

Madison County Utilities District
297 Michelle Drive P. O. Box 670
Richmond, Kentucky 40476-0670
(859) 624-1735 Fax (859) 623-8220

RECEIVED

MAY 22 2008

**PUBLIC SERVICE
COMMISSION**

May 21, 2008

Ms. Stephanie Stumbo,
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

CASE NO. 2008-00182

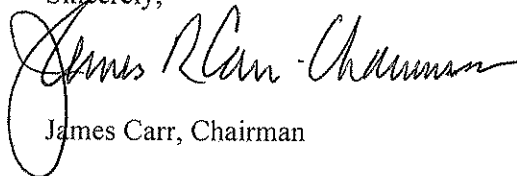
Re: Application for Certificate of Public Convenience and
Necessity to Construct a Water Storage Tank and
General Rate Increase to Finance Water Storage Tank
Madison County Utilities District

Dear Ms. Stambo:

Attached are ten copies of the Application and two copies of the plans and specifications for consideration by the Public Service Commission. This project consists of a 500,000 gallon elevated water storage tank. Due to the bid expiring on July 2, 2008 and the monthly increase in steel prices, the District requests the "Certificate of Public Convenience and Necessity to Construct" be issued prior to July 2, 2008. This will allow the contract to be awarded to Caldwell Tanks, Inc.

If you have any questions or need additional information, contact our attorney, Chuck Hardin, at 859-623-4595 or our engineer, Kerry Odle, at 859-623-2966.

Sincerely,



James Carr, Chairman

c: Chuck Hardin W/A
Kerry Odle W/A
File W/A

RECEIVED

MAY 22 2008

**PUBLIC SERVICE
COMMISSION**

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of:

**APPLICATION OF THE MADISON COUNTY)
UTILITIES DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT A WATER STORAGE TANK)
AND A GENERAL RATE INCREASE TO)
FINANCE WATER STORAGE TANK)**

Case No. 2008-00182

APPLICATION

The Madison County Utilities District ("District") pursuant to KRS 278.020 petitions the Public Service Commission ("Commission") for a Certificate of Public Convenience and Necessity to construct a water storage tank and a General Rate Increase to Finance the Water Storage Tank. The following information is filed in accordance with the Commission's Regulations:

1. The District's office address is P. O. Box 670, 297 Michelle Drive, Richmond, Kentucky 40476-0670. Its principal officers are listed in its 2006 Annual Report which is on file with the Commission.

2. The District is a non-profit water organized under KRS Chapter 74 and has no separate Articles of Incorporation or By-Laws.

3. Madison County Utilities District currently has 1,600,000 gallons of storage within the District. From 3/1/07 to 2/28/08 the District purchased an average of 1,909,300 gallons per day and sold an average of 1,692,700 gallons per day. The District has previously been cited in PSC inspection report of not having adequate storage. This project will add 400,000 gallons of storage by constructing a 500,000 gallon elevated water storage tank and taking a 100,000 gallon elevated water storage tank out of service. The 100,000 gallon tank was constructed in the 1960's and based on tank inspection, the repairs would exceed the value of the tank.

4. In the Final Engineering Report in Exhibit A is a copy of the approval letter from the Drinking Water Branch from the Division of Water.

5. The proposed tank is located on Continental Drive, which is south of the City of Richmond near Highway 25. In the Final Engineering Report in Exhibit A is a copy of the location map for the tank site. The original project included replacing 1.1 miles of water main looping 0.4 mile of water main and a new pumping station in addition to the 500,000 gallon elevated water storage tank. Due to the problems in obtaining the tank site, all items except for the tank was constructed with \$398,250 of a \$500,000 Kentucky Infrastructure Administration grant. The proposed tank will be constructed with the remainder of the grant (\$101,750), \$1,004,560 DWSRF loan, \$100,456 DWSRF additional loan, and up to \$79,544 contribution from Madison County Utilities District. The proposed tank will be constructed by Caldwell Tanks, Inc., who was the low bidder. The proposed tank will provide additional storage for the southern part of Madison County Utilities District.

6. In the Final Engineering Report in Exhibit A is a copy of a map showing the location of the proposed tank and adjacent utilities.

7. The proposed tank will be constructed with \$101,750 of Kentucky Infrastructure Grant (part of \$500,000 grant), \$1,004,560 DWSRF loan, \$100,456 – DWSRF additional loan and \$79,544 contribution from Madison County Utilities District.

8. Due to the proposed tank replacing an existing tank, there will be no additional cost of operation.

9. Two copies of the plans and specifications for the proposed tank are included in this submittal.

10. The proposed rate increase is for financing the DWSRF loans and for meeting the conditional commitment letter from Kentucky Infrastructure Authority (See Exhibit C).

11. The District's Annual Reports for 2007 and past years are on file with the Commission.

12. In Exhibit D is a copy of the proposed tariff.

13. The rate increase will be supported by historical data as shown in the 2007 Annual Report.

14. The current and proposed rates are shown in Exhibit B. The current rates are ones for the pass thru rates pending approval in PSC case # 2007-00259.

15. The District does not plan to submit prepared testimony.

16. The proposed rate increase shall cover the cost for new loan payments and reserve requirements. Exhibit E shows calculations for rate increase determination.

17. The proposed rates will increase cost to customers by 2.44 percent in all categories of the rate schedule. This increase assumes that the pass thru rates PSC Case # 2007-00259 are approved.

18. The average bill for a customer consists of 699 cubic feet as shown in Exhibit G. Their monthly bill will increase from \$30.80 to \$31.55.

19. Exhibit H has the 2006 Audit which includes written communication from auditor related to any material witness in internal control. The Commissioners of the District will receive the 2007 Audit at either their May or June meeting.

20. All customers are billed under the same rates schedule.

21. Exhibit I has copies of the 2007 Monthly Managerial Reports for the District.

22. The District would request that the PSC expedite the review and approval of the proposed Application for the following reasons:


A. The Project has been in the planning process for three years. Due to delays in obtaining a site for the proposed tank and obtaining additional funding for the project, this project has been delayed considerably.

B. The District has received and accepted a bid from Caldwell Tanks, Inc. This bid expires on July 2, 2008. Based on information received from other tank Contractors, the price of steel has been increasing from 3% to 6% per month, since the beginning of 2008.

WHEREFORE, the Applicant, Madison County Utilities District, requests that the Public Service Commission of Kentucky grant to the Applicant the following:

- A. A Certificate of Public Convenience and Necessity issued prior to July 2, 2008, permitting the Applicant to construct Contract #2, 500,000 Gallon Elevated Water Storage Tank.
- B. Approve the revised Revised Rate Schedule to finance the cost of this project.
- C. For an expedited review and approval of the Project.
- D. For any and all other relief which the Applicant may be entitled.

MADISON COUNTY UTILITIES DISTRICT

By 
JAMES CARR, CHAIRMAN

COMMONWEALTH OF KENTUCKY


COUNTY OF MADISON

The undersigned, James Carr, being duly sworn, deposes and states that he is the Chairman of the Madison County Utilities District, Applicant herein, and that he has read the foregoing Application and has noted the contents thereof; that the contents of this Application are true of his own knowledge except as to matters which are therein state on information or belief, and as to those matters he believes same to be true.


IN TESTIMONY WHEREOF, witness the signature of the undersigned, this 21 day of May, 2008.


JAMES CARR, CHAIRMAN
MADISON COUNTY UTILITIES DISTRICT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by James Carr, Chairman of the Madison County Utilities Water District this 21 day of May, 2008.


Notary Public
My Commission Expires 2-11-2009

ROBBINS LAW OFFICE



CHUCK HARDIN, MCUD Attorney

214 N. 3rd Street

Richmond, KY 40475

(859) 623-4595

List of Exhibits

- A. Final Engineering Report
- B. Current and Proposed Rates
- C. Kentucky Infrastructure Authority Federal Assisted Drinking Water Revolving Loan Fund Conditional Commitment Letter
- D. Proposed Tarriff
- E. Rate Increase Determination
- F. KIA – Grant Assistance Agreement
- G. Historical Account Tracking – 3/07 to 2/08
- H. 2006 Audit
- I. 2007 Monthly Managerial Reports

Exhibit A
Final Engineering Report

Final Engineering Report

**Madison County Utilities Improvements, Phase II
500,000 Gallon Elevated Water Storage Tank
Madison County Utilities District**

By

**CMW, Inc.
138 N. Keeneland Drive
Suite E
Richmond, KY 40475**

May 2008

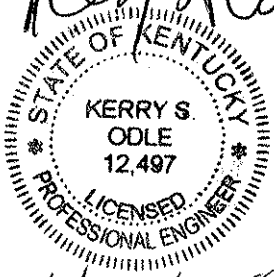
Kerry S. Odle

5/13/08

Table of Contents:

1. Bid Advertisement
2. Bid Tabulation
3. Minutes of Bid Opening
4. Engineer's Recommendation
5. Bid of Low Bidder
6. Minutes of Madison County Utilities District April Meeting
7. Revised Project Summary
8. Revised Budget
9. Division of Water Approval Letters
10. Project Map

ADVERTISEMENT FOR BIDS

Madison County Utilities District
(Revised)

Separate sealed BIDS for Contract #2 - Elevated Water Storage Tank, will be received by the Owner at the office of Madison County Utilities District, 297 Michelle Drive, Richmond, Kentucky, until 3:00 p.m. on Thursday, April 3, 2008, and then publicly opened and read aloud.

Construction for Contract #2 shall consist of a 500,000 gallon water storage tank including roadway, fencing, piping, valves, hydrant, seeding and all other necessary appurtenances.

The CONTRACT DOCUMENTS may be examined at the following locations:

CMW, Inc., 138 N Keeneland Drive, Suite E, Richmond, KY
Madison County Utilities District, 297 Michelle Drive, Richmond, KY
AGC/McCraw Hill Construction/Dodge Plan Room, 950 Contract Street, Suite 100A, Lexington, Kentucky
Reed Construction Data/ABC Plan Room, 2020 Liberty Road, Suite 110, Lexington, Kentucky
Reed Construction Data/ABC Plan Room, 1810 Taylor Avenue, Louisville, Kentucky
Reed Construction Data/ABC Plan Room, 7265 Kenwood Drive, Cincinnati, Ohio
Allied Construction, 3 Kovach Drive, Cincinnati, Ohio
Builders Exchange, 225 Walton Avenue, Suite 100, Lexington, Kentucky
Builders Exchange, 2300 Meadow Drive, Louisville, Kentucky

Copies of the CONTRACT DOCUMENTS may be obtained from Lynn Imaging, 328 Old East Vine Street, Lexington, KY 40507, phone 859\255-1021 upon the following non-refundable payment of \$40.00 for each set of Contract #2. Make checks payable to CMW, Inc.

If bidding documents are requested to be sent by mail, include an additional \$14.00 for each set to cover cost of handling and postage. This check shall be made payable to Lynn Imaging.

The Owner reserves the right to waive any informalities or to reject any or all bids. Each bidder must deposit with his bid, security in the amount, form and subject to the conditions provided in the Information for Bidders.

No bidder may withdraw his bid within 90 days after the actual date of the opening thereof.

Award will be made to the lowest responsive, responsible Bidder unless all bids are rejected.

Each bidder agrees to abide with Tittle VI of the Civil Rights Act of 1964, the Anti-Kickback Act,

and the Contract Work Hours Standard Act.

Each bidder must comply with the President's Executive Order No. 11246 as amended which prohibits discrimination in employment regarding race, creed, color, sex or national origin and must certify compliance of any previous work under President's Executive Order No. 11246 as amended. The contractor/subcontractor will comply with 41 CFR 60-4 in regard to affirmative action, to insure equal opportunity to females and minorities and will apply the timetable and goal set forth in 41 CFR 60-4.

Each bidder will make positive efforts to use small, minority, woman owned and disadvantaged businesses.

This contract is being funded in part with the Kentucky Infrastructure Authority Federally Assisted Drinking Water Revolving Fund Loan.

March 20, 2008

Date

MADISON COUNTY UTILITIES DISTRICT
RICHMOND, KENTUCKY

CMW, INC.
138 NORTH KEENELAND DRIVE
SUITE E
RICHMOND, KENTUCKY



Bid Tabulation

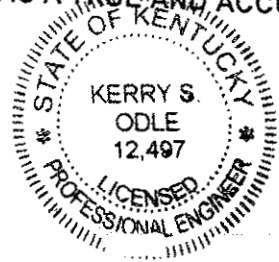
138 N. KEENELAND DRIVE, SUITE E
RICHMOND, KENTUCKY 40475

PROJECT: Madison County Utilities District, Phase 2 – Cont. #2 – 500,000 Gallon Elevated Water Storage Tank (Revised)

BID DATE: April 3, 2008 – 3:00 P.M.

GENERAL CONTRACTORS	BID BOND	ADDENDA #1 & #2	TOTAL PART I. BASE BID	NOTES
Caldwell Tank Builders	X	X	\$1,157,000.00	
Horizon Brothers Painting				
Phoenix Fabricators and Erectors	X	X	\$1,277,955.00	
Engineer's Estimate			\$1,158,662.00	

I CERTIFY THAT THE ABOVE IS A TRUE AND ACCURATE TABULATION OF THE BIDS RECEIVED FOR THIS PROJECT ON THE DATE LISTED ABOVE.



CMW, INC:
By: Kerry S. Odle

April 9, 2008

To: Jim Carr
Madison County Utilities District

From: Kerry Odle
CMW, Inc.

Re: Water Line Improvements, Phase 2
Contract #2 – 500,000 gallon Elevated Water Storage Tank
Madison County Utilities District

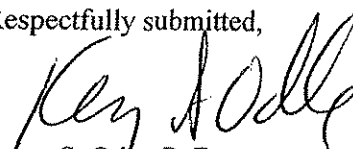
Subject: Bid Opening Minutes

Bids were accepted by Madison County Utilities District until 3:00 p.m. on Thursday, April 3rd, 2008. Obe Cox, CMW representative, thanked all bidders for their bid. Obe Cox stated that it was 3:00 pm and John Clark verified that he had the same said time. At this moment, Obe Cox stated that no further bids would be accepted.

Mr. Cox opened and read all bids for Contract #2 – 500,000 gallon Elevated Water Storage Tank, as shown on the attached "Tabulation of Bids". The apparent low bidder was announced as Caldwell Tank with a bid of \$1,157,000.00.

Attached is a "List of Attendees" who were present at the bid opening. With no further business, the bid opening was adjourned.

Respectfully submitted,


Kerry S. Odle, P. E.

✓ c: File W/A

CMWnc.

ARCHITECTURE CIVIL ENGINEERING SURVEYING SITE PLANNING
138 N. Keeneland Dr., Suite E, Richmond, KY 40475 859.623.2966 Fax 859.623.0886

CMWnc.

Bid Opening (Attendees List)

DATE: 4/3/08 – 3:00 P.M.

PROJECT: Contract #2 (Rebid)
 500,000 Gallon Elevated Water Storage Tank
 Madison County Utilities District

PROJECT NO. 06524.02

Name	Company / Organization	Address	Phone & Fax
Obe Cox	CMW, Inc.	138 N. KEENELAND SUITE E RICHMOND KY	859 623-2966 859 623-0886
Keith Eaton	Caldwell Tanks	4000 Tower Rd Louisville KY 40219	502-964-3361 502-966-8732
John C Clark	Madison Co Utilities	297 Madell Dr Richmond KY 40476	859-624-1735 859 623-8220

April 9, 2008

Mr. Jim Carr, Chairman
Madison County Utilities District
P. O. Box 670
Richmond, KY 40476-0670

Re: Water Line Improvements, Phase 2
Contract #2 - 500,000 Gallon Tank
Madison County Utilities District

Dear Jim:

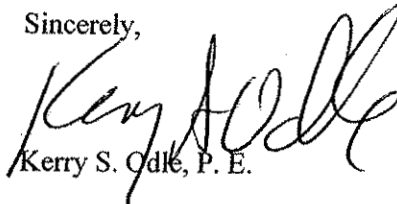
I have reviewed all bids and found no errors. The low bidder for Contract #2 - 500,000 Gallon Elevated Water Storage Tank is Caldwell Tanks, Inc. with a bid of \$1,157,000. I have worked with Caldwell Tanks, Inc. on several tanks and they have previously built some tanks for the district. Caldwell Tanks, Inc. are capable and does a good job in construction of the tank. If financing is obtained, I recommend that Caldwell Tanks, Inc. be awarded the bid.

With this bid an additional \$200,000 will be needed with the \$1,004,560 DWSRF loan and \$101,750 KIA grant (\$398,250 of \$500,000 KIA grants financed Contracts #1 and #3). \$24,530 is set up as a contingency for the project and the liquidated damages for the water lines are not included. Ordinarily, we could get the DWSRF loan increased by 10%, but at this time there is no additional money in DWSRF fund. In the proposed budget, KIA requested bonding authority to get additional funds. I have attempted to call Sandy Williams of KIA related to the option, but she has not yet returned my call. Other options include a contribution by the Utilities District or obtain another loan from someone like Kentucky Rural Water Association.

I have requested additional breakdown of cost from Caldwell Tanks, Inc. to see if there would be savings, if we split items from their bid such as piping, site work, painting and fencing and obtained individual bids. Based on this breakdown, I doubt if the savings would be anywhere near what we need. Also any contractor working on projects would have to pay state wage rates, and meet all DWSRF requirement including bonding, EEO, use of minority/women owned subcontractor Affirmative Action Plan and other federal contracts requirements.

I will be at Thursday's meeting to discuss.

Sincerely,



Kerry S. Odle, P. E.

KSO/jp

✓ c: File W/A

CMWnc.

ARCHITECTURE CIVIL ENGINEERING SURVEYING SITE PLANNING
138 N. Keeneland Dr., Suite E, Richmond, KY 40475 859.623.2966 Fax 859.623.0886

CMWnc.

BID (Revised)

500,000 Gallon Elevated Water Storage Tank

Proposal of Caldwell Tanks, Inc. (hereinafter called "BIDDER"), a corporation organized and existing under the laws of the State of Kentucky doing business as a Corporation *.

To the Madison County Utilities District (hereinafter called "OWNER").

In compliance with your Advertisement for Bids, BIDDER hereby proposes to perform all WORK for the construction of Contract #2 (Revised) – 500,000 Gallon Elevated Water Storage Tank in strict accordance with the CONTRACT DOCUMENTS, within the time set forth therein, and at the prices stated below.

By submission of this BID, the BIDDER certifies, and in the case of a joint BID each party thereto certifies as to its own organization, that this BID has been arrived at independently, without consultation, communication, or agreement as to any matter relating to this BID with any other BIDDER or with any competitor.

Bidder hereby agrees to commence work under this contract on or before a date to be specified in the NOTICE TO PROCEED and to fully complete the project within 300 consecutive calendar days. BIDDER further agrees to pay as liquidated damages, the sum of \$300 for each consecutive calendar day thereafter as hereinafter provided in Section 15 of the General Conditions.

* Insert "a corporation", "a partnership", or "an individual" as applicable.

BIDDER acknowledges receipt of the following ADDENDUM:

No. 1 Dated 3/20/08 No. _____ Dated _____
 No. 2 Dated 3/27/08 No. _____ Dated _____

BIDDER agrees to perform all the work described in the CONTRACT DOCUMENTS for the following unit prices:

NOTE: (1) BIDS shall include sales tax and all other applicable taxes and fees.

(2) Breakdown of work is for general information. Any work shown on Drawings and/or specified but not listed below shall be included in total base bid. Cost of items of work not specifically described below may be added to related bid item(s) at bidder's discretion.

BID SCHEDULE

Part I. Base Bid

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT
1.	Site Grading Including Road	1	LS	\$ 5000 ⁰⁰	\$ 5000 ⁰⁰
2.	Silt Fencing	150	LF	\$ 3 ⁰⁰	\$ 450 ⁰⁰
3.	18" Corrugated Plastic Pipe	20	LF	\$ 30 ⁰⁰	\$ 600 ⁰⁰
4.	#57 Crushed Stone (Roadway)	100	TON	\$ 20 ⁰⁰	\$ 2000 ⁰⁰
5.	Piping, Valves, Altitude Valves, Fire Hydrants, Meter, Wet Tap, Encasement and Related Appurtenances	1	LS	\$ 60,000 ⁰⁰	\$ 60,000 ⁰⁰
6.	500,000 Gallon Elevated Water Storage Tank	1	LS	\$ 1,079,150 ⁰⁰	\$ 1,079,150 ⁰⁰

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT
7.	Fencing	1	LS	\$ 7800 ⁰⁰	\$ 7800 ⁰⁰
8.	Seeding	1	LS	\$ 2000 ⁰⁰	\$ 2000 ⁰⁰

Total Part I: Base Bid: \$ 1,157,000⁰⁰
(USE FIGURES)

One million one hundred fifty seven thousand dollars
and no cents (USE WORDS)

TOTAL AMOUNTS SHALL BE SHOWN IN BOTH WORDS AND FIGURES. IN CASE OF DISCREPANCIES, THE AMOUNT AS WRITTEN IN WORDS SHALL GOVERN.

The above price shall include all labor, materials, bailing, shoring, removal, overhead, profit, insurance, etc., to cover the finished work of the several kinds called for. Changes shall be processed in accordance with the General Conditions.

Award of the Contract will be based on the lowest and best Total Bid for Part I: Base Bid.

The Bidder agrees that the Owner reserves the right to delete the whole or any part of the project from the Contract.

The Bidder understands that the Owner reserves the right to reject any or all bids and to waive any informalities in the bidding.

The Bidder agrees that this bid shall be good and may not be withdrawn for a period of one hundred twenty (90) calendar days after the scheduled closing time for receiving bids.

Upon receipt of written notice of the acceptance of this bid, Bidder will execute the formal contract attached within ten (10) days and deliver a surety bond or bonds as required by Article 22 of the General Conditions.

Respectfully submitted:

Caldwell Tanks, Inc.

(Name of Contracting Firm)

BY: Keith M. Eaton

Keith M. Eaton, P.E.

TITLE: Sales Engineer

ADDRESS: 4000 Tower Road
Louisville, KY 40219

DATE: April 3, 2008

N/A

License No. (if applicable)

Seal (If Bid by Corporation)

Attest: [Signature]

Kevin J. Gallagher, Vice President - Sales

END BID FORM

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF
COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
APRIL 24, 2008**

The Board of Commissioners of the Madison County Utilities District held a special meeting on April 24, 2008 at the District's office at its new location on Lexington Road, Richmond, Kentucky. Present at the meeting were Ms. Wanda Pennington, Mr. Marty Sizemore, Mr. Walter Cornelison and Mr. James R. Carr, Board members, Mr. John Clark, Manager, Mr. Kerry Odle, Ms. Jeanne Michaels, Mr. Chuck Hardin, and Jared Davis.

The Chairman called the meeting to order at 1:00 p.m. The first order of business was to recognize the visitors in attendance. Mr. Jared Davis was in attendance and was inquiring on obtaining water near Ky River Road. The District informed him that he could run a service line from the sewer plant but he would have to obtain the easements for the line.

Mr. Clark then informed the board that he had received a letter from a customer not wanting to pay the new amount to turn her meter back on. The Board advised Mr. Clark that she should pay the amount like any other customer.

Next, the District then reviewed the minutes of its meeting of March 27, 2008 and April 10, 2008. Following review, Ms. Wanda Pennington made a motion to approve the March 27, 2008 minutes and Mr. Walter Cornelison seconded the motion. The Board then unanimously approved the minutes of March 27, 2008. The District then reviewed the minutes of the Special Meeting on April 10, 2008. Following review, Mr. Walter Cornelison made a motion to approve the minutes which was seconded by Ms. Wanda Pennington and unanimously approved by the Board. The Board then reviewed the financial statement and water loss statement. The District's water loss was 16% for the year and the financial statement was looking better.

During the next order of business the District discussed line breaks and flushing. The District lost approximately 1,385,000 gallons of water due to breaks and flushing for the month.

Mr. Hardin then updated the Board on the various agreements that Ms. Michaels is working on. The Board advised Mr. Hardin to prepare a bid advertisement for meter readers to review at next months meeting along with reviewing the other proposed documents and safety handbook.

Mr. Odle then updated the Board on the scenarios for the purchased water adjustment. The Board decided to wait to July 1, 2008 to implement the rate increase instead of having two separate increases. Mr. Marty Sizemore made the motion which was seconded by Ms. Wanda Pennington and unanimously

approved by the Board. Mr. Odle further informed the Board that it was still approximately \$175,000.00 short on the new project. Mr. Carr informed Mr. Odle that the District could use existing CD's if necessary to finish the construction.

Next, Mr. Odle advised the District that he needed to obtain PSC approval for the rate increase and the approval to start construction. In that regard, the District authorized Mr. Odle and Mr. Hardin to proceed with the application for a certificate of public convenience and necessity to construct the water storage tower and a general rate increase to finance the construction.

Mr. Hardin then advised the members that Kirksville had agreed to the billing increase to \$2.40 per bill.

In conclusion, Mr. Odle advised the District that the school board will reimburse the District to relocate the line at the new Middle School.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:30 p.m.

**WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT**

FUND F
Part III - Budget Information
Project Cost Summary

COST CLASSIFICATION	LOCAL FUNDS	GRANT	GRANT	DWSRF Loan 10% Extra	FUND F DWSRF LOAN	TOTAL PROJECT COSTS
1. Administrative and Legal Expense	\$	\$	\$	\$		
2. Land Acquisition					\$8,600	\$8,600
3. Relocation Expenses						0
4. Engineering		68,963				0
5. Construction	55,014	30,987			25,417	94,380
6. Equipment				100,456	970,543	1,157,000
7. Miscellaneous		1,800				0
8. Contingencies	24,530					1,800
9. Total Project Costs Each Funding Source	\$79,544	\$101,750	\$	\$100,456	\$1,004,560	\$1,286,310

For funding sources other than DWSRF, please identify the grant/loan and indicate the award, or application date of such:
\$101,750 KIA Grant; \$100,456 DWSRF Loan Additional 10%

Identify Source of Local Funds:

MCUD CD

Revised _____
 Revised _____
 Revised _____

FUND F

PART III - BUDGET

If other funding sources are proposed to be used with Fund F, please identify the funding source and the amount for each line item.

1. ADMINISTRATIVE AND LEGAL EXPENSES

Allowable administrative expenses do not include costs that are related to the normal functions of government. Allowable legal fees are generally those associated with the purchase of eligible land or easements and certain services in support of the project (e.g.; review of contracts compliance with the Real Property Acquisition Act).

<u>Cost Category</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
Advertisements	\$ <u>600</u>	<u>DWSRF</u>	
Legal Fees	\$ <u>3,000</u>	<u>DWSRF</u>	
Other PSC Submittal	\$ <u>5,000</u>	<u>DWSRF</u>	
_____	\$ _____	_____	
_____	\$ _____	_____	
			\$ <u>8,600</u>

2. LAND ACQUISITION

This category includes purchases, lease, and/or easements for the site and/or rights-of-way.

<u>Cost Category</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
			\$ <u>0</u>

3. RELOCATION EXPENSES

Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.

<u>Cost Category</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
			\$ <u>0</u>

4. **ENGINEERING**

<u>Planning</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
Water Audit	\$ _____	_____	
Water Supply Plan Amendment	\$ _____	_____	
Loan Application	\$ _____	_____	
Water Use Ordinance	\$ _____	_____	
User Charge System	\$ _____	_____	
Environmental Review	\$ <u>8,000</u>	<u>KIA</u>	
Other _____	\$ _____	_____	\$8,000
 <u>Design</u>			
Preliminary Engineering Design Report	\$ <u>7,000</u>	<u>KIA</u>	
Plans/Specifications	\$ <u>40,963</u>	<u>KIA</u>	
Preliminary Plan of Operation	\$ _____	_____	
Value Engineering (if applicable)	\$ _____	_____	\$ <u>47,963</u>
 <u>Construction Services</u>			
Securing/Evaluating Bids	\$ <u>3,000</u>	<u>KIA</u>	
Change Orders	\$ <u>500</u>	<u>DWSRF</u>	
General Engineering Reviews	\$ <u>2,871</u>	<u>DWSRF</u>	
On-site Inspections	\$ <u>3,370</u>	<u>DWSRF</u>	
Provide As-Built Drawings	\$ <u>500</u>	<u>DWSRF</u>	\$ <u>10,241</u>
<u>Resident Inspection</u>	\$ <u>18,176</u>	<u>DWSRF</u>	\$ <u>18,176</u>
 <u>Other Engineering Services</u>			
Final Plan of Operation	\$ _____	_____	
O & M Manual	\$ _____	_____	
Start-up Services	\$ _____	_____	
Other Tank Site Survey _____	\$ <u>3,000</u>	<u>KIA</u>	\$ <u>3,000</u>
 <u>Additional Engineering Services</u>			
Negotiation of Service due to change in Scope	\$ _____	_____	
Service as expert witness	\$ _____	_____	
Other <u>Geotechnical</u>	\$ <u>7,000</u>	<u>KIA</u>	\$ <u>7,000</u>
TOTAL ENGINEERING COSTS			\$ <u>94,380</u>

6. EQUIPMENT

Enter the estimated cost of shop, laboratory, and safety equipment, etc. to be used at the facility if such costs are not included in any construction contract.

<u>Cost Category</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
			\$ _____

7. MISCELLANEOUS

Enter the estimated cost for items such as but not limited to value engineering, interim financing, and capitalized interest.

<u>Cost Category</u>	<u>Cost</u>	<u>Funding Source(s)</u>	<u>Total Cost</u>
<u>IClearing Tank Site</u>	\$ <u>900</u>	<u>KIA</u>	
<u>Dozer w/Geotech</u>	\$ <u>900</u>	<u>KIA</u>	
_____	\$ _____	_____	
_____	\$ _____	_____	
_____	\$ _____	_____	
			\$ <u>1,800</u>

8. CONTINGENCIES

Enter estimated contingency costs. This amount should be only calculated at 5% of total construction contracts.

<u>Funding Source(s)</u>	<u>Total Cost</u>
<u>MCUD</u>	\$ <u>24,530</u>

9. TOTAL PROJECT COSTS

\$1,286,310

<u>Funding Source(s)</u>
<u>\$101,750 -KIA; \$1,004,560 -DWSRF; \$100,456-DWSRF Extra 10%;\$79,544- MCUD</u>

STEVEN L. BESHEAR
GOVERNOR



ROBERT D. VANCE
SECRETARY

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

14 REILLY ROAD

FRANKFORT, KENTUCKY 40601

www.kentucky.gov

March 11, 2008

John Clark, Manager
Madison County Utility District
297 Michelle Drive, P. O. Box 670
Richmond, Kentucky 40476-0670

RE: Madison County Utility District
AI # 34008, APE20070001
PWSID # 0760224-07-001
Utility District Improvements Ph 2 Contracts # 2
500,000 gallon elevated water tank @ Okonite
Madison County, KY

Dear Mr. Clark:

We have reviewed the revised plans and specifications for the above referenced project. The plans include the construction of approximately 500,000 gallon elevated water storage tank at Okonite site. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the construction permit issued on June 6, 2007. All the stipulations related to the technical part and State Revolving Fund stated in our previous approval letter dated June 6, 2007 (0760224-07-001) shall remain effective.

If you have any questions concerning this project, please contact Mr. Solitha Dharman, P.E., at 502-564-3410 extension 572.

Sincerely,

A handwritten signature in black ink, appearing to read "DMarlin".

for Donna S. Marlin, Manager
Drinking Water Branch
Division of Water

MR:SWD

Enclosures

C: Kerry Odle, P.E., CMW, Inc.
Madison County Health Department
Public Service Commission
Kentucky Infrastructure Authority (KIA)
Resources Planning and Program Support Branch (RPPS)
Capacity Development Branch



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Ernie Fletcher
Governor

Division of Water
14 Reilly Road
Frankfort, Kentucky 40601-1190
www.kentucky.gov
June 6, 2007

Teresa J. Hill
Secretary

John Clark, Interim Manager
Madison County Utilities District
155 North Keeneland Drive
P. O. Box 670
Richmond, Kentucky 40476

RE: Madison County
AI #: 34008, APE20070001
DW # 0760224-07-001, DWSRF A0792
Madison Co. Utilities Improvements, Ph 2

Dear Mr. Clark:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 8,680 feet of 6-inch PVC water line, 500 gpm/155 TDH booster pump station and 500,000 gallon elevated water storage tank on HWY 25 South. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

Based on the hydraulic analysis/data submitted, the areas served by the Meadow Brook Extension are considered to be underserved. This designation indicates that without improvements to the existing infrastructure, future extensions may not be able to provide the required minimum pressure of 30 psi on the discharge side of customers' meters. Without improvements to the infrastructure, future extensions may be denied. The underserved designation may be used to help prioritize areas under the Governor's 2020 plan for funding future infrastructure improvements.

Furthermore, hydraulic model provided indicated under certain flow conditions, there were low pressure locations in "Waco/Bybee" and surrounding areas of the existing distribution system. Therefore, hydraulic performance of the above area shall be monitored. Appropriate corrective action shall be taken if the level of service is inadequate or declining, or the pressure to any customer falls below 30 psig.

The following information and requirements relate to the Drinking Water State Revolving Fund (DWSRF).

1. You are required to keep one set of approved plans and specifications at the project site at all times. If modifications are made to these plans and specifications prior to bidding, then four (4) complete sets of revised plans and specifications shall be submitted to the Division of Water for approval. Our notice of construction approval will be issued at a later date by separate correspondence.
2. You are hereby approved to advertise for bids on the construction for this project. In addition to other notices, you shall advertise the bid between seven (7) and twenty-one (21) days prior to the Bid Opening date in the Lexington Herald-Leader. Please provide the bid opening date to Lola Lyle, Supervisor, Project Administration Section, at (502) 564-3410, extension 416.
3. A set of AS-BID plans and specifications (with the APPROVAL conditions addressed) and a copy of the Advertisement shall be submitted to the Division of Water when the project is advertised. These items will be reviewed as part of the Authority to Award process. A checklist is attached for your use.

4. Please be advised that the construction contract is subject to the Equal Employment opportunity requirements contained in Executive Order 11246. Equal Employment opportunity affirmative action by the prime contractor and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity in accordance with the Kentucky State Drinking Water Revolving Fund to Bidders is required. Compliance with the MBE/WBE Fair Share Policy in accordance with 40 CFR 31.36(e) is required.
5. Review the attached Project Review and Cost Summary Form for details of the information to either be collected and submitted to the Division for review and approval or to be retained by the grantee in their records. This project Review and Cost Summary is to be completed, signed, and with the necessary information be then forwarded to the Division by the recipient. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be forwarded to the Division for review within fourteen (14) days of bid opening.
6. All modifications to the original approval shall be approved by Madison County Utilities District, CMW, Inc. and Drinking Water Branch prior to any construction.
7. Prior to the award of construction authorization, clear site certificates of all involved properties shall be submitted to the Division of Water.
8. Upon approval of the documents, the Division of Water will authorize you to award the construction contract, and arrange for a pre-construction conference. Division of Water staff needs to be notified about the above dates.

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the Drinking Water Revolving Fund process.


When this project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water supply facilities have been constructed and tested in accordance with the approved plans and specifications and the above stipulations. Such a certification shall be signed by a licensed professional engineer.

This approval has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal and local agencies.

Unless construction on this project commences within one year from the date of this approval letter, Madison County Utilities District shall request an official extension from the Division of Water prior to the first anniversary of this approval letter, or re-submit the original plans and specifications for a new comprehensive review.

If you have any questions concerning this project, please contact Solitha W. Dharman, P.E. at (502) 564-2225, extension 572.

Sincerely,



Donna S. Marlin, Manager
Drinking Water Branch
Division of Water

DSM: SWD

C: Kerry Odle, P.E., CMW, Inc.
Madison County Health Department
Public Service Commission
Kentucky Infrastructure Authority (KIA)
Resources Planning and Program Support Branch (RPPS), Division of Water
Capacity Development Section, Division of Water

Distribution-Major Construction
 Madison County Utility District
 Subject Item Inventory

Activity ID No.: APE20070001

Subject Item Inventory:

ID	Designation	Description
AIOO34008		
PORT29	Contract #1, WLE	8,680 feet of 6-inch PVC
PORT30	Contract #3 Booster Pump	500 gpm/155 TDH Booster Pump Station
STOR1	Contract #2 Water Tank	500,000 gallon elevated water tank

Subject Item Groups:

ID	Description	Components
GACT29	8,680 feet of 6-inch PVC Water Line, 500 gpm booster pump station and 500,000 gallon elevated water storage tank	PORT30 500 gpm/155 TDH Booster Pump Station STOR1 500,000 gallon elevated water tank PORT29 8,680 feet of 6-inch PVC

KEY

- | | |
|------------------|-------------------------|
| ACTV = Activity | AIOO = Agency Interest |
| AREA = Area | COMB = Combustion |
| EQPT = Equipment | MNPT = Monitoring Point |
| PERS = Personnel | PORT = Transport |
| STOR = Storage | STRC = Structure |

Distribution-Major Construction
Madison County Utility District
Subject Item Inventory

Activity ID No.: APE20070001

KEY

TRMT = Treatment

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

GACT29 (Phase 2 Improvements) 8,680 feet of 6-inch PVC Water Line, 500 gpm booster pump station and 500,000 gallon elevated water storage tank:

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by <i>sampling and analysis as needed</i> shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-2	Coliform	The presence or absence of total Coliform monitored by <i>sampling and analysis as needed</i> shall be determined for the new storage structure(s). With at least 1 sample taken at least 24 hours after the first construction complete sample(s), take 2 or more samples from the yard hydrant, the outlet piping from the storage structure, or a sample tap directly connected to the storage structure. Sample bottles shall be clearly identified as "special" construction tests. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:150 Section 4] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.
M-3	Coliform	The presence or absence of total Coliform monitored by <i>sampling and analysis as needed</i> shall be determined for the new pump(s). If the pump(s) are independent of (not directly connected to) the new or relocated lines, take at least 1 sample at the discharge side pitcock. Otherwise, no additional sampling beyond the sampling required for new or relocated lines shall be required in association with the pump(s). Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

Submittal/Action Requirements:

Coliform:

Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

GACT29 (continued):

Submittal/Action Requirements:

Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]
S-3	The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	Additional Limitations: Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]

Condition No.	Condition
T-2	This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
T-3	Unless construction of this project is begun within 1 year from the issuance date of this permit, the permit shall expire. If requested prior to the permit expiration, an official extension from the Division of Water may be granted. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Drinking Water Branch at 502/564-3410. [401 KAR 8:100 Section 1(9)]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

GACT29 (continued):

Narrative Requirements:

Condition	Condition
T-4	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

PORT29 (Contract #1, WLE) 8,680 feet of 6-inch PVC:

Page 4 of 22

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth ≥ 6 in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth ≥ 30 in to prevent freezing. [Recommended Standards for Water Works 8.5.3, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter ≥ 6 in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance ≤ 1.0 mi should be utilized. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-5	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance > 10 ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-6	Distance	Except when not practical, water lines shall be laid a horizontal Distance ≥ 10 ft from any existing or proposed sewer. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

PORT29 (continued):

Page 5 of 22

Limitation Requirements:

Condition No.	Parameter	Condition
L-7	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none"> 1) water lines shall be laid such that either <ol style="list-style-type: none"> a) the top of the water line is a vertical Distance \geq 18 in below the bottom of the sewer line or b) the bottom of the water line is a vertical Distance \geq 18 in above the top of the sewer line, 2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible, and 3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.3] <p>This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-8	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance \geq 1.0 ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-9	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure \geq 20 psi under all conditions of flow. [Recommended Standards for Water Works 8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-10	Pressure	<p>Pressure \geq 30 psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>
L-11	Residual Disinfection	<p>New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection \geq 25 ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform. If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 6 of 22

PORT29 (continued):

Limitation Requirements:

Condition No.	Parameter	Condition
L-12	Velocity	Except in underserved areas, each blow-off or fire hydrant shall be sized so that Velocity \geq 2.5 ft/sec can be achieved in the water main served by the blow-off or hydrant during flushing. Based on the hydraulic analysis/data submitted, the areas served by the Meadow Brook Extension is considered to be underserved. This designation indicates that without improvements to the existing infrastructure, future extensions may not be able to provide the required minimum pressure of 30 psi on the discharge side of customers' meters. Without improvements to the infrastructure, future extensions may be denied. The underserved designation may be used to help prioritize areas under the Governor's 2020 plan for funding future infrastructure improvements. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 8.1.6.b] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

Narrative Requirements:

Asbestos (Friable):

Condition No.	Condition
T-1	Asbestos (Friable): If the existing water line to be tapped is asbestos concrete, then the contractor shall conform to OSHA regulations governing the handling of hazardous waste during the process of tapping the asbestos concrete line. Pieces of asbestos concrete resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill. [401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 7 of 22

PORT29 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-2	<p>Additional Limitations: Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]</p>
T-3	<p>Additional Limitations: Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]</p>
T-4	<p>Additional Limitations: At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]</p>
T-5	<p>Additional Limitations: All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]</p>
T-6	<p>Additional Limitations: A fire hydrant or blow-off shall be required at the end of each dead end line. [Recommended Standards for Water Works 8.1.6]</p>
T-7	<p>Additional Limitations: For each fire hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]</p>
T-8	<p>Additional Limitations: No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.6, Recommended Standards for Water Works 8.4.3]</p>
T-9	<p>Additional Limitations: If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

PORT29 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-10	<p>Additional Limitations: No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]</p>
T-11	<p>Additional Limitations: If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]</p>
T-12	<p>Additional Limitations: If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact the Water Quality Certification Supervisor of the Water Quality Branch at (502) 564-2225. [401 KAR 8:100 Section 1(7)]</p>

Subfluvial Pipe Crossings:

Condition No.	Condition
T-13	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met.</p> <ol style="list-style-type: none">1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.2) Crossing trenches shall be backfilled as closely as possible to the original contour.3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

PORT29 (continued):

Narrative Requirements:

Subfluvial Pipe Crossings:

Condition	Condition
T-14	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings greater than 15 feet in width,</p> <ol style="list-style-type: none">1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair. <p>Valves shall</p> <ol style="list-style-type: none">a) be easily accessible,b) not be subject to flooding, andc) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 10 of 22

PORT30 (Contract #3 Booster Pump) 500 gpm/155 TDH Booster Pump Station:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Pressure	Pump stations shall be located or controlled so that intake Pressure \geq 20 psi is maintained during normal pump operation. [Recommended Standards for Water Works 6.4.b] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-2	Pressure	Pump stations shall be located or controlled so that an automatic cutoff or a low pressure controller maintains a Pressure \geq 10 psi in the suction line under all operating conditions. [Recommended Standards for Water Works 6.4.c] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Residual Disinfection	New pumps shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect new pumps use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection \geq 25 ppm at the end of 24 hours. Follow the disinfection with thorough flushing and place each pump into service if, and only if, Coliform monitoring applicable to the pump does not show the presence of Coliform. If Coliform is detected, repeat flushing of the pump and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the pump has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Slope	Pumping facilities shall be located and designed to maintain the sanitary quality of pumped water. As part of this, all pump station floors shall have Slope \geq 3 in per 10 ft to a suitable drain. [Recommended Standards for Water Works 6.2.e, Recommended Standards for Water Works 6.0, Recommended Standards for Water Works 6.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Air Change Rate	Ventilation shall conform to existing local and/or state codes. At a minimum forced ventilation shall produce an Air Change Rate \geq 6 air change(s)/hr. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 6.2.5] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

PORT30 (continued):

Page 11 of 22

Limitation Requirements:

Condition No.	Parameter	Condition
L-6	Height	<p>Pumping stations shall not be subject to flooding. To this end,</p> <ol style="list-style-type: none"> 1) grading around stations shall lead surface drainage away and 2) stations shall be elevated or protected to a Height \geq 3 ft above the highest of the following: <ol style="list-style-type: none"> a) the 100-year flood elevation, or b) the highest recorded flood elevation. [Recommended Standards for Water Works 6.1.1, Recommended Standards for Water Works 6.0] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-7	Height	<p>When a pump station has pits or compartments which must be entered, stairways or ladders shall be provided between all floors. Stairs shall have risers with a Height \leq 9 in, handrails on both sides, and treads with non-slip material wide enough for safety. [Recommended Standards for Water Works 6.2.3] This requirement is applicable during the following months: All Year. Statistical basis: Maximum.</p>

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: Pumping stations shall be so located that the proposed site will meet the requirements for hydraulics of the system. [Recommended Standards for Water Works 6.1]</p>
T-2	<p>Additional Limitations: Pumping stations shall be readily accessible at all times for servicing and repairs. [Recommended Standards for Water Works 6.1.1.b, Recommended Standards for Water Works 6.4.3]</p>
T-3	<p>Additional Limitations: Pumping stations shall be designed to prevent vandalism and protect against entrance of animals or unauthorized persons. [Recommended Standards for Water Works 6.1.1.d]</p>
T-4	<p>Additional Limitations: Pumping stations shall be of durable construction with outward-opening doors. [Recommended Standards for Water Works 6.2.b]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 12 of 22

PORT30 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-5	Additional Limitations: Pumping stations shall be fire and weather resistant. [Recommended Standards for Water Works 6.2.b]
T-6	Additional Limitations: Pumping stations shall have suitable pump gland discharges so that drainage from the glands is not onto the floor. [Recommended Standards for Water Works 6.2.f]
T-7	Additional Limitations: If underground structures are present at pumping stations, they shall waterproofed. [Recommended Standards for Water Works 6.2.d]
T-8	Additional Limitations: Pumping stations shall have adequate space for the installation of additional pumps. [Recommended Standards for Water Works 6.2.a]
T-9	Additional Limitations: Pumping stations shall have adequate space for the safe servicing of all equipment. [Recommended Standards for Water Works 6.2.a]
T-10	Additional Limitations: Pump stations shall have crane-ways, hoist beams, eyebolts, or other adequate facilities for servicing or removal of pumps, motors or other heavy equipment. [Recommended Standards for Water Works 6.2.2.a]
T-11	Additional Limitations: Pump stations shall have openings as needed for removal of heavy or bulky equipment. [Recommended Standards for Water Works 6.2.2.b]
T-12	Additional Limitations: Pump stations shall have a convenient tool board, or other facilities as needed, for proper maintenance of equipment. [Recommended Standards for Water Works 6.2.2.c]
T-13	Additional Limitations: In areas where excess moisture could cause safety hazards or damage to equipment, dehumidification shall be provided. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 6.2.6]
T-14	Additional Limitations: Electrical controls shall be located above grade. [Recommended Standards for Water Works 6.6.5]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 13 of 22

PORT30 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-15	<p>Additional Limitations: All electrical equipment and work shall conform with the applicable state and local electrical codes and the National Electrical Code. [Recommended Standards for Water Works 6.5, Recommended Standards for Water Works 6.2.7]</p>
T-16	<p>Additional Limitations: Pump stations shall be adequately lighted throughout. [Recommended Standards for Water Works 6.2.7]</p>
T-17	<p>Additional Limitations: All automatic pump stations shall be provided with automatic signaling apparatus which will report when the station is out of service. All remote controlled stations shall be electrically operated and controlled and shall have signaling apparatus of proven performance. [Recommended Standards for Water Works 6.5]</p>
T-18	<p>Additional Limitations: Automatic or remote control pump stations shall be located or shall have control devices setup so that the range between start and cutoff pressure prevents excessive pump cycling. [Recommended Standards for Water Works 6.4.d]</p>
T-19	<p>Additional Limitations: Equipment shall be provided or other arrangements made to prevent surge pressures from activating controls which switch on pumps or activate other equipment outside the normal design cycle of operation. [Recommended Standards for Water Works 6.6.5]</p>
T-20	<p>Additional Limitations: Provisions shall be made to prevent energizing the motor in the event of a backspin cycle. [Recommended Standards for Water Works 6.6.5]</p>
T-21	<p>Additional Limitations: Pump stations shall be provided with enough heat to prevent freezing of equipment or treatment processes. [Recommended Standards for Water Works 6.2.4]</p>
T-22	<p>Additional Limitations: Pump stations shall have at least 2 pumps. Pumps shall be sized so that if any single pump is out service, the remaining pump or pumps shall be capable of providing the peak demand on the station. [Recommended Standards for Water Works 6.3, Recommended Standards for Water Works 6.4.1]</p>
T-23	<p>Additional Limitations: Provisions shall be made for pump alternation. [Recommended Standards for Water Works 6.6.5]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 14 of 22

PORT30 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-24	<p>Additional Limitations: Pumps shall</p> <ol style="list-style-type: none">have ample capacity to supply the peak demand against the required distribution system pressure without dangerous overloading,be driven by prime movers able to meet the maximum horsepower condition of the pumps,be provided readily available spare parts and tools, andbe served by control equipment that is properly protected against temperatures to be encountered. [Recommended Standards for Water Works 6.3]
T-25	<p>Additional Limitations: Pumps, their prime movers and accessories shall be controlled in such a manner that they will operate at rated capacity without dangerous overload. [Recommended Standards for Water Works 6.6.5]</p>
T-26	<p>Additional Limitations: Pump stations shall be located or controlled so that a bypass is available. [Recommended Standards for Water Works 6.4.e]</p>
T-27	<p>Additional Limitations: Pump stations shall contain indicating and totalizing metering of the total water pumped. Each pump shall have</p> <ol style="list-style-type: none">a standard pressure gauge on its discharge line anda compound gauge on its suction line. <p>Each pump should have a means for measuring the instantaneous volume per time discharge. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 6.4.2, Recommended Standards for Water Works 6.6.3]</p>
T-28	<p>Additional Limitations: Pumps shall be adequately valved to permit satisfactory operation, maintenance and repair of the equipment. Each pump shall have a positive-acting check valve on the discharge side between the pump and the shut-off valve. [Recommended Standards for Water Works 6.6.1]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 15 of 22

PORT30 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-29	<p>Additional Limitations: Piping for pumps shall, in general,</p> <ol style="list-style-type: none">1) be designed so that the friction losses will be minimized,2) not be subject to contamination,3) have watertight joints,4) be protected against surge or water hammer,5) be provided with restraints where necessary, and6) a) be such that each pump has an individual suction line or b) be manifolded such that the lines insure similar hydraulic and operating conditions. [Recommended Standards for Water Works 6.6.2]
T-30	<p>Additional Limitations: To ensure continuous service when the primary power is interrupted, power supplied to pump stations shall be</p> <ol style="list-style-type: none">a) from at least 2 independent sources orb) from a primary source with a standby or auxiliary source provided. <p>If standby power is provided by onsite generators or engines, the fuel storage and fuel line must be designed to protect the water supply from contamination. [Recommended Standards for Water Works 6.6.6]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

STOR1 (Contract #2 Water Tank) 500,000 gallon elevated water tank:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	High and low level Depth \geq 30 ft apart should not be allowed in storage structures providing pressure to a distribution system. [Recommended Standards for Water Works 7.3.2] This requirement is applicable during the following months: All Year. Statistical basis: Maximum.
L-2	Distance	To prevent excessive erosion of storage structure foundations, the overflow and main drain shall either a) discharge to concrete or other stable surfaces (splash pads) which extend a Distance \geq 10 ft away from the base of the storage structure or b) discharge directly into a crushed stone pit that is at least 2' x 2' x 2' which is a Distance \geq 10 ft away from the base of the storage structure. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Height	Tanks shall have an overflow which is a) brought down to a Height \geq 12 and \leq 24 in above the ground surface, b) of sufficient diameter to permit waste of water in excess of the filling rate, c) open downward, d) screened with twenty-four mesh noncorrodible screen installed within the pipe at a location least susceptible to damage by vandalism, and e) when not internal, e) i) located on the outside of the tank so that any discharge is visible, when internal, e) ii) located in the access tube. [Recommended Standards for Water Works 7.0.7] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-4	Height	Tanks shall have manholes that are a) framed a Height \geq 4 in above the surface of the roof at the opening and b) fitted with a solid watertight cover which overlaps the framed opening and extends down around the frame at least 2 inches. Manholes should be hinged at one side and shall have a locking device. [Recommended Standards for Water Works 7.0.8] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 17 of 22

STOR1 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: The materials and designs used for storage structures shall provide stability and durability as well as protection for the quality of the stored water. Steel structures shall follow the AWWA standards wherever they are applicable. Other materials of construction are acceptable when properly designed to meet the requirements in this permit. [Recommended Standards for Water Works 7.0]</p>
T-2	<p>Additional Limitations: The safety of employees must be considered in the design of any tank. The design of tanks shall</p> <ol style="list-style-type: none">meet or exceed the minimum requirements of pertinent safety laws and regulations in the areas where the tanks are constructed,include ladders, ladder guards and balcony railings (where applicable),locate entrance hatches in safe places,provide railings or handholds where persons must transfer from an access tube to the water compartment, andconsider confined space entry requirements. <p>Additionally, if tanks have riser pipes over 8 inches in diameter, the tanks shall have protective bars over the riser openings inside of the tank. [Recommended Standards for Water Works 7.0.12]</p>
T-3	<p>Additional Limitations: Storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. Where space permits, at least 2 manholes shall be provided above the waterline at each water compartment. [Recommended Standards for Water Works 7.0.8]</p>
T-4	<p>Additional Limitations: Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]</p>
T-5	<p>Additional Limitations: All storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. [Recommended Standards for Water Works 7.0.13]</p>
T-6	<p>Additional Limitations: Tanks shall be constructed with no openings except properly constructed vents, manholes, overflows, risers, drains, control ports, and piping for inflow and outflow. Any pipes running through the roof or sidewall must be welded or properly gasketed. [Recommended Standards for Water Works 7.0.10]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 18 of 22

STOR1 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-7	<p>Additional Limitations: All finished water storage structures shall have suitable watertight roofs and sidewalls which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3, Recommended Standards for Water Works 7.0.10]</p>
T-8	<p>Additional Limitations: The roof of each storage structure shall be well drained. Downspout pipes shall not enter or pass through storage structures. Parapets or similar structures which would tend to hold water and snow on a storage structure roof shall not be approved unless adequate waterproofing and drainage are provided. [Recommended Standards for Water Works 7.0.11]</p>
T-9	<p>Additional Limitations: Storage structures shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without necessitating loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.5]</p>
T-10	<p>Additional Limitations: Storage structure drains shall discharge to the ground surface at a drainage structure inlet or splash plate. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.7]</p>
T-11	<p>Additional Limitations: No drain on a storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5, Recommended Standards for Water Works 7.0.7, Recommended Standards for Water Works 7.3.2]</p>
T-12	<p>Additional Limitations: Main drains from storage structures shall have a twenty-four mesh noncorrodible screen installed within the drain pipe at a location least susceptible to damage by vandalism. [401 KAR 8:100 Section 1(7)]</p>
T-13	<p>Additional Limitations: Storage structures shall be designed to facilitate turn over of water. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.6]</p>
T-14	<p>Additional Limitations: Storage structures shall have sufficient capacity, as determined from engineering studies, to meet domestic demands. Additionally, if fire protection is provided, capacity shall also be sufficient to meet fire flow demands. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.1]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 19 of 22

STOR1 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-15	<p>Additional Limitations: Storage structure discharge pipes shall be located in a manner that will prevent the flow of sediment into the distribution system. Additionally, removable silt stops should be provided. [Recommended Standards for Water Works 7.0.15]</p>
T-16	<p>Additional Limitations: Appropriate sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriologic and chemical analyses. [Recommended Standards for Water Works 7.0.19]</p>
T-17	<p>Additional Limitations: Storage structures shall be vented. Overflows shall not be considered as vents. Open construction between the sidewall and roof is not permitted. Vents shall</p> <ul style="list-style-type: none">a) prevent the entrance of rainwater,b) exclude birds and animals, andc) exclude insects and dust (as much as compatible with effective venting). <p>Vents may use four-mesh noncorrodible screen. [Recommended Standards for Water Works 7.0.9]</p>
T-18	<p>Additional Limitations: Adequate controls shall be provided to maintain levels in storage structures. The level controls shall be acceptable to the Division of Water. Level indicating devices should be provided at a central location. Overflow and low-level warnings or alarms should be located at places in the community where they will be under responsible surveillance 24 hrs a day. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.3.3]</p>
T-19	<p>Additional Limitations: If storage structures have a catwalk over the water, the catwalk floor shall be solid with raised edges so that shoe scrapings and dirt will not fall into the water. [Recommended Standards for Water Works 7.0.14]</p>
T-20	<p>Additional Limitations: Proper protection shall be given to metal surfaces by</p> <ul style="list-style-type: none">a) paints or other protective coatings and/orb) cathodic protective devices. [Recommended Standards for Water Works 7.0.17]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 20 of 22

STOR1 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-21	<p>Additional Limitations: If cathodic protection is utilized,</p> <ol style="list-style-type: none">competent technical personnel should design and install the protection anda maintenance contract should be provided. [Recommended Standards for Water Works 7.0.17]
T-22	<p>Additional Limitations: If the interior of the storage structure is coated or lined, the coating or lining shall be of a type approved by the Division of Water for use in contact with potable water. [401 KAR 8:020 Section 2(19)]</p>
T-23	<p>Additional Limitations: Paints and coatings</p> <ol style="list-style-type: none">shall meet NSF standard 61,shall be acceptable to the Division of Water,shall be properly applied and cured, andshall not transfer any substance to the water which will be toxic or cause tastes or odors (following curing). <p>Wax coatings shall not be used in any storage structure and must be completely removed before using other paints or coatings in an existing storage structure. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.17]</p>

Distribution-Major Construction

Madison County Utility District
Facility Requirements

Activity ID No.: APE20070001

Page 21 of 22

STOR1 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-24	<p>Additional Limitations: New water storage structures shall be thoroughly disinfected (in accordance with AWWA Standard C652) upon completion of construction and before being placed into service. To disinfect new storage structures</p> <ol style="list-style-type: none">1) remove all scaffolding, planks, tools, rags, and other items that are not part of the structural or operational facilities of the storage structure,2) clean thoroughly by sweeping, scrubbing, using high-pressure water jets, or some equivalently effective means, and3) use chlorine or chlorine compounds as subsequently described. <p>Finalize disinfection by</p> <ol style="list-style-type: none">a) chlorination method 1, described in detail at AWWA Standard C652 Section 4.3.1,b) chlorination method 2, described in detail at AWWA Standard C652 Section 4.3.2, orc) chlorination method 3, described in detail at AWWA Standard C652 Section 4.3.3. <p>See the following conditions for abbreviated descriptions of the methods. Following the finalization of disinfection, place storage structures into service if, and only if, Coliform monitoring applicable to the storage structure does not show the presence of Coliform. If Coliform is detected, flush the tank and repeat Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the tank has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [Recommended Standards for Water Works 7.0.18]</p>

Condition No.	Condition
T-25	<p>If applicable, chlorination method 1 generally requires</p> <ol style="list-style-type: none">a) filling a storage structure to the overflow level with water providing a free chlorine Residual Disinfection ≥ 10 ppm andb) <ol style="list-style-type: none">i) completely draining the storage facility and refilling orii) otherwise reducing (in accordance with method 1) the free chlorine residual to a level appropriate for distribution. [Recommended Standards for Water Works 7.0.18]
T-26	<p>If applicable, chlorination method 2 generally requires</p> <ol style="list-style-type: none">a) scrubbing or spraying the water-contact surfaces of a storage structure with a water solution having an available chlorine concentration = 200 ppm andb) purging of the strong chlorine solution and filling to the overflow level. [Recommended Standards for Water Works 7.0.18]

Distribution-Major Construction

Madison County Utility District
Facility Requirements

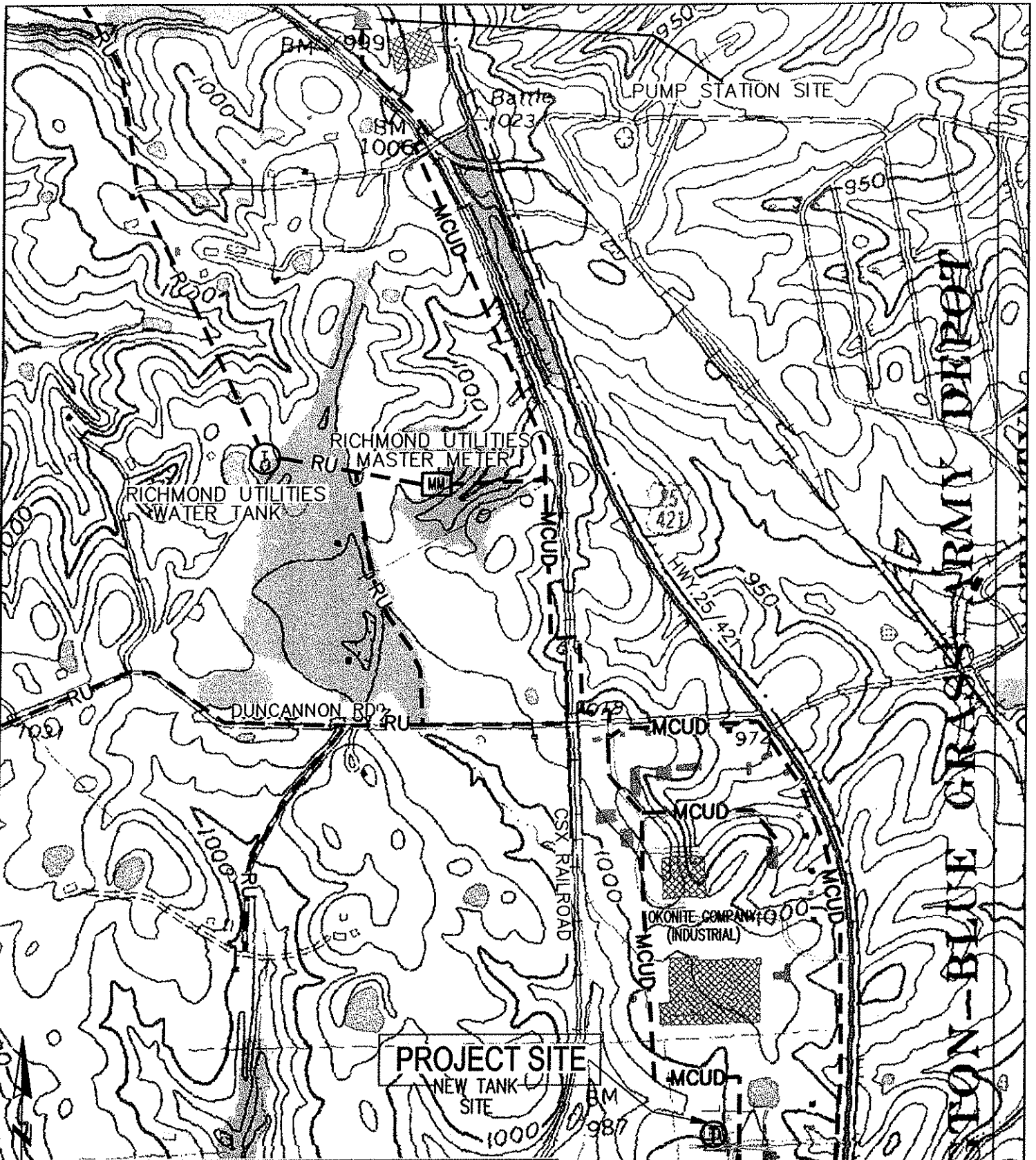
Activity ID No.: APE20070001

STOR1 (continued):

Page 22 of 22

Narrative Requirements:

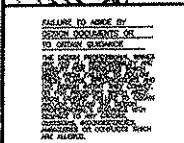
Condition	Condition
T-27	If applicable, chlorination method 3 generally requires a) filling a storage structure to approximately 5% of the total storage volume with water having an available chlorine concentration of 50 ppm, b) continued filling of the storage structure to the overflow level with normal potable water, and c) purging the storage structure so that various disinfection by-products do not reach water consumers. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:100 Section 1(7)]



LEGEND

RICHMOND UTILITIES WATER MAIN --- RU ---
 MADISON COUNTY UTILITIES DISTRICT WATER MAIN --- MCUD ---

RICHMOND SOUTH USGS QUADRANGLE TOPOGRAPHIC MAP - SCALE: 1" = 1000 FT.



CMW inc.

138 N. Keeneland Dr., Ste E, Richmond, KY 40475
 Voice 859.623.2366 Fax 859.623.0886

500,000 GALLONS ELEVATED STORAGE TANK

MADISON COUNTY UTILITIES DISTRICT
 HIGHWAY 25 SOUTH WATER TANK
 RICHMOND, KENTUCKY

Project Number
06524.02

© 2001 CMW
1

Dwg: #0654/Dwg/PSCapitol.dwg
 Plot Date: 05-12-2008

XR

Exhibit B

Current and Proposed Rates

Exhibit B

Current and Proposed Rates

	<u>Current Rates</u>	<u>Proposed Rates</u>
First 280 cubic feet -- minimum	\$13.33	\$13.66
Next 720 cubic feet	\$4.17/cu ft	\$4.27/cu ft
Next 3,000 cubic feet	\$3.97/cu ft	\$4.07/cu ft
Next 8,000 cubic feet	\$3.80/cu ft	\$3.89/cu ft
Next 88,000 cubic feet	\$3.63/cu ft	\$3.72/cu ft
Over 100,000 cubic feet	\$3.36/cu ft	\$3.44/cu ft

Note: Current rates are the proposed pass-thru rates in PSC Case # 2007-00259.

Exhibit C

Kentucky Infrastructure Authority Federal
Assisted Drinking Water Revolving Loan
Fund Conditional Commitment Letter



KENTUCKY INFRASTRUCTURE AUTHORITY

Ernie Fletcher
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Tim Thomas
Executive Director

November 2, 2007

James Carr, Chairman
Madison County Utility District
155 North Keeneland Drive
Richmond, Kentucky 40475

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F07-06)

Dear Chairman Carr:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 1, 2007, the Authority approved your loan for water storage tank construction and water main replacement subject to the conditions stated below. The total cost of the project shall not exceed \$1,504,560 of which the Authority loan shall provide \$1,004,560 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Madison County Utility District upon satisfactory performance of the conditions set forth in this letter. A period of seven months from the date of this letter (November 2, 2008) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to eleven months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$1,004,560.

2. The loan shall bear interest at the rate of 1.00% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," requires that all recipients and sub-recipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water (DOW) for approval within 14 days of bid opening. DOW must perform the MBE/WBE reviews, conduct a pre-construction and project management conference and approve executed contract documents.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted and approved by DOW.
10. The environmental assessment shall be approved by the Division of Water, for all construction projects receiving DWSRF funds, prior to bidding the project.

Chairman Carr
November 2, 2007
Page 4

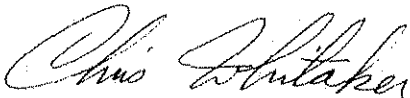
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to bidding the project.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

Any special conditions listed below and/or stated in Attachment A must be resolved.

1. The Madison County Utility District must enact a water rate increase of 2% prior to January 1, 2008 to go in effect no later than January 1, 2009.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project, which will benefit both your community and the Commonwealth as a whole.

Sincerely,

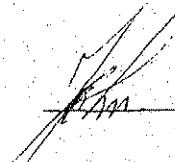


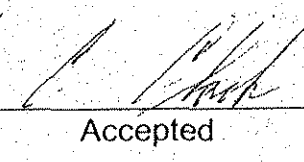
Chris Whitaker
Financial Analyst

Attachments

cc: John Clark, Madison County Utility District
Kerry Odle, CMW Engineers, Inc.
Lola Lyle, Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
Dan Waits, State Local Debt Office, GOLD

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

 _____
Accepted

 _____
Date

11-15-07

ATTACHMENT A

**MADISON COUNTY UTILITY DISTRICT
F07-06**

EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND F, FEDERALLY ASSISTED DRINKING WATER
REVOLVING LOAN FUND

Reviewer: Chris Whitaker
 Date: November 1, 2007
 KIA Loan Number: **F07-06**
 WRIS Number: WX21151015

BORROWER: **MADISON COUNTY UTILITIES DISTRICT**
 Madison County

BRIEF DESCRIPTION: The Madison County Utilities District is requesting a Fund F loan in the amount of \$1,004,560 to replace 1.1 miles of water main, looping of 0.4 miles of water main, construction of a 500,000 gallon elevated water storage tank, and the rehabilitation of an existing pump station. The replacement main will improve service and flow to the Redhouse Road area of Madison Co. and will replace a water line with a history of costly maintenance problems. The looping water main will improve water quality and reduce maintenance cost by accomodating the circulation of water and eliminating dead-end lines in the Meadowbrook Road area. The new storage tank will increase storage by 400,000 gallons, therefore meeting the PSC requirement for 24 hours capacity.

PROJECT FINANCING:		PROJECT BUDGET	
Fund F Loan	\$ 1,004,560	Administrative Expenses	\$ 5,600
HB 380 Grant	\$ 500,000	Legal Expenses	13,000
TOTAL	1,504,560	Engineering Fees	196,026
		Construction	1,217,080
		Contingency	72,854
		TOTAL	1,504,560

REPAYMENT		Est. Annual	
Rate	1.00%	Payment	\$58,055
Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	
Engineer	CMW Engineering, Inc.
Bond Counsel	Peck, Shafer, & Williams

PROJECT SCHEDULE	
Bid Opening:	December 2007
Construction Start:	January 2008
Construction Stop:	January 2009

DEBT PER CUSTOMER	
Existing:	\$ 597.98
Proposed:	\$ 636.16

OTHER DEBT See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS See Attached

RESIDENTIAL RATES		Users	Avg. Bill
Current		9,747	\$23.42 (for 4,000 gallons)
Additional Proposed		-	\$24.05 (for 4,000 gallons)

REGIONAL COORDINATION This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for		Income after Debt	
	Debt Service	Debt Service	Service	Coverage Ratio
Audited 2004	550,077	310,026	240,051	1.77
Audited 2005	581,351	415,072	166,279	1.40
Audited 2006	690,457	492,638	197,819	1.40
Projected 2007	539,626	483,640	55,986	1.12
Projected 2008	509,914	485,990	23,924	1.05
Projected 2009	568,653	512,064	56,589	1.11
Projected 2010	559,504	541,092	18,412	1.03

Reviewer: Chris Whitaker
 Date: November 1, 2007
 Loan Number: F07-06

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER REVOLVING LOAN FUND (FUND "F")
 MADISON COUNTY UTILITY DISTRICT, MADISON COUNTY
 PROJECT REVIEW
 WX21151015**

I. PROJECT DESCRIPTION

The Madison County Utilities District is requesting a Fund F loan in the amount of \$1,004,560 to replace 1.1 miles of water main, looping of 0.4 miles of water main, construction of a 500,000 gallon elevated water storage tank, and the rehabilitation of an existing pump station. The replacement main will improve service and flow to the Redhouse Road area of Madison Co. and will replace a water line with a history of costly maintenance problems. The looping water main will improve water quality and reduce maintenance cost by accommodating the circulation of water and eliminating dead-end lines in the Meadowbrook Road area. The new storage tank will increase storage capacity by 400,000 gallons, therefore meeting the PSC requirement for 24 hours capacity.

II. PROJECT BUDGET

Administrative Expenses	\$	5,600
Legal Expenses		13,000
Engineering Fees		196,026
Construction		1,217,080
Contingency		72,854
TOTAL		1,504,560

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	1,004,560	67%
HB 380 Grant	500,000	33%
Total	1,504,560	100%

IV. KIA DEBT SERVICE

Construction Loan	\$	1,004,560
Interest Rate		1.00%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	55,543
Administrative Fee (0.25%)		2,512
Total Estimated Annual Debt Service	\$	58,055

V. PROJECT SCHEDULE

Bid Opening:	December 2007
Construction Start:	January 2008
Construction Stop:	January 2009

VI. RATE STRUCTURE

<u>Customers</u>	<u>Total</u>
Residential	9,066
Commercial	675
Industrial	6

9,747

Rates

The monthly charge for water utility service is:

Effective Date	7/1/2007
First 280 cu. ft. (min. bill)	\$13.05
Next 720 cu. ft.	\$4.07 / 100 cu. ft.
Next 3,000 cu. ft.	\$3.87 / 100 cu. ft.
Next 8,000 cu. ft.	\$3.70 / 100 cu. ft.
Next 88,000 cu. ft.	\$3.53 / 100 cu. ft.
Over 100,000 cu. ft.	\$3.26 / 100 cu. ft.
Residential Bill for 4,000 gallons	\$23.42

VII. DEMOGRAPHICS

The Madison County Utility District serves the north, northeast, east, and southeast areas of Madison County and purchases wholesale water from the City of Richmond at a rate of \$2.02 per 100 cubic feet. Madison County Utility District's service area serves approximately 32,404 of Madison County's population of 70,872. In 2000, the County's Median Household Income (MHI) level was \$32,861. The median household income for the Commonwealth is \$33,672. Based on median household income, the project will qualify for the 1% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from audited financial statements for the years ended December 31, 2002, 2003, 2004 and 2005. A Public Service Commission Annual Report was consulted for the year ended December 31, 2006.

HISTORICAL

Madison County Utility District (MCUD) is located in an area of the state that has experienced considerable growth over the last 5 years. Revenues for the system have increased an average of 5.25% between 2002 and 2006 from \$2,679,790 to \$3,300,373, mostly in part to an average increase in customers per year of approximately 350 or 4%. While operating expenses have increased during the same time period approximately 5.50%, MCUD has maintained a debt coverage ratio for the same time period of between 1.68 and 1.40. The balance sheet shows that the district has maintained adequate liquidity. The percent of water revenues in receivables indicate acceptable collections. Debt to equity is at acceptable levels. The balance sheet for the District is strong enough to support additional debt.

PROJECTED

Projections are based on the following assumptions:

- Charges for services in 2007 are projected to increase by a rate increase of approximately 9.1% (for the average customer bill) that was enacted effective July 1, 2007.
- Charges for services in 2007 through 2010 reflect a conservative 3% increase, based on projections for growth by the engineer and a reduction in the real estate market.
- Charges for services in 2009 and 2010 reflect an additional rate increase of 2%, which will need to be effective by January 1, 2009 (the first year for principal and interest payments), in order for the system to meet the additional debt service requirements for the new loan.
- Purchased water in 2007 reflects an increase of \$.37 per 100 cubic feet (from \$1.65 to \$2.02), which MCUD received from their supplier, City of Richmond, as an increase in wholesale rate.
- O & M expenses for 2007 through 2010 are based on historical averages.
- The replacement reserve is \$25,000 annually for this project.
- Debt service on the new KIA loan will be \$58,055 annually beginning in 2009.

Based on the above assumptions, the Madison County Utility District will meet the required cashflow through the projected years. A debt coverage ratio of 1.03 is projected by the water system in 2010 when the first full year of debt service payments of \$58,055 will be due.

REPLACEMENT RESERVE

Based on the information provided in the application the annual replacement cost is \$25,000. This amount should be added to the replacement account each December 1 until the balance reaches \$250,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

		Outstanding
Utility Revenue Bonds	\$	3,000,000.00
KIA Fund F Loan (2002)	\$	3,074,685.00
TOTAL	\$	6,074,685.00

X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

<u>WRIS</u>	<u>Project Title</u>	<u>Type</u>	<u>Amount</u>
WX21151014	Flint Road Water Line Upgrade	ATDF	\$100,000
WX21151015	Water Line Improvement	HB267	\$ 50,000
WX21151015	Water System Improvements Phase II	HB380	\$500,000

XI. CONTACTS

James Carr, Chairman
Madison County Utility District
155 North Keeneland Drive
Richmond, Kentucky 40475

John Clark, Manager
Madison County Utility District
155 North Keeneland Drive
Richmond, Kentucky 40475

Kerry Odle
CMW Engineering, Inc.
138 North Keeneland Dr., Ste. E
Richmond, Kentucky 40475

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the following condition:

1. The Madison County Utility District must enact a water rate increase of 2% prior to January 1, 2008 to go in effect no later than January 1, 2009.

**EXHIBIT 1
MADISON COUNTY UTILITIES DISTRICT
CASHFLOW ANALYSIS**

	Audited 2002	% Change	Audited 2003	% Change	Audited 2004	% Change	Audited 2005	% Change	Audited 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010
Operating Revenues													
Charges for Services	2,532,358	11%	2,818,089	3%	2,911,478	7%	3,103,660	2%	3,155,975	3,396,934	3,649,510	3,831,995	3,946,955
Miscellaneous	147,432	-11%	131,150	4%	135,982	25%	169,697	-15%	144,398	145,732	145,732	145,732	145,732
Total Revenues	2,679,790	10%	2,949,239	3%	3,047,460	7%	3,273,357	1%	3,300,373	3,542,665	3,795,241	3,977,727	4,092,686
Operating Expenses													
Purchased Water	1,408,905	6%	1,492,900	1%	1,510,328	8%	1,633,152	-1%	1,614,878	1,804,810	1,998,361	2,017,605	2,037,040
Salaries	526,272	-3%	510,999	15%	589,490	14%	669,360	1%	673,420	740,762	814,838	896,322	985,954
Other Operating Expenses	312,721	10%	345,502	20%	413,744	0%	414,571	8%	446,309	488,708	503,370	501,388	516,429
Depreciation	269,090	7%	287,986	9%	314,650	11%	348,659	9%	380,551	380,551	380,551	418,165	418,165
Replacement Reserve	0		0		0		0		0	0	0	25,000	25,000
Total Expenses	2,516,988	5%	2,637,387	7%	2,828,212	8%	3,065,742	2%	3,115,158	3,414,831	3,697,119	3,858,479	3,982,589
Net Operating Income	162,802	92%	311,852	-30%	219,248	-5%	207,615	-11%	185,215	127,834	98,122	119,247	110,098
Non-Operating Income and Expenses													
Interest on Investments	28,604	-75%	7,283	63%	11,885	84%	21,915	28%	28,079	28,079	28,079	28,079	28,079
Other Income and Expenses	0		0		4,294	-26%	3,162	2955%	96,612	3,162	3,162	3,162	3,162
Total Non-Operating Income & Expenses	28,604	-75%	7,283	122%	16,179	55%	25,077	397%	124,691	31,241	31,241	31,241	31,241
Add Non-Cash Expenses													
Depreciation and Amortization	269,090	7%	287,986	9%	314,650	11%	348,659	9%	380,551	380,551	380,551	418,165	418,165
Cash Available for Debt Service	460,496	32%	607,121	-9%	550,077	6%	581,351	19%	690,457	539,626	509,914	568,653	559,504
Debt Service													
Existing Debt	274,147	1%	277,439	12%	310,026	34%	415,072	19%	492,638	483,640	480,967	483,037	483,037
New Fund F KIA Loan	0		0		0		0		0	0	5,023	29,027	58,055
Total Debt Service	274,147		277,439		310,026		415,072		492,638	483,640	485,990	512,064	541,092
Income After Debt Service	186,349		329,682		240,051		166,279		197,819	55,986	23,924	56,589	18,412
Debt Coverage Ratio	1.68		2.19		1.77		1.40		1.40	1.12	1.05	1.11	1.03

**MADISON COUNTY UTILITIES DISTRICT
BALANCE SHEETS**

	ASSETS					Upon Project Completion
	2002	2003	2004	2005	2006	
Current Assets						
Cash	302,684	318,461	730,612	462,120	365,097	365,097
Investments	0	0	0	0	0	0
Accounts Receivable	213,850	262,196	266,381	270,376	262,542	318,779
Inventories	44,335	75,354	81,854	75,742	101,764	101,764
Misc. Current & Accrued Assets	19,205	22,263	11,114	11,269	97,199	11,269
Total Current Assets	580,074	678,274	1,089,961	819,507	826,602	796,909
Fixed Assets						
Utility Plant	12,168,767	12,503,823	15,775,879	17,243,494	17,850,446	19,355,006
Construction in Progress	1,026,288	2,462,001	537,384	111,684	0	0
Total Fixed Assets	13,195,055	14,965,824	16,313,263	17,355,178	17,850,446	19,355,006
Less Accumulated Depreciation	(3,670,745)	(3,940,890)	(4,246,379)	(4,584,337)	(4,896,548)	(4,934,162)
Net Fixed Assets	9,524,310	11,024,934	12,066,884	12,770,841	12,953,898	14,420,844
Other Noncurrent Assets						
Restricted Cash & Investments	974,377	1,121,247	902,953	877,731	914,024	914,024
Misc. Noncurrent & Other Assets	167,282	156,582	147,421	136,720	126,018	126,018
Total Other Assets	1,141,659	1,277,829	1,050,374	1,014,451	1,040,042	1,040,042
Total Noncurrent Assets	10,665,969	12,302,763	13,117,258	13,785,292	13,993,940	15,460,886
Total Assets	11,246,043	12,981,037	14,207,219	14,604,799	14,820,542	16,257,796
LIABILITIES						
Current Liabilities						
Accounts Payable	187,691	227,823	518,654	200,529	251,478	251,478
Misc. Current And Accrued Liabilities	161,400	171,687	148,838	295,589	292,551	317,907
Customer Meter Deposits	90,350	94,343	101,533	100,750	98,255	107,098
Interest	74,893	72,013	69,908	70,999	68,313	68,313
Total Current Liabilities	514,334	565,866	838,933	667,867	710,597	744,796
Long Term Liabilities						
Notes Payable	0	29,404	11,362	0	30,915	0
Bonds Payable	3,340,000	3,235,000	3,120,000	3,000,000	2,875,000	2,605,000
KIA Fund F Loan	937,111	2,301,938	3,000,000	3,074,685	2,922,592	3,595,629
Total Long Term Liabilities	4,277,111	5,566,342	6,131,362	6,074,685	5,828,507	6,200,629
Total Liabilities	4,791,445	6,132,208	6,970,295	6,742,552	6,539,104	6,945,425
Retained Earnings:						
Invested in Capital Assets	5,199,380	5,451,915	5,831,884	6,425,573	6,714,668	7,214,668
Restricted Retained Earnings	974,377	1,121,247	902,953	877,731	914,024	914,024
Unrestricted Retained Earnings	280,841	275,667	502,087	558,943	652,746	1,183,679
Total Equity and Other Credits	6,454,598	6,848,829	7,236,924	7,862,247	8,281,438	9,312,371
Total Liabilities and Equities	11,246,043	12,981,037	14,207,219	14,604,799	14,820,542	16,257,796
Balance Sheet Analysis						
Current Ratio	1.13	1.20	1.30	1.23	1.16	1.07
Debt to Equity	0.74	0.90	0.96	0.86	0.79	0.75
Working Capital	65,740	112,408	251,028	151,640	116,005	52,113
Percent of Total Assets in Working Capital	0.58%	0.87%	1.77%	1.04%	0.78%	0.32%
Percent of Operating Revenue in Receivables	8.44%	9.30%	9.15%	8.71%	8.32%	8.32%

Exhibit D

Proposed Tariff

FOR MADISON COUNTY

Community, Town or City

P.S.C.KY.NO

SHEET NO.

CANCELLING P.S.C.KY.NO.

SHEET NO.

(Name of Utility)

RATES AND CHARGES

First 280 cubic feet	\$13.66 Minimum Bill
Next 720 cubic feet	\$4.27 per 100 cubic feet
Next 3,000 cubic feet	\$4.07 per 100 cubic feet
Next 8,000 cubic feet	\$3.89 per 100 cubic feet
Next 88,000 cubic feet	\$3.72 per 100 cubic feet
Over 100,000 cubic feet	\$3.44 per 100 cubic feet

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 E

Rate Increase Determination

Exhibit E

Rate Increase Determination

Loan amount = \$1,105,016

Interest = 1%

Loan Term (Years) = 20

Estimated Annual Debt Service = \$61,097

Administration Fee (0.25%) = \$2,763

Total Estimated Annual
Debt Service = \$63,860

KIA Required Replacement
Reserve = \$25,000

Total Increases = \$88,860

Number of Customers = 9,868 (2/08)

Increase Per Customer = \$9.00/year
\$0.75/month

Average Usage (3/07 to 2/08) = 699 cu ft

Average Bill = \$30.80

Proposed Average Bill = \$31.55

Percent Increase = 2.44%

Exhibit F

KIA ~ Grant Assistance Agreement

KENTUCKY INFRASTRUCTURE AUTHORITY

2006 GENERAL ASSEMBLY
HOUSE BILL 380

GRANT ASSISTANCE AGREEMENT

WRIS NUMBER: WX21151015
GRANT ID #: 396N-2007
GRANT AMOUNT: \$500,000
GRANTEE: Madison County Utility District
DATE OF AGREEMENT: _____

GRANT ASSISTANCE AGREEMENT

This Grant Assistance Agreement ("Agreement") is made and entered into this date, _____, 200_, by and between the KENTUCKY INFRASTRUCTURE AUTHORITY ("Authority"), a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky, and the Madison County Utility District ("Grantee").

WITNESS

WHEREAS, the General Assembly of the Commonwealth of Kentucky, at its 1988 Regular Session, amended Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority, an agency of the Commonwealth attached to the Governor's Office, is charged pursuant to KRS 224A.300 with coordinating the implementation of infrastructure projects and to this end maintains within the Water Resource Information System, a comprehensive database of profiles of each community's water and wastewater projects; and

WHEREAS, the 2006 General Assembly included in the Commonwealth's 2006-2008 biennial Budget funding for the Grantee's infrastructure project, the subject of this Agreement; and

WHEREAS, the Grantee now seeks to implement the Project as identified in the 2006-2008 Budget of the Commonwealth and the Authority has determined that the Project is a Project within the meaning of the Act, and has been shown to be consistent with the Area Water Management Plan where applicable; and

WHEREAS, the Grantee and the Authority desire to enter into this Agreement which sets forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction and financing of the Project described in the Grantee's Project Profile.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein and for the other good and valuable consideration, the receipt, mutuality and sufficiency of all of which is hereby acknowledged by the parties hereto, the Authority and the Grantee each agree as follows:

SECTION 1 – DEFINITIONS

All terms utilized herein shall have the same definitions and meaning as ascribed to them in the Act, which are hereby incorporated in this Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act having general application are hereby modified in certain instances to apply specifically to the Grantee and its Project.

Act shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

Agreement shall mean this Agreement made and entered into by and between the Grantee and the Authority, as authorized by the Act, providing for a Grant to the governmental agency, unit of government, or private, investor-owned water system by the Authority.

Area Water Management Council shall mean the council designated as the planning body for the area, which shall prepare the Area Water Management Plan and approve all Project Profiles for water and wastewater projects.

Area Water Management Plan shall mean the plan that identifies current and future water supply, drinking water, and wastewater service needs of the area.

Authority shall mean the Kentucky Infrastructure Authority created by the Act as amended, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

Engineer(s) shall mean the professional engineer or firm of professional engineers properly procured by the Grantee in connection with the Project identified in the Project Profile Database.

Grantee shall mean the Madison County Utility District or the Madison County Utility District's designee that is a governmental agency or unit of government or any private, investor owned utility within the Commonwealth eligible for funding under the Program in accordance with the Act, now having been or hereafter being granted the authority and power to finance, acquire, construct, or operate a Project, and for the purposes of this Agreement shall mean that Madison County Utility District identified in the Project Profile or the 2006 biennial Budget of the Commonwealth.

Grant shall mean the funds effected under this Agreement from the Authority to the Grantee in the principal amount set forth in the 2006-2008 Budget of the Commonwealth, for the purpose of defraying the costs incidental to the Project.

Kentucky Water Management Plan shall mean the guide and strategy that incorporates and analyzes each Area Water Management Plan and provides an assessment of future needs and allocation of funding for water and wastewater services throughout the Commonwealth.

Program shall mean the program authorized by KRS 224A.035 for the Authority to engage in a program of assistance to designated entities with respect to the construction and acquisition of water and wastewater infrastructure projects.

Project shall mean, when used generally, water, wastewater or other infrastructure project authorized pursuant to the Act, and when used in specific reference to the Grantee, the Project described in the Project Profile.

Project Administrator shall mean that individual designated in writing to the Authority by the Grantee, who has the responsibility of supervising the Project and coordinating the preparation of all documentation with respect to the Project.

Project Budget shall mean a list of Project expenses and funding sources, in the form set forth in Exhibit 1.

Project Profile shall mean those specific details of the Project, approved by the Area Water Management Council as being consistent with the Area Water Management Plan, as applicable.

Rates and Charges shall mean an approved schedule of charges, based on actual cost of service, to adequately provide for retirement of any related debt obligation and to provide for proper operation of the Project.

System shall mean the utility system owned and operated by the Grantee of which the Project shall become a part and from the earnings of which System shall be operated, maintained and insured.

SECTION 2 - OBLIGATIONS OF THE AUTHORITY

The Authority covenants and agrees, conditioned upon the timely performance by the other party of its respective obligations, to undertake the following obligations:

- A. The Authority shall pay to the Grantee an amount not to exceed \$500,000 subject to the availability of appropriate funding, to complete the Project in accordance with the Project Profile, attached hereto as Exhibit 1, which is hereby incorporated herein and made a part of this Agreement. No payments shall be made until after the Project has received Clearinghouse endorsement.
- B. The Authority may make periodic reviews of the Project progress and may make inspections of the Project and send inspection reports to the Grantee. Deficiencies identified in the inspection report shall be corrected by the Grantee and the correction reported in writing to the Authority within two weeks of receipt of the Authority's inspection report.
- C. The Authority shall cooperate with the Grantee in order to facilitate the obligations set out in this Agreement.

SECTION 3 - OBLIGATIONS OF THE GRANTEE

The Grantee covenants and agrees to undertake the following obligations:

- A. The Grantee shall, before any funds are released, sign and submit the Agreement, and complete and include the following Exhibits which are incorporated herein and made a part hereof:
1. **Before the Project is bid**, the Grantee shall complete and submit to the Authority the following:
 - a) Project profile and estimated project budget, as **Exhibit 1**, as an accurate description and cost estimate of the proposed project.
 - b) Original copy of the Grantee's resolution, as **Exhibit 2**, accepting the grant award, amending its budget to allow for receipt and expenditures of these funds, and authorizing a designated individual to execute the Agreement and all other documentation related to the Project.
 - c) A schedule of current rates and charges, as **Exhibit 3**. If there will be a change in the current rate structure as a result of this project, provide the proposed schedule of rates and charges.
 2. **After the Project is bid**, the Grantee shall complete and submit to the Authority a revised Project Profile and Project Budget based on Project bids, as **Exhibit 4**.

The Grantee may request Grant funds after completion of Exhibits 1-4 by executing a Request for Payment and Project Status Report, as provided by the Authority, and attaching appropriate documentation, including, but not limited to, invoices and receipts. The Authority may withhold release of funds until receipt of Administrative Fee pursuant to Section 7.

- B. The Grantee agrees to adopt and use the Kentucky Uniform System of Accounting and Cost-Based Rates (KUSoA) and assure that rates and charges for service are based upon the cost of providing such service, if applicable to the Project. These rates and charges shall be in place no later than within 12 months of the end of the Grantee's current fiscal year.
- C. The Grantee shall receive Project funds via Electronic Fund Transfer (EFT) with the EFT to be implemented by use of the form provided by the Authority.
- D. The Grantee shall perform and/or cause to be performed all necessary acts to plan, design and construct the Project including, but not limited to: the procurement of land, easements and rights of way; professional services; and equipment and/or materials.

- E. The Grantee shall obtain all necessary permits, licenses and approvals from the appropriate federal, state, and/or local governmental entities prior to construction of the Project. Further, the Grantee shall require all construction contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
- F. The Grantee shall utilize the 'Fees for Professional Engineering Services—Percentage of Construction Cost', in the engineer's contract for this project, as provided by the Authority.
- G. The Grantee shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies relating to the planning and construction of the Project.
- H. The Grantee shall provide to the Authority access to all records related to the Project for review in determining compliance with the Grant Agreement and all applicable laws and regulations. The Grantee shall retain all records, including all invoices, relating to the Project for three years after full execution of Exhibit 5 - Certificate of Completion.
- I. The Grantee shall cooperate fully with the Authority and provide any documentation requested by the Authority in order to facilitate the obligations set out in this Agreement.
- J. Any unauthorized or improper expenditure of funds, or expenditure of funds other than in accordance with the terms of this Agreement, shall be deemed a default of this Agreement by the Grantee.
- K. The Grantee will proceed expeditiously with and complete the Project in accordance with the approved final design, plans and specifications or amendments thereto, prepared by the Project Engineer for the Grantee and as approved by the appropriate state and federal agencies.
- L. The Grantee agrees that throughout the reasonable life of the infrastructure facilities developed under this Project it will retain ownership of, operate, and maintain these facilities, and all appurtenances thereto, keeping them in good and sound repair and good operating condition at its own expense so that the completed Project will continue to provide the services for which it was designed. Change of ownership or disposal of the Project facilities may occur only with written approval of the Authority.
- M. The Grantee agrees that it will at all times impose, charge and collect sufficient customer Rates and Charges.
- N. The Grantee shall, within 3 months of initiation of construction of the Project, submit to the Authority, Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North or South) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). If there is

a significant deviation from the Final Design Plan during construction, As-built plans shall also be provided to the Authority, within three months of construction completion, in the same format.

- O. No project shall be considered closed out until the Authority has received, and approved, the Grantee's Certificate of Completion, referenced above as Exhibit 5.

SECTION 4 - MUTUALITY OF OBLIGATIONS

- A. *The parties agree that the funds granted by the Commonwealth to the Grantee are to be used solely for the purposes of implementing the Project. Further the parties agree that the obligations imposed upon them are for their respective benefit and the timely fulfillment of each and every obligation in accordance with this Agreement is necessary. The failure of either party to fulfill its obligations under this Agreement shall constitute a breach of same.*
- B. In the event of default by the Grantee, including the failure to take actions directed herein and/or to comply with time deadlines set out in this Agreement, the Authority may declare this Agreement void from the beginning without further obligation to the Grantee and may commence appropriate legal action to enforce its rights under this Agreement including action for recovery of funds expended hereunder.
- C. Except as may otherwise be provided herein, the parties to this Agreement shall be solely responsible for any costs incurred in fulfilling their respective obligations under this Agreement and neither party shall have any claim against the other party for reimbursement of costs whether or not a party is in default.

SECTION 5 - TERMS OF AGREEMENT

- A. All funds made available under this Agreement are subject to reauthorization by subsequent General Assemblies of the Commonwealth of Kentucky. Should funding for the Project not be reauthorized, this agreement may be terminated.
- B. This Agreement may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party. Termination of this Agreement shall not diminish or in any other manner affect any other remedy that may be available to the parties for any breach of the Agreement that occurs prior to the termination.
- C. The Grantee acknowledges and understands that this Agreement is funded out of a tax exempt bond issuance. Pursuant to IRS Regulation, the Authority shall not reimburse the Recipient for any activity taken by the Recipient prior to May 18, 2006, with this date representing 60 days prior to the State Property and Buildings Commission enacting the required Reimbursement Resolution.

- D. Except for payments authorized through Section 6 of this Agreement, no payment shall be made under the terms of this Agreement until the Kentucky State Clearinghouse has issued Project Endorsement.
- E. If additional financial assistance for this project becomes available to the Grantee after execution of this agreement, the amount of the assistance from the Authority shall be recalculated with the inclusion of the additional assistance, and the Grantee shall pay to the Authority the amount, if any, by which the grant actually made, exceeds the grant as determined by the recalculation.

SECTION 6 - ADVANCE FUNDING FOR PROJECT PLANNING AND DESIGN

- A. The Grantee may request, in writing, that a portion of the grant funds be disbursed prior to Project bidding to pay a portion of the cost of Project planning and design directly related to submission of the Project plans and specifications for review by the Division of Water and the Public Service Commission, as may be required.
- B. It is specifically understood and agreed by the Grantee, in the event that the Project has not commenced construction by June 30, 2010, for whatever reason, all grant funds disbursed for Project planning and design are subject to full and immediate repayment to the Authority.
- C. Funds disbursed under this Section of the Agreement shall not exceed 50% of the Project planning and design amount.
- D. Funds received under provisions of this Section shall be used solely for planning and design costs of the Project.
- E. No funds shall be released under this Section until the requirements of Section 3. A. 1. of this Agreement have been met.

SECTION 7 - ADMINISTRATIVE FEE

Pursuant to 2006 General Assembly House Bill 380, Part 1 (Operating Budget), Section A (General Government), Budget Unit 7 (Kentucky Infrastructure Authority), Sub-Unit 3 (Administrative Fee on Infrastructure for Economic Development Fund Projects), the Grantee agrees to pay to the Authority an administrative fee equal to ½ of 1% of the principal amount of the Grant. The administrative fee shall be due and payable on the date the Grantee's initial Request for Payment and Project Status Report is submitted to the Authority.

Section 7 shall only apply to those projects funded by the Infrastructure for Economic Development Fund.

SECTION 8 - MISCELLANEOUS PROVISIONS

- A. This Agreement may be signed by each party on a separate copy, and in such case one counterpart of this Agreement shall consist of a sufficient number of such copies to reflect the signature of each party hereto. This Agreement may be executed in two or more counterparts each of that shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms and conditions hereof to produce or account for more than one of such counterparts.
- B. The headings set forth in this Agreement are only for convenience or reference and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- C. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successor and assigns, respectively, of the parties. This provision shall not be construed to permit an assignment by any party of any of its rights and duties under this Agreement which assignment shall be prohibited except with the prior written consent of the parties hereto.
- D. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, and may be modified only by a written instrument duly executed by each of the parties hereto.
- E. The parties agree that any suit, action or proceeding with respect to this Agreement may only be brought into or entered by, as the case may be, the courts of the Commonwealth of Kentucky situated in Frankfort, Franklin County, Kentucky or the United States District Court for the Eastern District of Kentucky, Frankfort Division.
- F. The Authority may audit or review all documentation and records of the Grantee relating to this Project pursuant to the provisions of KRS 45A.150.
- G. The Grantee agrees that the Authority, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission which are directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the

H. public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year above written.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: Executive Director

ATTEST

By: *Kanda Fennell*

Title: Secretary

Madison County Utility District

By: *[Signature]*

Title: Chairman

ATTEST

By: *Kanda Fennell*

Title: Secretary

EXAMINED

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Exhibit G

Historical Account Tracking – 3/07 to 2/08

RUN DATE: 04/15/08 10:02
TERMINAL: 8

MADISON COUNTY UTILITIES
HISTORY TRACKING BY ACCOUNT NUMB
MONTHLY LISTING (BILLING/USAGE) FOR 03/07

SERVICE: W WATER
MINIMUM AVERAGE USAGE:

ACCOUNT RANGE: ALL
NONE

U = USAGE AU = AVERAGE USAGE UA() = NUMBER OF USAGE ADJUSTMENTS INCLUDED

REPORT TOTALS

	NUMBER OF BILLS	TOTAL USAGE	AVERAGE USAGE	BILLING	AVERAGE BILL
MAR 07	9747	569737.0	58.5	234194.15	24.03
APR 07	9758	584499.2	59.9	239655.78	24.56
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
TOTALS	118107	8259814.0	69.9	3511404.17	29.73

699 cu ft.

BILLING TOTALS INCLUDE THE FOLLOWING:

CHARGES

Exhibit H

2006 Audit

MADISON COUNTY UTILITY DISTRICT
RICHMOND, KENTUCKY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

VICE and SMITH, PSC
Certified Public Accountants

**MADISON COUNTY UTILITY DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2006**

	Page
Independent Auditor's Report on Financial Statements	1
Statement of Net Assets	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets	3
Statement of Cash Flows	4-5
Notes to Financial Statements	6-13
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

VICE AND SMITH, P.S.C.

Certified Public Accountants

2141 Pimlico Drive

P.O. Box 765

Richmond, KY 40476-0765

Wayne D. Vice, CPA

David A. Smith, CPA

Phone 859-624-8877

Fax 859-624-0390

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madison County Utility District
Richmond, Kentucky

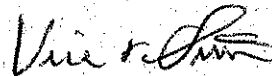
We have audited the accompanying financial statements of the business-type activities of Madison County Utility District, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 audit provides 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 business-type activities of Madison County Utility District, as of December 31, 2006, and the changes in net assets, and cash flows 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 August 29, 2007, on our consideration of the Madison County Utility District'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 should be considered in assessing the results of our audit.

The District has not presented management's discussion and analysis and budgetary comparison schedules that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Vice & Smith, PSC
Certified Public Accountants
Richmond, Kentucky
August 29, 2007

MADISON COUNTY UTILITY DISTRICT
Statement of Net Assets
December 31, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 470,947
Trade receivables, net	262,542
Other receivables	90,000
Inventories	101,764
Prepaid expenses	<u>7,199</u>
Total current assets	932,452

Noncurrent assets:

Restricted cash and cash equivalents	808,174
Capital assets:	
Land and buildings	332,390
Distribution and storage systems	17,366,113
Vehicles and equipment	151,943
Less accumulated depreciation	<u>(4,896,548)</u>
Total capital assets	12,953,898
Unamortized bond discount and other	<u>126,018</u>
Total noncurrent assets	<u>13,888,090</u>
Total assets	<u>14,820,542</u>

LIABILITIES

Current liabilities:

Accounts payable	251,478
Customers' deposits	98,255
Interest payable	68,313
Bonds payable	125,000
Notes payable	<u>236,425</u>
Total current liabilities	779,471

Noncurrent liabilities:

Bonds payable	2,875,000
Notes payable	<u>2,884,633</u>
Total noncurrent liabilities	<u>5,759,633</u>
Total liabilities	6,539,104

NET ASSETS

Invested in capital assets, net of related debt	6,832,840
Restricted for debt service	402,674
Restricted for depreciation reserve	405,500
Unrestricted	<u>640,424</u>
Total net assets	<u>\$8,281,438</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY UTILITY DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended December 31, 2006

OPERATING REVENUES	
Sale of water	\$ 3,155,975
Late charges	53,028
Miscellaneous	<u>91,370</u>
Total operating revenues	3,300,373
OPERATING EXPENSES	
Purchased water	1,578,262
Amortization	10,701
Bad debt expense	24,564
Commissioners' salaries	18,000
Depreciation	369,850
Dues, taxes and licenses	8,454
Employee benefits	98,428
Insurance and bonding	53,312
Miscellaneous	9,149
Office expense	52,146
Payroll taxes	45,592
Professional services	37,846
Repairs and maintenance	148,646
Rent	19,420
Salaries and wages	556,992
Truck and equipment expense	47,180
Utilities and telephone	<u>36,616</u>
Total operating expenses	3,115,158
Operating income	185,215
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	28,079
Interest expense	(197,049)
Miscellaneous revenue	6,612
Sale of territory rights	<u>90,000</u>
Total nonoperating revenue (expenses)	<u>(72,358)</u>
Income (loss) before contributions	112,857
Capital contributions	327,945
Change in net assets	440,802
Total net assets -beginning	7,862,247
Prior period adjustment	<u>(21,611)</u>
Total net assets -ending	<u>\$ 8,281,438</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY UTILITY DISTRICT
Statement of Cash Flows
For the year ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 3,789,398
Payments to suppliers	(2,626,104)
Payments to employees	<u>(574,992)</u>

Net cash provided by operating activities 588,302

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	142,250
Acquisition and construction of capital assets	(441,796)
Principal paid on capital debt	(288,010)
Interest paid on capital debt	(197,667)
Loan and grant proceeds	101,500
Other receipts (payments)	<u>6,612</u>

Net cash (used) by capital and related financing activities (677,111)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	<u>28,079</u>
Net cash provided by investing activities	<u>28,079</u>
Net increase (decrease) in cash and cash equivalents	(60,730)
Balances-beginning of year	<u>1,339,851</u>
Balances-end of year	<u>\$ 1,279,121</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY UTILITY DISTRICT
Statement of Cash Flows, Cont'd
For the year ended December 31, 2006

Reconciliation of operating income (loss) to net cash provided	
by operating activities:	
Operating income (loss)	\$185,215
Adjustments to reconcile operating income to net cash provided	
by operating activities:	
Depreciation expense	369,850
Amortization expense	10,701
Change in assets and liabilities:	
Receivables, net	(82,166)
Inventories	(26,022)
Prepaid expense	4,070
Accounts and other payables	<u>126,654</u>
Net cash provided by operating activities	<u>\$ 588,302</u>

Noncash capital financing activities:

Capital assets of \$134,995 were acquired through contributions from developers/customers in 2006.

The accompanying notes are an integral part of the financial statements.

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Reporting Entity. Madison County Utility District was formed in 1997 by the merger of the Kingston-Terrill, Waco, and White Hall Water districts. The purpose of the District is to provide portable drinking water to residents and businesses in Madison County. At December 31, 2006, the District had 9,688 customers. The District is overseen by a board of commissioners elected by customers and approved by the Fiscal Court. The District is self-supporting through the charges it makes for water sold. The Fiscal Court makes no financial contribution to the District nor do they have any management function with the District. The District is subject to the Public Service Commission of the Commonwealth of Kentucky water regulations issued by the Division of Water. The District purchases treated water, ready for distribution, from Richmond Utilities.

Inventories Inventories are stated at the lower of cost or market. Cost is determined principally by the first-in, first-out method.

Accounts Receivable The District uses the allowance method to account for uncollectible accounts receivable.

Trade accounts receivable		\$ 314,141
Less: Allowance for doubtful accounts		(51,599)
Net accounts receivable		<u>\$ 262,542</u>

Utility Plant The utility plant is stated at cost and depreciation is provided for in amounts sufficient to relate the cost to operations over the estimated service lives on a straight-line basis.

Estimated useful lives, in years, for depreciable assets are as follows:

Transmission main lines	50-75
Meters and settings	20-25
Hydrants and flush valves	40-50
Buildings	40
Vehicles	3-5
Equipment	7-20
Office furniture, fixtures	5-10

Bond Issue Costs. The legal costs incurred in issuing the 1997 bonds are being amortized over the life of the bonds on a straight-line basis.

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Accounting Standards The District follows all pronouncements of the Governmental Accounting Standards Board (GASB), and also Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins, issued on or before November 30, 1989, unless they conflict with a GASB pronouncement.

These financial statements are prepared on the accrual basis of accounting. The District implemented GASB 34 January 1, 2004.

Cash and Investments The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash deposits are reported at carrying amount which reasonably estimates fair value. Investments, which consist of certificates of deposits, are reported at fair value.

Deposits and Investments It is the District's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District has only non-pooled deposits and are categorized to give an indication of the level of risk assumed by the District at year-end. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Uncollateralized

Deposits, categorized by level of risk are:

	Bank	Category			Carrying
	Balance	1	2	3	Amount
<u>NON-POOLED DEPOSITS</u>					
Non-pooled cash and cash equivalents:	\$ 1,047,439	-	\$ 1,047,439	-	\$ 1,047,439

Investing is performed in accordance with investment policies complying with state statutes. The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. The categories are described as follows.

Category 1 - Insured, registered, or securities held by the District or its agent in the District's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty's, or its trust department or agent but not in the District's name.

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Deposits and Investments (cont'd)

Investments, categorized by level of risk are:

<u>Types of Investments</u>	<u>Category</u>			<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
NON-POOLED INVESTMENTS					
Certificates of deposits:	\$	231,682		\$ 231,682	\$ 231,682

Risk Management Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - RESTRICTED ASSETS AND BOND REQUIREMENTS

The District is required, under the resolution of the waterworks revenue bond issue, to maintain certain restricted cash accounts. The resolution provides for all revenue received to be deposited on a timely basis, in a water revenue cash account with transfers being made to the following accounts:

Operations and Maintenance Account Monthly transfers of a sum sufficient to meet the current expenses of operating and maintaining the system. The balance in this fund shall not exceed an amount required to cover anticipated expenditures for a two-month period pursuant to the annual budget.

Bond and Interest Sinking Account Monthly transfers of a sum equal to one-sixth (or larger as necessary) of the next succeeding interest installment and one-twelfth (or larger as necessary) of the next principal installment.

Depreciation Reserve Account The depreciation reserve account was funded in the amount of \$405,500 at December 31, 2006.

Excess Funds There shall be transferred within sixty days after the end of each calendar year, the balance of excess funds in the Revenue Account to the Depreciation Reserve Account for the purpose of paying the cost of extensions, additions and/or improvements to the project.

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 3 - BONDS PAYABLE

Bonds payable at December 31, 2006 consists of the following:

5.0 to 5.2% Utility Revenue Bonds dated October 1, 1997, due as follows:

<u>Date Due Feb. 1</u>	<u>Amount</u>	<u>Interest Rate</u>
2007	125,000	5.00%
2008	130,000	5.00%
2009	140,000	5.00%
2010	145,000	5.00%
2011	150,000	5.125%
2012	160,000	5.125%
2013	170,000	5.125%
2014	175,000	5.125%
2018	805,000	5.125%
2022	1,000,000	5.20%
	<u>\$ 3,000,000</u>	

A statutory mortgage lien upon the waterworks system is created by Section 106.080 of the Kentucky Revised Statutes in favor of the registered owner of the bonds.

The District's bonded indebtedness and other long term notes at December 31, 2006, respectively, are detailed as follows:

	<u>Balance 12/31/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2006</u>	<u>Current</u>	<u>Long Term</u>
1997 Issue	\$ 3,120,000	\$ -	\$ 120,000	\$3,000,000	\$ 125,000	\$2,875,000
KIA loan	3,225,268	-	150,583	3,074,685	190,052	2,884,633
Madison Bank	12,301	-	12,301	-	-	-
Madison Bank	-	51,500	5,127	46,373	46,373	-
Total	<u>\$ 6,357,569</u>	<u>\$ 51,500</u>	<u>\$ 288,011</u>	<u>\$6,121,058</u>	<u>\$ 361,425</u>	<u>\$5,759,633</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 6 - RETIREMENT PLAN CONT'D

These retirement systems do not conduct separate measurements of assets and pension benefit obligations for individual employers.

The pension benefit obligation at June 30, 2006, for CERS as a whole, determined through actuarial valuations performed as of those dates, was \$8,199,712,037. CERS net assets available for benefits on those dates were \$6,677,969,153 resulting in pension benefit obligations of \$1,521,742,884.

NOTE 7 - NOTES PAYABLE

Notes payable at December 31, 2006, respectively, consist of the following:

Note payable to Madison Bank, KY, 6.75% per annum, Full payment due December 21, 2007 Secured by certificates of deposit	\$ 46,373
Note payable to Ky. Infrastructure Authority 1.00% per annum, plus .25% annual servicing fee semi-annual payments of \$91,230 plus servicing fee	<u>3,074,685</u>
TOTAL NOTES PAYABLE	3,121,058
Less: Current portion	<u>236,425</u>
LONG-TERM NOTES PAYABLE	<u>\$2,884,633</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 8 - DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31 are as follows:

Year ending December 31	Bonds Payable	Notes Payable
2007	285,700	236,425
2008	284,325	189,671
2009	274,075	189,286
2010	275,450	188,897
2011	272,981	188,504
2012	275,038	188,108
2013	276,581	187,707
2014	272,741	187,302
2015	93,256	186,894
2016	93,256	186,481
2017	93,256	186,064
2018	877,628	185,643
2019	52,000	185,217
2020	52,000	184,788
2021	52,000	184,354
2022	1,026,000	183,915
2023	-	183,473
2024	-	183,025
2025	-	91,344
Total principal and interest	4,556,287	3,497,098
Less interest	(1,556,287)	(376,040)
Liability as of December 31, 2006	<u>\$ 3,000,000</u>	<u>\$ 3,121,058</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 9 - NET ASSETS

GASB Statement No. 34 requires the delineation of Net Assets as Invested in Property, Plant and Equipment ("capital investments"), Restricted and Unrestricted. The balance of capital investments represents funds that have been used to acquire and/or construct pump stations, storage facilities, distribution lines, meters, etc. and operated by the District, net of outstanding debt. The balance at December 31, 2006, is \$6,832,840.

The District has the following restricted net assets that are reserved in accordance with the District's bond ordinances (Note 2):

Depreciation	\$ 405,500
Debt service	<u>402,674</u>
 Total restricted	 <u>\$ 808,174</u>

The District had a balance of \$640,424 in unrestricted net assets at December 31, 2006.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment is as follows:

	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
Land and Building	\$ 332,390			\$ 332,390
Water system	16,785,458	580,655		17,366,113
Construction in progress	111,684	33,442	(145,126)	
Vehicles and equipment	<u>125,646</u>	<u>83,937</u>	<u>(57,640)</u>	<u>151,943</u>
	17,355,178	698,034	(202,766)	17,850,446
Accumulated depreciation	<u>(4,584,337)</u>	<u>(369,850)</u>	<u>57,640</u>	<u>(4,896,548)</u>
Total net property, plant and equipment	<u>\$ 12,770,841</u>	<u>\$ 328,184</u>	<u>\$ (145,126)</u>	<u>\$ 12,953,898</u>

As of January 1, 2004, the District implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement established a new financial reporting model for state and local governments that included the addition of Management's Discussion and Analysis and certain other required supplementary information. In addition, this Statement required certain reclassifications of fund balance (net assets) and the recognition of grants as revenue rather than direct entries to fund balance (net assets).

VICE AND SMITH, P.S.C.

Certified Public Accountants

2141 Pimlico Drive

P.O. Box 765

Richmond, KY 40476-0765

Phone 859-624-8877

Fax 859-624-0390

Wayne D. Vice, CPA

David A. Smith, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners of
Madison County Utility District
Richmond, Kentucky

We have audited the financial statements of the business-type activities of Madison County Utility District as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements and have issued our report thereon dated August 29, 2007. 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.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison County Utility District's financial statements are free of material misstatements, 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 audits and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



Vice & Smith, PSC
Certified Public Accountants
Richmond, Kentucky
August 29, 2007

Exhibit I

2007 Monthly Managerial Reports

MADISON COUNTY UTILITIES DISTRICT

**Balance Sheet
January 31, 2007**

ASSETS

Current Assets

Cash	796,599.27
Investment CDs	223,615.73
Accounts Receivable- Trade	343,726.31
Allow for Doubtful Accts	(57,071.09)
Returned Checks	138.58
Inventory	95,902.09
Due from Employee	<u>263.31</u>

Total Current Assets \$ 1,403,174.20

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,356,196.77
Hydrants	162,099.47
Office Furniture & Equipment	100,476.80
Transportation Equipment	253,610.49
Land	328,061.40
Water Towers	1,739,911.68
Buildings	9,991.81
Construction in Progress	169,009.29
Equipment	187,369.28
Improvements	19,092.58
Accumulated Depreciation	<u>(4,941,837.75)</u>

Total Fixed Assets 12,846,397.38

Other Assets

Unamortized Debt Expense	106,533.33
Unamortized Rate Case Exp	8,515.76
Unamortized Bond Discount	9,642.51
Legal Fees- Merger	434.79
Prepaid Insurance	7,082.98
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>283,271.43</u>

Total Other Assets 416,205.80

Total Assets \$ 14,665,777.38

MADISON COUNTY UTILITIES DISTRICT

**Balance Sheet
January 31, 2007**

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	173,125.30
Sewer Collections Payable		23,202.88
Accrued PSC Fees		2,899.63
Accrued Professional Fees		10,520.00
Accrued KIA Fees		687.50
Payroll Taxes Payable		8,680.29
Customers' Deposits		118,540.52
School Tax Payable		7,034.53
Sales Tax Payable		2,403.61
Interest Payable- Deposits		916.11
Bonds Payable		125,000.00
Interest Payable- Bonds		74,516.64
Interest Payable- KIA		<u>7,232.50</u>

Total Current Liabilities \$ 554,759.51

Long Term Liabilities

Bonds Payable- Series 1997		2,875,000.00
Loan Payable		3,224,685.29
Note Payable		44,433.86
Note Payable- KLOC		<u>12,705.28</u>

Total Long Term Liabilities 6,156,824.43

Equity

Contrib in Aid of Constr		5,856,223.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
Retained Earnings		1,423,094.55
Current Income (Loss)		<u>(30,235.24)</u>

Total Equity 7,954,193.44

Total Liabilities & Equity \$ 14,665,777.38

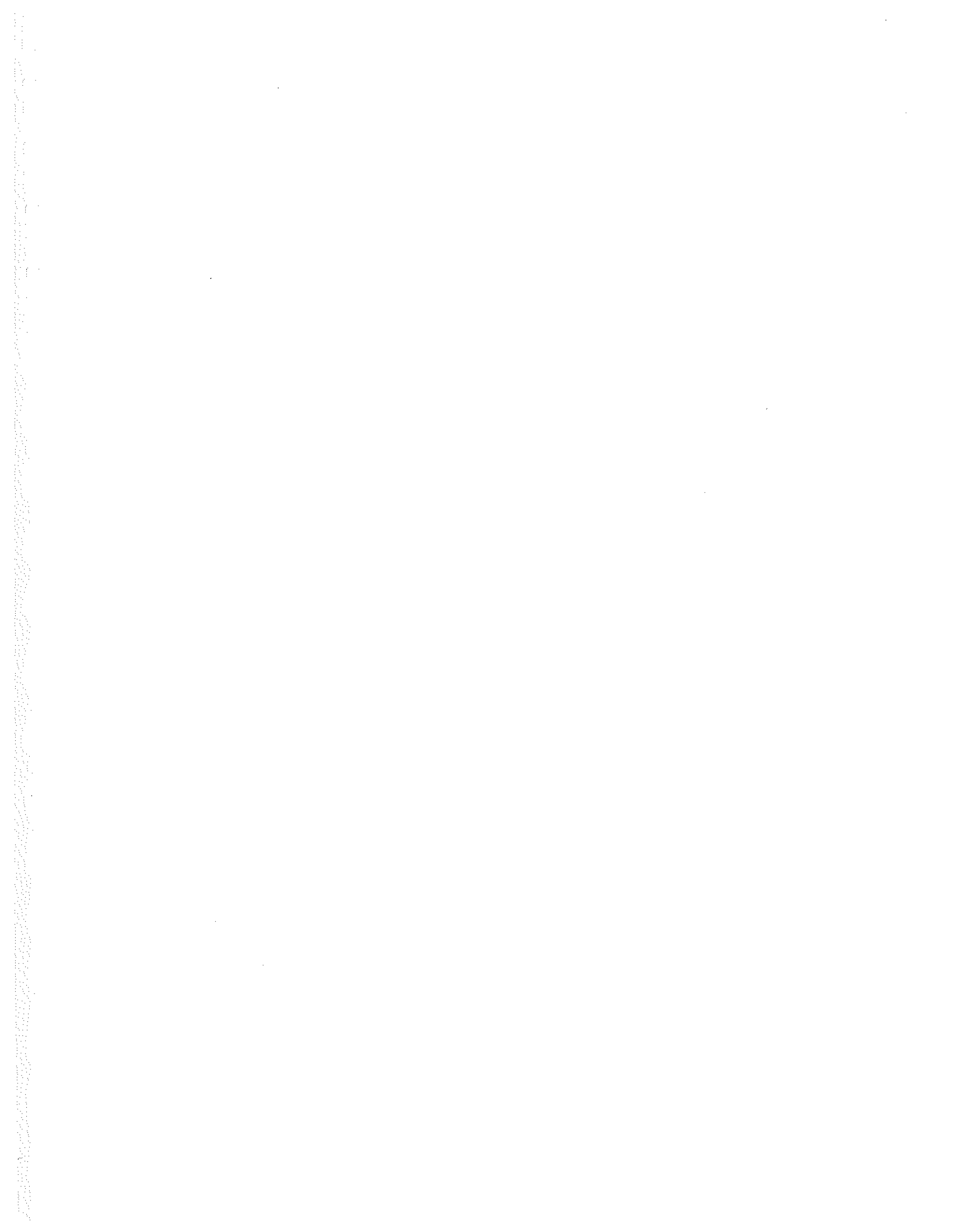
MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended January 31, 2007

	1 Month Ended Jan. 31, 2007	Pct	1 Month Ended Jan. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 234,254.04	96.25	\$ 234,254.04	96.25
Forfeited Discounts	4,954.05	2.04	4,954.05	2.04
Service Charges	1,740.00	0.71	1,740.00	0.71
Cut-off Charges	2,425.00	1.00	2,425.00	1.00
Total Revenue	243,373.09	100.00	243,373.09	100.00
Cost of Sales				
Cost of Water	136,727.56	56.18	136,727.56	56.18
Total Cost of Sales	136,727.56	56.18	136,727.56	56.18
Gross Profit	106,645.53	43.82	106,645.53	43.82
Operating Expenses				
Accounting and Legal	2,830.00	1.16	2,830.00	1.16
Engineering Services	643.10	0.26	643.10	0.26
Truck Expense	2,447.93	1.01	2,447.93	1.01
Advertising	25.67	0.01	25.67	0.01
Bank Charges	147.92	0.06	147.92	0.06
Depreciation	27,500.00	11.30	27,500.00	11.30
Amortization	891.78	0.37	891.78	0.37
Dues and Subscriptions	450.00	0.18	450.00	0.18
Employee Benefits	11,152.54	4.58	11,152.54	4.58
Insurance- General	3,943.50	1.62	3,943.50	1.62
Janitor Service	150.00	0.06	150.00	0.06
Commissioner Fees	1,500.00	0.62	1,500.00	0.62
Salaries and Wages	44,555.63	18.31	44,555.63	18.31
Licenses and Taxes	433.95	0.18	433.95	0.18
Linen and Laundry	779.67	0.32	779.67	0.32
Office Supplies	1,982.47	0.81	1,982.47	0.81
Pest Control	35.00	0.01	35.00	0.01
Equipment Rental	816.00	0.34	816.00	0.34
Water Samples and Tests	480.00	0.20	480.00	0.20
Postage	2,477.33	1.02	2,477.33	1.02
Computer Service	10.00	0.00	10.00	0.00
Rent	1,618.33	0.66	1,618.33	0.66
Repairs and Maintenance	11,205.93	4.60	11,205.93	4.60
Security	80.95	0.03	80.95	0.03
Unemployment Taxes- State	802.00	0.33	802.00	0.33
Fica- Employers Share	3,326.79	1.37	3,326.79	1.37
Supplies	465.28	0.19	465.28	0.19
Telephone & Communications	1,636.13	0.67	1,636.13	0.67
Travel	87.15	0.04	87.15	0.04
Utilities	264.45	0.11	264.45	0.11
Utilities- Plant	1,247.40	0.51	1,247.40	0.51

See Accompanying Accountant's Compilation Report

	1 Month Ended Jan. 31, 2007	Pct	1 Month Ended Jan. 31, 2007	Pct
Total Operating Expenses	<u>123,986.90</u>	<u>50.95</u>	<u>123,986.90</u>	<u>50.95</u>
Operating Income	(17,341.37)	(7.13)	(17,341.37)	(7.13)
Other Income/(Expense)				
Billing Income	518.10	0.21	518.10	0.21
Interest Income	2,526.65	1.04	2,526.65	1.04
Miscellaneous Income	244.00	0.10	244.00	0.10
KIA Annual Fee	(343.75)	(0.14)	(343.75)	(0.14)
Interest Expense	<u>(15,838.87)</u>	<u>(6.51)</u>	<u>(15,838.87)</u>	<u>(6.51)</u>
Total Other Income/(Expense)	<u>(12,893.87)</u>	<u>(5.30)</u>	<u>(12,893.87)</u>	<u>(5.30)</u>
Net Income (Loss)	\$ <u><u>(30,235.24)</u></u>	<u>(12.42)</u>	\$ <u><u>(30,235.24)</u></u>	<u>(12.42)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

**Balance Sheet
February 28, 2007**

ASSETS

Current Assets

Cash	622,234.01
Investment CDs	223,615.73
Accounts Receivable- Trade	394,996.97
Allow for Doubtful Accts	(57,071.09)
Returned Checks	(45.73)
Inventory	<u>79,563.24</u>

Total Current Assets \$ 1,263,293.13

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,404,421.09
Hydrants	162,099.47
Office Furniture & Equipment	100,476.80
Transportation Equipment	253,610.49
Land	328,061.40
Water Towers	1,739,911.68
Buildings	9,991.81
Construction in Progress	174,009.29
Equipment	187,369.28
Improvements	19,092.58
Accumulated Depreciation	<u>(4,969,337.75)</u>

Total Fixed Assets 12,872,121.70

Other Assets

Unamortized Debt Expense	105,948.91
Unamortized Rate Case Exp	8,379.93
Unamortized Bond Discount	9,579.70
Legal Fees- Merger	326.07
Prepaid Insurance	7,530.48
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>284,386.29</u>

Total Other Assets 416,876.38

Total Assets \$ 14,552,291.21

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

February 28, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	158,723.53
Sewer Collections Payable		42,468.52
Accrued PSC Fees		3,333.58
Accrued Professional Fees		11,420.00
Accrued KIA Fees		1,031.25
Payroll Taxes Payable		10,032.30
Customers' Deposits		118,997.98
School Tax Payable		7,759.67
Sales Tax Payable		2,523.42
Interest Payable- Deposits		889.61
Bonds Payable		130,000.00
Interest Payable- Bonds		12,297.92
Interest Payable- KIA		<u>9,982.50</u>

Total Current Liabilities \$ 509,460.28

Long Term Liabilities

Bonds Payable- Series 1997		2,745,000.00
Loan Payable		3,224,685.29
Note Payable		44,176.68
Note Payable- KLOC		<u>12,705.28</u>

Total Long Term Liabilities 6,026,567.25

Equity

Contrib in Aid of Constr		5,901,688.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
Retained Earnings		1,423,094.55
Current Income (Loss)		<u>(13,630.00)</u>

Total Equity 8,016,263.68

Total Liabilities & Equity \$ 14,552,291.21

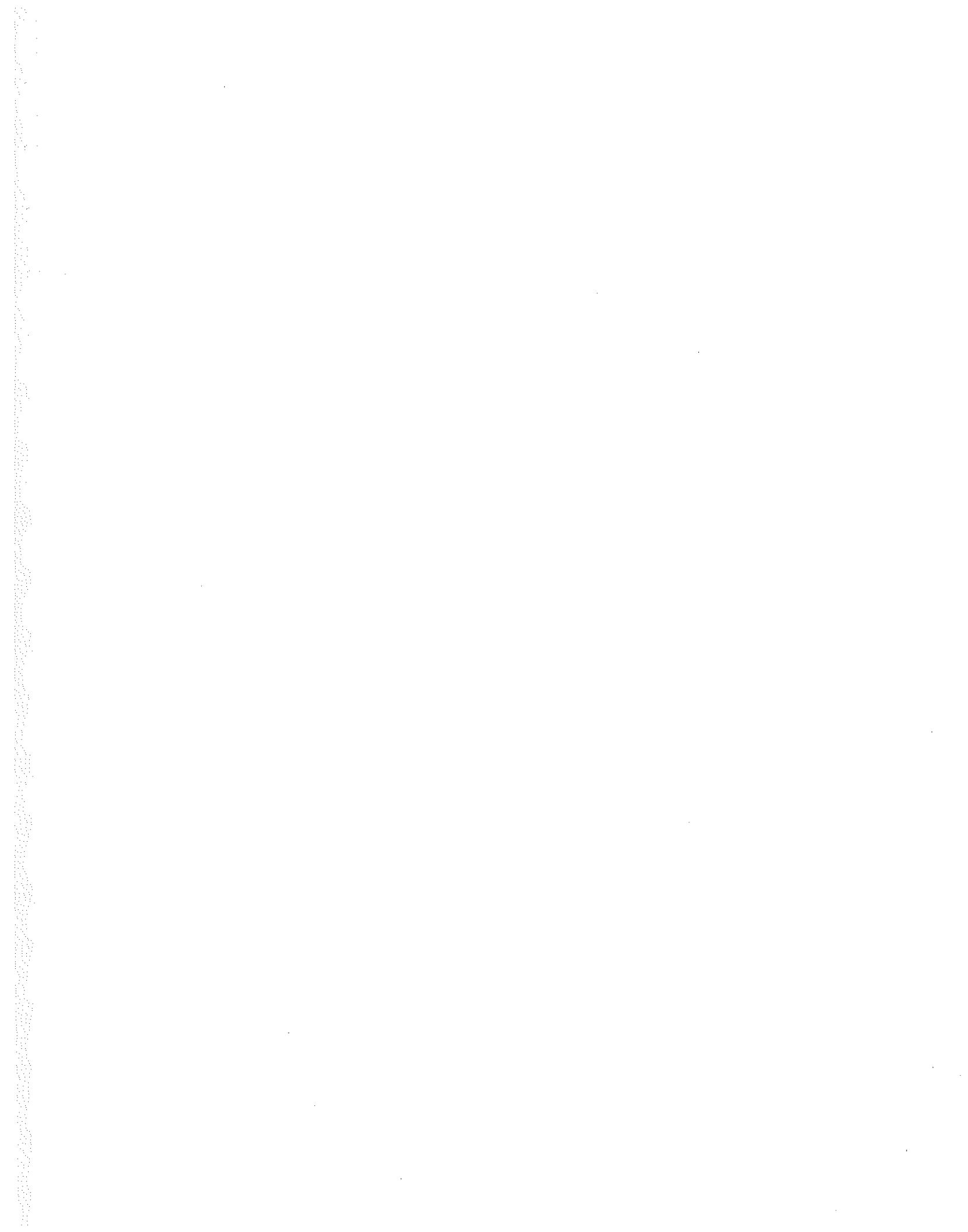
MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended February 28, 2007

	1 Month Ended Feb. 28, 2007	Pct	2 Months Ended Feb. 28, 2007	Pct
Revenue				
Sales- Metered	\$ 258,926.41	97.36	\$ 493,180.45	96.83
Forfeited Discounts	4,888.71	1.84	9,842.76	1.93
Service Charges	1,260.00	0.47	3,000.00	0.59
Cut-off Charges	875.00	0.33	3,300.00	0.65
Total Revenue	265,950.12	100.00	509,323.21	100.00
Cost of Sales				
Cost of Water	122,325.79	46.00	259,053.35	50.86
Total Cost of Sales	122,325.79	46.00	259,053.35	50.86
Gross Profit	143,624.33	54.00	250,269.86	49.14
Operating Expenses				
Accounting and Legal	1,775.00	0.67	4,605.00	0.90
Engineering Services	3,278.68	1.23	3,921.78	0.77
Truck Expense	2,215.76	0.83	4,663.69	0.92
Advertising	97.85	0.04	123.52	0.02
Bank Charges	254.46	0.10	402.38	0.08
Depreciation	27,500.00	10.34	55,000.00	10.80
Amortization	891.78	0.34	1,783.56	0.35
Dues and Subscriptions	19.00	0.01	469.00	0.09
Seminars and Meetings	128.00	0.05	128.00	0.03
Employee Benefits	8,247.51	3.10	19,400.05	3.81
Insurance- Workers Comp	13,543.00	5.09	13,543.00	2.66
Insurance- General	3,943.50	1.48	7,887.00	1.55
Janitor Service	150.00	0.06	300.00	0.06
Commissioner Fees	1,500.00	0.56	3,000.00	0.59
Salaries and Wages	43,197.15	16.24	87,752.78	17.23
Licenses and Taxes	433.95	0.16	867.90	0.17
Linen and Laundry	661.12	0.25	1,440.79	0.28
Office Supplies	3,071.77	1.16	5,054.24	0.99
Pest Control	0.00	0.00	35.00	0.01
Equipment Rental	0.00	0.00	816.00	0.16
Water Samples and Tests	705.00	0.27	1,185.00	0.23
Postage	2,277.96	0.86	4,755.29	0.93
Computer Service	10.00	0.00	20.00	0.00
Rent	1,618.33	0.61	3,236.66	0.64
Repairs and Maintenance	(7,640.09)	(2.87)	3,565.84	0.70
Security	0.00	0.00	80.95	0.02
Unemployment Taxes- State	777.57	0.29	1,579.57	0.31
Fica- Employers Share	3,110.58	1.17	6,437.37	1.26
Supplies	2,581.75	0.97	3,047.03	0.60
Telephone & Communications	744.92	0.28	2,381.05	0.47
Travel	42.70	0.02	129.85	0.03

See Accompanying Accountant's Compilation Report

	1 Month Ended Feb. 28, 2007	Pct	2 Months Ended Feb. 28, 2007	Pct
Utilities	258.24	0.10	522.69	0.10
Utilities- Plant	<u>1,300.18</u>	<u>0.49</u>	<u>2,547.58</u>	<u>0.50</u>
Total Operating Expenses	<u>116,695.67</u>	<u>43.88</u>	<u>240,682.57</u>	<u>47.26</u>
Operating Income	26,928.66	10.13	9,587.29	1.88
Other Income/(Expense)				
Billing Income	7,442.60	2.80	7,960.70	1.56
Interest Income	1,787.95	0.67	4,314.60	0.85
Miscellaneous Income	186.00	0.07	430.00	0.08
KIA Annual Fee	(343.75)	(0.13)	(687.50)	(0.13)
Interest Expense	<u>(19,396.22)</u>	<u>(7.29)</u>	<u>(35,235.09)</u>	<u>(6.92)</u>
Total Other Income/(Expense)	<u>(10,323.42)</u>	<u>(3.88)</u>	<u>(23,217.29)</u>	<u>(4.56)</u>
Net Income (Loss)	\$ <u><u>16,605.24</u></u>	<u>6.24</u>	\$ <u><u>(13,630.00)</u></u>	<u>(2.68)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet March 31, 2007

ASSETS

Current Assets		
Cash	707,936.71	
Investment CDs	223,615.73	
Accounts Receivable- Trade	372,629.67	
Allow for Doubtful Accts	(57,071.09)	
Returned Checks	1,173.27	
Inventory	<u>88,240.66</u>	
Total Current Assets		\$ 1,336,524.95
Fixed Assets		
Organization Costs	114,362.73	
Trans & Distrib Mains	12,186,076.84	
Services	161,975.99	
Meters & Installations	2,419,325.38	
Hydrants	162,099.47	
Office Furniture & Equipment	100,476.80	
Transportation Equipment	248,476.74	
Land	328,061.40	
Water Towers	1,739,911.68	
Buildings	9,991.81	
Construction in Progress	174,009.29	
Equipment	187,369.28	
Improvements	19,092.58	
Accumulated Depreciation	<u>(4,996,837.75)</u>	
Total Fixed Assets		12,854,392.24
Other Assets		
Unamortized Debt Expense	105,364.49	
Unamortized Rate Case Exp	8,244.10	
Unamortized Bond Discount	9,516.89	
Legal Fees- Merger	217.35	
Prepaid Insurance	7,977.98	
Prepaid Fees	725.00	
Money Market Inv- Restricted	<u>285,402.77</u>	
Total Other Assets		<u>417,448.58</u>
Total Assets		\$ <u>14,608,365.77</u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

March 31, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	170,950.68
Sewer Collections Payable		67,778.07
Accrued PSC Fees		3,767.53
Accrued Professional Fees		12,320.00
Accrued KIA Fees		1,375.00
Payroll Taxes Payable		16,135.66
Customers' Deposits		119,066.40
School Tax Payable		6,738.24
Sales Tax Payable		2,852.16
Interest Payable- Deposits		849.09
Bonds Payable		130,000.00
Interest Payable- Bonds		24,595.84
Interest Payable- KIA		<u>12,732.50</u>

Total Current Liabilities

\$ 569,161.17

Long Term Liabilities

Bonds Payable- Series 1997		2,745,000.00
Loan Payable		3,224,685.29
Note Payable		42,187.54
Note Payable- KLOC		12,705.28
Note Payable- Madison Bk- Bldg		<u>40,000.00</u>

Total Long Term Liabilities

6,064,578.11

Equity

Contrib in Aid of Constr		5,910,698.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
Retained Earnings		1,414,184.30
Current Income (Loss)		<u>(55,366.94)</u>

Total Equity

7,974,626.49

Total Liabilities & Equity

\$ 14,608,365.77

MADISON COUNTY UTILITIES DISTRICT

Income Statement

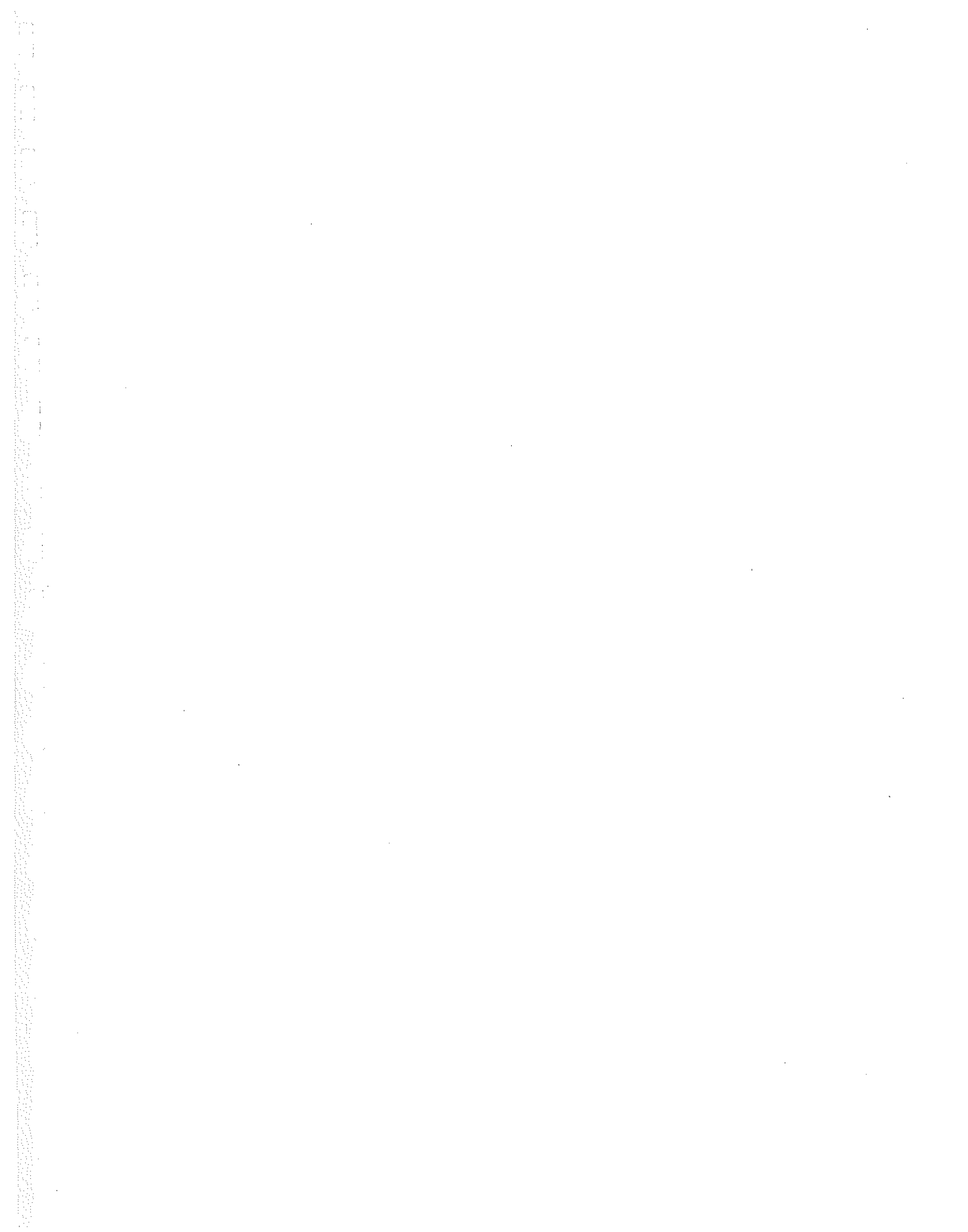
For the Period Ended March 31, 2007

	1 Month Ended Mar. 31, 2007	Pct	3 Months Ended Mar. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 233,844.91	95.82	\$ 727,025.36	96.50
Sales- Unmetered	272.12	0.11	272.12	0.04
Forfeited Discounts	5,731.60	2.35	15,574.36	2.07
Service Charges	1,290.00	0.53	4,290.00	0.57
Cut-off Charges	<u>2,920.00</u>	<u>1.20</u>	<u>6,220.00</u>	<u>0.83</u>
Total Revenue	244,058.63	100.00	753,381.84	100.00
Cost of Sales				
Cost of Water	<u>134,615.26</u>	<u>55.16</u>	<u>393,668.61</u>	<u>52.25</u>
Total Cost of Sales	<u>134,615.26</u>	<u>55.16</u>	<u>393,668.61</u>	<u>52.25</u>
Gross Profit	109,443.37	44.84	359,713.23	47.75
Operating Expenses				
Accounting and Legal	4,241.25	1.74	8,846.25	1.17
Engineering Services	2,089.45	0.86	6,011.23	0.80
Truck Expense	3,208.68	1.31	7,872.37	1.04
Advertising	(19.00)	(0.01)	104.52	0.01
Bank Charges	1,654.09	0.68	2,056.47	0.27
Depreciation	27,500.00	11.27	82,500.00	10.95
Amortization	891.78	0.37	2,675.34	0.36
Dues and Subscriptions	51.89	0.02	520.89	0.07
Seminars and Meetings	159.00	0.07	287.00	0.04
Employee Benefits	7,667.95	3.14	27,068.00	3.59
Insurance- Workers Comp	0.00	0.00	13,543.00	1.80
Insurance- General	3,943.50	1.62	11,830.50	1.57
Janitor Service	150.00	0.06	450.00	0.06
Commissioner Fees	1,500.00	0.61	4,500.00	0.60
Salaries and Wages	60,032.42	24.60	147,785.20	19.62
Licenses and Taxes	433.95	0.18	1,301.85	0.17
Linen and Laundry	834.64	0.34	2,275.43	0.30
Office Supplies	3,361.18	1.38	8,415.42	1.12
Pest Control	35.00	0.01	70.00	0.01
Equipment Rental	1,117.35	0.46	1,933.35	0.26
Water Samples and Tests	495.00	0.20	1,680.00	0.22
Postage	2,516.70	1.03	7,271.99	0.97
Computer Service	3,805.00	1.56	3,825.00	0.51
Rent	1,618.33	0.66	4,854.99	0.64
Repairs and Maintenance	5,871.70	2.41	9,437.54	1.25
Security	55.00	0.02	135.95	0.02
Unemployment Taxes- State	645.60	0.26	2,052.37	0.27
Fica- Employers Share	4,304.53	1.76	10,741.90	1.43
Supplies	567.15	0.23	3,614.18	0.48
Telephone & Communications	1,916.72	0.79	4,297.77	0.57

See Accompanying Accountant's Compilation Report

	1 Month Ended Mar. 31, 2007	Pct	3 Months Ended Mar. 31, 2007	Pct
Travel	18.90	0.01	148.75	0.02
Utilities	461.64	0.19	984.33	0.13
Utilities- Plant	<u>1,226.36</u>	<u>0.50</u>	<u>3,773.94</u>	<u>0.50</u>
Total Operating Expenses	<u>142,355.76</u>	<u>58.33</u>	<u>382,865.53</u>	<u>50.82</u>
Operating Income	(32,912.39)	(13.49)	(23,152.30)	(3.07)
Other Income/(Expense)				
Billing Income	4,569.50	1.87	12,530.20	1.66
Interest Income	1,823.29	0.75	6,137.89	0.81
Miscellaneous Income	222.00	0.09	652.00	0.09
KIA Annual Fee	(343.75)	(0.14)	(1,031.25)	(0.14)
Interest Expense	<u>(15,268.39)</u>	<u>(6.26)</u>	<u>(50,503.48)</u>	<u>(6.70)</u>
Total Other Income/(Expense)	<u>(8,997.35)</u>	<u>(3.69)</u>	<u>(32,214.64)</u>	<u>(4.28)</u>
Net Income (Loss)	<u>\$ (41,909.74)</u>	<u>(17.17)</u>	<u>\$ (55,366.94)</u>	<u>(7.35)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

April 30, 2007

ASSETS

Current Assets

Cash	733,089.42
Investment CDs	223,615.73
Accounts Receivable- Trade	380,287.80
Allow for Doubtful Accts	(57,071.09)
Returned Checks	828.29
Inventory	<u>91,259.77</u>

Total Current Assets

\$ 1,372,009.92

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,430,153.23
Hydrants	162,099.47
Office Furniture & Equipment	100,476.80
Transportation Equipment	248,476.74
Land	328,061.40
Water Towers	1,739,911.68
Buildings	9,991.81
Construction in Progress	174,009.29
Equipment	187,777.28
Improvements	19,092.58
Accumulated Depreciation	<u>(5,024,337.75)</u>

Total Fixed Assets

12,838,128.09

Other Assets

Unamortized Debt Expense	104,780.07
Unamortized Rate Case Exp	8,108.27
Unamortized Bond Discount	9,454.08
Legal Fees- Merger	108.63
Prepaid Insurance	8,425.48
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>286,534.88</u>

Total Other Assets

418,136.41

Total Assets

\$ 14,628,274.42

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

April 30, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	164,327.22
Sewer Collections Payable		74,814.68
Accrued PSC Fees		4,201.48
Accrued Professional Fees		13,220.00
Accrued KIA Fees		1,718.75
Payroll Taxes Payable		13,197.30
Customers' Deposits		121,977.31
School Tax Payable		6,828.16
Sales Tax Payable		2,286.82
Interest Payable- Deposits		848.35
Bonds Payable		130,000.00
Interest Payable- Bonds		36,893.76
Interest Payable- KIA		<u>15,482.50</u>

Total Current Liabilities

\$ 585,796.33

Long Term Liabilities

Bonds Payable- Series 1997		2,745,000.00
Loan Payable		3,224,685.29
Note Payable		40,211.05
Note Payable- KLOC		12,705.28
Note Payable- Madison Bk- Bldg		<u>40,000.00</u>

Total Long Term Liabilities

6,062,601.62

Equity

Contrib in Aid of Constr		5,918,013.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
Retained Earnings		1,414,184.30
Current Income (Loss)		<u>(57,431.96)</u>

Total Equity

7,979,876.47

Total Liabilities & Equity

\$ 14,628,274.42

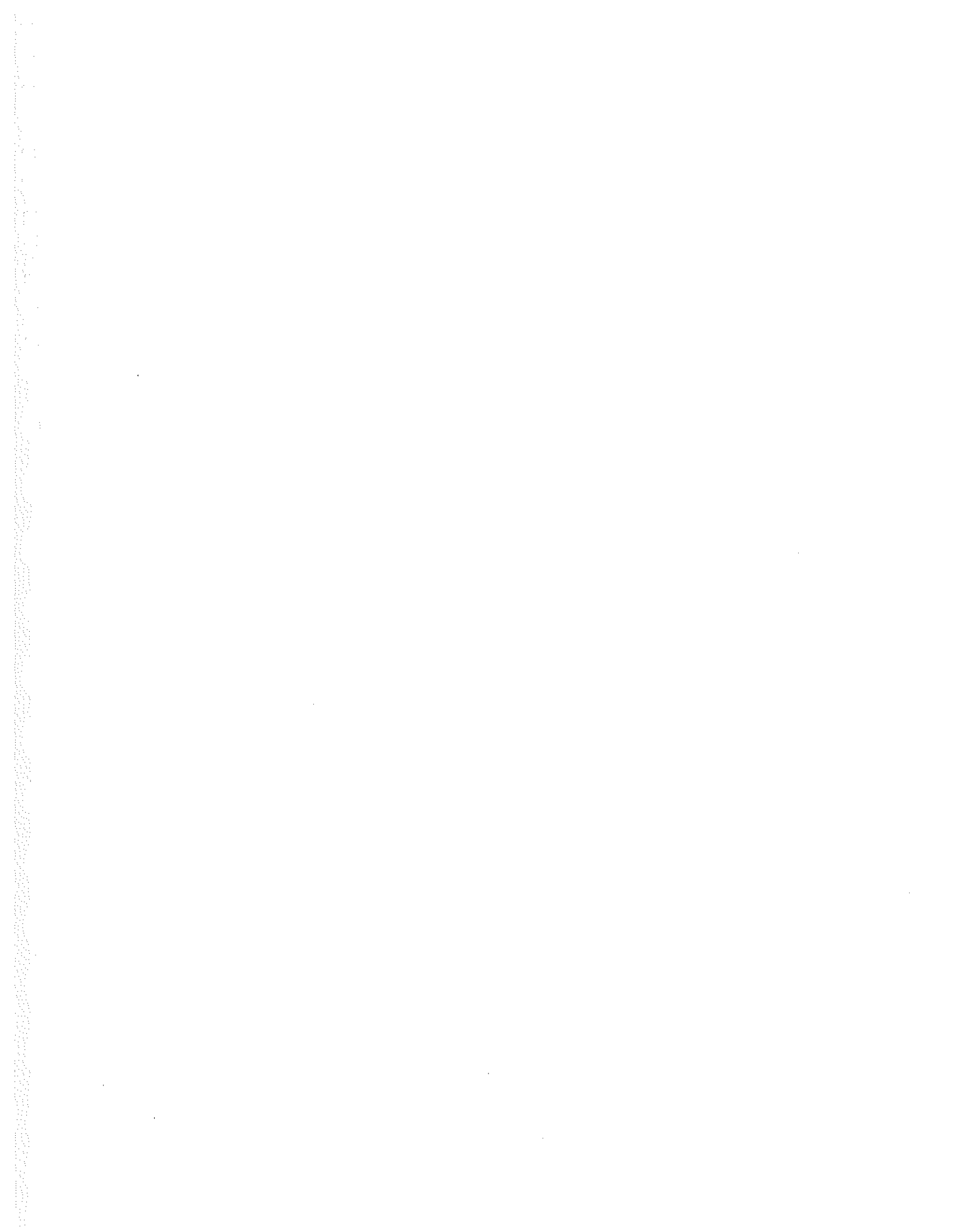
MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended April 30, 2007

	1 Month Ended Apr. 30, 2007	Pct	4 Months Ended Apr. 30, 2007	Pct
Revenue				
Sales- Metered	\$ 228,143.10	96.05	\$ 955,168.46	96.39
Sales- Unmetered	150.80	0.06	422.92	0.04
Forfeited Discounts	5,259.60	2.21	20,833.96	2.10
Service Charges	1,545.00	0.65	5,835.00	0.59
Cut-off Charges	<u>2,425.00</u>	<u>1.02</u>	<u>8,645.00</u>	<u>0.87</u>
Total Revenue	237,523.50	100.00	990,905.34	100.00
Cost of Sales				
Cost of Water	<u>128,088.48</u>	<u>53.93</u>	<u>521,757.09</u>	<u>52.65</u>
Total Cost of Sales	<u>128,088.48</u>	<u>53.93</u>	<u>521,757.09</u>	<u>52.65</u>
Gross Profit	109,435.02	46.07	469,148.25	47.35
Operating Expenses				
Accounting and Legal	2,712.50	1.14	11,558.75	1.17
Engineering Services	1,004.93	0.42	7,016.16	0.71
Truck Expense	4,570.90	1.92	12,443.27	1.26
Advertising	(19.00)	(0.01)	85.52	0.01
Bank Charges	248.28	0.10	2,304.75	0.23
Depreciation	27,500.00	11.58	110,000.00	11.10
Amortization	891.78	0.38	3,567.12	0.36
Dues and Subscriptions	0.00	0.00	520.89	0.05
Seminars and Meetings	29.28	0.01	316.28	0.03
Employee Benefits	10,665.32	4.49	37,744.59	3.81
Insurance- Workers Comp	0.00	0.00	13,543.00	1.37
Insurance- General	4,349.50	1.83	16,180.00	1.63
Janitor Service	225.00	0.09	675.00	0.07
Commissioner Fees	3,950.40	1.66	9,004.80	0.91
Salaries and Wages	46,420.83	19.54	193,651.63	19.54
Licenses and Taxes	433.95	0.18	1,735.80	0.18
Linen and Laundry	803.20	0.34	3,078.63	0.31
Miscellaneous	190.31	0.08	190.31	0.02
Office Supplies	1,410.40	0.59	9,825.82	0.99
Pest Control	0.00	0.00	70.00	0.01
Equipment Rental	0.00	0.00	1,933.35	0.20
Water Samples and Tests	300.00	0.13	1,980.00	0.20
Postage	3,038.80	1.28	10,310.79	1.04
Computer Service	10.00	0.00	3,835.00	0.39
Rent	1,618.33	0.68	6,473.32	0.65
Repairs and Maintenance	7,684.80	3.24	17,122.34	1.73
Security	0.00	0.00	135.95	0.01
Unemployment Taxes- State	333.52	0.14	2,207.67	0.22
Fica- Employers Share	3,574.51	1.50	14,189.95	1.43
Supplies	2,472.79	1.04	6,086.97	0.61

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	1 Month Ended Apr. 30, 2007	Pct	4 Months Ended Apr. 30, 2007	Pct
Telephone & Communications	1,689.88	0.71	5,987.65	0.60
Travel	537.46	0.23	686.21	0.07
Utilities	229.22	0.10	1,213.55	0.12
Utilities- Plant	<u>1,369.16</u>	<u>0.58</u>	<u>5,143.10</u>	<u>0.52</u>
Total Operating Expenses	<u>128,246.05</u>	<u>53.99</u>	<u>510,818.17</u>	<u>51.55</u>
Operating Income	(18,811.03)	(7.92)	(41,669.92)	(4.21)
Other Income/(Expense)				
Billing Income	4,813.70	2.03	17,343.90	1.75
Interest Income	2,003.69	0.84	8,141.58	0.82
Miscellaneous Income	260.00	0.11	912.00	0.09
Sale of Service Territory	25,000.00	10.53	25,000.00	2.52
KIA Annual Fee	(343.75)	(0.14)	(1,375.00)	(0.14)
Interest Expense	<u>(15,281.04)</u>	<u>(6.43)</u>	<u>(65,784.52)</u>	<u>(6.64)</u>
Total Other Income/(Expense)	<u>16,452.60</u>	<u>6.93</u>	<u>(15,762.04)</u>	<u>(1.59)</u>
Net Income (Loss)	<u>\$ (2,358.43)</u>	<u>(0.99)</u>	<u>\$ (57,431.96)</u>	<u>(5.80)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

May 31, 2007

ASSETS

Current Assets

Cash	658,520.77
Investment CDs	223,615.73
Accounts Receivable- Trade	402,579.58
Allow for Doubtful Accts	(57,071.09)
Returned Checks	943.46
Inventory	<u>95,221.69</u>

Total Current Assets

\$ 1,323,810.14

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,427,561.70
Hydrants	162,099.47
Office Furniture & Equipment	100,476.80
Transportation Equipment	248,476.74
Land	328,061.40
Water Towers	1,764,771.25
Buildings	9,991.81
Construction in Progress	176,509.29
Equipment	187,777.28
Improvements	19,092.58
Accumulated Depreciation	<u>(5,051,837.75)</u>

Total Fixed Assets

12,835,396.13

Other Assets

Unamortized Debt Expense	104,195.62
Unamortized Rate Case Exp	7,972.41
Unamortized Bond Discount	9,391.24
Prepaid Insurance	4,481.98
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>287,626.18</u>

Total Other Assets

414,392.43

Total Assets

\$ 14,573,598.70

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

May 31, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	159,992.37
Sewer Collections Payable		80,271.94
Accrued PSC Fees		4,635.43
Accrued Professional Fees		14,120.00
Accrued KIA Fees		(1,780.86)
Payroll Taxes Payable		9,507.21
Customers' Deposits		126,516.68
Garnishment		30.83
School Tax Payable		7,646.25
Sales Tax Payable		2,468.95
Interest Payable- Deposits		842.04
Bonds Payable		130,000.00
Interest Payable- Bonds		49,191.68
Interest Payable- KIA		<u>2,859.07</u>

Total Current Liabilities

\$ 586,301.59

Long Term Liabilities

Bonds Payable- Series 1997	2,745,000.00
Loan Payable	3,148,828.55
Note Payable	38,001.44
Note Payable- KLOC	12,705.28
Note Payable- Madison Bk- Bldg	<u>40,000.00</u>

Total Long Term Liabilities

5,984,535.27

Equity

Contrib in Aid of Constr	5,929,703.72
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
Retained Earnings	1,414,184.30
Current Income (Loss)	<u>(46,236.59)</u>

Total Equity

8,002,761.84

Total Liabilities & Equity

\$ 14,573,598.70

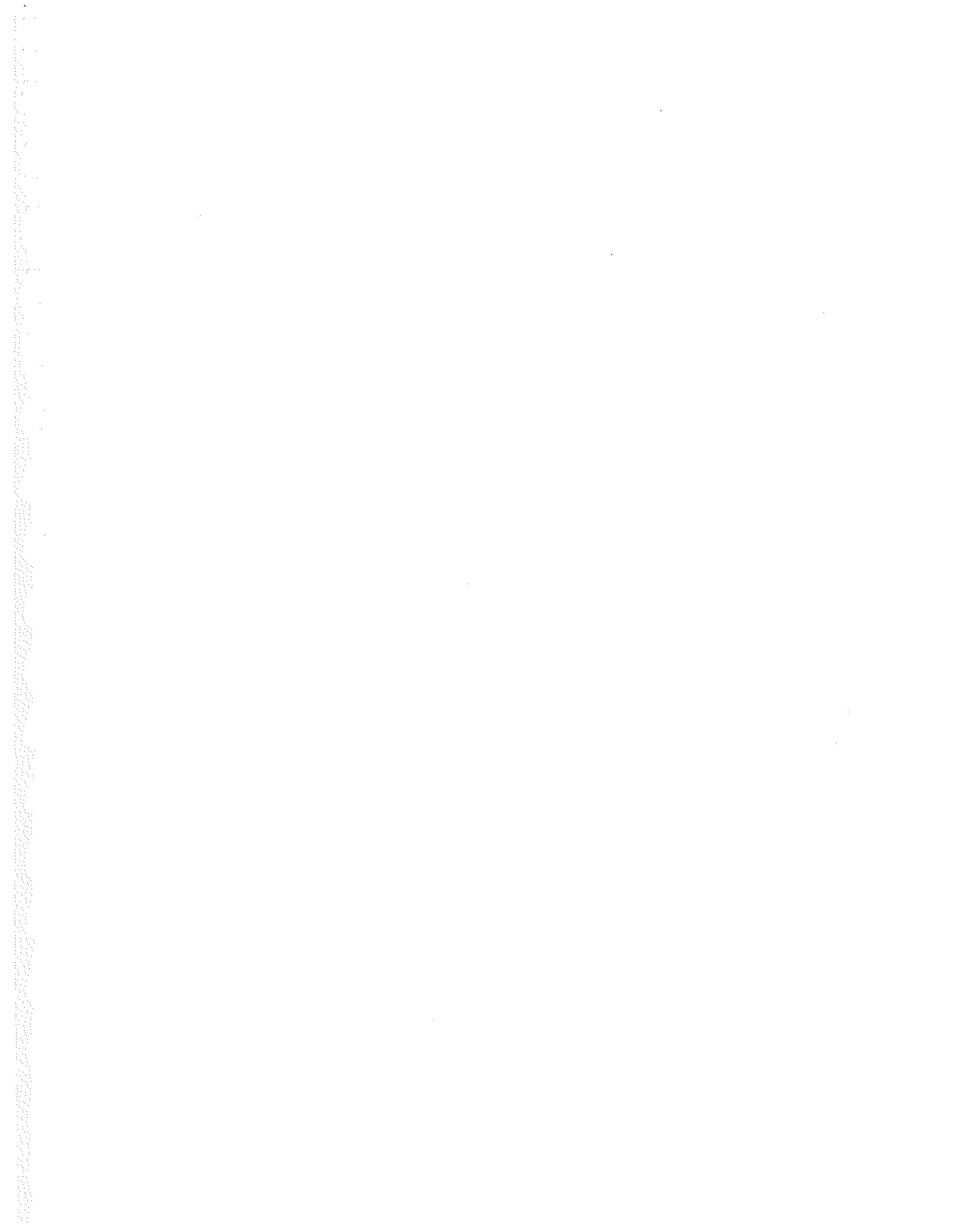
MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended May 31, 2007

	1 Month Ended May 31, 2007	Pct	5 Months Ended May 31, 2007	Pct
Revenue				
Sales- Metered	\$ 254,970.59	96.42	\$ 1,210,139.05	96.40
Sales- Unmetered	394.29	0.15	817.21	0.07
Forfeited Discounts	5,945.83	2.25	26,779.79	2.13
Service Charges	1,975.00	0.75	7,810.00	0.62
Cut-off Charges	1,150.00	0.43	9,795.00	0.78
Total Revenue	264,435.71	100.00	1,255,341.05	100.00
Cost of Sales				
Cost of Water	123,753.63	46.80	645,510.72	51.42
Total Cost of Sales	123,753.63	46.80	645,510.72	51.42
Gross Profit	140,682.08	53.20	609,830.33	48.58
Operating Expenses				
Accounting and Legal	2,275.00	0.86	13,833.75	1.10
Engineering Services	2,269.63	0.86	9,285.79	0.74
Truck Expense	3,252.41	1.23	15,695.68	1.25
Advertising	9.75	0.00	95.27	0.01
Bank Charges	303.25	0.11	2,608.00	0.21
Depreciation	27,500.00	10.40	137,500.00	10.95
Amortization	891.78	0.34	4,458.90	0.36
Dues and Subscriptions	110.00	0.04	630.89	0.05
Seminars and Meetings	259.18	0.10	575.46	0.05
Employee Benefits	9,161.48	3.46	46,906.07	3.74
Insurance- Workers Comp	0.00	0.00	13,543.00	1.08
Insurance- General	3,537.50	1.34	19,717.50	1.57
Janitor Service	150.00	0.06	825.00	0.07
Commissioner Fees	3,950.40	1.49	12,955.20	1.03
Salaries and Wages	46,928.74	17.75	240,580.37	19.16
Licenses and Taxes	433.95	0.16	2,169.75	0.17
Linen and Laundry	606.16	0.23	3,684.79	0.29
Miscellaneous	89.00	0.03	279.31	0.02
Office Supplies	937.05	0.35	10,762.87	0.86
Pest Control	35.00	0.01	105.00	0.01
Equipment Rental	160.97	0.06	2,094.32	0.17
Water Samples and Tests	1,145.00	0.43	3,125.00	0.25
Postage	2,313.69	0.87	12,624.48	1.01
Computer Service	10.00	0.00	3,845.00	0.31
Rent	1,618.33	0.61	8,091.65	0.64
Repairs and Maintenance	5,982.36	2.26	23,104.70	1.84
Security	0.00	0.00	135.95	0.01
Unemployment Taxes- State	223.58	0.08	2,431.25	0.19
Fica- Employers Share	3,609.25	1.36	17,799.20	1.42
Supplies	608.03	0.23	6,695.00	0.53

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	1 Month Ended May 31, 2007	Pct	5 Months Ended May 31, 2007	Pct
Telephone & Communications	2,533.41	0.96	8,521.06	0.68
Travel	187.08	0.07	873.29	0.07
Utilities	232.88	0.09	1,446.43	0.12
Utilities- Plant	<u>1,264.48</u>	<u>0.48</u>	<u>6,407.58</u>	<u>0.51</u>
Total Operating Expenses	<u>122,589.34</u>	<u>46.36</u>	<u>633,407.51</u>	<u>50.46</u>
Operating Income	18,092.74	6.84	(23,577.18)	(1.88)
Other Income/(Expense)				
Billing Income	4,834.80	1.83	22,178.70	1.77
Interest Income	2,402.26	0.91	10,543.84	0.84
Miscellaneous Income	1,257.24	0.48	2,169.24	0.17
Sale of Service Territory	0.00	0.00	25,000.00	1.99
KIA Annual Fee	(343.75)	(0.13)	(1,718.75)	(0.14)
Interest Expense	<u>(15,047.92)</u>	<u>(5.69)</u>	<u>(80,832.44)</u>	<u>(6.44)</u>
Total Other Income/(Expense)	<u>(6,897.37)</u>	<u>(2.61)</u>	<u>(22,659.41)</u>	<u>(1.81)</u>
Net Income (Loss)	<u>\$ 11,195.37</u>	<u>4.23</u>	<u>\$ (46,236.59)</u>	<u>(3.68)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

June 30, 2007

ASSETS

Current Assets

Cash	692,652.54
Investment CDs	223,615.73
Accounts Receivable- Trade	455,720.63
Allow for Doubtful Accts	(57,071.09)
Returned Checks	679.96
Inventory	<u>94,382.34</u>

Total Current Assets \$ 1,409,980.11

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,468,266.78
Hydrants	162,099.47
Office Furniture & Equipment	100,476.80
Transportation Equipment	248,476.74
Land	328,061.40
Water Towers	1,768,271.25
Buildings	9,991.81
Construction in Progress	176,509.29
Equipment	187,777.28
Improvements	19,092.58
Accumulated Depreciation	<u>(5,079,337.75)</u>

Total Fixed Assets 12,852,101.21

Other Assets

Unamortized Debt Expense	103,611.20
Unamortized Rate Case Exp	7,836.58
Unamortized Bond Discount	9,328.43
Legal Fees- Merger	(108.72)
Prepaid Insurance	538.48
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>282,150.00</u>

Total Other Assets 404,080.97

Total Assets \$ 14,666,162.29

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT
Balance Sheet
June 30, 2007

LIABILITIES AND EQUITY

Current Liabilities		\$	200,160.29	
Accounts Payable			85,153.57	
Sewer Collections Payable			5,069.38	
Accrued PSC Fees			15,020.00	
Accrued Professional Fees			(1,437.11)	
Accrued KIA Fees			10,089.22	
Payroll Taxes Payable			128,956.21	
Customers' Deposits			92.49	
Garnishment			8,769.18	
School Tax Payable			2,938.98	
Sales Tax Payable			818.88	
Interest Payable- Deposits			130,000.00	
Bonds Payable			61,489.60	
Interest Payable- Bonds			5,609.07	
Interest Payable- KIA			<u>5,609.07</u>	
Total Current Liabilities		\$		652,729.76
Long Term Liabilities				
Bonds Payable- Series 1997			2,745,000.00	
Loan Payable			3,148,828.55	
Note Payable			35,791.83	
Note Payable- KLOC			12,705.28	
Note Payable- Madison Bk- Bldg			<u>40,000.00</u>	
Total Long Term Liabilities				5,982,325.66
Equity				
Contrib in Aid of Constr			5,941,773.72	
CIAC- 1995 Project			309,950.00	
CDBG Grant			395,160.41	
Retained Earnings			1,405,274.05	
Current Income (Loss)			<u>(21,051.31)</u>	
Total Equity				<u>8,031,106.87</u>
Total Liabilities & Equity		\$		<u>14,666,162.29</u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Income Statement

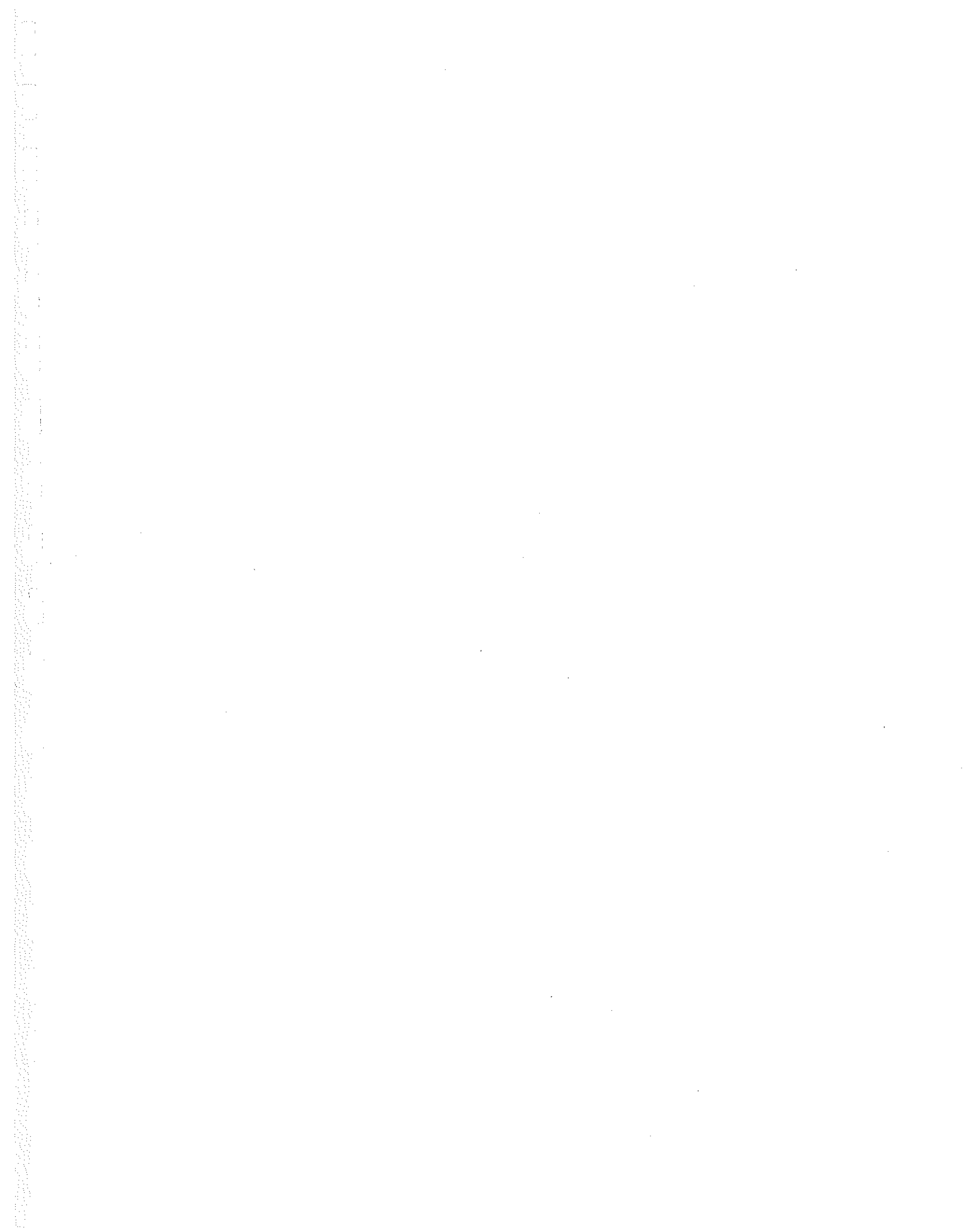
For the Period Ended June 30, 2007

	1 Month Ended Jun. 30, 2007	Pct	6 Months Ended Jun. 30, 2007	Pct
Revenue				
Sales- Metered	\$ 301,294.45	97.12	\$ 1,511,433.50	96.54
Sales- Unmetered	40.39	0.01	857.60	0.05
Forfeited Discounts	5,642.54	1.82	32,422.33	2.07
Service Charges	1,890.00	0.61	9,700.00	0.62
Cut-off Charges	<u>1,375.00</u>	<u>0.44</u>	<u>11,170.00</u>	<u>0.71</u>
Total Revenue	310,242.38	100.00	1,565,583.43	100.00
Cost of Sales				
Cost of Water	<u>163,921.55</u>	<u>52.84</u>	<u>809,432.27</u>	<u>51.70</u>
Total Cost of Sales	<u>163,921.55</u>	<u>52.84</u>	<u>809,432.27</u>	<u>51.70</u>
Gross Profit	146,320.83	47.16	756,151.16	48.30
Operating Expenses				
Accounting and Legal	2,275.00	0.73	16,108.75	1.03
Engineering Services	1,111.64	0.36	10,397.43	0.66
Truck Expense	4,602.62	1.48	20,298.30	1.30
Advertising	0.00	0.00	95.27	0.01
Bank Charges	288.26	0.09	2,896.26	0.18
Depreciation	27,500.00	8.86	165,000.00	10.54
Amortization	891.78	0.29	5,350.68	0.34
Dues and Subscriptions	52.00	0.02	682.89	0.04
Seminars and Meetings	0.00	0.00	575.46	0.04
Employee Benefits	8,330.51	2.69	55,236.58	3.53
Insurance- Workers Comp	0.00	0.00	13,543.00	0.87
Insurance- General	3,966.50	1.28	23,684.00	1.51
Janitor Service	150.00	0.05	975.00	0.06
Commissioner Fees	1,200.00	0.39	14,155.20	0.90
Salaries and Wages	46,524.78	15.00	287,105.15	18.34
Licenses and Taxes	443.95	0.14	2,613.70	0.17
Linen and Laundry	757.70	0.24	4,442.49	0.28
Miscellaneous	277.00	0.09	556.31	0.04
Office Supplies	205.28	0.07	10,968.15	0.70
Pest Control	35.00	0.01	140.00	0.01
Equipment Rental	0.00	0.00	2,094.32	0.13
Water Samples and Tests	0.00	0.00	3,125.00	0.20
Postage	2,829.38	0.91	15,453.86	0.99
Computer Service	10.00	0.00	3,855.00	0.25
Rent	1,538.33	0.50	9,629.98	0.62
Repairs and Maintenance	3,193.50	1.03	26,298.20	1.68
Security	55.00	0.02	190.95	0.01
Unemployment Taxes- State	191.04	0.06	2,622.29	0.17
Fica- Employers Share	3,395.42	1.09	21,194.62	1.35
Supplies	631.32	0.20	7,326.32	0.47

See Accompanying Accountant's Compilation Report

	1 Month Ended Jun. 30, 2007	Pct	6 Months Ended Jun. 30, 2007	Pct
Telephone & Communications	785.63	0.25	9,306.69	0.59
Travel	92.75	0.03	966.04	0.06
Utilities	249.41	0.08	1,695.84	0.11
Utilities- Plant	<u>1,335.60</u>	<u>0.43</u>	<u>7,743.18</u>	<u>0.49</u>
Total Operating Expenses	<u>112,919.40</u>	<u>36.40</u>	<u>746,326.91</u>	<u>47.67</u>
Operating Income	33,401.43	10.77	9,824.25	0.63
Other Income/(Expense)				
Billing Income	4,878.70	1.57	27,057.40	1.73
Interest Income	1,840.47	0.59	12,384.31	0.79
Miscellaneous Income	456.35	0.15	2,625.59	0.17
Sale of Service Territory	0.00	0.00	25,000.00	1.60
KIA Annual Fee	(343.75)	(0.11)	(2,062.50)	(0.13)
Interest Expense	<u>(15,047.92)</u>	<u>(4.85)</u>	<u>(95,880.36)</u>	<u>(6.12)</u>
Total Other Income/(Expense)	<u>(8,216.15)</u>	<u>(2.65)</u>	<u>(30,875.56)</u>	<u>(1.97)</u>
Net Income (Loss)	<u>\$ 25,185.28</u>	<u>8.12</u>	<u>\$ (21,051.31)</u>	<u>(1.34)</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT
Balance Sheet
July 31, 2007

ASSETS

Current Assets

Cash	727,639.30
Investment CDs	323,615.73
Accounts Receivable- Trade	476,214.97
Allow for Doubtful Accts	(57,071.09)
Returned Checks	631.20
Inventory	<u>79,930.48</u>

Total Current Assets

\$ 1,550,960.59

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,489,279.98
Hydrants	162,099.47
Office Furniture & Equipment	100,506.80
Transportation Equipment	265,777.74
Land	328,061.40
Water Towers	1,798,986.83
Buildings	9,991.81
Construction in Progress	176,509.29
Equipment	187,777.28
Improvements	19,092.58
Accumulated Depreciation	<u>(5,106,837.75)</u>

Total Fixed Assets

12,893,660.99

Other Assets

Unamortized Debt Expense	103,026.78
Unamortized Rate Case Exp	7,700.75
Unamortized Bond Discount	9,265.62
Legal Fees- Merger	(217.44)
Prepaid Insurance	6,421.98
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>283,198.50</u>

Total Other Assets

410,121.19

Total Assets

\$ 14,854,742.77

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT
Balance Sheet
July 31, 2007

LIABILITIES AND EQUITY

Current Liabilities		
Accounts Payable	\$	255,599.90
Sewer Collections Payable		85,884.41
Accrued PSC Fees		(129.00)
Accrued Professional Fees		15,920.00
Accrued KIA Fees		(1,093.36)
Payroll Taxes Payable		7,854.09
Customers' Deposits		131,832.65
Garnishment		154.15
School Tax Payable		8,881.05
Sales Tax Payable		2,685.28
Interest Payable- Deposits		793.38
Bonds Payable		130,000.00
Interest Payable- Bonds		0.01
Interest Payable- KIA		<u>8,359.07</u>
Total Current Liabilities	\$	646,741.63
Long Term Liabilities		
Bonds Payable- Series 1997		2,745,000.00
Loan Payable		3,148,828.55
Note Payable- KLOC		12,705.28
Note Payable- Madison Bk- Bldg		<u>40,000.00</u>
Total Long Term Liabilities		5,946,533.83
Equity		
Contrib in Aid of Constr		5,953,658.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
Retained Earnings		1,388,098.45
Current Income (Loss)		<u>214,599.73</u>
Total Equity		<u>8,261,467.31</u>
Total Liabilities & Equity	\$	<u>14,854,742.77</u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended July 31, 2007

	1 Month Ended Jul. 31, 2007	Pct	7 Months Ended Jul. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 313,464.47	97.06	\$ 1,824,897.97	96.63
Sales- Unmetered	0.00	0.00	857.60	0.05
Forfeited Discounts	6,828.48	2.11	39,250.81	2.08
Service Charges	1,785.00	0.55	11,485.00	0.61
Cut-off Charges	<u>875.00</u>	<u>0.27</u>	<u>12,045.00</u>	<u>0.64</u>
Total Revenue	322,952.95	100.00	1,888,536.38	100.00
Cost of Sales				
Cost of Water	<u>219,361.16</u>	<u>67.92</u>	<u>1,028,793.43</u>	<u>54.48</u>
Total Cost of Sales	<u>219,361.16</u>	<u>67.92</u>	<u>1,028,793.43</u>	<u>54.48</u>
Gross Profit	103,591.79	32.08	859,742.95	45.52
Operating Expenses				
Accounting and Legal	2,275.00	0.70	18,383.75	0.97
Engineering Services	353.78	0.11	10,751.21	0.57
Truck Expense	2,994.57	0.93	23,292.87	1.23
Advertising	0.00	0.00	95.27	0.01
Bank Charges	333.12	0.10	3,229.38	0.17
Depreciation	27,500.00	8.52	192,500.00	10.19
Amortization	891.78	0.28	6,242.46	0.33
Dues and Subscriptions	0.00	0.00	682.89	0.04
Seminars and Meetings	0.00	0.00	575.46	0.03
Employee Benefits	8,918.98	2.76	64,155.56	3.40
Insurance- Workers Comp	0.00	0.00	13,543.00	0.72
Insurance- General	4,893.50	1.52	28,577.50	1.51
Janitor Service	150.00	0.05	1,125.00	0.06
Commissioner Fees	1,200.00	0.37	15,355.20	0.81
Salaries and Wages	46,079.38	14.27	333,184.53	17.64
Licenses and Taxes	433.95	0.13	3,047.65	0.16
Linen and Laundry	621.32	0.19	5,063.81	0.27
Miscellaneous	106.83	0.03	663.14	0.04
Office Supplies	1,170.47	0.36	12,138.62	0.64
Pest Control	35.00	0.01	175.00	0.01
Equipment Rental	252.00	0.08	2,346.32	0.12
Water Samples and Tests	510.00	0.16	3,635.00	0.19
Postage	2,611.69	0.81	18,065.55	0.96
Computer Service	10.00	0.00	3,865.00	0.20
Rent	1,618.33	0.50	11,248.31	0.60
Repairs and Maintenance	15,353.66	4.75	41,651.86	2.21
Security	55.00	0.02	245.95	0.01
Unemployment Taxes- State	142.28	0.04	2,764.57	0.15
Fica- Employers Share	3,351.71	1.04	24,546.33	1.30
Supplies	915.31	0.28	8,241.63	0.44

See Accompanying Accountant's Compilation Report

	1 Month Ended Jul. 31, 2007	Pct	7 Months Ended Jul. 31, 2007	Pct
Telephone & Communications	1,879.60	0.58	11,186.29	0.59
Travel	15.40	0.00	981.44	0.05
Uniforms	126.00	0.04	126.00	0.01
Utilities	276.84	0.09	1,972.68	0.10
Utilities- Plant	<u>1,577.59</u>	<u>0.49</u>	<u>9,320.77</u>	<u>0.49</u>
Total Operating Expenses	<u>126,653.09</u>	<u>39.22</u>	<u>872,980.00</u>	<u>46.23</u>
Operating Income	(23,061.30)	(7.14)	(13,237.05)	(0.70)
Other Income/(Expense)				
Other Income	265,000.00	82.06	265,000.00	14.03
Billing Income	4,941.30	1.53	31,998.70	1.69
Interest Income	2,884.85	0.89	15,269.16	0.81
Miscellaneous Income	261.00	0.08	2,886.59	0.15
Sale of Service Territory	0.00	0.00	25,000.00	1.32
KIA Annual Fee	(343.75)	(0.11)	(2,406.25)	(0.13)
Interest Expense	<u>(14,031.06)</u>	<u>(4.34)</u>	<u>(109,911.42)</u>	<u>(5.82)</u>
Total Other Income/(Expense)	<u>258,712.34</u>	<u>80.11</u>	<u>227,836.78</u>	<u>12.06</u>
Net Income (Loss)	\$ <u><u>235,651.04</u></u>	<u><u>72.97</u></u>	\$ <u><u>214,599.73</u></u>	<u><u>11.36</u></u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
August 31, 2007

ASSETS

Current Assets

Cash	702,697.18
Investment CDs	323,615.73
Accounts Receivable- Trade	514,536.98
Allow for Doubtful Accts	(57,071.09)
Returned Checks	1,417.85
Inventory	<u>88,806.79</u>

Total Current Assets

\$ 1,574,003.44

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,186,076.84
Services	161,975.99
Meters & Installations	2,504,697.83
Hydrants	162,099.47
Office Furniture & Equipment	100,506.80
Transportation Equipment	265,777.74
Land	328,061.40
Water Towers	1,802,186.83
Buildings	9,991.81
Construction in Progress	176,509.29
Equipment	188,632.79
Improvements	19,092.58
Accumulated Depreciation	<u>(5,134,337.75)</u>

Total Fixed Assets

12,885,634.35

Other Assets

Unamortized Debt Expense	102,442.36
Unamortized Rate Case Exp	7,564.92
Unamortized Bond Discount	9,202.81
Legal Fees- Merger	(326.16)
Prepaid Insurance	6,995.27
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>284,288.95</u>

Total Other Assets

410,893.15

Total Assets

\$ 14,870,530.94

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
August 31, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	201,181.33
Sewer Collections Payable		88,996.89
Accrued PSC Fees		329.61
Accrued Professional Fees		16,820.00
Accrued KIA Fees		(749.61)
Payroll Taxes Payable		13,848.51
Customers' Deposits		134,430.02
Garnishment		(1,773.36)
School Tax Payable		10,422.58
Sales Tax Payable		3,038.83
Interest Payable- Deposits		769.88
Bonds Payable		130,000.00
Interest Payable- Bonds		12,297.93
Interest Payable- KIA		<u>11,109.07</u>

Total Current Liabilities

\$ 620,721.68

Long Term Liabilities

Bonds Payable- Series 1997	2,745,000.00
Loan Payable	3,148,828.55
Note Payable- KLOC	12,705.28
Note Payable- Madison Bk- Bldg	<u>40,000.00</u>

Total Long Term Liabilities

5,946,533.83

Equity

Contrib in Aid of Constr	5,960,793.72
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
Retained Earnings	1,388,098.45
Current Income (Loss)	<u>249,272.85</u>

Total Equity

8,303,275.43

Total Liabilities & Equity

\$ 14,870,530.94

MADISON COUNTY UTILITIES DISTRICT

Income Statement

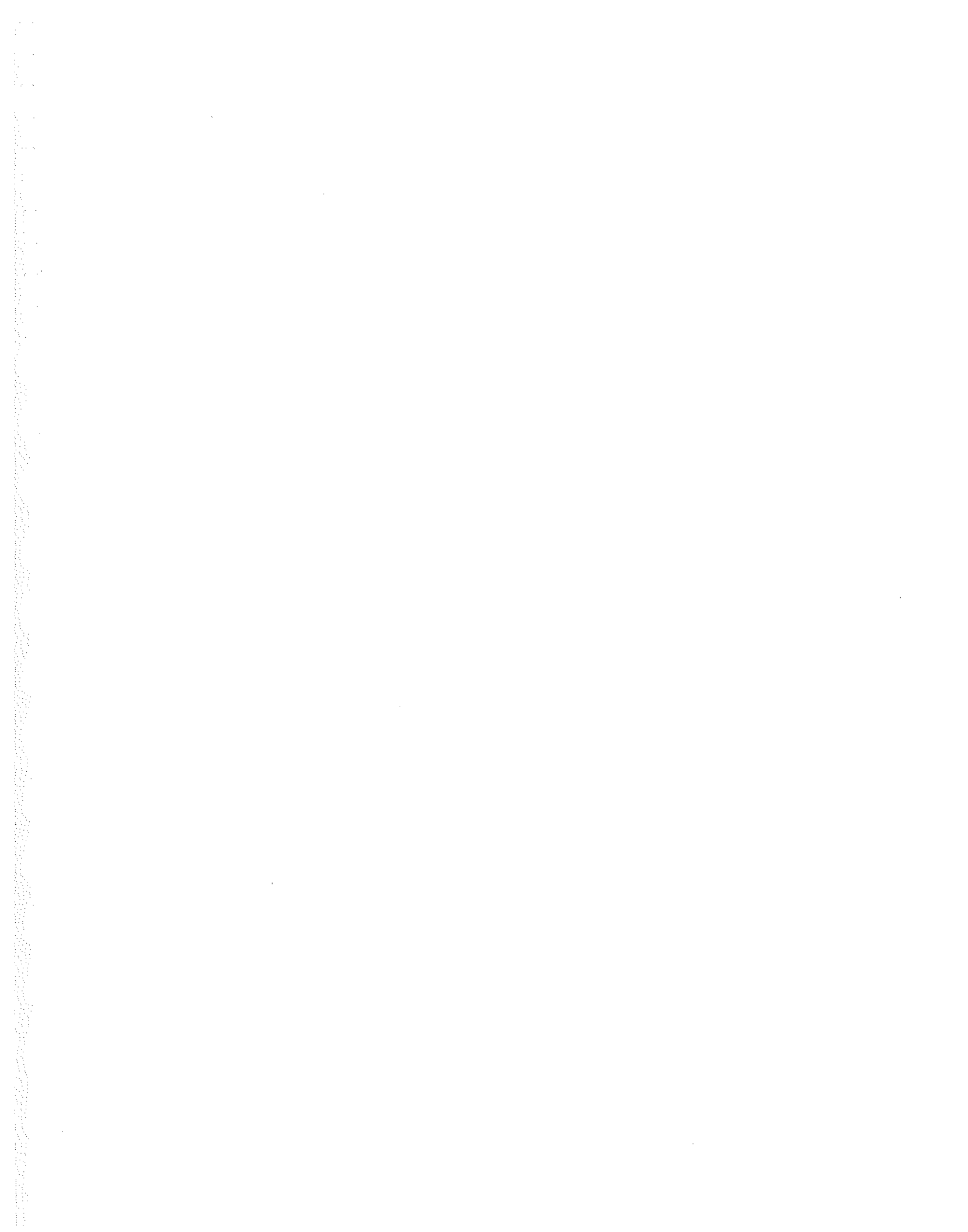
For the Period Ended August 31, 2007

	1 Month Ended Aug. 31, 2007	Pct	8 Months Ended Aug. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 348,025.46	96.81	\$ 2,172,923.43	96.66
Sales- Unmetered	349.73	0.10	1,207.33	0.05
Forfeited Discounts	7,008.73	1.95	46,259.54	2.06
Service Charges	2,100.00	0.58	13,585.00	0.60
Cut-off Charges	2,025.00	0.56	14,070.00	0.63
Total Revenue	359,508.92	100.00	2,248,045.30	100.00
Cost of Sales				
Cost of Water	164,854.19	45.86	1,193,647.62	53.10
Total Cost of Sales	164,854.19	45.86	1,193,647.62	53.10
Gross Profit	194,654.73	54.14	1,054,397.68	46.90
Operating Expenses				
Accounting and Legal	2,275.00	0.63	20,658.75	0.92
Engineering Services	2,420.46	0.67	13,171.67	0.59
Truck Expense	3,105.59	0.86	26,398.46	1.17
Advertising	78.09	0.02	173.36	0.01
Bank Charges	542.20	0.15	3,771.58	0.17
Depreciation	27,500.00	7.65	220,000.00	9.79
Amortization	891.78	0.25	7,134.24	0.32
Dues and Subscriptions	0.00	0.00	682.89	0.03
Seminars and Meetings	675.00	0.19	1,250.46	0.06
Employee Benefits	7,968.31	2.22	72,123.87	3.21
Insurance- Workers Comp	0.00	0.00	13,543.00	0.60
Insurance- General	4,349.50	1.21	32,927.00	1.46
Janitor Service	150.00	0.04	1,275.00	0.06
Commissioner Fees	1,200.00	0.33	16,555.20	0.74
Salaries and Wages	65,143.52	18.12	398,328.05	17.72
Licenses and Taxes	458.61	0.13	3,506.26	0.16
Linens and Laundry	2,018.70	0.56	7,082.51	0.32
Miscellaneous	33.00	0.01	696.14	0.03
Office Supplies	4,798.99	1.33	16,937.61	0.75
Pest Control	35.00	0.01	210.00	0.01
Equipment Rental	2,743.56	0.76	5,089.88	0.23
Water Samples and Tests	2,645.00	0.74	6,280.00	0.28
Postage	2,801.09	0.78	20,866.64	0.93
Computer Service	10.00	0.00	3,875.00	0.17
Rent	1,986.38	0.55	13,234.69	0.59
Repairs and Maintenance	8,094.06	2.25	49,745.92	2.21
Security	55.00	0.02	300.95	0.01
Unemployment Taxes- State	156.81	0.04	2,921.38	0.13
Fica- Employers Share	4,661.70	1.30	29,208.03	1.30
Supplies	855.38	0.24	9,097.01	0.40

See Accompanying Accountant's Compilation Report

	1 Month Ended Aug. 31, 2007	Pct	8 Months Ended Aug. 31, 2007	Pct
Telephone & Communications	1,687.81	0.47	12,874.10	0.57
Travel	57.05	0.02	1,038.49	0.05
Uniforms	0.00	0.00	126.00	0.01
Utilities	281.86	0.08	2,254.54	0.10
Utilities- Plant	<u>2,311.44</u>	<u>0.64</u>	<u>11,632.21</u>	<u>0.52</u>
Total Operating Expenses	<u>151,990.89</u>	<u>42.28</u>	<u>1,024,970.89</u>	<u>45.59</u>
Operating Income	42,663.84	11.87	29,426.79	1.31
Other Income/(Expense)				
Other Income	0.00	0.00	265,000.00	11.79
Billing Income	4,974.00	1.38	36,972.70	1.64
Interest Income	2,168.95	0.60	17,438.11	0.78
Miscellaneous Income	258.00	0.07	3,144.59	0.14
Sale of Service Territory	0.00	0.00	25,000.00	1.11
KIA Annual Fee	(343.75)	(0.10)	(2,750.00)	(0.12)
Interest Expense	<u>(15,047.92)</u>	<u>(4.19)</u>	<u>(124,959.34)</u>	<u>(5.56)</u>
Total Other Income/(Expense)	<u>(7,990.72)</u>	<u>(2.22)</u>	<u>219,846.06</u>	<u>9.78</u>
Net Income (Loss)	<u>\$ 34,673.12</u>	<u>9.64</u>	<u>\$ 249,272.85</u>	<u>11.09</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet September 30, 2007

ASSETS

Current Assets

Cash	678,490.86
Investment CDs	331,681.85
Accounts Receivable- Trade	519,216.60
Allow for Doubtful Accts	(51,598.90)
Returned Checks	292.48
Inventory	<u>105,512.18</u>

Total Current Assets

\$ 1,583,595.07

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,450,598.28
Services	161,975.99
Meters & Installations	2,511,278.78
Hydrants	177,699.47
Office Furniture & Equipment	103,924.30
Transportation Equipment	212,875.80
Land	328,061.40
Water Towers	1,864,522.38
Buildings	9,991.81
Construction in Progress	7,500.00
Equipment	188,632.79
Improvements	19,092.58
Accumulated Depreciation	<u>(5,144,048.22)</u>

Total Fixed Assets

13,006,468.09

Other Assets

Unamortized Debt Expense	101,857.94
Unamortized Rate Case Exp	7,429.09
Unamortized Bond Discount	9,140.00
Legal Fees- Merger	(434.88)
Prepaid Insurance	7,407.36
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>285,476.78</u>

Total Other Assets

411,601.29

Total Assets

\$ 15,001,664.45

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

September 30, 2007

LIABILITIES AND EQUITY

Current Liabilities			
Accounts Payable	\$	220,224.69	
Sewer Collections Payable		98,598.49	
Accrued PSC Fees		788.22	
Accrued Professional Fees		5,740.00	
Accrued KIA Fees		(405.86)	
Payroll Taxes Payable		15,471.36	
Customers' Deposits		114,843.33	
Garnishment		(1,742.53)	
School Tax Payable		10,310.45	
Sales Tax Payable		3,034.60	
Interest Payable- Deposits		1,449.06	
Bonds Payable		130,000.00	
Interest Payable- Bonds		26,991.96	
Interest Payable- KIA		<u>11,938.57</u>	
Total Current Liabilities			\$ 637,242.34
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		6,102,808.72	
CIAC- 1995 Project		309,950.00	
CDBG Grant		395,160.41	
KIA Grant		150,000.00	
Retained Earnings		1,344,885.32	
Current Income (Loss)		<u>260,602.39</u>	
Total Equity			<u>8,563,406.84</u>
Total Liabilities & Equity			\$ <u>15,001,664.45</u>

See Accompanying Accountant's Compilation Report

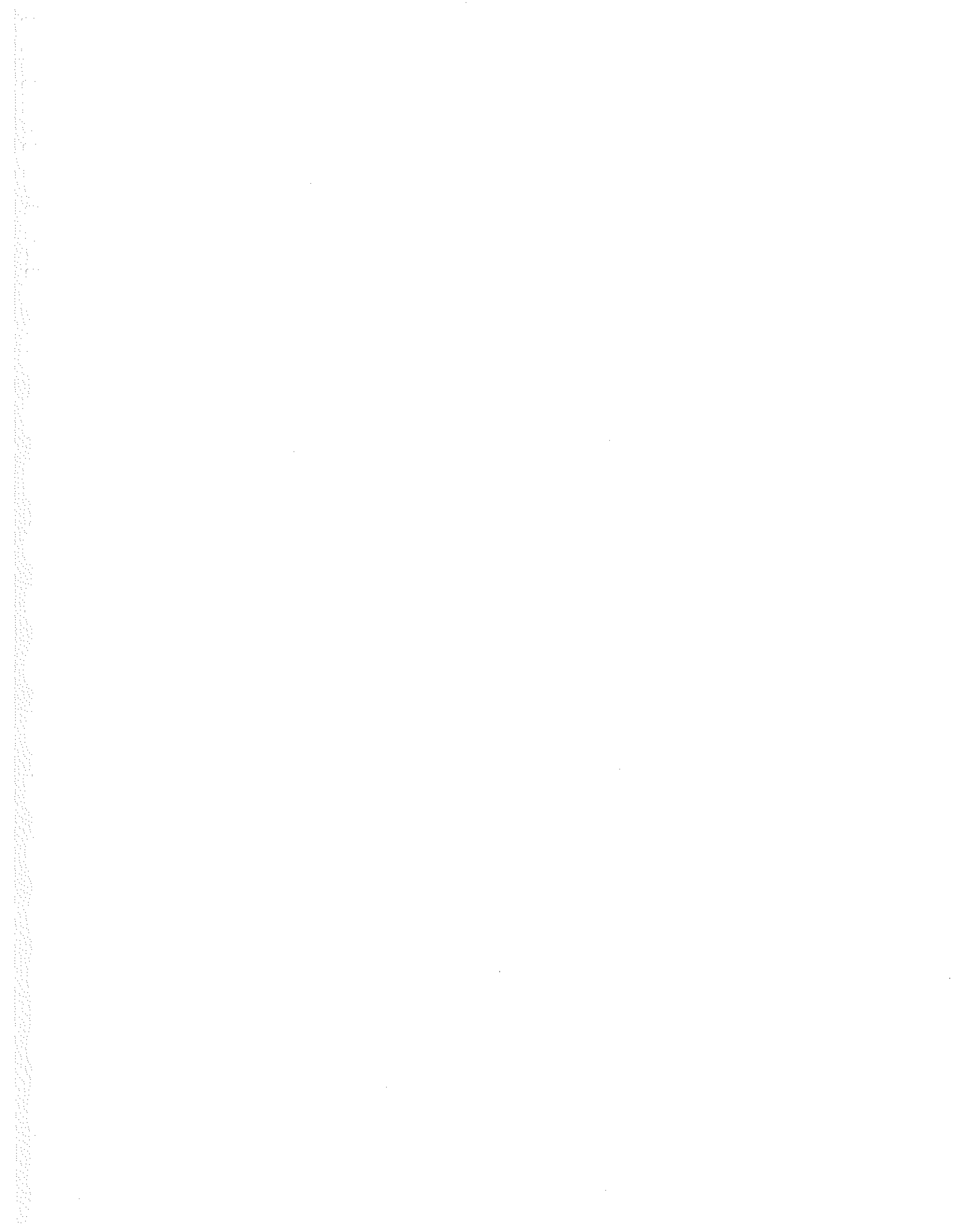
MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended September 30, 2007

	1 Month Ended Sep. 30, 2007	Pct	9 Months Ended Sep. 30, 2007	Pct
Revenue				
Sales- Metered	\$ 345,123.58	97.84	\$ 2,518,047.01	96.82
Sales- Unmetered	0.00	0.00	1,207.33	0.05
Forfeited Discounts	6,118.73	1.73	52,378.27	2.01
Service Charges	1,380.00	0.39	14,965.00	0.58
Cut-off Charges	<u>125.00</u>	<u>0.04</u>	<u>14,195.00</u>	<u>0.55</u>
Total Revenue	352,747.31	100.00	2,600,792.61	100.00
Cost of Sales				
Cost of Water	<u>209,745.08</u>	<u>59.46</u>	<u>1,403,392.70</u>	<u>53.96</u>
Total Cost of Sales	<u>209,745.08</u>	<u>59.46</u>	<u>1,403,392.70</u>	<u>53.96</u>
Gross Profit	143,002.23	40.54	1,197,399.91	46.04
Operating Expenses				
Accounting and Legal	2,275.00	0.64	22,933.75	0.88
Engineering Services	1,492.13	0.42	14,663.80	0.56
Truck Expense	3,791.30	1.07	30,189.76	1.16
Advertising	32.78	0.01	206.14	0.01
Bank Charges	350.03	0.10	4,121.61	0.16
Depreciation	27,500.00	7.80	247,500.00	9.52
Amortization	891.78	0.25	8,026.02	0.31
Dues and Subscriptions	0.00	0.00	682.89	0.03
Seminars and Meetings	1,153.90	0.33	2,404.36	0.09
Employee Benefits	14,208.10	4.03	86,331.97	3.32
Insurance- Workers Comp	0.00	0.00	13,543.00	0.52
Insurance- General	3,943.50	1.12	36,870.50	1.42
Janitor Service	150.00	0.04	1,425.00	0.05
Commissioner Fees	1,200.00	0.34	17,755.20	0.68
Salaries and Wages	45,817.16	12.99	444,145.21	17.08
Licenses and Taxes	458.61	0.13	3,964.87	0.15
Linen and Laundry	320.72	0.09	7,403.23	0.28
Miscellaneous	0.00	0.00	696.14	0.03
Office Supplies	1,726.73	0.49	18,664.34	0.72
Pest Control	0.00	0.00	210.00	0.01
Equipment Rental	397.51	0.11	5,487.39	0.21
Water Samples and Tests	650.00	0.18	6,930.00	0.27
Postage	2,297.44	0.65	23,164.08	0.89
Computer Service	10.00	0.00	3,885.00	0.15
Rent	1,618.33	0.46	14,853.02	0.57
Repairs and Maintenance	5,182.49	1.47	54,928.41	2.11
Security	265.10	0.08	566.05	0.02
Unemployment Taxes- State	132.18	0.04	3,053.56	0.12
Fica- Employers Share	3,264.36	0.93	32,472.39	1.25
Supplies	440.41	0.12	9,537.42	0.37

See Accompanying Accountant's Compilation Report

	1 Month Ended Sep. 30, 2007	Pct	9 Months Ended Sep. 30, 2007	Pct
Telephone & Communications	1,906.89	0.54	14,780.99	0.57
Travel	35.70	0.01	1,074.19	0.04
Uniforms	0.00	0.00	126.00	0.00
Utilities	319.44	0.09	2,573.98	0.10
Utilities- Plant	<u>1,656.37</u>	<u>0.47</u>	<u>13,288.58</u>	<u>0.51</u>
Total Operating Expenses	<u>123,487.96</u>	<u>35.01</u>	<u>1,148,458.85</u>	<u>44.16</u>
Operating Income	19,514.27	5.53	48,941.06	1.88
Other Income/(Expense)				
Other Income	0.00	0.00	265,000.00	10.19
Billing Income	5,026.30	1.42	41,999.00	1.61
Interest Income	1,960.64	0.56	19,398.75	0.75
Miscellaneous Income	220.00	0.06	3,364.59	0.13
Sale of Service Territory	0.00	0.00	25,000.00	0.96
KIA Annual Fee	(343.75)	(0.10)	(3,093.75)	(0.12)
Interest Expense	<u>(15,047.92)</u>	<u>(4.27)</u>	<u>(140,007.26)</u>	<u>(5.38)</u>
Total Other Income/(Expense)	<u>(8,184.73)</u>	<u>(2.32)</u>	<u>211,661.33</u>	<u>8.14</u>
Net Income (Loss)	\$ <u>11,329.54</u>	<u>3.21</u>	\$ <u>260,602.39</u>	<u>10.02</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
October 31, 2007

ASSETS

Current Assets		
Cash	769,131.88	
Investment CDs	331,681.85	
Accounts Receivable- Trade	469,027.24	
Allow for Doubtful Accts	(51,598.90)	
Returned Checks	1,114.18	
Inventory	<u>91,678.37</u>	
Total Current Assets		\$ 1,611,034.62
Fixed Assets		
Organization Costs	114,362.73	
Trans & Distrib Mains	12,450,598.28	
Services	161,975.99	
Meters & Installations	2,530,545.73	
Hydrants	177,699.47	
Office Furniture & Equipment	105,297.02	
Transportation Equipment	212,875.80	
Land	328,061.40	
Water Towers	1,855,314.63	
Buildings	9,991.81	
Construction in Progress	7,500.00	
Equipment	188,632.79	
Improvements	19,092.58	
Accumulated Depreciation	<u>(5,171,548.22)</u>	
Total Fixed Assets		12,990,400.01
Other Assets		
Unamortized Debt Expense	101,273.52	
Unamortized Rate Case Exp	7,293.26	
Unamortized Bond Discount	9,077.19	
Legal Fees- Merger	(543.60)	
Prepaid Insurance	7,980.65	
Prepaid Fees	725.00	
Money Market Inv- Restricted	<u>286,470.22</u>	
Total Other Assets		<u>412,276.24</u>
Total Assets		\$ <u>15,013,710.87</u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
October 31, 2007

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	154,525.11
Sewer Collections Payable		103,944.02
Accrued PSC Fees		1,246.83
Accrued Professional Fees		6,640.00
Accrued KIA Fees		(62.11)
Payroll Taxes Payable		9,379.87
Customers' Deposits		115,827.94
Garnishment		(1,680.87)
School Tax Payable		9,491.30
Sales Tax Payable		2,917.42
Interest Payable- Deposits		1,423.70
Bonds Payable		130,000.00
Interest Payable- Bonds		39,289.88
Interest Payable- KIA		<u>14,688.57</u>

Total Current Liabilities

\$ 587,631.66

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	6,111,753.72
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
KIA Grant	150,000.00
Retained Earnings	1,344,885.32
Current Income (Loss)	<u>313,314.49</u>

Total Equity

8,625,063.94

Total Liabilities & Equity

\$ 15,013,710.87

MADISON COUNTY UTILITIES DISTRICT

Income Statement

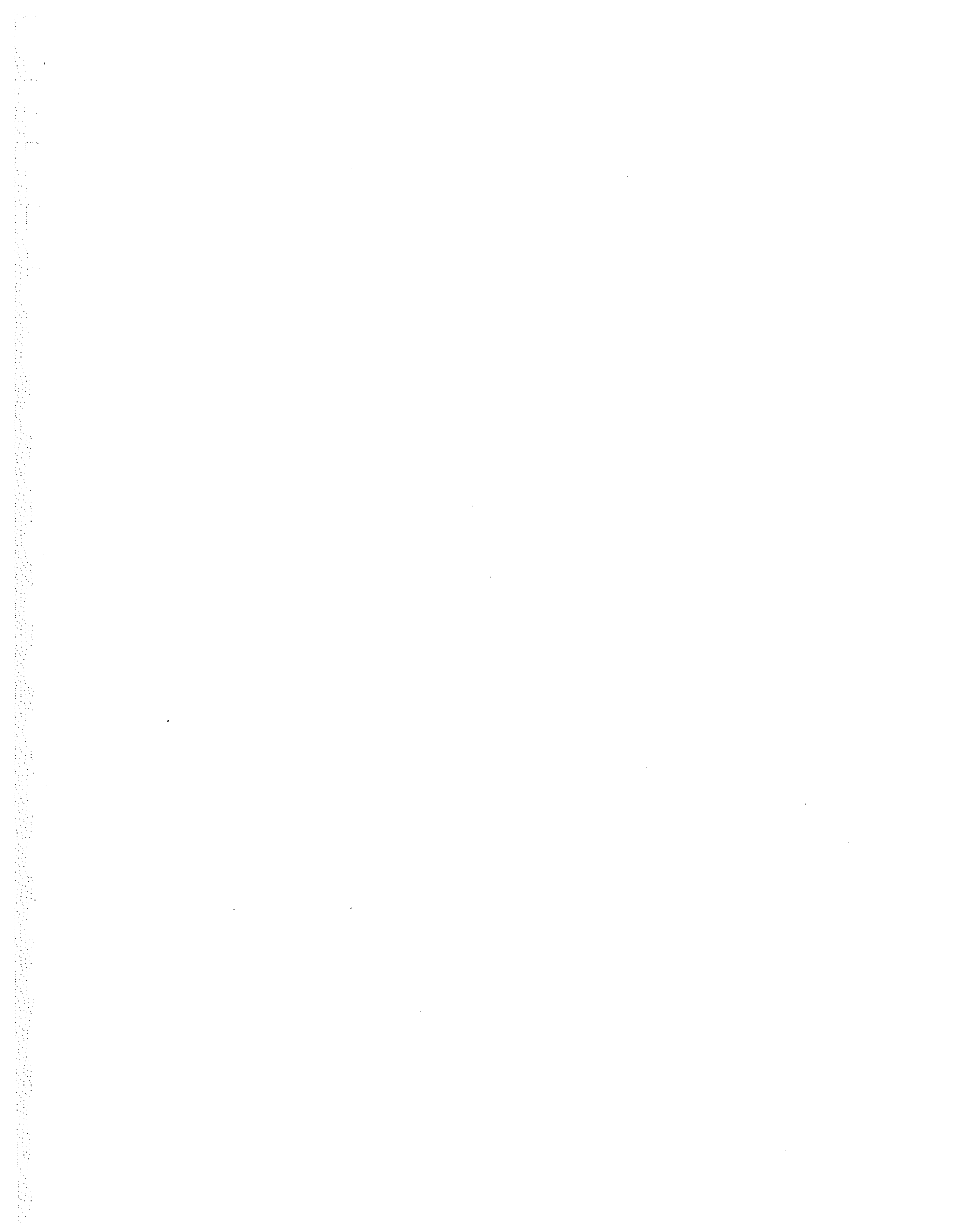
For the Period Ended October 31, 2007

	1 Month Ended Oct. 31, 2007	Pct	10 Months Ended Oct. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 317,066.71	96.43	\$ 2,835,114.87	96.77
Sales- Unmetered	0.00	0.00	1,207.33	0.04
Forfeited Discounts	7,442.20	2.26	59,820.47	2.04
Service Charges	1,470.00	0.45	16,435.00	0.56
Cut-off Charges	<u>2,825.00</u>	<u>0.86</u>	<u>17,020.00</u>	<u>0.58</u>
Total Revenue	328,803.91	100.00	2,929,597.67	100.00
Cost of Sales				
Cost of Water	<u>144,045.50</u>	<u>43.81</u>	<u>1,547,438.20</u>	<u>52.82</u>
Total Cost of Sales	<u>144,045.50</u>	<u>43.81</u>	<u>1,547,438.20</u>	<u>52.82</u>
Gross Profit	184,758.41	56.19	1,382,159.47	47.18
Operating Expenses				
Accounting and Legal	2,275.00	0.69	25,208.75	0.86
Engineering Services	6,132.12	1.86	20,795.92	0.71
Truck Expense	2,885.14	0.88	33,074.90	1.13
Advertising	0.00	0.00	206.14	0.01
Bank Charges	224.70	0.07	4,346.31	0.15
Depreciation	27,500.00	8.36	275,000.00	9.39
Amortization	891.78	0.27	8,917.80	0.30
Dues and Subscriptions	317.30	0.10	1,000.19	0.03
Seminars and Meetings	0.00	0.00	2,404.36	0.08
Employee Benefits	10,074.82	3.06	96,406.79	3.29
Insurance- Workers Comp	0.00	0.00	13,543.00	0.46
Insurance- General	3,943.50	1.20	40,814.00	1.39
Janitor Service	225.00	0.07	1,650.00	0.06
Commissioner Fees	1,200.00	0.36	18,955.20	0.65
Salaries and Wages	45,635.80	13.88	489,781.01	16.72
Licenses and Taxes	458.61	0.14	4,423.48	0.15
Linen and Laundry	320.72	0.10	7,723.95	0.26
Miscellaneous	36.00	0.01	732.14	0.02
Office Supplies	924.36	0.28	19,588.70	0.67
Pest Control	0.00	0.00	210.00	0.01
Equipment Rental	125.95	0.04	5,613.34	0.19
Water Samples and Tests	2,289.92	0.70	9,219.92	0.31
Postage	2,646.13	0.80	25,810.21	0.88
Computer Service	10.00	0.00	3,895.00	0.13
Rent	1,618.33	0.49	16,471.35	0.56
Repairs and Maintenance	5,264.83	1.60	60,193.24	2.05
Security	83.45	0.03	649.50	0.02
Unemployment Taxes- State	108.80	0.03	3,162.36	0.11
Fica- Employers Share	3,249.99	0.99	35,722.38	1.22
Supplies	1,592.79	0.48	11,130.21	0.38

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	1 Month Ended Oct. 31, 2007		10 Months Ended Oct. 31, 2007	
		Pct		Pct
Telephone & Communications	1,787.53	0.54	16,568.52	0.57
Travel	66.85	0.02	1,141.04	0.04
Uniforms	208.01	0.06	334.01	0.01
Utilities	269.09	0.08	2,843.07	0.10
Utilities- Plant	<u>1,696.83</u>	<u>0.52</u>	<u>14,985.41</u>	<u>0.51</u>
Total Operating Expenses	<u>124,063.35</u>	<u>37.73</u>	<u>1,272,522.20</u>	<u>43.44</u>
Operating Income	60,695.06	18.46	109,637.27	3.74
Other Income/(Expense)				
Other Income	0.00	0.00	265,000.00	9.05
Billing Income	4,964.00	1.51	46,963.00	1.60
Interest Income	2,087.56	0.63	21,486.31	0.73
Miscellaneous Income	356.00	0.11	3,720.59	0.13
Sale of Service Territory	0.00	0.00	25,000.00	0.85
KIA Annual Fee	(343.75)	(0.10)	(3,437.50)	(0.12)
Interest Expense	<u>(15,047.92)</u>	<u>(4.58)</u>	<u>(155,055.18)</u>	<u>(5.29)</u>
Total Other Income/(Expense)	<u>(7,984.11)</u>	<u>(2.43)</u>	<u>203,677.22</u>	<u>6.95</u>
Net Income (Loss)	\$ <u>52,710.95</u>	<u>16.03</u>	\$ <u>313,314.49</u>	<u>10.69</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT
Balance Sheet
November 30, 2007

ASSETS

Current Assets			
Cash	779,192.69		
Investment CDs	331,681.85		
Accounts Receivable- Trade	465,302.45		
Allow for Doubtful Accts	(51,598.90)		
Returned Checks	1,050.41		
Inventory	<u>91,377.64</u>		
Total Current Assets		\$	1,617,006.14
Fixed Assets			
Organization Costs	114,362.73		
Trans & Distrib Mains	12,450,598.28		
Services	161,975.99		
Meters & Installations	2,562,096.75		
Hydrants	177,699.47		
Office Furniture & Equipment	105,972.29		
Transportation Equipment	212,875.80		
Land	328,061.40		
Water Towers	1,855,314.63		
Buildings	9,991.81		
Construction in Progress	7,500.00		
Equipment	192,732.79		
Improvements	19,092.58		
Accumulated Depreciation	<u>(5,199,048.22)</u>		
Total Fixed Assets			12,999,226.30
Other Assets			
Unamortized Debt Expense	100,689.10		
Unamortized Rate Case Exp	7,157.43		
Unamortized Bond Discount	9,014.38		
Legal Fees- Merger	(652.32)		
Prepaid Insurance	8,553.94		
Prepaid Fees	725.00		
Money Market Inv- Restricted	<u>287,436.64</u>		
Total Other Assets			<u>412,924.17</u>
Total Assets		\$	<u><u>15,029,156.61</u></u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
November 30, 2007

LIABILITIES AND EQUITY

Current Liabilities		
Accounts Payable	\$	127,657.56
Sewer Collections Payable		97,697.22
Accrued PSC Fees		1,705.44
Accrued Professional Fees		7,540.00
Accrued KIA Fees		(3,466.40)
Payroll Taxes Payable		10,324.71
Customers' Deposits		117,752.69
Garnishment		(1,619.21)
School Tax Payable		18,668.50
Sales Tax Payable		2,582.14
Interest Payable- Deposits		1,395.49
Bonds Payable		130,000.00
Interest Payable- Bonds		51,587.80
Interest Payable- KIA		<u>2,444.43</u>
Total Current Liabilities	\$	564,270.37
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		6,122,258.72
CIAC- 1995 Project		309,950.00
CDBG Grant		395,160.41
KIA Grant		110,253.05
Retained Earnings		1,344,885.32
Current Income (Loss)		<u>381,363.47</u>
Total Equity		<u>8,663,870.97</u>
Total Liabilities & Equity	\$	<u><u>15,029,156.61</u></u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Income Statement

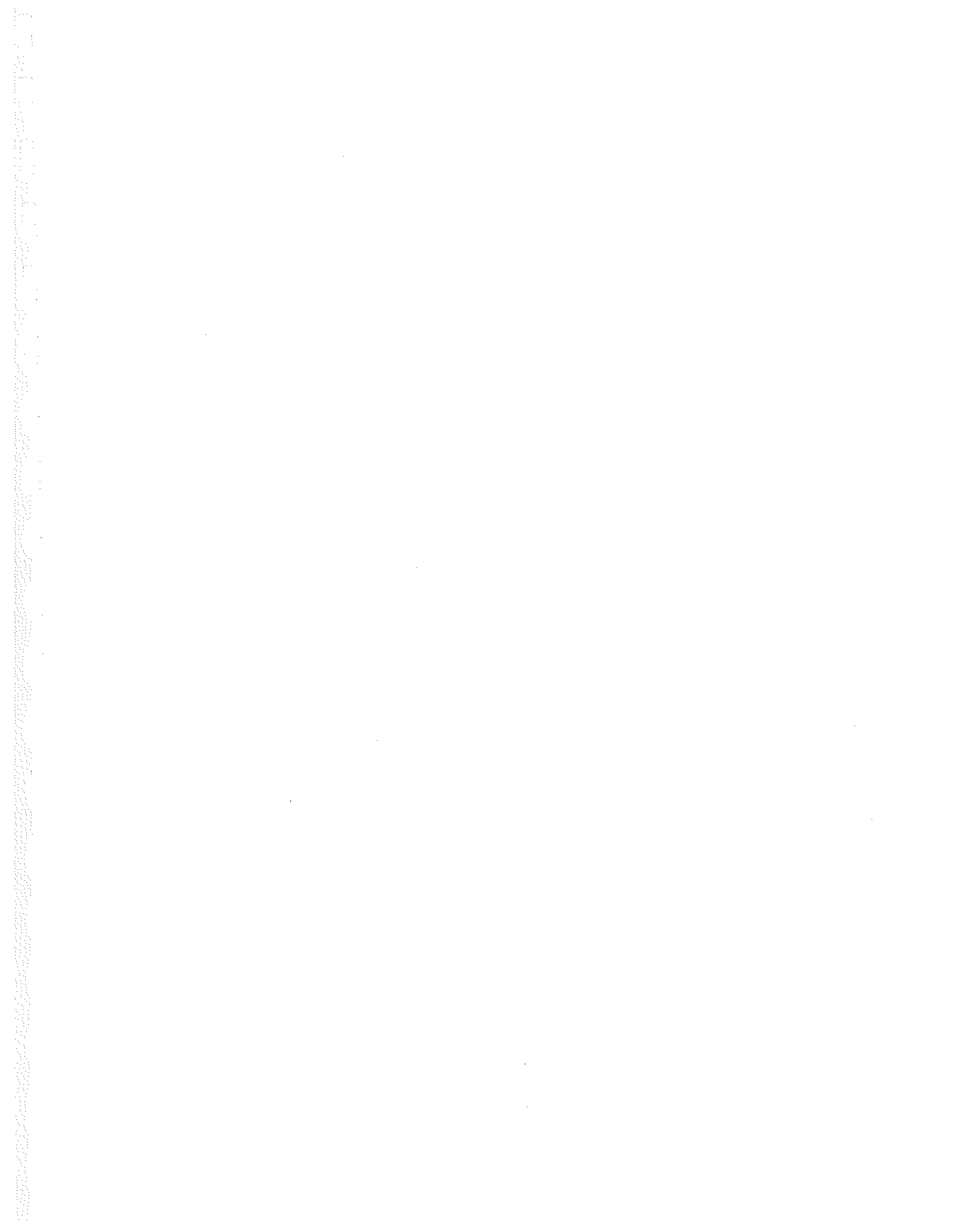
For the Period Ended November 30, 2007

	1 Month Ended Nov. 30, 2007	Pct	11 Months Ended Nov. 30, 2007	Pct
Revenue				
Sales- Metered	\$ 306,352.52	96.69	\$ 3,141,467.39	96.77
Sales- Unmetered	569.03	0.18	1,776.36	0.05
Forfeited Discounts	7,126.75	2.25	66,947.22	2.06
Service Charges	1,440.00	0.45	17,875.00	0.55
Cut-off Charges	<u>1,350.00</u>	<u>0.43</u>	<u>18,370.00</u>	<u>0.57</u>
Total Revenue	316,838.30	100.00	3,246,435.97	100.00
Cost of Sales				
Cost of Water	<u>117,177.95</u>	<u>36.98</u>	<u>1,664,616.15</u>	<u>51.28</u>
Total Cost of Sales	<u>117,177.95</u>	<u>36.98</u>	<u>1,664,616.15</u>	<u>51.28</u>
Gross Profit	199,660.35	63.02	1,581,819.82	48.72
Operating Expenses				
Accounting and Legal	2,275.00	0.72	27,483.75	0.85
Engineering Services	2,164.93	0.68	22,960.85	0.71
Truck Expense	3,677.89	1.16	36,752.79	1.13
Advertising	84.56	0.03	290.70	0.01
Bank Charges	611.64	0.19	4,957.95	0.15
Depreciation	27,500.00	8.68	302,500.00	9.32
Amortization	891.78	0.28	9,809.58	0.30
Dues and Subscriptions	475.00	0.15	1,475.19	0.05
Seminars and Meetings	0.00	0.00	2,404.36	0.07
Employee Benefits	11,061.23	3.49	107,468.02	3.31
Insurance- Workers Comp	0.00	0.00	13,543.00	0.42
Insurance- General	3,943.50	1.24	44,757.50	1.38
Janitor Service	150.00	0.05	1,800.00	0.06
Commissioner Fees	1,200.00	0.38	20,155.20	0.62
Salaries and Wages	48,441.20	15.29	538,222.21	16.58
Licenses and Taxes	458.61	0.14	4,882.09	0.15
Linen and Laundry	400.90	0.13	8,124.85	0.25
Miscellaneous	0.00	0.00	732.14	0.02
Office Supplies	1,144.66	0.36	20,733.36	0.64
Pest Control	0.00	0.00	210.00	0.01
Equipment Rental	690.40	0.22	6,303.74	0.19
Water Samples and Tests	375.00	0.12	9,594.92	0.30
Postage	2,541.88	0.80	28,352.09	0.87
Computer Service	39.22	0.01	3,934.22	0.12
Rent	1,698.33	0.54	18,169.68	0.56
Repairs and Maintenance	6,403.18	2.02	66,596.42	2.05
Security	257.00	0.08	906.50	0.03
Unemployment Taxes- State	95.90	0.03	3,258.26	0.10
Fica- Employers Share	3,461.02	1.09	39,183.40	1.21
Supplies	570.74	0.18	11,700.95	0.36

See Accompanying Accountant's Compilation Report

	1 Month Ended Nov. 30, 2007	Pct	11 Months Ended Nov. 30, 2007	Pct
Telephone & Communications	1,733.40	0.55	18,301.92	0.56
Travel	125.50	0.04	1,266.54	0.04
Uniforms	7.19	0.00	341.20	0.01
Utilities	198.90	0.06	3,041.97	0.09
Utilities- Plant	<u>1,059.18</u>	<u>0.33</u>	<u>16,044.59</u>	<u>0.49</u>
Total Operating Expenses	<u>123,737.74</u>	<u>39.05</u>	<u>1,396,259.94</u>	<u>43.01</u>
Operating Income	75,922.61	23.96	185,559.88	5.72
Other Income/(Expense)				
Other Income	0.00	0.00	265,000.00	8.16
Billing Income	5,155.10	1.63	52,118.10	1.61
Interest Income	2,046.94	0.65	23,533.25	0.72
Miscellaneous Income	316.00	0.10	4,036.59	0.12
Sale of Service Territory	0.00	0.00	25,000.00	0.77
KIA Annual Fee	(343.75)	(0.11)	(3,781.25)	(0.12)
Interest Expense	<u>(15,047.92)</u>	<u>(4.75)</u>	<u>(170,103.10)</u>	<u>(5.24)</u>
Total Other Income/(Expense)	<u>(7,873.63)</u>	<u>(2.49)</u>	<u>195,803.59</u>	<u>6.03</u>
Net Income (Loss)	\$ <u><u>68,048.98</u></u>	<u>21.48</u>	\$ <u><u>381,363.47</u></u>	<u>11.75</u>

See Accompanying Accountant's Compilation Report



MADISON COUNTY UTILITIES DISTRICT

**Balance Sheet
December 31, 2007**

ASSETS

Current Assets	842,014.76	
Cash	331,681.85	
Investment CDs	433,218.11	
Accounts Receivable- Trade	(51,598.90)	
Allow for Doubtful Accts	1,103.68	
Returned Checks	<u>100,515.92</u>	
Inventory		
Total Current Assets		\$ 1,656,935.42
 Fixed Assets	 114,362.73	
Organization Costs	12,450,598.28	
Trans & Distrib Mains	161,975.99	
Services	2,567,518.11	
Meters & Installations	177,699.47	
Hydrants	107,727.94	
Office Furniture & Equipment	212,875.80	
Transportation Equipment	368,061.40	
Land	1,855,314.63	
Water Towers	9,991.81	
Buildings	43,989.08	
Construction in Progress	192,792.79	
Equipment	19,092.58	
Improvements	<u>(5,226,548.22)</u>	
Accumulated Depreciation		
Total Fixed Assets		13,055,452.39
 Other Assets	 100,104.68	
Unamortized Debt Expense	7,021.60	
Unamortized Rate Case Exp	8,951.57	
Unamortized Bond Discount	(761.04)	
Legal Fees- Merger	21,058.23	
Prepaid Insurance	725.00	
Prepaid Fees	<u>282,150.00</u>	
Money Market Inv- Restricted		
Total Other Assets		<u>419,250.04</u>
Total Assets		\$ <u><u>15,131,637.85</u></u>

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet
December 31, 2007

LIABILITIES AND EQUITY

Current Liabilities	\$	165,430.11	
Accounts Payable		97,201.20	
Sewer Collections Payable		2,164.05	
Accrued PSC Fees		8,440.00	
Accrued Professional Fees		624.67	
Accrued KIA Fees		11,109.56	
Payroll Taxes Payable		117,281.45	
Customers' Deposits		26,673.67	
School Tax Payable		2,546.58	
Sales Tax Payable		1,354.61	
Interest Payable- Deposits		130,000.00	
Bonds Payable		63,885.72	
Interest Payable- Bonds		5,194.43	
Interest Payable- KIA			
Total Current Liabilities	\$		631,906.05
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	
Total Long Term Liabilities			5,801,015.27
Equity			
Contrib in Aid of Constr		6,124,953.72	
CIAC- 1995 Project		309,950.00	
CDBG Grant		395,160.41	
KIA Grant		169,143.31	
Retained Earnings		1,344,885.32	
Current Income (Loss)		354,623.77	
Total Equity			8,698,716.53
Total Liabilities & Equity	\$		15,131,637.85

See Accompanying Accountant's Compilation Report

MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended December 31, 2007

	1 Month Ended Dec. 31, 2007	Pct	12 Months Ended Dec. 31, 2007	Pct
Revenue				
Sales- Metered	\$ 267,321.40	97.09	\$ 3,408,788.79	96.79
Sales- Unmetered	0.00	0.00	1,776.36	0.05
Forfeited Discounts	6,385.12	2.32	73,332.34	2.08
Service Charges	1,140.00	0.41	19,015.00	0.54
Cut-off Charges	<u>500.00</u>	<u>0.18</u>	<u>18,870.00</u>	<u>0.54</u>
Total Revenue	275,346.52	100.00	3,521,782.49	100.00
Cost of Sales				
Cost of Water	<u>154,950.50</u>	<u>56.27</u>	<u>1,819,566.65</u>	<u>51.67</u>
Total Cost of Sales	<u>154,950.50</u>	<u>56.27</u>	<u>1,819,566.65</u>	<u>51.67</u>
Gross Profit	120,396.02	43.73	1,702,215.84	48.33
Operating Expenses				
Accounting and Legal	2,275.00	0.83	29,758.75	0.84
Engineering Services	1,026.00	0.37	23,986.85	0.68
Truck Expense	3,606.98	1.31	40,359.77	1.15
Advertising	477.63	0.17	768.33	0.02
Bank Charges	506.73	0.18	5,464.68	0.16
Depreciation	27,500.00	9.99	330,000.00	9.37
Amortization	891.78	0.32	10,701.36	0.30
Dues and Subscriptions	1,150.00	0.42	2,625.19	0.07
Seminars and Meetings	0.00	0.00	2,404.36	0.07
Employee Benefits	12,638.08	4.59	120,106.10	3.41
Insurance- Workers Comp	0.00	0.00	13,543.00	0.38
Insurance- General	3,943.50	1.43	48,701.00	1.38
Janitor Service	250.00	0.09	2,050.00	0.06
Commissioner Fees	1,200.00	0.44	21,355.20	0.61
Salaries and Wages	52,150.38	18.94	590,372.59	16.76
Licenses and Taxes	458.61	0.17	5,340.70	0.15
Linen and Laundry	285.94	0.10	8,410.79	0.24
Miscellaneous	0.00	0.00	732.14	0.02
Office Supplies	3,760.67	1.37	24,494.03	0.70
Pest Control	0.00	0.00	210.00	0.01
Equipment Rental	526.40	0.19	6,830.14	0.19
Water Samples and Tests	495.00	0.18	10,089.92	0.29
Postage	2,761.91	1.00	31,114.00	0.88
Computer Service	0.00	0.00	3,934.22	0.11
Rent	45.00	0.02	18,214.68	0.52
Repairs and Maintenance	8,817.98	3.20	75,414.40	2.14
Security	57.50	0.02	964.00	0.03
Unemployment Taxes- State	87.03	0.03	3,345.29	0.09
Fica- Employers Share	3,731.28	1.36	42,914.68	1.22
Supplies	2,150.41	0.78	13,851.36	0.39

See Accompanying Accountant's Compilation Report

	1 Month Ended Dec. 31, 2007	Pct	12 Months Ended Dec. 31, 2007	Pct
Telephone & Communications	1,887.39	0.69	20,189.31	0.57
Travel	0.00	0.00	1,266.54	0.04
Uniforms	1,119.66	0.41	1,460.86	0.04
Utilities	474.78	0.17	3,516.75	0.10
Utilities- Plant	1,310.10	0.48	17,354.69	0.49
Total Operating Expenses	<u>135,585.74</u>	<u>49.24</u>	<u>1,531,845.68</u>	<u>43.50</u>
Operating Income	(15,189.72)	(5.52)	170,370.16	4.84
Other Income/(Expense)				
Other Income	0.00	0.00	265,000.00	7.52
Billing Income	5,162.20	1.87	57,280.30	1.63
Interest Income	2,114.81	0.77	25,648.06	0.73
Miscellaneous Income	312.00	0.11	4,348.59	0.12
Sale of Service Territory	0.00	0.00	25,000.00	0.71
KIA Annual Fee	(4,091.07)	(1.49)	(7,872.32)	(0.22)
Interest Expense	(15,047.92)	(5.47)	(185,151.02)	(5.26)
Total Other Income/(Expense)	<u>(11,549.98)</u>	<u>(4.19)</u>	<u>184,253.61</u>	<u>5.23</u>
Net Income (Loss)	\$ <u>(26,739.70)</u>	<u>(9.71)</u>	\$ <u>354,623.77</u>	<u>10.07</u>

See Accompanying Accountant's Compilation Report

CASE NO: 2008-00182

**CONTAINS
LARGE OR OVERSIZED
MAP(S)**

RECEIVED ON: 05/22/08