

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

April 30, 2008

ASSETS

Current Assets

Cash	703,173.29
Investment CDs	331,681.85
Accounts Receivable- Trade	414,963.57
Allow for Doubtful Accts	(51,598.90)
Returned Checks	1,132.64
Inventory	<u>104,474.28</u>

Total Current Assets \$ 1,503,826.73

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,450,598.28
Services	161,975.99
Meters & Installations	2,598,104.33
Hydrants	177,699.47
Office Furniture & Equipment	118,739.94
Transportation Equipment	231,849.30
Land	368,061.40
Water Towers	1,856,714.63 ✓
Buildings	7,607.81
Construction in Progress	294,454.49 -
Equipment	224,454.79
Improvements	20,197.82
Accumulated Depreciation	<u>(5,336,548.22)</u>

Total Fixed Assets 13,288,272.76

Other Assets

Unamortized Debt Expense	97,767.00
Unamortized Rate Case Exp	6,478.28
Unamortized Bond Discount	8,700.33
Prepaid Insurance	23,351.39
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>282,968.31</u>

Total Other Assets 419,990.31

Total Assets \$ 15,212,089.80

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

April 30, 2008

LIABILITIES AND EQUITY

**Current Liabilities**

Accounts Payable	\$	150,251.83
Sewer Collections Payable		85,013.24
Accrued PSC Fees		3,998.49
Accrued Professional Fees		12,040.00
Accrued KIA Fees		3,123.35
Payroll Taxes Payable		9,570.15
Customers' Deposits		121,044.28
School Tax Payable		7,300.20
Sales Tax Payable		2,388.58
Interest Payable- Deposits		1,208.42
Interest Payable- Bonds		39,289.89
Interest Payable- KIA		<u>16,194.43</u>

**Total Current Liabilities** \$ 451,422.86

**Long Term Liabilities**

Bonds Payable- Series 1997	2,745,000.00
Loan Payable	2,998,828.55
Note Payable- KLOC	17,186.72
Note Payable- Madison Bk- Bldg	<u>40,000.00</u>

**Total Long Term Liabilities** 5,801,015.27

**Equity**

Contrib in Aid of Constr	6,153,847.97
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
KIA Grant	366,018.46
Retained Earnings	1,697,011.08
Current Income (Loss)	<u>37,663.75</u>

**Total Equity** 8,959,651.67

**Total Liabilities & Equity** \$ 15,212,089.80

See Accompanying Accountant's Compilation Report

**MADISON COUNTY UTILITIES DISTRICT**  
**Income Statement**  
**For the Period Ended April 30, 2008**

	1 Month Ended Apr. 30, 2008	Pct	4 Months Ended Apr. 30, 2008	Pct
<b>Revenue</b>				
Sales- Metered	\$ 245,060.48	96.17	\$ 1,031,401.10	96.60
Forfeited Discounts	4,932.79	1.94	21,192.70	1.98
Service Charges	2,631.00	1.03	7,765.02	0.73
Cut-off Charges	<u>2,193.00</u>	<u>0.86</u>	<u>7,366.00</u>	<u>0.69</u>
<b>Total Revenue</b>	254,817.27	100.00	1,067,724.82	100.00
<b>Cost of Sales</b>				
Cost of Water	<u>137,272.22</u>	<u>53.87</u>	<u>580,970.60</u>	<u>54.41</u>
<b>Total Cost of Sales</b>	<u>137,272.22</u>	<u>53.87</u>	<u>580,970.60</u>	<u>54.41</u>
<b>Gross Profit</b>	117,545.05	46.13	486,754.22	45.59
<b>Operating Expenses</b>				
Accounting and Legal	2,275.00	0.89	9,287.00	0.87
Engineering Services	524.13	0.21	4,252.65	0.40
Truck Expense	4,586.97	1.80	20,177.62	1.89
Advertising	128.11	0.05	620.91	0.06
Bank Charges	595.49	0.23	2,017.55	0.19
Contract Services	970.00	0.38	4,954.75	0.46
— Depreciation	27,500.00	10.79	110,000.00	10.30
Amortization	783.06	0.31	3,132.24	0.29
Dues and Subscriptions	0.00	0.00	559.00	0.05
Seminars and Meetings	157.93	0.06	638.11	0.06
Employee Benefits	10,512.20	4.13	42,323.62	3.96
Insurance- General	3,943.50	1.55	16,011.00	1.50
Janitor Service	250.00	0.10	1,125.00	0.11
Commissioner Fees	1,200.00	0.47	4,800.00	0.45
Salaries and Wages	43,637.33	17.12	196,138.47	18.37
Licenses and Taxes	623.15	0.24	2,073.98	0.19
Linen and Laundry	0.00	0.00	415.28	0.04
Miscellaneous	288.54	0.11	598.20	0.06
Office Supplies	5,678.57	2.23	8,592.44	0.80
Water Samples and Tests	2,047.91	0.80	5,037.91	0.47
Postage	2,541.67	1.00	10,382.31	0.97
Computer Service	0.00	0.00	806.10	0.08
Rent	0.00	0.00	97.50	0.01
Repairs and Maintenance	1,666.14	0.65	12,244.30	1.15
Security	55.00	0.02	225.00	0.02
Unemployment Taxes- State	245.08	0.10	2,013.04	0.19
Fica- Employers Share	3,136.13	1.23	13,985.05	1.31
Supplies	432.38	0.17	4,161.44	0.39
Telephone & Communications	640.96	0.64	6,962.20	0.65
Travel	49.00	0.02	231.24	0.02
Uniforms	0.00	0.00	224.45	0.02

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	1 Month Ended Apr. 30, 2008	Pct	4 Months Ended Apr. 30, 2008	Pct
Utilities	449.11	0.18	2,262.76	0.21
Utilities- Plant	<u>1,172.86</u>	<u>0.46</u>	<u>3,537.59</u>	<u>0.33</u>
<b>Total Operating Expenses</b>	<u>117,090.22</u>	<u>45.95</u>	<u>489,888.71</u>	<u>45.88</u>
<b>Operating Income</b>	454.83	0.18	(3,134.49)	(0.29)
<b>Other Income/(Expense)</b>				
Other Income	256.00	0.10	73,677.38	6.90
Billing Income- KWA	(383.60)	(0.15)	15,110.00	1.42
Billing Income- Sewer	6,260.10	2.46	6,260.10	0.59
Interest Income	1,252.23	0.49	6,755.47	0.63
Miscellaneous Income	576.65	0.23	1,685.65	0.16
KIA Annual Fee	(624.67)	(0.25)	(2,498.68)	(0.23)
Interest Expense	<u>(15,047.92)</u>	<u>(5.91)</u>	<u>(60,191.68)</u>	<u>(5.64)</u>
<b>Total Other Income/(Expense)</b>	<u>(7,711.21)</u>	<u>(3.03)</u>	<u>40,798.24</u>	<u>3.82</u>
<b>Net Income (Loss)</b>	\$ <u><u>(7,256.38)</u></u>	<u><u>(2.85)</u></u>	\$ <u><u>37,663.75</u></u>	<u><u>3.53</u></u>

See Accompanying Accountant's Compilation Report

**Exhibit I**

Estimate by USOA Account Number

**Estimate by USOA Account Number**

		<b><u>Construction Cost</u></b>	<b><u>Project Cost</u></b>
330	Distribution Reservoirs and Stand Pipes	\$1,097,000	\$1,219,604
331	Transmission and Distribution Main	\$56,800	\$63,148
335	Hydrants	<u>\$3,200</u>	<u>\$3,558</u>
	Total:	\$1,157,000	\$1,286,310

**Exhibit J**

Revised Historical Account Tracking

For

5/07 to 4/08

RUN DATE: 06/03/08 09:07  
TERMINAL: 8

MADISON COUNTY UTILITIES  
HISTORY TRACKING BY ACCOUNT NUMBER  
MONTHLY LISTING (BILLING/USAGE) FOR 05/07 THRU 04/08

PAGE 1  
program 10-2-7

SERVICE: W WATER  
MINIMUM AVERAGE USAGE:

ACCOUNT RANGE: ALL  
NONE

U = USAGE AU = AVERAGE USAGE UA() = NUMBER OF USAGE ADJUSTMENTS INCLUDED IN USAGE B = BILLING AB = AVERAGE BILLING

REPORT TOTALS

	NUMBER OF BILLS	TOTAL USAGE	AVERAGE USAGE	AVERAGE BILLING	AVERAGE BILL
MAY 07	9788	633272.0	64.7	256213.82	26.18
JUN 07	9817	763520.9	77.8	302062.04	30.77
JUL 07	9845	808354.0	82.1	316020.81	32.10
AUG 07	9869	806520.9	81.7	348858.07	35.35
SEP 07	9881	819423.8	82.9	353725.45	35.80
OCT 07	9889	739977.2	74.8	323713.21	32.73
NOV 07	9897	707123.8	71.4	312687.39	31.59
DEC 07	9873	599961.8	60.8	271056.18	27.45
JAN 08	9875	571247.7	57.8	260408.90	26.37
FEB 08	9868	656175.7	66.5	292808.37	29.67
MAR 08	9858	512245.8	52.0	240029.31	24.35
APR 08	9869	546746.8	55.4	251492.70	25.48
TOTALS	118329	6164570.4	69.0	3529076.25	29.82

BILLING TOTALS INCLUDE THE FOLLOWING:

CHARGES



**Exhibit K**

Pro Forma Income and Balance Sheet

**Madison County Utilities District**  
**Pro Forma Income Statement Summary – May 1, 2007 to April 30, 2008**

	<u>Total</u>
<b>Revenue</b>	
Sales- Metered	\$3,554,721.00
Sales – Unmetered	1,381.00
Forfeited Discount	73,691.08
Service Charges	20,945.02
Cut-off Charges	<u>17,591.00</u>
<b>Total Revenue</b>	<b>3,668,329.10</b>
<b>Cost of Sales</b>	
Cost of Water	<u>1,878,780.16</u>
<b>Total Cost of Sales</b>	<u>1,878,780.16</u>
<b>Gross Profit</b>	<b>1,789,548.94</b>
<b>Operating Expenses</b>	
Accounting and Legal	27,487.00
Engineering Services	21,223.14
Truck Expenses	48,094.12
Advertising	1,303.72
Bank Charges	5,177.48
Depreciation	358,075.00
Amortization	10,266.48
Dues and Subscriptions	2,663.30
Seminars and Meetings	2,726.19
Employee Benefits	124,685.13
Insurance – General	48,532.00
Janitor Service	2,500.00
Commissioner Fees	17,150.40
Salaries and Wages	592,859.43
Licenses and Taxes	5,678.88
Linen and Laundry	5,747.44
Miscellaneous	1,140.03
Office Supplies	23,260.65
Pest Control	140.00
Equipment Rental	4,896.79
Water Samples and Tests	13,147.83
Postage	31,185.52
Computer Service	905.32

**Operating Expenses (continued)**

Rent	11,838.86
Repairs and Maintenance	70,536.36
Security	1,053.05
Unemployment Taxes- State	3,150.66
Fica-Employers Share	42,709.78
Supplies	11,925.83
Contract Services	4,954.75
Telephone & Communications	21,163.86
Travel	811.57
Uniforms	1,685.31
Utilities	4,565.96
Utilities – Plant	<u>15,749.18</u>

**Total Operating Expenses** 1,538,991.22

**Operating Income** \$250,557.72

**Other Income/(Expenses)**

Other Income	699.00
Billing Income	85,568.45
Interest Income	24,261.95
Miscellaneous Income	5,122.24
KIA Annual Fee	(11,728.00)
Interest Expense	<u>(190,486.00)</u>

**Total Other Income/(Expense)** (86,562.36)

**Net Income (Loss)** \$163,995.36

**MADISON COUNTY UTILITIES DISTRICT**  
**Pro Forma Balance Sheet**  
**April 30, 2008**

**ASSETS**

**Current Assets**

Cash	738,635.00
Investment CDs	331,681.85
Accounts Receivable- Trade	414,963.57
Allow for Doubtful Accts	(51,598.90)
Returned Checks	1,132.64
Inventory	<u>104,474.28</u>

**Total Current Assets** \$1,539,288.40

**Fixed Assets**

Organization Costs	114,362.73
Trans & Distrib Mains	12,450,598.28
Services	161,975.99
Meters & Installations	2,598,104.33
Hydrants	177,699.47
Office Furniture & Equipment	118,739.94
Transportation Equipment	231,849.30
Land	368,061.40
Water Towers	3,143,025.00
Buildings	7,607.81
Construction in Progress	294,454.49
Equipment	224,454.79
Improvements	20,197.82
Accumulated Depreciation	(5,382,413.00)
Office Building	<u>\$725,000.00</u>

**Total Fixed Assets** \$15,253,718.35

**Other Assets**

Unamortized Debt Expense	97,767.00
Unamortized Rate Case Exp	6,478.28
Unamortized Bond Discount	8,700.33
Prepaid Insurance	23,351.39
Prepaid Fees	725.00
Money Market Inv- Restricted	282,968.31
Cash Reserve for 2008 KIA	<u>\$25,000.00</u>

**Total Other Assets** \$444,990.31

**Total Assets** \$17,237,997.10

**MADISON COUNTY UTILITIES DISTRICT**  
**Pro Forma Balance Sheet**  
**April 30, 2008**

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	150,251.83
Sewer Collections Payable	85,013.24
Accrued PSC Fees	3,998.49
Accrued Professional Fees	12,040.00
Accrued KIA Fees	3,123.35
Payroll KIA Fees	9,570.15
Customers' Deposits	121,044.28
School Tax Payable	7,300.20
Sales Tax Payable	2,388.58
Interest Payable- Deposits	1,208.42
Interest Payable- Bonds	39,289.89
Interest Payable – KIA	<u>16,194.43</u>

**Total Current Liabilities**

\$451,422.86

**Long Term Liabilities**

Bonds Payable- Series 1997	2,745,000.00
Loan Payable	2,998,828.55
Note Payable-KLOC	17,186.72
Note Payable- Madison Bk – Bldg	40,000.00
Note Payable KIA Fund 2008	1,056,060.00
Note Payable	<u>725,000.00</u>

**Total Long Term Liabilities:**

\$7,582,075.27

**Equity**

Contrib in Aid of Constr	6,153,847.97
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
KIA Grant	467,768.00
Retained Earnings	<u>1,877,722.59</u>

**Total Equity**

\$9,204,498.97

**Total Liabilities and Equity**

\$17,237,997.10

**Exhibit L**

Adjustments to Pro Forma Income and Balance Sheet

Madison Co. Utility District  
Richmond, KY

Adjusted totals on Pro forma income statement for test year ended April 30, 2008:

Sales- metered should be	\$3,554,721 (based on 2% increase)
Sales- unmetered should be	1,381 (based on 2% increase)
Depreciation expense should be	358,075 (\$25,726 is on new tank for full year)
Other income should be	699 (omits approx. \$337,000 of Sale of territory rights)
Interest expense should be	190,486 (increase due to KIA loan)
KIA servicing fee should be	11,728 (increase due to KIA loan)

Adjusted totals on pro forma balance sheet at April 30, 2008:

Cash-reserve for 2008 KIA should be	25,000 (required by KIA)
Water towers should be	3,143,025 (budgeted cost of new water tower)
Accumulated depreciation should be	5,382,413 (adjusted for depreciation on tower)
Note pay.-KIA Fund F 2008 should be	1,056,060 (balance of note after one year)
Grant- KIA should be	467,768 (based on grant assistance)

**Exhibit M**

**Pro Forma Minimum Net Annual Income  
and Revenue Calculations**



MADISON COUNTY, KY UTILITY DISTRICT  
 PROFORMA MINIMUM NET ANNUAL  
 INCOME AND REVENUES CALCULATION  
 FOR THE TEST YEAR ENDED APRIL 30, 2008

	Twelve months ended <u>4/30/2008</u>
NET ANNUAL INCOME AND REVENUES	
Operating revenues	\$ 3,668,328
Operating expenses	<u>3,417,771</u>
Net operating income	250,557
Service applications (tap fees)	100,840
Interest income	24,262
Billing income	85,568
Add back: Depreciation and amortization expenses	<u>368,776</u>
 NET ANNUAL INCOME AND REVENUES	 \$ 830,003
 MAXIMUM ANNUAL DEBT SERVICE REQUIREMENT	
2009 Fund F Loan	\$ 58,055
2008 Series Revenue Bonds	347,551
KIA Loan payable	<u>190,523</u>
 COMBINED MAXIMUM ANNUAL DEBT SERVICE REQUIREMENTS	 596,129
Debt service coverage factor	<u>1.2</u>
 MINIMUM NET ANNUAL INCOME AND REVENUE	 715,355
 EXCESS OF NET ANNUAL INCOME AND REVENUE OVER MAXIMUM ANNUAL DEBT SERVICE COVERAGE	 <u>\$ 114,648</u>
 ESTIMATED MAXIMUM ANNUAL DEBT SERVICE COVERAGE	 <u><u>1.39</u></u>