418.68
808 · Management Salary	13,496.15
801 · Vacation, Holiday & Sick Pay	1,551.06
<b>Total Wages &amp; Salaries</b>	<b>27,465.89</b>
705 · Water Testing	375.00
<b>Total Expense</b>	<b>120,585.18</b>
<b>Net Ordinary Income</b>	<b>-29,830.95</b>
<b>Net Income</b>	<b>-29,830.95</b>



10:30 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Profit & Loss  
June 2008

	<u>Jun 08</u>
Ordinary Income/Expense	
Income	
604 · Residential Customers	127,781.35
606 · Commercial Customers	11,027.81
608 · Industrial Customers	59.49
610 · Educational Customers	539.07
615 · Fire Protection	94.71
886 · Service Charge Income	4,100.65
884 · Interest Earned	1,201.89
605 · Return Check Fee Income	30.00
882 · Miscellaneous Income	1,000.02
Total Income	<u>145,834.99</u>
Cost of Goods Sold	
704 · Water Purchased	66,304.01
Total COGS	<u>66,304.01</u>
Gross Profit	79,530.98
Expense	
815 · Bank Service Charges	294.00
812 · Commission Member Fees	2,900.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	18,439.58
735 · Fuel Expense	1,513.92
830 · Janitorial Wages	260.00
810 · Legal Fees	1,612.94
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	13,574.44
820 · Maintenance - General Propertie	1,174.75
727 · Maintenance - Hydrants	532.00
722 · Maintenance - Pumping Equipment	2,577.12
726 · Maintenance - Service & Meters	6,282.23
821 · Maintenance-Transportation Equi	7,479.13
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	20.00
818 · Misc. General Expense	4,971.20
804 · Office Supplies & Expense	285.74
732 · Operating Supplies	521.18
807 · Postage and Delivery	1,148.73
710 · Power Pumping Equipment	5,740.18
818.1 · PSC Assessment Fee	3,242.37
825 · Rental Equipment	72.00
828 · Taxes - Payroll	2,259.20
822 · Telephone Expense	1,982.15
829 · Uniform Cleaning	387.22
827 · Utilities	92.79
Wages & Salaries	
802 · Office Salaries	11,215.56
808 · Management Salary	12,670.52
800 · Bonus Pay	109.46
801 · Vacation, Holiday & Sick Pay	1,634.81
Total Wages & Salaries	<u>25,630.35</u>
705 · Water Testing	1,600.00
Suspense	0.00
Total Expense	<u>142,893.22</u>
Net Ordinary Income	<u>-63,362.24</u>
Net Income	<u><u>-63,362.24</u></u>

10:30 AM  
 01/25/10  
 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 July 2008

	Jul 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	143,625.76
606 · Commercial Customers	14,527.53
608 · Industrial Customers	59.49
610 · Educational Customers	358.43
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	8,070.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,688.33
887 · Equipment Rental Income	5,639.72
884 · Interest Earned	1,211.30
605 · Return Check Fee Income	125.00
882 · Miscellaneous Income	297.05
<b>Total Income</b>	185,410.32
<b>Cost of Goods Sold</b>	
704 · Water Purchased	79,275.21
<b>Total COGS</b>	79,275.21
<b>Gross Profit</b>	106,135.11
<b>Expense</b>	
813 · Advertising	1,154.70
815 · Bank Service Charges	136.00
812 · Commission Member Fees	2,100.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	4,316.92
735 · Fuel Expense	9,861.46
830 · Janitorial Wages	260.00
810 · Legal Fees	17,850.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	1,266.39
820 · Maintenance - General Propertie	827.64
727 · Maintenance - Hydrants	48.50
722 · Maintenance - Pumping Equipment	17,460.38
726 · Maintenance - Service & Meters	588.40
821 · Maintenance-Transportation Equi	2,754.44
728 · Maintenance - Water Sales Stati	27.50
818 · Misc. General Expense	7,529.23
804 · Office Supplies & Expense	533.10
732 · Operating Supplies	91.25
807 · Postage and Delivery	3,302.47
710 · Power Pumping Equipment	7,456.83
809 · Printing And Publication	630.00
828 · Taxes - Payroll	2,259.55
822 · Telephone Expense	2,737.91
829 · Uniform Cleaning	195.84
827 · Utilities	94.66
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	11,211.63
808 · Management Salary	10,328.52
800 · Bonus Pay	1,094.69
801 · Vacation, Holiday & Sick Pay	1,473.48
<b>Total Wages &amp; Salaries</b>	24,108.32
705 · Water Testing	375.00
<b>Total Expense</b>	146,266.49
<b>Net Ordinary Income</b>	-40,131.38
<b>Net Income</b>	-40,131.38

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 01/25/10  
 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 August 2008

	Aug 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	160,990.40
606 · Commercial Customers	12,062.39
608 · Industrial Customers	59.49
610 · Educational Customers	536.18
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimburse	4,690.00
885 · Overhead Reimbursement	13,426.00
886 · Service Charge Income	3,891.64
887 · Equipment Rental Income	2,976.37
884 · Interest Earned	3,334.61
605 · Return Check Fee Income	15.00
<b>Total Income</b>	202,076.79
<b>Cost of Goods Sold</b>	
704 · Water Purchased	78,531.79
<b>Total COGS</b>	78,531.79
<b>Gross Profit</b>	123,545.00
<b>Expense</b>	
812 · Commission Member Fees	2,650.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	14,240.25
735 · Fuel Expense	5,894.21
830 · Janitorial Wages	520.00
810 · Legal Fees	5,719.55
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	6,300.00
724 · Maintenance - Distribution Main	2,209.71
820 · Maintenance - General Propertie	965.63
722 · Maintenance - Pumping Equipment	5,018.68
726 · Maintenance - Service & Meters	2,647.64
821 · Maintenance-Transportation Equi	3,651.93
728 · Maintenance - Water Sales Stati	0.00
730 · Meter Readings	14,502.82
818 · Misc. General Expense	40.00
804 · Office Supplies & Expense	452.57
732 · Operating Supplies	1,263.44
807 · Postage and Delivery	1,247.87
710 · Power Pumping Equipment	8,149.51
828 · Taxes - Payroll	2,795.61
822 · Telephone Expense	905.11
829 · Uniform Cleaning	265.35
827 · Utilities	94.59
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	13,390.37
808 · Management Salary	11,154.15
801 · Vacation, Holiday & Sick Pay	1,476.19
<b>Total Wages &amp; Salaries</b>	26,020.71
705 · Water Testing	375.00
<b>Total Expense</b>	137,930.18
<b>Net Ordinary Income</b>	-14,385.18
<b>Net Income</b>	-14,385.18

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 Accrual Basis

## North Shelby Water Company Profit & Loss September 2008

	Sep 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	167,653.93
606 · Commercial Customers	10,647.06
608 · Industrial Customers	59.55
610 · Educational Customers	469.78
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimbursement	6,713.00
885 · Overhead Reimbursement	2,342.00
886 · Service Charge Income	4,640.22
887 · Equipment Rental Income	3,011.54
884 · Interest Earned	949.30
605 · Return Check Fee Income	-300.00
883 · Sales Tax Discounts	3.80
<b>Total Income</b>	<b>196,284.89</b>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	133,219.19
<b>Total COGS</b>	<b>133,219.19</b>
<b>Gross Profit</b>	<b>63,065.70</b>
<b>Expense</b>	
815 · Bank Service Charges	38.25
812 · Commission Member Fees	3,700.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	-304.31
735 · Fuel Expense	5,437.22
830 · Janitorial Wages	260.00
810 · Legal Fees	750.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	3,130.00
724 · Maintenance - Distribution Main	3,336.10
820 · Maintenance - General Propertie	366.75
722 · Maintenance - Pumping Equipment	1,643.09
726 · Maintenance - Service & Meters	493.71
720 · Maintenance - Structures	50.67
821 · Maintenance-Transportation Equi	2,645.85
728 · Maintenance - Water Sales Stafi	0.00
730 · Meter Readings	4,928.78
818 · Misc. General Expense	417.17
804 · Office Supplies & Expense	2,535.20
732 · Operating Supplies	616.13
807 · Postage and Delivery	1,275.15
710 · Power Pumping Equipment	7,696.49
828 · Taxes - Payroll	2,344.71
822 · Telephone Expense	1,751.24
827 · Utilities	94.80
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	10,666.15
808 · Management Salary	8,520.52
801 · Vacation, Holiday & Sick Pay	1,535.86
<b>Total Wages &amp; Salaries</b>	<b>20,722.53</b>
705 · Water Testing	375.00
<b>Total Expense</b>	<b>96,304.53</b>
<b>Net Ordinary Income</b>	<b>-33,238.83</b>
<b>Net Income</b>	<b>-33,238.83</b>

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Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
**October 2008**

	<u>Oct 08</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	158,356.36
606 · Commercial Customers	13,814.84
608 · Industrial Customers	59.49
610 · Educational Customers	500.80
615 · Fire Protection	94.71
750 · Maintenance Overhead Reimbursen	5,850.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	5,531.20
887 · Equipment Rental Income	2,587.65
884 · Interest Earned	430.29
605 · Return Check Fee Income	65.00
<b>Total Income</b>	<u>194,003.34</u>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	31,265.99
<b>Total COGS</b>	<u>31,265.99</u>
<b>Gross Profit</b>	<u>162,737.35</u>
<b>Expense</b>	
815 · Bank Service Charges	74.00
812 · Commission Member Fees	2,900.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	9,761.78
735 · Fuel Expense	5,691.82
830 · Janitorial Wages	260.00
810 · Legal Fees	12,303.35
817 · License and Fees	50.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	3,130.00
724 · Maintenance - Distribution Main	16,976.45
820 · Maintenance - General Propertie	956.25
722 · Maintenance - Pumping Equipment	8,871.97
726 · Maintenance - Service & Meters	1,003.11
821 · Maintenance-Transportation Equi	1,087.20
728 · Maintenance - Water Sales Stati	13.75
816 · Meals and Entertainment	29.52
730 · Meter Readings	5,124.33
818 · Misc. General Expense	700.00
804 · Office Supplies & Expense	484.39
732 · Operating Supplies	497.42
807 · Postage and Delivery	1,449.84
710 · Power Pumping Equipment	9,301.14
825 · Rental Equipment	1,114.09
828 · Taxes - Payroll	2,812.11
822 · Telephone Expense	2,021.51
827 · Utilities	93.92
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	13,799.68
808 · Management Salary	13,496.15
801 · Vacation, Holiday & Sick Pay	755.25
<b>Total Wages &amp; Salaries</b>	<u>28,051.08</u>
705 · Water Testing	375.00
<b>Total Expense</b>	<u>147,134.03</u>
<b>Net Ordinary Income</b>	<u>15,603.32</u>
<b>Net Income</b>	<u><u>15,603.32</u></u>

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 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 November 2008

	<u>Nov 08</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
604 · Residential Customers	132,620.00
606 · Commercial Customers	7,396.65
608 · Industrial Customers	59.49
610 · Educational Customers	443.82
615 · Fire Protection	95.66
750 · Maintenance Overhead Reimburse	6,310.00
885 · Overhead Reimbursement	6,713.00
886 · Service Charge Income	4,485.92
887 · Equipment Rental Income	4,170.27
884 · Interest Earned	1,123.83
605 · Return Check Fee Income	-75.00
882 · Miscellaneous Income	2,576.60
<b>Total Income</b>	<u>165,920.24</u>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	80,434.32
<b>Total COGS</b>	<u>80,434.32</u>
<b>Gross Profit</b>	85,485.92
<b>Expense</b>	
815 · Bank Service Charges	36.50
812 · Commission Member Fees	2,650.00
854 · Depr - General Plant	4,000.00
852 · Depr - Trans & Dist	25,000.00
805 · Employee Benefits	4,215.67
735 · Fuel Expense	5,343.62
830 · Janitorial Wages	260.00
810 · Legal Fees	3,045.06
817 · License and Fees	1,150.00
814 · Insurance Expense	3,000.00
902 · Interest - LT Debt	3,130.00
724 · Maintenance - Distribution Main	1,686.66
820 · Maintenance - General Propertie	715.84
722 · Maintenance - Pumping Equipment	2,352.09
726 · Maintenance - Service & Meters	344.20
821 · Maintenance-Transportation Equi	3,959.34
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	25.78
730 · Meter Readings	5,019.89
804 · Office Supplies & Expense	636.85
732 · Operating Supplies	361.31
807 · Postage and Delivery	1,258.41
710 · Power Pumping Equipment	7,706.20
828 · Taxes - Payroll	2,189.55
822 · Telephone Expense	1,579.85
827 · Utilities	92.62
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	9,109.70
808 · Management Salary	10,328.52
801 · Vacation, Holiday & Sick Pay	2,358.22
<b>Total Wages &amp; Salaries</b>	<u>21,796.44</u>
<b>Total Expense</b>	<u>101,555.88</u>
<b>Net Ordinary Income</b>	<u>-16,069.96</u>
<b>Net Income</b>	<u><u>-16,069.96</u></u>

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 Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
 December 2008

	<u>Dec 08</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
620 · Construction Related Reimbusem	86,900.00
604 · Residential Customers	152,305.69
606 · Commercial Customers	8,913.39
608 · Industrial Customers	60.24
610 · Educational Customers	533.57
615 · Fire Protection	124.51
750 · Maintenance Overhead Reimbusem	3,127.00
885 · Overhead Reimbursement	11,084.00
886 · Service Charge Income	5,574.01
887 · Equipment Rental Income	3,246.36
884 · Interest Earned	1,086.63
605 · Return Check Fee Income	105.00
883 · Sales Tax Discounts	2.91
<b>Total Income</b>	<u>273,063.31</u>
<b>Cost of Goods Sold</b>	
704 · Water Purchased	97,724.41
<b>Total COGS</b>	<u>97,724.41</u>
<b>Gross Profit</b>	175,338.90
<b>Expense</b>	
813 · Advertising	342.09
815 · Bank Service Charges	38.25
854 · Depr - General Plant	11,230.90
852 · Depr - Trans & Dist	47,068.41
805 · Employee Benefits	13,051.98
735 · Fuel Expense	2,525.40
830 · Janitorial Wages	260.00
810 · Legal Fees	6,089.87
817 · License and Fees	1,620.00
814 · Insurance Expense	-3,907.83
902 · Interest - LT Debt	1,237.27
903 · Interest - Customer Deposits	1,709.57
724 · Maintenance - Distribution Main	21,774.54
820 · Maintenance - General Propertie	621.28
727 · Maintenance - Hydrants	497.76
722 · Maintenance - Pumping Equipment	-9,124.23
726 · Maintenance - Service & Meters	1,379.86
720 · Maintenance - Structures	24.83
821 · Maintenance-Transportation Equi	5,230.82
728 · Maintenance - Water Sales Stati	0.00
816 · Meals and Entertainment	855.27
730 · Meter Readings	5,147.26
818 · Misc. General Expense	2,591.70
804 · Office Supplies & Expense	905.95
732 · Operating Supplies	428.74
807 · Postage and Delivery	1,451.98
710 · Power Pumping Equipment	4,415.40
828 · Taxes - Payroll	2,526.66
822 · Telephone Expense	1,212.18
806 · Uncollectible Revenue	8,831.76
829 · Uniform Cleaning	-340.96
827 · Utilities	5,486.93
<b>Wages &amp; Salaries</b>	
802 · Office Salaries	10,196.17
808 · Management Salary	12,136.52
800 · Bonus Pay	5,911.35
801 · Vacation, Holiday & Sick Pay	2,815.16
<b>Total Wages &amp; Salaries</b>	<u>31,059.20</u>

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Accrual Basis

**North Shelby Water Company**  
**Profit & Loss**  
December 2008

	<u>Dec 08</u>
705 - Water Testing	775.00
Total Expense	<u>167,017.84</u>
Net Ordinary Income	<u>8,321.06</u>
Net Income	<u><u>8,321.06</u></u>



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01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of January 31, 2008

Jan 31, 08

ASSETS

Current Assets

Checking/Savings

307 · Cash - O & M	44,924.37
202 · Cash - Debt Service	287,865.85
206 · Cash - Construction Extension	26,228.91
215 · Cash - Depreciation Account	25,969.35
303 · Cash - Revenue Fund	115,072.02
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	295,749.49
250 · Investments - Depreciation Fund	137,933.78

Total Checking/Savings 1,192,379.21

Accounts Receivable

350 · Accounts Receivable	21,525.43
349 · Unbilled Receivable	115,498.20
351 · Due from Others	15,117.75
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable 148,930.58

Other Current Assets

352 · Inventory	68,043.92
353 · Returned Checks	-55.69
370 · Prepaid Insurance	8,617.43

Total Other Current Assets 76,605.66

Total Current Assets 1,417,915.45

Fixed Assets

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,280.60
110 · Services	609,736.33
111 · Meters	507,579.77
112 · Meter Installation	409,775.72
113 · Hydrants	123,172.86
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	85,618.06
140 · Accumulated Depreciation	-4,163,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	241,918.21
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-468,915.74

Total Fixed Assets 9,780,102.38

TOTAL ASSETS 11,198,017.83

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable 88,889.64

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01/25/10  
Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of January 31, 2008

	<u>Jan 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	284.36
406 · Ky Income Tax Withheld	1,198.38
407 · County Withheld	279.03
408 · Pension Withheld	2,552.18
421 · Accrued Payroll Taxes	502.31
422 · Accrued Retirement Payable	4,471.41
420 · Sales Tax Payable	57.65
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	21.86
416 · Henry Co. School Tax Payable	10.62
417 · Oldham Co. School Tax Payable	10.02
418 · Shelby Co. School Tax Payable	3,332.53
419 · Franklin Co. School Tax Payable	630.30
<b>Total School Tax Payable</b>	<u>4,005.33</u>
425 · Accrued Interest	37,133.62
450 · Membership Cert - Customer Dep	246,188.38
<b>Total Other Current Liabilities</b>	<u>296,672.65</u>
<b>Total Current Liabilities</b>	385,562.29
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,403,159.52
<b>Total Long Term Liabilities</b>	<u>1,403,159.52</u>
<b>Total Liabilities</b>	1,788,721.81
<b>Equity</b>	
470 · Member Meter Tap On	1,809,059.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-15,614.27
<b>Total Equity</b>	<u>9,409,296.02</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,198,017.83</u></u>

10:23 AM

01/25/10

Accrual Basis

# North Shelby Water Company

## Balance Sheet

As of February 29, 2008

Feb 29, 08

**ASSETS**

**Current Assets**

**Checking/Savings**

307 · Cash - O & M	-13,681.99
202 · Cash - Debt Service	304,146.65
206 · Cash - Construction Extension	24,203.91
215 · Cash - Depreciation Account	28,194.07
303 · Cash - Revenue Fund	126,771.73
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	296,601.62
250 · Investments - Depreciation Fund	138,322.62

**Total Checking/Savings** 1,163,194.05

**Accounts Receivable**

350 · Accounts Receivable	32,984.67
349 · Unbilled Receivable	115,498.20
351 · Due from Others	30,259.11
375 · Allowance for Doubtful Accounts	-3,210.80

**Total Accounts Receivable** 175,531.18

**Other Current Assets**

352 · Inventory	70,447.89
353 · Returned Checks	-55.69
370 · Prepaid Insurance	6,348.16

**Total Other Current Assets** 76,740.36

**Total Current Assets** 1,415,465.59

**Fixed Assets**

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,280.60
110 · Services	609,736.33
111 · Meters	508,348.28
112 · Meter Installation	409,775.72
113 · Hydrants	123,172.86
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	85,830.75
140 · Accumulated Depreciation	-4,188,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	241,918.21
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-472,915.74

**Total Fixed Assets** 9,752,083.58

**TOTAL ASSETS** 11,167,549.17

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

**Total Accounts Payable** 88,889.64

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Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of February 29, 2008

	<u>Feb 29, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	430.14
404 · Social Security Withheld	61.21
406 · Ky Income Tax Withheld	1,698.50
407 · County Withheld	683.60
408 · Pension Withheld	3,099.91
421 · Accrued Payroll Taxes	1,176.59
422 · Accrued Retirement Payable	6,242.80
420 · Sales Tax Payable	113.33
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	17.45
416 · Henry Co. School Tax Payable	10.09
417 · Oldham Co. School Tax Payable	9.22
418 · Shelby Co. School Tax Payable	3,280.39
419 · Franklin Co. School Tax Payable	714.37
<b>Total School Tax Payable</b>	<u>4,031.52</u>
425 · Accrued Interest	43,433.62
450 · Membership Cert - Customer Dep	246,985.60
<b>Total Other Current Liabilities</b>	<u>307,956.82</u>
<b>Total Current Liabilities</b>	396,846.46
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,403,159.52
<b>Total Long Term Liabilities</b>	<u>1,403,159.52</u>
<b>Total Liabilities</b>	1,800,005.98
<b>Equity</b>	
470 · Member Meter Tap On	1,811,559.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-59,867.10
<b>Total Equity</b>	<u>9,367,543.19</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,167,549.17</u></u>

10:23 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of March 31, 2008

Mar 31, 08

ASSETS

Current Assets

Checking/Savings

307 · Cash - O & M	261.46
202 · Cash - Debt Service	320,404.57
206 · Cash - Construction Extension	24,203.91
215 · Cash - Depreciation Account	30,420.51
303 · Cash - Revenue Fund	105,125.86
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	297,442.93
250 · Investments - Depreciation Fund	138,322.62

Total Checking/Savings 1,174,817.30

Accounts Receivable

350 · Accounts Receivable	28,830.91
349 · Unbilled Receivable	115,498.20
351 · Due from Others	44,024.75
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable 185,143.06

Other Current Assets

352 · Inventory	45,104.16
353 · Returned Checks	24.31
370 · Prepaid Insurance	3,348.16

Total Other Current Assets 48,476.63

Total Current Assets 1,408,436.99

Fixed Assets

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,412.60
110 · Services	609,736.33
111 · Meters	509,216.74
112 · Meter Installation	409,775.72
113 · Hydrants	123,172.86
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	96,327.55
140 · Accumulated Depreciation	-4,213,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	241,918.21
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-476,915.74

Total Fixed Assets 9,734,580.84

TOTAL ASSETS 11,143,017.83

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable 88,889.64

10:23 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of March 31, 2008

	<u>Mar 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	363.55
404 · Social Security Withheld	61.20
406 · Ky Income Tax Withheld	1,379.12
407 · County Withheld	996.54
408 · Pension Withheld	2,682.74
421 · Accrued Payroll Taxes	1,643.73
422 · Accrued Retirement Payable	4,887.58
420 · Sales Tax Payable	279.45
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	17.45
416 · Henry Co. School Tax Payable	9.90
417 · Oldham Co. School Tax Payable	7.62
418 · Shelby Co. School Tax Payable	3,187.97
419 · Franklin Co. School Tax Payable	627.37
<b>Total School Tax Payable</b>	<u>3,850.31</u>
425 · Accrued Interest	49,733.62
450 · Membership Cert - Customer Dep	246,682.71
<b>Total Other Current Liabilities</b>	<u>312,560.55</u>
<b>Total Current Liabilities</b>	401,450.19
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,403,159.52
<b>Total Long Term Liabilities</b>	<u>1,403,159.52</u>
<b>Total Liabilities</b>	1,804,609.71
<b>Equity</b>	
470 · Member Meter Tap On	1,814,559.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-92,002.17
<b>Total Equity</b>	<u>9,338,408.12</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,143,017.83</u></u>

10:24 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
 As of April 30, 2008

	Apr 30, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
307 · Cash - O & M	-976.53
202 · Cash - Debt Service	157,375.55
206 · Cash - Construction Extension	6,455.86
215 · Cash - Depreciation Account	32,645.87
303 · Cash - Revenue Fund	79,102.07
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	298,344.80
250 · Investments - Depreciation Fund	138,322.62
<b>Total Checking/Savings</b>	969,905.68
<b>Accounts Receivable</b>	
350 · Accounts Receivable	29,002.65
349 · Unbilled Receivable	115,498.20
351 · Due from Others	15,999.33
375 · Allowance for Doubtful Accounts	-3,210.80
<b>Total Accounts Receivable</b>	157,289.38
<b>Other Current Assets</b>	
352 · Inventory	78,114.22
353 · Returned Checks	-55.69
370 · Prepaid Insurance	853.66
<b>Total Other Current Assets</b>	78,912.19
<b>Total Current Assets</b>	1,206,107.25
<b>Fixed Assets</b>	
105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,412.60
110 · Services	609,736.33
111 · Meters	509,786.12
112 · Meter Installation	409,775.72
113 · Hydrants	123,172.86
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	277,480.10
140 · Accumulated Depreciation	-4,238,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	244,181.13
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-480,915.74
<b>Total Fixed Assets</b>	9,889,565.69
<b>TOTAL ASSETS</b>	<b>11,095,672.94</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00
<b>Total Accounts Payable</b>	88,889.64

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01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of April 30, 2008

	<u>Apr 30, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	367.15
406 · Ky Income Tax Withheld	1,348.24
407 · County Withheld	300.83
408 · Pension Withheld	2,652.71
421 · Accrued Payroll Taxes	725.91
422 · Accrued Retirement Payable	4,790.49
420 · Sales Tax Payable	34.93
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	18.53
416 · Henry Co. School Tax Payable	15.49
417 · Oldham Co. School Tax Payable	7.21
418 · Shelby Co. School Tax Payable	3,120.39
419 · Franklin Co. School Tax Payable	648.17
<b>Total School Tax Payable</b>	<u>3,809.79</u>
425 · Accrued Interest	41,604.62
450 · Membership Cert - Customer Dep	246,845.83
<b>Total Other Current Liabilities</b>	<u>302,480.50</u>
<b>Total Current Liabilities</b>	391,370.14
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,398,544.52
<b>Total Long Term Liabilities</b>	<u>1,398,544.52</u>
<b>Total Liabilities</b>	1,789,914.66
<b>Equity</b>	
470 · Member Meter Tap On	1,815,559.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-125,652.01
<b>Total Equity</b>	<u>9,305,758.28</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,095,672.94</u></u>



10:25 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of May 31, 2008

May 31, 08

**ASSETS****Current Assets**

<b>Checking/Savings</b>	
307 · Cash - O & M	3,137.91
202 · Cash - Debt Service	142,282.18
206 · Cash - Construction Extension	8,791.51
215 · Cash - Depreciation Account	34,873.78
303 · Cash - Revenue Fund	51,140.44
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	299,220.25
250 · Investments - Depreciation Fund	138,322.62
<b>Total Checking/Savings</b>	<u>936,404.13</u>

**Accounts Receivable**

350 · Accounts Receivable	33,181.11
349 · Unbilled Receivable	115,498.20
351 · Due from Others	13,782.74
375 · Allowance for Doubtful Accounts	-3,210.80
<b>Total Accounts Receivable</b>	<u>159,251.25</u>

**Other Current Assets**

352 · Inventory	88,034.56
353 · Returned Checks	95.31
370 · Prepaid Insurance	-1,913.34
<b>Total Other Current Assets</b>	<u>86,216.53</u>

**Total Current Assets**

1,181,871.91

**Fixed Assets**

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,412.60
110 · Services	609,736.33
111 · Meters	510,671.38
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	278,704.67
140 · Accumulated Depreciation	-4,263,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	247,041.05
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-484,915.74
<b>Total Fixed Assets</b>	<u>9,865,958.94</u>

**TOTAL ASSETS**

11,047,830.85

**LIABILITIES & EQUITY****Liabilities****Current Liabilities**

<b>Accounts Payable</b>	
402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00
<b>Total Accounts Payable</b>	<u>88,889.64</u>

10:25 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of May 31, 2008

	<u>May 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	441.84
406 · Ky Income Tax Withheld	1,636.24
407 · County Withheld	675.87
408 · Pension Withheld	2,993.81
421 · Accrued Payroll Taxes	173.40
422 · Accrued Retirement Payable	5,893.61
420 · Sales Tax Payable	77.86
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	21.49
416 · Henry Co. School Tax Payable	14.95
417 · Oldham Co. School Tax Payable	9.48
418 · Shelby Co. School Tax Payable	3,179.56
419 · Franklin Co. School Tax Payable	653.59
<b>Total School Tax Payable</b>	<u>3,879.07</u>
425 · Accrued Interest	24,512.62
450 · Membership Cert - Customer Dep	247,821.04
<b>Total Other Current Liabilities</b>	<u>288,105.36</u>
<b>Total Current Liabilities</b>	376,995.00
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,391,008.52
<b>Total Long Term Liabilities</b>	<u>1,391,008.52</u>
<b>Total Liabilities</b>	1,768,003.52
<b>Equity</b>	
470 · Member Meter Tap On	1,819,459.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-155,482.96
<b>Total Equity</b>	<u>9,279,827.33</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,047,830.85</u></u>

7 10:25 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of June 30, 2008

Jun 30, 08

**ASSETS**

**Current Assets**

**Checking/Savings**

307 · Cash - O & M	-22,153.77
202 · Cash - Debt Service	158,136.17
206 · Cash - Construction Extension	5,925.59
215 · Cash - Depreciation Account	37,102.61
303 · Cash - Revenue Fund	43,814.97
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	300,127.53
250 · Investments - Depreciation Fund	138,322.62

**Total Checking/Savings** 919,911.16

**Accounts Receivable**

350 · Accounts Receivable	34,380.29
349 · Unbilled Receivable	115,498.20
375 · Allowance for Doubtful Accounts	-3,210.80

**Total Accounts Receivable** 146,667.69

**Other Current Assets**

352 · Inventory	91,391.38
353 · Returned Checks	445.49
370 · Prepaid Insurance	-4,232.09

**Total Other Current Assets** 87,604.78

**Total Current Assets** 1,154,183.63

**Fixed Assets**

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,412.60
110 · Services	609,736.33
111 · Meters	511,696.33
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction In Progress	281,570.59
140 · Accumulated Depreciation	-4,263,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	246,744.05
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-513,915.74

**Total Fixed Assets** 9,840,552.81

**TOTAL ASSETS** 10,994,736.44

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

**Total Accounts Payable** 88,889.64

10:25 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of June 30, 2008

	<u>Jun 30, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	375.25
404 · Social Security Withheld	8.41
406 · Ky Income Tax Withheld	1,344.52
407 · County Withheld	991.29
408 · Pension Withheld	2,646.96
421 · Accrued Payroll Taxes	230.36
422 · Accrued Retirement Payable	4,786.66
420 · Sales Tax Payable	151.22
School Tax Payable	
415 · Eminence School Tax Payable	21.54
416 · Henry Co. School Tax Payable	15.39
417 · Oldham Co. School Tax Payable	16.58
418 · Shelby Co. School Tax Payable	3,627.24
419 · Franklin Co. School Tax Payable	549.15
<hr/>	
Total School Tax Payable	4,229.90
425 · Accrued Interest	30,812.62
450 · Membership Cert - Customer Dep	248,796.00
<hr/>	
Total Other Current Liabilities	294,373.19
<hr/>	
Total Current Liabilities	383,262.83
<b>Long Term Liabilities</b>	
390 · Note Payable - Future Years	1,391,008.52
<hr/>	
Total Long Term Liabilities	1,391,008.52
<hr/>	
Total Liabilities	1,774,271.35
<b>Equity</b>	
470 · Member Meter Tap On	1,823,459.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	-218,845.20
<hr/>	
Total Equity	9,220,465.09
<hr/>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10,994,736.44</b>

10:25 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of July 31, 2008

Jul 31, 08

ASSETS

Current Assets

Checking/Savings

307 · Cash - O & M	42,825.11
202 · Cash - Debt Service	144,871.68
206 · Cash - Construction Extension	91,136.57
215 · Cash - Depreciation Account	37,134.05
303 · Cash - Revenue Fund	103,760.48
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	301,008.22
250 · Investments - Depreciation Fund	138,322.62

Total Checking/Savings 1,117,694.17

Accounts Receivable

350 · Accounts Receivable	25,613.56
349 · Unbilled Receivable	115,498.20
351 · Due from Others	25,592.95
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable 163,493.91

Other Current Assets

352 · Inventory	88,498.60
353 · Returned Checks	124.63
370 · Prepaid Insurance	14,318.22

Total Other Current Assets 102,941.45

Total Current Assets 1,384,129.53

Fixed Assets

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,533.60
110 · Services	609,736.33
111 · Meters	513,451.83
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	405,469.62
140 · Accumulated Depreciation	-4,288,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	246,744.05
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-517,915.74

Total Fixed Assets 9,937,328.34

TOTAL ASSETS 11,321,457.87

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable 88,889.64

10:25 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
**Balance Sheet**  
As of July 31, 2008

	<u>Jul 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	378.85
404 · Social Security Withheld	92.11
406 · Ky Income Tax Withheld	1,332.52
407 · County Withheld	318.15
408 · Pension Withheld	2,617.15
421 · Accrued Payroll Taxes	191.96
422 · Accrued Retirement Payable	4,065.99
420 · Sales Tax Payable	63.36
School Tax Payable	
415 · Eminence School Tax Payable	30.32
416 · Henry Co. School Tax Payable	13.20
417 · Oldham Co. School Tax Payable	21.40
418 · Shelby Co. School Tax Payable	4,053.54
419 · Franklin Co. School Tax Payable	669.03
<b>Total School Tax Payable</b>	<u>4,787.49</u>
425 · Accrued Interest	30,903.62
450 · Membership Cert - Customer Dep	249,015.80
<b>Total Other Current Liabilities</b>	<u>293,767.00</u>
<b>Total Current Liabilities</b>	382,656.64
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	283,410.00
390 · Note Payable - Future Years	1,383,657.52
<b>Total Long Term Liabilities</b>	<u>1,667,067.52</u>
<b>Total Liabilities</b>	2,049,724.16
<b>Equity</b>	
470 · Member Meter Tap On	1,827,959.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,492,785.92
590 · Retained Earnings	1,923,216.57
Net Income	-258,976.58
<b>Total Equity</b>	<u>9,271,733.71</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,321,457.87</u></u>

10:25 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of August 31, 2008

Aug 31, 08

**ASSETS**

**Current Assets**

**Checking/Savings**

307 · Cash - O & M	4,022.15
202 · Cash - Debt Service	145,145.43
206 · Cash - Construction Extension	91,136.57
215 · Cash - Depreciation Account	37,165.52
303 · Cash - Revenue Fund	145,548.41
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	301,685.66
250 · Investments - Depreciation Fund	140,665.26

Total Checking/Savings 1,124,004.44

**Accounts Receivable**

350 · Accounts Receivable	39,551.04
349 · Unbilled Receivable	115,498.20
351 · Due from Others	53,369.69
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable 205,208.13

**Other Current Assets**

352 · Inventory	93,657.59
353 · Returned Checks	160.63
370 · Prepaid Insurance	11,859.47

Total Other Current Assets 105,677.69

Total Current Assets 1,434,890.26

**Fixed Assets**

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,533.60
110 · Services	609,736.33
111 · Meters	515,093.33
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	429,283.74
140 · Accumulated Depreciation	-4,313,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	244,481.13
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-521,915.74

Total Fixed Assets 9,931,521.04

**TOTAL ASSETS 11,366,411.30**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable 88,889.64

10:25 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
**As of August 31, 2008**

	<u>Aug 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	453.54
404 · Social Security Withheld	92.11
406 · Ky Income Tax Withheld	1,684.98
407 · County Withheld	706.00
408 · Pension Withheld	2,971.39
421 · Accrued Payroll Taxes	247.69
422 · Accrued Retirement Payable	5,022.45
420 · Sales Tax Payable	135.52
School Tax Payable	
415 · Eminence School Tax Payable	23.67
416 · Henry Co. School Tax Payable	14.81
417 · Oldham Co. School Tax Payable	23.27
418 · Shelby Co. School Tax Payable	4,434.76
419 · Franklin Co. School Tax Payable	727.07
<b>Total School Tax Payable</b>	<u>5,223.58</u>
425 · Accrued Interest	37,203.62
450 · Membership Cert - Customer Dep	249,864.73
<b>Total Other Current Liabilities</b>	<u>303,605.61</u>
<b>Total Current Liabilities</b>	392,495.25
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	329,410.00
390 · Note Payable - Future Years	1,383,657.52
<b>Total Long Term Liabilities</b>	<u>1,713,067.52</u>
<b>Total Liabilities</b>	2,105,562.77
<b>Equity</b>	
470 · Member Meter Tap On	1,831,459.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,492,785.92
590 · Retained Earnings	1,923,216.57
Net Income	-273,361.76
<b>Total Equity</b>	<u>9,260,848.53</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,366,411.30</u></u>



10:25 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of September 30, 2008

Sep 30, 08

ASSETS	
Current Assets	
Checking/Savings	
307 · Cash - O & M	25,632.80
202 · Cash - Debt Service	192,222.66
206 · Cash - Construction Extension	17,611.57
215 · Cash - Depreciation Account	43,798.64
303 · Cash - Revenue Fund	60,525.34
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	302,291.69
250 · Investments - Depreciation Fund	140,665.26
Total Checking/Savings	1,041,383.40
Accounts Receivable	
350 · Accounts Receivable	38,566.65
349 · Unbilled Receivable	115,498.20
351 · Due from Others	26,984.15
375 · Allowance for Doubtful Accounts	-3,210.80
Total Accounts Receivable	177,838.20
Other Current Assets	
352 · Inventory	113,250.35
353 · Returned Checks	200.83
370 · Prepaid Insurance	9,400.72
Total Other Current Assets	122,851.90
Total Current Assets	1,342,073.50
Fixed Assets	
105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,219,533.60
110 · Services	609,736.33
111 · Meters	516,361.83
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	365,628.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	522,607.64
140 · Accumulated Depreciation	-4,338,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	244,481.13
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-525,915.74
Total Fixed Assets	9,997,113.44
<b>TOTAL ASSETS</b>	<b>11,339,186.94</b>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00
Total Accounts Payable	88,889.64

10:25 AM  
01/25/10  
Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of September 30, 2008

	<u>Sep 30, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	386.95
404 · Social Security Withheld	92.11
406 · Ky Income Tax Withheld	1,483.17
407 · County Withheld	1,034.78
408 · Pension Withheld	2,719.56
421 · Accrued Payroll Taxes	284.89
422 · Accrued Retirement Payable	4,350.60
420 · Sales Tax Payable	212.85
School Tax Payable	
415 · Eminence School Tax Payable	24.45
416 · Henry Co. School Tax Payable	9.71
417 · Oldham Co. School Tax Payable	39.02
418 · Shelby Co. School Tax Payable	4,524.52
419 · Franklin Co. School Tax Payable	735.62
<b>Total School Tax Payable</b>	<u>5,333.32</u>
425 · Accrued Interest	40,333.62
450 · Membership Cert - Customer Dep	250,388.23
<b>Total Other Current Liabilities</b>	<u>306,620.08</u>
<b>Total Current Liabilities</b>	395,509.72
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	329,410.00
390 · Note Payable - Future Years	1,383,657.52
<b>Total Long Term Liabilities</b>	<u>1,713,067.52</u>
<b>Total Liabilities</b>	2,108,577.24
<b>Equity</b>	
470 · Member Meter Tap On	1,834,459.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,492,785.92
590 · Retained Earnings	1,923,216.57
Net Income	-306,600.59
<b>Total Equity</b>	<u>9,230,609.70</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,339,186.94</u></u>

10:26 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
Balance Sheet  
As of October 31, 2008

Oct 31, 08

ASSETS

Current Assets

Checking/Savings

307 · Cash - O & M	12,214.16
202 · Cash - Debt Service	192,170.66
206 · Cash - Construction Extension	423,605.57
215 · Cash - Depreciation Account	46,035.60
303 · Cash - Revenue Fund	114,523.94
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	302,341.02
250 · Investments - Depreciation Fund	140,665.26

Total Checking/Savings 1,490,191.65

Accounts Receivable

350 · Accounts Receivable	26,684.56
349 · Unbilled Receivable	115,498.20
351 · Due from Others	20,186.28
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable 159,158.24

Other Current Assets

352 · Inventory	117,092.24
353 · Returned Checks	58.12
370 · Prepaid Insurance	8,117.49

Total Other Current Assets 125,267.85

Total Current Assets 1,774,617.74

Fixed Assets

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,220,214.48
110 · Services	609,736.33
111 · Meters	518,363.09
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	368,028.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	536,057.64
140 · Accumulated Depreciation	-4,363,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	244,481.13
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-529,915.74

Total Fixed Assets 9,986,645.58

TOTAL ASSETS 11,761,263.32

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable 88,889.64

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Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
As of October 31, 2008

	<u>Oct 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	467.64
404 · Social Security Withheld	92.11
406 · Ky Income Tax Withheld	1,744.57
407 · County Withheld	401.51
408 · Pension Withheld	2,481.12
421 · Accrued Payroll Taxes	229.95
422 · Accrued Retirement Payable	5,280.11
420 · Sales Tax Payable	69.71
School Tax Payable	
415 · Eminence School Tax Payable	22.71
416 · Henry Co. School Tax Payable	5.23
417 · Oldham Co. School Tax Payable	29.79
418 · Shelby Co. School Tax Payable	4,440.85
419 · Franklin Co. School Tax Payable	654.51
<b>Total School Tax Payable</b>	<u>5,153.09</u>
425 · Accrued Interest	27,477.62
450 · Membership Cert - Customer Dep	250,931.87
<b>Total Other Current Liabilities</b>	<u>294,329.30</u>
<b>Total Current Liabilities</b>	383,218.94
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	325,629.84
390 · Note Payable - Future Years	1,383,657.52
<b>Total Long Term Liabilities</b>	<u>1,709,287.36</u>
<b>Total Liabilities</b>	2,092,506.30
<b>Equity</b>	
470 · Member Meter Tap On	1,837,559.84
472 · Member Hydrants	30,900.78
474 · Grants	2,571,475.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,492,785.92
590 · Retained Earnings	1,923,216.57
Net Income	-290,997.27
<b>Total Equity</b>	<u>9,668,757.02</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,761,263.32</u></u>

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Accrual Basis

## North Shelby Water Company

## Balance Sheet

As of November 30, 2008

Nov 30, 08

## ASSETS

## Current Assets

## Checking/Savings

307 · Cash - O & M	23,549.16
202 · Cash - Debt Service	208,080.26
206 · Cash - Construction Extension	423,605.57
215 · Cash - Depreciation Account	48,264.23
303 · Cash - Revenue Fund	67,744.36
310 · Cash - Line Upsize Surcharge	258,485.44
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	303,111.37
250 · Investments - Depreciation Fund	140,665.26

Total Checking/Savings	1,473,655.65
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## Accounts Receivable

350 · Accounts Receivable	51,816.72
349 · Unbilled Receivable	115,498.20
351 · Due from Others	21,175.53
375 · Allowance for Doubtful Accounts	-3,210.80

Total Accounts Receivable	185,279.65
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## Other Current Assets

352 · Inventory	121,246.62
353 · Returned Checks	759.44
370 · Prepaid Insurance	5,117.49

Total Other Current Assets	127,123.55
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Total Current Assets	1,786,058.85
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## Fixed Assets

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,220,615.23
110 · Services	609,736.33
111 · Meters	521,062.09
112 · Meter Installation	409,775.72
113 · Hydrants	123,596.36
115 · Pumping Station Equipment	368,028.26
116 · Water Sales Station	7,722.47
130 · Construction in Progress	537,620.13
140 · Accumulated Depreciation	-4,388,262.41
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	244,481.13
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-533,915.74

Total Fixed Assets	9,962,307.82
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TOTAL ASSETS	11,748,366.67
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## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

402 · Accounts Payable	78,079.64
403 · Accounts Payable - Construction	10,810.00

Total Accounts Payable	88,889.64
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10:26 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Balance Sheet**  
 As of November 30, 2008

	Nov 30, 08
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	407.05
404 · Social Security Withheld	92.11
406 · Ky Income Tax Withheld	1,337.21
407 · County Withheld	717.82
408 · Pension Withheld	2,699.98
421 · Accrued Payroll Taxes	251.11
422 · Accrued Retirement Payable	4,289.59
420 · Sales Tax Payable	117.51
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	22.47
416 · Henry Co. School Tax Payable	7.19
417 · Oldham Co. School Tax Payable	23.64
418 · Shelby Co. School Tax Payable	3,567.63
419 · Franklin Co. School Tax Payable	586.18
<b>Total School Tax Payable</b>	4,207.11
425 · Accrued Interest	30,607.62
450 · Membership Cert - Customer Dep	251,275.50
<b>Total Other Current Liabilities</b>	296,002.61
<b>Total Current Liabilities</b>	384,892.25
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	325,629.84
390 · Note Payable - Future Years	1,383,657.52
<b>Total Long Term Liabilities</b>	1,709,287.36
<b>Total Liabilities</b>	2,094,179.61
<b>Equity</b>	
470 · Member Meter Tap On	1,839,059.84
472 · Member Hydrants	30,900.78
474 · Grants	2,571,475.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,492,785.92
590 · Retained Earnings	1,923,216.57
Net Income	-307,067.23
<b>Total Equity</b>	9,654,187.06
<b>TOTAL LIABILITIES &amp; EQUITY</b>	11,748,366.67

10:26 AM  
01/25/10  
Accrual Basis

North Shelby Water Company  
**Balance Sheet**  
As of December 31, 2008

Dec 31, 08

**ASSETS**

**Current Assets**

**Checking/Savings**

307 · Cash - O & M	16,474.01
202 · Cash - Debt Service	223,980.14
206 · Cash - Construction Extension	482,091.01
215 · Cash - Depreciation Account	50,491.87
303 · Cash - Revenue Fund	56,787.07
302 · Petty Cash	150.00
240 · Investments - Revenue Fund	303,858.77
250 · Investments - Depreciation Fund	140,665.26

Total Checking/Savings 1,274,498.13

**Accounts Receivable**

350 · Accounts Receivable	33,427.60
349 · Unbilled Receivable	132,628.27
351 · Due from Others	22,193.74
375 · Allowance for Doubtful Accounts	-12,042.56

Total Accounts Receivable 176,207.05

**Other Current Assets**

625 · Grant Proceeds	-420,944.00
352 · Inventory	50,507.30
353 · Returned Checks	100.93
370 · Prepaid Insurance	10,504.53

Total Other Current Assets -359,831.24

Total Current Assets 1,090,873.94

**Fixed Assets**

105 · Structures & Improvements	12,942.05
107 · Standpipes	1,931,124.94
108 · Water Treatment Plant	14,666.42
109 · Water Distribution Mains	9,306,255.60
110 · Services	624,136.33
111 · Meters	518,082.02
112 · Meter Installation	420,575.72
113 · Hydrants	123,172.86
115 · Pumping Station Equipment	459,522.65
116 · Water Sales Station	7,722.47
130 · Construction in Progress	454,278.62
140 · Accumulated Depreciation	-4,460,330.82
149 · Building	571,463.60
150 · Office Furniture and Equipment	134,103.49
155 · Transportation Equipment	216,324.21
157 · Shop Equipment	177,547.75
159 · Accumulated Depreciation	-494,552.64

Total Fixed Assets 10,017,035.27

**TOTAL ASSETS 11,107,909.21**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

402 · Accounts Payable 137,095.16

Total Accounts Payable 137,095.16

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01/25/10  
Accrual Basis

North Shelby Water Company  
**Balance Sheet**  
As of December 31, 2008

	<u>Dec 31, 08</u>
<b>Other Current Liabilities</b>	
410 · Life Insurance Withheld	288.76
404 · Social Security Withheld	544.32
406 · Ky Income Tax Withheld	1,296.78
407 · County Withheld	1,073.80
408 · Pension Withheld	2,643.08
421 · Accrued Payroll Taxes	708.54
422 · Accrued Retirement Payable	3,973.46
420 · Sales Tax Payable	163.29
<b>School Tax Payable</b>	
415 · Eminence School Tax Payable	19.84
416 · Henry Co. School Tax Payable	11.55
417 · Oldham Co. School Tax Payable	9.64
418 · Shelby Co. School Tax Payable	3,611.69
419 · Franklin Co. School Tax Payable	692.74
<b>Total School Tax Payable</b>	<u>4,345.46</u>
425 · Accrued Interest	38,714.07
426 · Accrued Interest - Customer Dep	1,527.41
450 · Membership Cert - Customer Dep	<u>-249,075.62</u>
<b>Total Other Current Liabilities</b>	<u>304,354.59</u>
<b>Total Current Liabilities</b>	441,449.75
<b>Long Term Liabilities</b>	
389 · Note Payable - CB & T	129,743.00
390 · Note Payable - Future Years	1,379,552.34
<b>Total Long Term Liabilities</b>	<u>1,509,295.34</u>
<b>Total Liabilities</b>	1,950,745.09
<b>Equity</b>	
470 · Member Meter Tap On	1,840,059.84
472 · Member Hydrants	30,900.78
474 · Grants	2,152,031.68
475 · Franklin Co. Contributions	103,815.50
473 · Contributions in Aid of Const	3,405,885.92
590 · Retained Earnings	1,923,216.57
Net Income	<u>-298,746.17</u>
<b>Total Equity</b>	<u>9,157,164.12</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,107,909.21</u></u>



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01/25/10

Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of January 31, 2008

	Jan 31, 08	
	Debit	Credit
307 · Cash - O & M	44,924.37	
202 · Cash - Debt Service	287,865.85	
206 · Cash - Construction Extension	26,228.91	
215 · Cash - Depreciation Account	25,969.35	
303 · Cash - Revenue Fund	115,072.02	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	295,749.49	
250 · Investments - Depreciation Fund	137,933.78	
350 · Accounts Receivable	21,525.43	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	15,117.75	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	68,043.92	
353 · Returned Checks		55.69
370 · Prepaid Insurance	8,617.43	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,280.60	
110 · Services	609,736.33	
111 · Meters	507,579.77	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,172.86	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	85,618.06	
140 · Accumulated Depreciation		4,163,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	241,918.21	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		468,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		284.36
409 · Child Support Withheld	0.00	
404 · Social Security Withheld	0.00	
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,198.38
407 · County Withheld		279.03
408 · Pension Withheld		2,552.18
421 · Accrued Payroll Taxes		502.31
422 · Accrued Retirement Payable		4,471.41
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		57.65
School Tax Payable:415 · Eminence School Tax Payable		21.86
School Tax Payable:416 · Henry Co. School Tax Payable		10.62
School Tax Payable:417 · Oldham Co. School Tax Payable		10.02
School Tax Payable:418 · Shelby Co. School Tax Payable		3,332.53
School Tax Payable:419 · Franklin Co. School Tax Payable		630.30
425 · Accrued Interest		37,133.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		246,188.38
390 · Note Payable - Future Years		1,403,159.52
470 · Member Meter Tap On		1,809,059.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50
473 · Contributions in Aid of Const		3,405,885.92

10:34 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of January 31, 2008

	Jan 31, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		123,668.47
606 · Commercial Customers		10,466.04
608 · Industrial Customers		59.49
610 · Educational Customers		465.74
615 · Fire Protection		94.71
750 · Maintenance Overhead Reimbursem		2,680.00
885 · Overhead Reimbursement		6,713.00
886 · Service Charge Income		4,678.29
887 · Equipment Rental Income		2,489.55
884 · Interest Earned		1,925.14
605 · Return Check Fee Income		55.00
882 · Miscellaneous Income		1,820.52
704 · Water Purchased	55,896.38	
812 · Commission Member Fees	2,100.00	
854 · Depr - General Plant	4,000.00	
852 · Depr - Trans & Dist	25,000.00	
805 · Employee Benefits	13,023.98	
735 · Fuel Expense	3,615.58	
830 · Janitorial Wages	260.00	
810 · Legal Fees	665.74	
817 · License and Fees	174.00	
814 · Insurance Expense	3,000.00	
902 · Interest - LT Debt	6,300.00	
724 · Maintenance - Distribution Main	876.32	
820 · Maintenance - General Propertie	1,683.25	
722 · Maintenance - Pumping Equipment	685.00	
726 · Maintenance - Service & Meters	984.85	
821 · Maintenance-Transportation Equi	8,845.88	
728 · Maintenance - Water Sales Stati	0.00	
816 · Meals and Entertainment	48.67	
730 · Meter Readings	4,835.82	
818 · Misc. General Expense	497.73	
804 · Office Supplies & Expense	1,715.51	
732 · Operating Supplies	786.75	
807 · Postage and Delivery	1,611.57	
710 · Power Pumping Equipment	7,288.15	
828 · Taxes - Payroll	2,441.87	
822 · Telephone Expense	2,818.66	
829 · Uniform Cleaning	340.96	
827 · Utilities	81.15	
Wages & Salaries:802 · Office Salaries	11,436.03	
Wages & Salaries:808 · Management Salary	6,550.80	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	2,790.57	
705 · Water Testing	375.00	
<b>TOTAL</b>	<b>16,004,192.69</b>	<b>16,004,192.69</b>

10:34 AM

01/25/10

Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
 As of February 29, 2008

	Feb 29, 08	
	Debit	Credit
307 · Cash - O & M		13,681.99
202 · Cash - Debt Service	304,146.65	
206 · Cash - Construction Extension	24,203.91	
215 · Cash - Depreciation Account	28,194.07	
303 · Cash - Revenue Fund	126,771.73	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	296,601.62	
250 · Investments - Depreciation Fund	138,322.62	
350 · Accounts Receivable	32,984.67	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	30,259.11	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	70,447.89	
353 · Returned Checks		55.69
370 · Prepaid Insurance	6,348.16	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,280.60	
110 · Services	609,736.33	
111 · Meters	508,348.28	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,172.86	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	85,830.75	
140 · Accumulated Depreciation		4,188,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	241,918.21	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		472,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		430.14
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		61.21
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,698.50
407 · County Withheld		683.60
408 · Pension Withheld		3,099.91
421 · Accrued Payroll Taxes		1,176.59
422 · Accrued Retirement Payable		6,242.80
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		113.33
School Tax Payable:415 · Eminence School Tax Payable		17.45
School Tax Payable:416 · Henry Co. School Tax Payable		10.09
School Tax Payable:417 · Oldham Co. School Tax Payable		9.22
School Tax Payable:418 · Shelby Co. School Tax Payable		3,280.39
School Tax Payable:419 · Franklin Co. School Tax Payable		714.37
425 · Accrued Interest		43,433.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		246,985.60
390 · Note Payable - Future Years		1,403,159.52
470 · Member Meter Tap On		1,811,559.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50
473 · Contributions in Aid of Const		3,405,885.92

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 01/25/10  
 Accrual Basis

North Shelby Water Company  
**Trial Balance**  
 As of February 29, 2008

	Feb 29, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		246,618.98
606 · Commercial Customers		20,698.37
608 · Industrial Customers		118.98
610 · Educational Customers		1,009.97
615 · Fire Protection		189.42
750 · Maintenance Overhead Reimbusem		6,440.00
885 · Overhead Reimbursement		13,426.00
886 · Service Charge Income		9,201.48
887 · Equipment Rental Income		4,250.15
884 · Interest Earned		3,910.90
605 · Return Check Fee Income		103.00
882 · Miscellaneous Income		1,821.02
704 · Water Purchased	120,695.75	
812 · Commission Member Fees	5,950.00	
854 · Depr - General Plant	8,000.00	
852 · Depr - Trans & Dist	50,000.00	
805 · Employee Benefits	26,929.57	
735 · Fuel Expense	7,863.58	
830 · Janitorial Wages	520.00	
810 · Legal Fees	2,690.74	
817 · License and Fees	174.00	
814 · Insurance Expense	6,000.00	
902 · Interest - LT Debt	12,600.00	
724 · Maintenance - Distribution Main	2,465.96	
820 · Maintenance - General Propertie	5,016.96	
727 · Maintenance - Hydrants	28.25	
722 · Maintenance - Pumping Equipment	2,719.09	
726 · Maintenance - Service & Meters	1,971.65	
821 · Maintenance-Transportation Equi	19,968.41	
728 · Maintenance - Water Sales Stati	24.00	
816 · Meals and Entertainment	159.86	
730 · Meter Readings	9,625.74	
818 · Misc. General Expense	522.73	
804 · Office Supplies & Expense	4,213.87	
732 · Operating Supplies	1,506.44	
807 · Postage and Delivery	2,964.75	
710 · Power Pumping Equipment	14,724.65	
825 · Rental Equipment	91.41	
828 · Taxes - Payroll	5,916.12	
822 · Telephone Expense	3,491.92	
829 · Uniform Cleaning	726.92	
827 · Utilities	158.29	
Wages & Salaries:802 · Office Salaries	28,073.49	
Wages & Salaries:808 · Management Salary	17,213.67	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	4,272.55	
705 · Water Testing	375.00	
<b>TOTAL</b>	<b><u>16,213,331.17</u></b>	<b><u>16,213,331.17</u></b>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of March 31, 2008

	Mar 31, 08	
	Debit	Credit
307 · Cash - O & M	261.46	
202 · Cash - Debt Service	320,404.57	
206 · Cash - Construction Extension	24,203.91	
215 · Cash - Depreciation Account	30,420.51	
303 · Cash - Revenue Fund	105,125.86	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	297,442.93	
250 · Investments - Depreciation Fund	138,322.62	
350 · Accounts Receivable	28,830.91	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	44,024.75	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	45,104.16	
353 · Returned Checks	24.31	
370 · Prepaid Insurance	3,348.16	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,412.60	
110 · Services	609,736.33	
111 · Meters	509,216.74	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,172.86	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	96,327.55	
140 · Accumulated Depreciation		4,213,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	241,918.21	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		476,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		363.55
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		61.20
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,379.12
407 · County Withheld		996.54
408 · Pension Withheld		2,682.74
421 · Accrued Payroll Taxes		1,643.73
422 · Accrued Retirement Payable		4,887.58
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		279.45
School Tax Payable:415 · Eminence School Tax Payable		17.45
School Tax Payable:416 · Henry Co. School Tax Payable		9.90
School Tax Payable:417 · Oldham Co. School Tax Payable		7.62
School Tax Payable:418 · Shelby Co. School Tax Payable		3,187.97
School Tax Payable:419 · Franklin Co. School Tax Payable		627.37
425 · Accrued Interest		49,733.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		246,682.71
390 · Note Payable - Future Years		1,403,159.52
470 · Member Meter Tap On		1,814,559.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50
473 · Contributions in Aid of Const		3,405,885.92

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of March 31, 2008

	Mar 31, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		364,242.23
606 · Commercial Customers		30,796.41
608 · Industrial Customers		178.47
610 · Educational Customers		1,473.75
615 · Fire Protection		284.13
750 · Maintenance Overhead Reimbursem		8,560.00
885 · Overhead Reimbursement		20,139.00
886 · Service Charge Income		12,913.33
887 · Equipment Rental Income		6,036.97
884 · Interest Earned		5,470.22
605 · Return Check Fee Income		104.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		3,716.49
704 · Water Purchased	180,021.21	
813 · Advertising	354.26	
812 · Commission Member Fees	8,850.00	
854 · Depr. - General Plant	12,000.00	
852 · Depr - Trans & Dist	75,000.00	
805 · Employee Benefits	39,994.70	
735 · Fuel Expense	12,841.85	
830 · Janitorial Wages	780.00	
810 · Legal Fees	5,306.10	
817 · License and Fees	174.00	
814 · Insurance Expense	9,000.00	
902 · Interest - LT Debt	18,900.00	
724 · Maintenance - Distribution Main	3,912.45	
820 · Maintenance - General Propertie	6,407.96	
727 · Maintenance - Hydrants	162.43	
722 · Maintenance - Pumping Equipment	5,756.11	
726 · Maintenance - Service & Meters	2,334.28	
720 · Maintenance - Structures	181.50	
821 · Maintenance-Transportation Equi	24,779.34	
728 · Maintenance - Water Sales Stafi	24.00	
816 · Meals and Entertainment	243.21	
730 · Meter Readings	9,625.74	
818 · Misc. General Expense	522.73	
804 · Office Supplies & Expense	9,576.55	
732 · Operating Supplies	2,398.73	
807 · Postage and Delivery	5,264.19	
710 · Power Pumping Equipment	21,095.44	
825 · Rental Equipment	463.36	
828 · Taxes - Payroll	8,572.26	
822 · Telephone Expense	6,467.63	
829 · Uniform Cleaning	1,173.37	
827 · Utilities	259.54	
Wages & Salaries:802 · Office Salaries	39,418.88	
Wages & Salaries:808 · Management Salary	27,542.19	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	5,366.12	
705 · Water Testing	1,150.00	
<b>TOTAL</b>	<b>16,382,326.91</b>	<b>16,382,326.91</b>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of April 30, 2008

	Apr 30, 08	
	Debit	Credit
307 - Cash - O & M		976.53
202 - Cash - Debt Service	157,375.55	
206 - Cash - Construction Extension	6,455.86	
215 - Cash - Depreciation Account	32,645.87	
303 - Cash - Revenue Fund	79,102.07	
310 - Cash - Line Upsize Surcharge	258,485.44	
302 - Petty Cash	150.00	
240 - Investments - Revenue Fund	298,344.80	
250 - Investments - Depreciation Fund	138,322.62	
350 - Accounts Receivable	29,002.65	
349 - Unbilled Receivable	115,498.20	
351 - Due from Others	15,999.33	
348 - Accounts Receivable - Other	0.00	
375 - Allowance for Doubtful Accounts		3,210.80
360 - Retirement Overpayment Receivable	0.00	
330 - INVEST. O & M	0.00	
352 - Inventory	78,114.22	
353 - Returned Checks		55.69
370 - Prepaid Insurance	853.66	
105 - Structures & Improvements	12,942.05	
107 - Standpipes	1,931,124.94	
108 - Water Treatment Plant	14,666.42	
109 - Water Distribution Mains	9,219,412.60	
110 - Services	609,736.33	
111 - Meters	509,786.12	
112 - Meter Installation	409,775.72	
113 - Hydrants	123,172.86	
115 - Pumping Station Equipment	365,628.26	
116 - Water Sales Station	7,722.47	
130 - Construction in Progress	277,480.10	
140 - Accumulated Depreciation		4,238,262.41
149 - Building	571,463.60	
150 - Office Furniture and Equipment	134,103.49	
155 - Transportation Equipment	244,181.13	
157 - Shop Equipment	177,547.75	
159 - Accumulated Depreciation		480,915.74
402 - Accounts Payable		78,079.64
401 - Accounts Payable - Retainage	0.00	
403 - Accounts Payable - Construction		10,810.00
410 - Life Insurance Withheld		367.15
409 - Child Support Withheld	0.00	
404 - Social Security Withheld	0.00	
405 - Federal Income Tax Withheld	0.00	
406 - Ky Income Tax Withheld		1,348.24
407 - County Withheld		300.83
408 - Pension Withheld		2,652.71
421 - Accrued Payroll Taxes		725.91
422 - Accrued Retirement Payable		4,790.49
444 - Accrued Payroll	0.00	
420 - Sales Tax Payable		34.93
School Tax Payable:415 - Eminence School Tax Payable		18.53
School Tax Payable:416 - Henry Co. School Tax Payable		15.49
School Tax Payable:417 - Oldham Co. School Tax Payable		7.21
School Tax Payable:418 - Shelby Co. School Tax Payable		3,120.39
School Tax Payable:419 - Franklin Co. School Tax Payable		648.17
425 - Accrued Interest		41,604.62
426 - Accrued Interest - Customer Dep	0.00	
450 - Membership Cert - Customer Dep		246,845.83
390 - Note Payable - Future Years		1,398,544.52
470 - Member Meter Tap On		1,815,559.84
472 - Member Hydrants		30,900.78
474 - Grants		2,152,031.68
475 - Franklin Co. Contributions		103,815.50
473 - Contributions in Aid of Const		3,405,885.92

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of April 30, 2008

	Apr 30, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		480,574.02
606 · Commercial Customers		39,438.53
608 · Industrial Customers		237.96
610 · Educational Customers		2,056.38
615 · Fire Protection		378.84
750 · Maintenance Overhead Reimbusem		12,190.00
885 · Overhead Reimbursement		26,852.00
886 · Service Charge Income		17,353.00
887 · Equipment Rental Income		8,262.23
884 · Interest Earned		6,826.60
605 · Return Check Fee Income		151.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		3,716.49
704 · Water Purchased	243,413.03	
813 · Advertising	354.26	
815 · Bank Service Charges	35.75	
812 · Commission Member Fees	10,800.00	
854 · Depr - General Plant	16,000.00	
852 · Depr - Trans & Dist	100,000.00	
805 · Employee Benefits	52,377.01	
735 · Fuel Expense	18,296.20	
830 · Janitorial Wages	1,040.00	
810 · Legal Fees	6,422.27	
817 · License and Fees	174.00	
814 · Insurance Expense	12,000.00	
902 · Interest - LT Debt	25,200.00	
724 · Maintenance - Distribution Main	5,834.25	
820 · Maintenance - General Propertie	8,164.71	
727 · Maintenance - Hydrants	322.93	
722 · Maintenance - Pumping Equipment	6,977.49	
726 · Maintenance - Service & Meters	2,143.35	
720 · Maintenance - Structures	239.00	
821 · Maintenance-Transportation Equi	28,078.64	
728 · Maintenance - Water Sales Stati	24.00	
816 · Meals and Entertainment	243.21	
730 · Meter Readings	19,162.74	
818 · Misc. General Expense	1,441.47	
804 · Office Supplies & Expense	10,814.58	
732 · Operating Supplies	2,784.41	
807 · Postage and Delivery	6,500.99	
710 · Power Pumping Equipment	28,527.52	
825 · Rental Equipment	837.33	
828 · Taxes - Payroll	10,793.66	
822 · Telephone Expense	7,335.24	
829 · Uniform Cleaning	1,541.51	
827 · Utilities	339.02	
Wages & Salaries:802 · Office Salaries	49,233.13	
Wages & Salaries:808 · Management Salary	37,870.71	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	6,844.61	
705 · Water Testing	1,525.00	
<b>TOTAL</b>	<b>16,542,786.13</b>	<b>16,542,786.13</b>



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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
 As of May 31, 2008

	May 31, 08	
	Debit	Credit
307 · Cash - O & M	3,137.91	
202 · Cash - Debt Service	142,282.18	
206 · Cash - Construction Extension	8,791.51	
215 · Cash - Depreciation Account	34,873.78	
303 · Cash - Revenue Fund	51,140.44	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	299,220.25	
250 · Investments - Depreciation Fund	138,322.62	
350 · Accounts Receivable	33,181.11	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	13,782.74	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	88,034.56	
353 · Returned Checks	95.31	
370 · Prepaid Insurance		1,913.34
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,412.60	
110 · Services	609,736.33	
111 · Meters	510,671.38	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	278,704.67	
140 · Accumulated Depreciation		4,263,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	247,041.05	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		484,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		441.84
409 · Child Support Withheld	0.00	
404 · Social Security Withheld	0.00	
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,636.24
407 · County Withheld		675.87
408 · Pension Withheld		2,993.81
421 · Accrued Payroll Taxes		173.40
422 · Accrued Retirement Payable		5,893.61
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		77.86
School Tax Payable:415 · Eminence School Tax Payable		21.49
School Tax Payable:416 · Henry Co. School Tax Payable		14.95
School Tax Payable:417 · Oldham Co. School Tax Payable		9.48
School Tax Payable:418 · Shelby Co. School Tax Payable		3,179.56
School Tax Payable:419 · Franklin Co. School Tax Payable		653.59
425 · Accrued Interest		24,512.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		247,821.04
390 · Note Payable - Future Years		1,391,008.52
470 · Member Meter Tap On		1,819,459.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50
473 · Contributions in Aid of Const		3,405,885.92

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 Accrual Basis

North Shelby Water Company  
**Trial Balance**  
 As of May 31, 2008

	May 31, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		601,077.08
606 · Commercial Customers		48,446.86
608 · Industrial Customers		297.45
610 · Educational Customers		2,587.98
615 · Fire Protection		473.55
750 · Maintenance Overhead Reimbursem		15,770.00
885 · Overhead Reimbursement		33,565.00
886 · Service Charge Income		21,549.20
887 · Equipment Rental Income		8,667.23
884 · Interest Earned		7,976.47
605 · Return Check Fee Income		169.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		6,378.99
704 · Water Purchased	301,580.56	
813 · Advertising	354.26	
815 · Bank Service Charges	73.25	
812 · Commission Member Fees	13,700.00	
854 · Depr - General Plant	20,000.00	
852 · Depr - Trans & Dist	125,000.00	
805 · Employee Benefits	66,456.80	
735 · Fuel Expense	24,016.14	
830 · Janitorial Wages	1,300.00	
810 · Legal Fees	7,761.66	
817 · License and Fees	295.00	
814 · Insurance Expense	15,000.00	
902 · Interest - LT Debt	31,500.00	
724 · Maintenance - Distribution Main	7,898.58	
820 · Maintenance - General Propertie	10,194.46	
727 · Maintenance - Hydrants	738.18	
722 · Maintenance - Pumping Equipment	7,813.25	
726 · Maintenance - Service & Meters	2,519.37	
720 · Maintenance - Structures	239.00	
821 · Maintenance-Transportation Equi	32,462.08	
728 · Maintenance - Water Sales Stati	24.00	
816 · Meals and Entertainment	485.13	
730 · Meter Readings	23,966.37	
818 · Misc. General Expense	1,957.55	
804 · Office Supplies & Expense	10,958.06	
732 · Operating Supplies	3,018.72	
807 · Postage and Delivery	7,744.03	
710 · Power Pumping Equipment	36,348.64	
825 · Rental Equipment	837.33	
828 · Taxes - Payroll	13,484.66	
822 · Telephone Expense	9,114.68	
829 · Uniform Cleaning	1,845.37	
827 · Utilities	443.26	
Wages & Salaries:802 · Office Salaries	61,651.81	
Wages & Salaries:808 · Management Salary	51,366.86	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	8,395.67	
705 · Water Testing	1,900.00	
<b>TOTAL</b>	<b>16,703,577.87</b>	<b>16,703,577.87</b>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of June 30, 2008

	Jun 30, 08	
	Debit	Credit
307 · Cash - O & M		22,153.77
202 · Cash - Debt Service	158,136.17	
206 · Cash - Construction Extension	5,925.59	
215 · Cash - Depreciation Account	37,102.61	
303 · Cash - Revenue Fund	43,814.97	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	300,127.53	
250 · Investments - Depreciation Fund	138,322.62	
350 · Accounts Receivable	34,380.29	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	0.00	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	91,391.38	
353 · Returned Checks	445.49	
370 · Prepaid Insurance		4,232.09
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,412.60	
110 · Services	609,736.33	
111 · Meters	511,696.33	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	281,570.59	
140 · Accumulated Depreciation		4,263,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	246,744.05	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		513,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		375.25
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		8.41
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,344.52
407 · County Withheld		991.29
408 · Pension Withheld		2,646.96
421 · Accrued Payroll Taxes		230.36
422 · Accrued Retirement Payable		4,786.66
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		151.22
School Tax Payable:415 · Eminence School Tax Payable		21.54
School Tax Payable:416 · Henry Co. School Tax Payable		15.39
School Tax Payable:417 · Oldham Co. School Tax Payable		16.58
School Tax Payable:418 · Shelby Co. School Tax Payable		3,627.24
School Tax Payable:419 · Franklin Co. School Tax Payable		549.15
425 · Accrued Interest		30,812.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		248,796.00
390 · Note Payable - Future Years		1,391,008.52
470 · Member Meter Tap On		1,823,459.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50
473 · Contributions in Aid of Const		3,405,885.92

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01/25/10

Accrual Basis

North Shelby Water Company

**Trial Balance**

As of June 30, 2008

	Jun 30, 08	
	Debit	Credit
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		728,858.43
606 · Commercial Customers		59,474.67
608 · Industrial Customers		356.94
610 · Educational Customers		3,127.05
615 · Fire Protection		568.26
750 · Maintenance Overhead Reimburse		15,770.00
885 · Overhead Reimbursement		33,565.00
886 · Service Charge Income		25,649.85
887 · Equipment Rental Income		8,667.23
884 · Interest Earned		9,178.36
605 · Return Check Fee Income		199.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		7,379.01
704 · Water Purchased	367,884.57	
813 · Advertising	354.26	
815 · Bank Service Charges	367.25	
812 · Commission Member Fees	16,600.00	
854 · Depr - General Plant	24,000.00	
852 · Depr - Trans & Dist	150,000.00	
805 · Employee Benefits	84,896.38	
735 · Fuel Expense	25,530.06	
830 · Janitorial Wages	1,560.00	
810 · Legal Fees	9,374.60	
817 · License and Fees	295.00	
814 · Insurance Expense	18,000.00	
902 · Interest - LT Debt	37,800.00	
724 · Maintenance - Distribution Main	21,473.02	
820 · Maintenance - General Propertie	11,369.21	
727 · Maintenance - Hydrants	1,270.18	
722 · Maintenance - Pumping Equipment	10,390.37	
726 · Maintenance - Service & Meters	8,801.60	
720 · Maintenance - Structures	239.00	
821 · Maintenance-Transportation Equi	39,941.21	
728 · Maintenance - Water Sales Stati	24.00	
816 · Meals and Entertainment	505.13	
730 · Meter Readings	23,966.37	
818 · Misc. General Expense	6,928.75	
804 · Office Supplies & Expense	11,243.80	
732 · Operating Supplies	3,539.90	
807 · Postage and Delivery	8,892.76	
710 · Power Pumping Equipment	42,088.82	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	909.33	
828 · Taxes - Payroll	15,743.86	
822 · Telephone Expense	11,096.83	
829 · Uniform Cleaning	2,232.59	
827 · Utilities	536.05	
Wages & Salaries:802 · Office Salaries	72,867.37	
Wages & Salaries:808 · Management Salary	64,037.38	
Wages & Salaries:800 · Bonus Pay	109.46	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	10,030.48	
705 · Water Testing	3,500.00	
Suspense	0.00	
<b>TOTAL</b>	<b>16,913,153.21</b>	<b>16,913,153.21</b>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of July 31, 2008

	Jul 31, 08	
	Debit	Credit
307 · Cash - O & M	42,825.11	
202 · Cash - Debt Service	144,871.68	
206 · Cash - Construction Extension	91,136.57	
215 · Cash - Depreciation Account	37,134.05	
303 · Cash - Revenue Fund	103,760.48	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	301,008.22	
250 · Investments - Depreciation Fund	138,322.62	
350 · Accounts Receivable	25,613.56	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	25,592.95	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	88,498.60	
353 · Returned Checks	124.63	
370 · Prepaid Insurance	14,318.22	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,533.60	
110 · Services	609,736.33	
111 · Meters	513,451.83	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	405,469.62	
140 · Accumulated Depreciation		4,288,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	246,744.05	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		517,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		378.85
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		92.11
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,332.52
407 · County Withheld		318.15
408 · Pension Withheld		2,617.15
421 · Accrued Payroll Taxes		191.96
422 · Accrued Retirement Payable		4,065.99
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		63.36
School Tax Payable:415 · Eminence School Tax Payable		30.32
School Tax Payable:416 · Henry Co. School Tax Payable		13.20
School Tax Payable:417 · Oldham Co. School Tax Payable		21.40
School Tax Payable:418 · Shelby Co. School Tax Payable		4,053.54
School Tax Payable:419 · Franklin Co. School Tax Payable		669.03
425 · Accrued Interest		30,903.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		249,015.80
389 · Note Payable - CB & T		283,410.00
390 · Note Payable - Future Years		1,383,657.52
470 · Member Meter Tap On		1,827,959.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of July 31, 2008

	Jul 31, 08	
	Debit	Credit
473 · Contributions in Aid of Const		3,492,785.92
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		872,484.19
606 · Commercial Customers		74,002.20
608 · Industrial Customers		416.43
610 · Educational Customers		3,485.48
615 · Fire Protection		662.97
750 · Maintenance Overhead Reimburssem		23,840.00
885 · Overhead Reimbursement		40,278.00
886 · Service Charge Income		30,338.18
887 · Equipment Rental Income		14,306.95
884 · Interest Earned		10,389.66
605 · Return Check Fee Income		324.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		7,676.06
704 · Water Purchased	447,159.78	
813 · Advertising	1,508.96	
815 · Bank Service Charges	503.25	
812 · Commission Member Fees	18,700.00	
854 · Depr - General Plant	28,000.00	
852 · Depr - Trans & Dist	175,000.00	
805 · Employee Benefits	89,213.30	
735 · Fuel Expense	35,391.52	
830 · Janitorial Wages	1,820.00	
810 · Legal Fees	27,224.60	
817 · License and Fees	295.00	
814 · Insurance Expense	21,000.00	
902 · Interest - LT Debt	44,100.00	
724 · Maintenance - Distribution Main	22,739.41	
820 · Maintenance - General Propertie	12,196.85	
727 · Maintenance - Hydrants	1,318.68	
722 · Maintenance - Pumping Equipment	27,850.75	
726 · Maintenance - Service & Meters	9,390.00	
720 · Maintenance - Structures	239.00	
821 · Maintenance-Transportation Equi	42,695.65	
728 · Maintenance - Water Sales Stati	51.50	
816 · Meals and Entertainment	505.13	
730 · Meter Readings	23,966.37	
818 · Misc. General Expense	14,457.98	
804 · Office Supplies & Expense	11,776.90	
732 · Operating Supplies	3,631.15	
807 · Postage and Delivery	12,195.23	
710 · Power Pumping Equipment	49,545.65	
809 · Printing And Publication	630.00	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	909.33	
828 · Taxes - Payroll	18,003.41	
822 · Telephone Expense	13,834.74	
829 · Uniform Cleaning	2,428.43	
827 · Utilities	630.71	
Wages & Salaries:802 · Office Salaries	84,079.00	
Wages & Salaries:808 · Management Salary	74,365.90	
Wages & Salaries:800 · Bonus Pay	1,204.15	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	11,503.96	
705 · Water Testing	3,875.00	
Suspense	0.00	
<b>TOTAL</b>	<b>17,468,030.48</b>	<b>17,468,030.48</b>

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 01/25/10  
 Accrual Basis

North Shelby Water Company  
**Trial Balance**  
 As of August 31, 2008

	Aug 31, 08	
	Debit	Credit
473 · Contributions in Aid of Const		3,492,785.92
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		1,033,474.59
606 · Commercial Customers		86,064.59
608 · Industrial Customers		475.92
610 · Educational Customers		4,021.66
615 · Fire Protection		757.68
750 · Maintenance Overhead Reimbursm		28,530.00
885 · Overhead Reimbursement		53,704.00
886 · Service Charge Income		34,229.82
887 · Equipment Rental Income		17,283.32
884 · Interest Earned		13,724.27
605 · Return Check Fee Income		339.00
883 · Sales Tax Discounts		2.96
882 · Miscellaneous Income		7,676.06
704 · Water Purchased	525,691.57	
813 · Advertising	1,508.96	
815 · Bank Service Charges	503.25	
812 · Commission Member Fees	21,350.00	
854 · Depr - General Plant	32,000.00	
852 · Depr - Trans & Dist	200,000.00	
805 · Employee Benefits	103,453.55	
735 · Fuel Expense	41,285.73	
830 · Janitorial Wages	2,340.00	
810 · Legal Fees	32,944.15	
817 · License and Fees	295.00	
814 · Insurance Expense	24,000.00	
902 · Interest - LT Debt	50,400.00	
724 · Maintenance - Distribution Main	24,949.12	
820 · Maintenance - General Propertie	13,162.48	
727 · Maintenance - Hydrants	1,318.68	
722 · Maintenance - Pumping Equipment	32,869.43	
726 · Maintenance - Service & Meters	12,037.64	
720 · Maintenance - Structures	239.00	
821 · Maintenance-Transportation Equi	46,347.58	
728 · Maintenance - Water Sales Stati	51.50	
816 · Meals and Entertainment	505.13	
730 · Meter Readings	38,469.19	
818 · Misc. General Expense	14,497.98	
804 · Office Supplies & Expense	12,229.47	
732 · Operating Supplies	4,894.59	
807 · Postage and Delivery	13,443.10	
710 · Power Pumping Equipment	57,695.16	
809 · Printing And Publication	630.00	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	909.33	
828 · Taxes - Payroll	20,799.02	
822 · Telephone Expense	14,739.85	
829 · Uniform Cleaning	2,693.78	
827 · Utilities	725.30	
Wages & Salaries:802 · Office Salaries	97,469.37	
Wages & Salaries:808 · Management Salary	85,520.05	
Wages & Salaries:800 · Bonus Pay	1,204.15	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	12,980.15	
705 · Water Testing	4,250.00	
Suspense	0.00	
<b>TOTAL</b>	<b><u>17,758,445.88</u></b>	<b><u>17,758,445.88</u></b>

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Accrual Basis

**North Shelby Water Company  
Trial Balance  
As of September 30, 2008**

	Sep 30, 08	
	Debit	Credit
307 · Cash - O & M	25,632.80	
202 · Cash - Debt Service	192,222.66	
206 · Cash - Construction Extension	17,611.57	
215 · Cash - Depreciation Account	43,798.64	
303 · Cash - Revenue Fund	60,525.34	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	302,291.69	
250 · Investments - Depreciation Fund	140,665.26	
350 · Accounts Receivable	38,566.65	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	26,984.15	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	113,250.35	
353 · Returned Checks	200.83	
370 · Prepaid Insurance	9,400.72	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,219,533.60	
110 · Services	609,736.33	
111 · Meters	516,361.83	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	365,628.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	522,607.64	
140 · Accumulated Depreciation		4,338,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	244,481.13	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		525,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		386.95
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		92.11
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,483.17
407 · County Withheld		1,034.78
408 · Pension Withheld		2,719.56
421 · Accrued Payroll Taxes		284.89
422 · Accrued Retirement Payable		4,350.60
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		212.85
School Tax Payable:415 · Eminence School Tax Payable		24.45
School Tax Payable:416 · Henry Co. School Tax Payable		9.71
School Tax Payable:417 · Oldham Co. School Tax Payable		39.02
School Tax Payable:418 · Shelby Co. School Tax Payable		4,524.52
School Tax Payable:419 · Franklin Co. School Tax Payable		735.62
425 · Accrued Interest		40,333.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		250,388.23
389 · Note Payable - CB & T		329,410.00
390 · Note Payable - Future Years		1,383,657.52
470 · Member Meter Tap On		1,834,459.84
472 · Member Hydrants		30,900.78
474 · Grants		2,152,031.68
475 · Franklin Co. Contributions		103,815.50



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Accrual Basis

## North Shelby Water Company

## Trial Balance

As of September 30, 2008

	Sep 30, 08	
	Debit	Credit
473 · Contributions in Aid of Const		3,492,785.92
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		1,201,128.52
606 · Commercial Customers		96,711.65
608 · Industrial Customers		535.47
610 · Educational Customers		4,491.44
615 · Fire Protection		852.39
750 · Maintenance Overhead Reimburse		35,243.00
885 · Overhead Reimbursement		56,046.00
886 · Service Charge Income		38,870.04
887 · Equipment Rental Income		20,294.86
884 · Interest Earned		14,673.57
605 · Return Check Fee Income		39.00
883 · Sales Tax Discounts		6.76
882 · Miscellaneous Income		7,676.06
704 · Water Purchased	658,910.76	
813 · Advertising	1,508.96	
815 · Bank Service Charges	541.50	
812 · Commission Member Fees	25,050.00	
854 · Depr - General Plant	36,000.00	
852 · Depr - Trans & Dist	225,000.00	
805 · Employee Benefits	103,149.24	
735 · Fuel Expense	46,722.95	
830 · Janitorial Wages	2,600.00	
810 · Legal Fees	33,694.15	
817 · License and Fees	295.00	
814 · Insurance Expense	27,000.00	
902 · Interest - LT Debt	53,530.00	
724 · Maintenance - Distribution Main	28,285.22	
820 · Maintenance - General Propertie	13,529.23	
727 · Maintenance - Hydrants	1,318.68	
722 · Maintenance - Pumping Equipment	34,512.52	
726 · Maintenance - Service & Meters	12,531.35	
720 · Maintenance - Structures	289.67	
821 · Maintenance-Transportation Equi	48,993.43	
728 · Maintenance - Water Sales Stati	51.50	
816 · Meals and Entertainment	505.13	
730 · Meter Readings	43,397.97	
818 · Misc. General Expense	14,915.15	
804 · Office Supplies & Expense	14,764.67	
732 · Operating Supplies	5,510.72	
807 · Postage and Delivery	14,718.25	
710 · Power Pumping Equipment	65,391.65	
809 · Printing And Publication	630.00	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	909.33	
828 · Taxes - Payroll	23,143.73	
822 · Telephone Expense	16,491.09	
829 · Uniform Cleaning	2,693.78	
827 · Utilities	820.10	
Wages & Salaries:802 · Office Salaries	108,135.52	
Wages & Salaries:808 · Management Salary	94,040.57	
Wages & Salaries:800 · Bonus Pay	1,204.15	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	14,516.01	
705 · Water Testing	4,625.00	
Suspense	0.00	
TOTAL	<u>17,989,745.24</u>	<u>17,989,745.24</u>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of October 31, 2008

	Oct 31, 08	
	Debit	Credit
307 · Cash - O & M	12,214.16	
202 · Cash - Debt Service	192,170.66	
206 · Cash - Construction Extension	423,605.57	
215 · Cash - Depreciation Account	46,035.60	
303 · Cash - Revenue Fund	114,523.94	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	302,341.02	
250 · Investments - Depreciation Fund	140,665.26	
350 · Accounts Receivable	26,684.56	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	20,186.28	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	117,092.24	
353 · Returned Checks	58.12	
370 · Prepaid Insurance	8,117.49	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,220,214.48	
110 · Services	609,736.33	
111 · Meters	518,363.09	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	368,028.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	536,057.64	
140 · Accumulated Depreciation		4,363,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	244,481.13	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		529,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		467.64
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		92.11
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,744.57
407 · County Withheld		401.51
408 · Pension Withheld		2,481.12
421 · Accrued Payroll Taxes		229.95
422 · Accrued Retirement Payable		5,280.11
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		69.71
School Tax Payable:415 · Eminence School Tax Payable		22.71
School Tax Payable:416 · Henry Co. School Tax Payable		5.23
School Tax Payable:417 · Oldham Co. School Tax Payable		29.79
School Tax Payable:418 · Shelby Co. School Tax Payable		4,440.85
School Tax Payable:419 · Franklin Co. School Tax Payable		654.51
425 · Accrued Interest		27,477.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		250,931.87
389 · Note Payable - CB & T		325,629.84
390 · Note Payable - Future Years		1,383,657.52
470 · Member Meter Tap On		1,837,559.84
472 · Member Hydrants		30,900.78
474 · Grants		2,571,475.68
475 · Franklin Co. Contributions		103,815.50

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01/25/10

Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of October 31, 2008

	Oct 31, 08	
	Debit	Credit
473 · Contributions in Aid of Const		3,492,785.92
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		1,359,484.88
606 · Commercial Customers		110,526.49
608 · Industrial Customers		594.96
610 · Educational Customers		4,992.24
615 · Fire Protection		947.10
750 · Maintenance Overhead Reimburse		41,093.00
885 · Overhead Reimbursement		62,759.00
886 · Service Charge Income		44,401.24
887 · Equipment Rental Income		22,882.51
884 · Interest Earned		15,103.86
605 · Return Check Fee Income		104.00
883 · Sales Tax Discounts		6.76
882 · Miscellaneous Income		7,676.06
704 · Water Purchased	690,176.75	
813 · Advertising	1,508.96	
815 · Bank Service Charges	615.50	
812 · Commission Member Fees	27,950.00	
854 · Depr - General Plant	40,000.00	
852 · Depr - Trans & Dist	250,000.00	
805 · Employee Benefits	112,911.02	
735 · Fuel Expense	52,414.77	
830 · Janitorial Wages	2,860.00	
810 · Legal Fees	45,997.50	
817 · License and Fees	345.00	
814 · Insurance Expense	30,000.00	
902 · Interest - LT Debt	56,660.00	
724 · Maintenance - Distribution Main	45,261.67	
820 · Maintenance - General Propertie	14,485.48	
727 · Maintenance - Hydrants	1,318.68	
722 · Maintenance - Pumping Equipment	43,384.49	
726 · Maintenance - Service & Meters	13,534.46	
720 · Maintenance - Structures	289.67	
821 · Maintenance-Transportation Equi	50,080.63	
728 · Maintenance - Water Sales Stati	65.25	
816 · Meals and Entertainment	534.65	
730 · Meter Readings	48,522.30	
818 · Misc. General Expense	15,615.15	
804 · Office Supplies & Expense	15,249.06	
732 · Operating Supplies	6,008.14	
807 · Postage and Delivery	16,168.09	
710 · Power Pumping Equipment	74,692.79	
809 · Printing And Publication	630.00	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	2,023.42	
828 · Taxes - Payroll	25,955.84	
822 · Telephone Expense	18,512.60	
829 · Uniform Cleaning	2,693.78	
827 · Utilities	914.02	
Wages & Salaries:802 · Office Salaries	121,935.20	
Wages & Salaries:808 · Management Salary	107,536.72	
Wages & Salaries:800 · Bonus Pay	1,204.15	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	15,271.26	
705 · Water Testing	5,000.00	
Suspense	0.00	
<b>TOTAL</b>	<b>18,619,221.64</b>	<b>18,619,221.64</b>

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of November 30, 2008

	Nov 30, 08	
	Debit	Credit
307 · Cash - O & M	23,549.16	
202 · Cash - Debt Service	208,080.26	
206 · Cash - Construction Extension	423,605.57	
215 · Cash - Depreciation Account	48,264.23	
303 · Cash - Revenue Fund	67,744.36	
310 · Cash - Line Upsize Surcharge	258,485.44	
302 · Petty Cash	150.00	
240 · Investments - Revenue Fund	303,111.37	
250 · Investments - Depreciation Fund	140,665.26	
350 · Accounts Receivable	51,816.72	
349 · Unbilled Receivable	115,498.20	
351 · Due from Others	21,175.53	
348 · Accounts Receivable - Other	0.00	
375 · Allowance for Doubtful Accounts		3,210.80
360 · Retirement Overpayment Receivab	0.00	
330 · INVEST. O & M	0.00	
352 · Inventory	121,246.62	
353 · Returned Checks	759.44	
370 · Prepaid Insurance	5,117.49	
105 · Structures & Improvements	12,942.05	
107 · Standpipes	1,931,124.94	
108 · Water Treatment Plant	14,666.42	
109 · Water Distribution Mains	9,220,615.23	
110 · Services	609,736.33	
111 · Meters	521,062.09	
112 · Meter Installation	409,775.72	
113 · Hydrants	123,596.36	
115 · Pumping Station Equipment	368,028.26	
116 · Water Sales Station	7,722.47	
130 · Construction in Progress	537,620.13	
140 · Accumulated Depreciation		4,388,262.41
149 · Building	571,463.60	
150 · Office Furniture and Equipment	134,103.49	
155 · Transportation Equipment	244,481.13	
157 · Shop Equipment	177,547.75	
159 · Accumulated Depreciation		533,915.74
402 · Accounts Payable		78,079.64
401 · Accounts Payable - Retainage	0.00	
403 · Accounts Payable - Construction		10,810.00
410 · Life Insurance Withheld		407.05
409 · Child Support Withheld	0.00	
404 · Social Security Withheld		92.11
405 · Federal Income Tax Withheld	0.00	
406 · Ky Income Tax Withheld		1,337.21
407 · County Withheld		717.82
408 · Pension Withheld		2,699.98
421 · Accrued Payroll Taxes		251.11
422 · Accrued Retirement Payable		4,289.59
444 · Accrued Payroll	0.00	
420 · Sales Tax Payable		117.51
School Tax Payable:415 · Eminence School Tax Payable		22.47
School Tax Payable:416 · Henry Co. School Tax Payable		7.19
School Tax Payable:417 · Oldham Co. School Tax Payable		23.64
School Tax Payable:418 · Shelby Co. School Tax Payable		3,567.63
School Tax Payable:419 · Franklin Co. School Tax Payable		586.18
425 · Accrued Interest		30,607.62
426 · Accrued Interest - Customer Dep	0.00	
450 · Membership Cert - Customer Dep		251,275.50
389 · Note Payable - CB & T		325,629.84
390 · Note Payable - Future Years		1,383,657.52
470 · Member Meter Tap On		1,839,059.84
472 · Member Hydrants		30,900.78
474 · Grants		2,571,475.68
475 · Franklin Co. Contributions		103,815.50

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Accrual Basis

**North Shelby Water Company**  
**Trial Balance**  
As of November 30, 2008

	Nov 30, 08	
	Debit	Credit
473 · Contributions in Aid of Const		3,492,785.92
590 · Retained Earnings		1,923,216.57
604 · Residential Customers		1,492,104.88
606 · Commercial Customers		117,923.14
608 · Industrial Customers		654.45
610 · Educational Customers		5,436.06
615 · Fire Protection		1,042.76
750 · Maintenance Overhead Reimbursm		47,403.00
885 · Overhead Reimbursement		69,472.00
886 · Service Charge Income		48,887.16
887 · Equipment Rental Income		27,052.78
884 · Interest Earned		16,227.69
605 · Return Check Fee Income		29.00
883 · Sales Tax Discounts		6.76
882 · Miscellaneous Income		10,252.66
704 · Water Purchased	770,611.07	
813 · Advertising	1,508.96	
815 · Bank Service Charges	652.00	
812 · Commission Member Fees	30,600.00	
854 · Depr - General Plant	44,000.00	
852 · Depr - Trans & Dist	275,000.00	
805 · Employee Benefits	117,126.69	
735 · Fuel Expense	57,758.39	
830 · Janitorial Wages	3,120.00	
810 · Legal Fees	49,042.56	
817 · License and Fees	1,495.00	
814 · Insurance Expense	33,000.00	
902 · Interest - LT Debt	59,790.00	
724 · Maintenance - Distribution Main	46,948.33	
820 · Maintenance - General Propertie	15,201.32	
727 · Maintenance - Hydrants	1,318.68	
722 · Maintenance - Pumping Equipment	45,736.58	
726 · Maintenance - Service & Meters	13,878.66	
720 · Maintenance - Structures	289.67	
821 · Maintenance-Transportation Equi	54,039.97	
728 · Maintenance - Water Sales Stati	65.25	
816 · Meals and Entertainment	560.43	
730 · Meter Readings	53,542.19	
818 · Misc. General Expense	15,615.15	
804 · Office Supplies & Expense	15,885.91	
732 · Operating Supplies	6,369.45	
807 · Postage and Delivery	17,426.50	
710 · Power Pumping Equipment	82,398.99	
809 · Printing And Publication	630.00	
818.1 · PSC Assessment Fee	3,242.37	
825 · Rental Equipment	2,023.42	
828 · Taxes - Payroll	28,145.39	
822 · Telephone Expense	20,092.45	
829 · Uniform Cleaning	2,693.78	
827 · Utilities	1,006.64	
Wages & Salaries:802 · Office Salaries	131,044.90	
Wages & Salaries:808 · Management Salary	117,865.24	
Wages & Salaries:800 · Bonus Pay	1,204.15	
Wages & Salaries:801 · Vacation, Holiday & Sick Pay	17,629.48	
705 · Water Testing	5,000.00	
Suspense	0.00	
<b>TOTAL</b>	<b>18,817,315.19</b>	<b>18,817,315.19</b>