

Madison County Utilities District

297 Michelle Dr.

P O Box 670 ♦ Richmond KY 40476-0670 ♦ 859-624-1735 ♦ Fax 859-623-8220

2009-00272

July 14, 2008

Jeff Derouen, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd
P O Box 615
Frankfort KY 40602-0615

RECEIVED

JUL 15 2009

**PUBLIC SERVICE
COMMISSION**

Re: Application for Certificate of Public Convenience and
Necessity to Purchase An Automated Meter Reading System
an Approval of Financing for Automated Meter Reading System

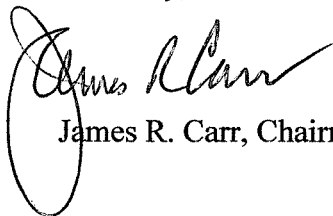
Dear Mr. Derouen,

Attached are ten copies of the application and supporting documentation for the above mentioned project.

This application and attachments are being sent for consideration by the Public Service Commission. The project consists of the purchase of an Automated Meter Reading System (AMR). We would like the "Certification of Public Convenience and Necessity to Purchase" to be issued as soon as possible, as interest rates on a proposed Lease Purchase has been increasing. This will allow the bid on the purchase Of the AMR to Ferguson Waterworks.

If you have any questions or need additional information, please contact our attorney, Chuck Hardin At 859-623-4595 or our engineer, Kerry Odle at 859-254-6623.

Sincerely,



James R. Carr, Chairman

Cc: Chuck Hardin
Kerry Odle
David Smith
File

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 15 2009

PUBLIC SERVICE
COMMISSION

In the matter of:

**APPLICATION OF THE MADISON COUNTY)
UTILITIES DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO PURCHASE AN AUTOMATED METER READING)
SYSTEM, AN INCREASE FOR A METER SET)
IN OUR NON-RECURRING CHARGES AND APPROVAL)
OF FINANCING FOR AUTOMATED METER READING)**

Case No. 2009 - 00272

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 purchase a Automated Meter Reading System (“AMR”) and an increase for a meter set in the District’s Non-Recurring Charges, and approval of financing for the Automated Meter Reading System. 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 2008 Annual Report which is on file with the Commission.

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

3. Madison County Utilities District currently has greater than 10,000 operating water meters in the county of Madison. A number of meters have been replaced the last several years. The District has previously been cited in the PSC Inspection in the slow replacement of water meters.

Our goal is to replace the remainder of those with AMR which will accomplish the following:

- A. Assure the accuracy in the monthly reading of the usage of water by the customer.
- B. Assure there will be very little, if any, re-reading of meters. The re-reads are

a direct cause of manual reading, transcribing the meter reading to the meter reader route sheets and from the route sheets to the billing software at the District's office.

C. Assure the timeliness of reading the meters in as little as three (3) days vs. ten(10) days.

D. Madison County Utilities District field staff will perform the reading of the meters as a part of their job function.

4. No permits have been obtained for purchase of Automated Meter Reading System.

5. The proposed AMR is targeted for the Waco area of the county, where the oldest of meters are located. These meters are generally water logged. The AMR will be read regardless of water, mud, snow or aggressive animals. 2,940 meters will be replaced in this area of the utilities district.

6. Three copies of maps are included with this submittal as Exhibit 1

7. The proposed AMR will be purchased with funds provided by Government Capital Corporation, 345 Miron Dr., Southlake, TX 76092. The Schedule of Payments and Option to Purchase is attached as Exhibit 2

8. The estimated cost of operation after the AMR is installed will not increase our operation.

A. The District's employees will read the meters as a part of their job function.

B. The District will no longer have 12-15 part-time meter readers.

9. Engineering plans, documents, and other information are attached, signed, sealed and dated.

10. The District will purchase AMR with \$440,000 in a Municipal Lease-Purchase Agreement with Government Capital Corporation. The schedule of payments and option to purchase Plus the terms is attached as Exhibit 3

11. The amount of the financing will be used for water meter replacement with Automated Meter Reading system. No proceeds from the loan are to be used to refund outstanding obligations

12. Exhibit 4 lists the District's notes outstanding.
13. Exhibit 5 lists the District's other indebtedness.
14. Exhibit 6 has the 2008 Audit which includes written communication from auditor related to any material witness in internal control. The Commissioners of the District will receive the 2008 Audit at their July 2009 board meeting.
15. Exhibit 7 has the current (May 2009) income statement and balance sheet.
16. Exhibit 4 & 5 has the amortization schedule of present indebtedness.
17. The District requests that the PSC expedite the review and approval of the proposed

Application for the following reasons:

A. The AMR project has been in the planning process for 16 months. The time was spent visiting other water districts or associations who have AMR. During this process the District found out the items that would work in our area and those that would not.

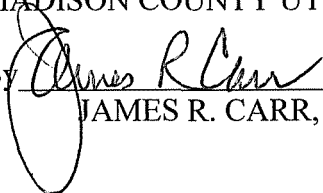
B. The District has received and accepted a bid from Ferguson Waterworks. This bid met "all" of our specifications for an Automated Meter Reading system.

18. No property is to be purchased with this project.
19. No stock is to be issued or has been issued in the past.
20. All trust deeds or mortgages have been filed or referenced in previous PSC filings included in case number 2008-00182.

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 as soon as possible permitting The Applicant to purchase and begin installing approximately 2,940 Automated Meter Read meters.
- B. For an expedited review and approval of the Project.
- C. For any and all other relief which the Applicant may be entitled.

MADISON COUNTY UTILITIES DISTRICT

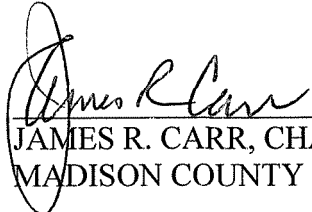
By  _____
 JAMES R. CARR, CHAIRMAN

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 14 day of July, 2009.

 _____
 JAMES R. CARR, CHAIRMAN
 MADISON COUNTY UTILITIES DISTRICT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by James Carr, Chairman of the Madison County Utilities District this 14 day of July, 2009.

Notary Public
My Commission Expires 2-11-2013

ROBBINS LAW OFFICE

 _____
 Chuck Hardin, MCUD Attorney
 214 N. 3rd Street
 Richmond, KY 40475

List of Exhibits

1. Maps
2. Schedule of Payments & Option to Purchase
3. Schedule of Payments & Option to Purchase and Terms
4. Notes Outstanding
5. Other Indebtedness
6. 2008 Audit
7. Current income statement and balance sheet
8. Amortization schedule of present indebtedness

Exhibit 2

EXHIBIT B

>> SCHEDULE OF PAYMENTS & OPTION TO PURCHASE PRICE <<
MUNICIPAL LEASE-PURCHASE AGREEMENT No. 5270 (THE "AGREEMENT")
BY AND BETWEEN

Lessor: Government Capital Corporation and **Lessee:** Madison County Utility District
Dated as of May 28, 2009

PMT NO.	PMT DATE MO DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE after pmt on this line
1	11/1/2009	\$56,226.10	\$10,174.91	\$46,051.19	N/A
2	11/1/2010	\$56,226.10	\$20,913.31	\$35,312.79	N/A
3	11/1/2011	\$56,226.10	\$19,059.39	\$37,166.71	N/A
4	11/1/2012	\$56,226.10	\$17,108.14	\$39,117.96	\$294,758.78
5	11/1/2013	\$56,226.10	\$15,054.45	\$41,171.65	\$251,502.07
6	11/1/2014	\$56,226.10	\$12,892.93	\$43,333.17	\$206,342.06
7	11/1/2015	\$56,226.10	\$10,617.94	\$45,608.16	\$159,195.01
8	11/1/2016	\$56,226.10	\$8,223.51	\$48,002.59	\$109,973.49
9	11/1/2017	\$56,226.10	\$5,703.38	\$50,522.72	\$58,586.22
10	11/1/2018	\$61,164.00	\$3,050.94	\$58,113.06	\$1.00

PROPOSED SCHEDULE OF PAYMENTS

This Schedule is subject to current Market Indexing if Funding occurs 14 days after Proposal Date

Accepted By Lessee: _____
James Carr, Board Chairperson

Exhibit 3



GOVERNMENT CAPITAL
CORPORATION

June 1, 2009

Madison County Water

Re: Elster Project Financing

We are pleased to offer the following terms for financing your Elster acquisition:

Placement Agent:	Government Capital
Issuer:	Madison County Water - KY
Financing structure:	Municipal Tax-Exempt /
Project Description:	Elster Amco Meter project
Capital Cost Estimate:	\$440,000 Turn key install for all meters ✓

Term:	10 Years
-------	----------

Annual Payments	\$ 56,226.10
Payments Commencing:	11/15/2009
Effective Interest Rate:	4.89% ¹

The above terms are subject to audit analysis, bank qualifications, underwriting and mutually acceptable documentation. Proposed funding considers the total daily compounded cost of borrowing including anticipated escrow yields and issuance and legal costs estimated at one percent. Other terms and conditions apply.

Terms offered by Government Capital subject to change and rates subject to increase if funding occurs more than fourteen (14) days from proposal date.

Sincerely,

Edward L. King
Senior Advisor
Government Capital Corporation
(817) 722-0236 Direct

¹ Rate fixed for five years, reset based upon an index to Treasuries or MMD

Exhibit 4 & B

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F02-07
 MADISON CO UTILITY DISTRICT
 FINAL

1.00% Rate
 \$91,230.17 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$3,299,998.65		
12/01/05	\$74,730.18	\$16,499.99	1.0000%	\$91,230.17	\$4,125.00	\$0.00	\$95,355.17	\$3,225,268.47	\$15,000.00	\$15,000.00
06/01/06	\$75,103.83	\$16,126.34	1.0000%	\$91,230.17	\$4,031.59	\$0.00	\$95,261.76	\$3,150,164.63	\$0.00	\$15,000.00
12/01/06	\$75,479.35	\$15,750.82	1.0000%	\$91,230.17	\$3,937.71	\$0.00	\$95,167.88	\$3,074,685.28	\$15,000.00	\$30,000.00
06/01/07	\$75,856.74	\$15,373.43	1.0000%	\$91,230.17	\$3,843.36	\$0.00	\$95,073.53	\$2,998,828.53	\$0.00	\$30,000.00
12/01/07	\$76,236.03	\$14,994.14	1.0000%	\$91,230.17	\$3,748.54	\$0.00	\$94,978.71	\$2,922,592.50	\$15,000.00	\$45,000.00
06/01/08	\$76,617.21	\$14,612.96	1.0000%	\$91,230.17	\$3,653.24	\$0.00	\$94,883.41	\$2,845,975.28	\$0.00	\$45,000.00
12/01/08	\$77,000.29	\$14,229.88	1.0000%	\$91,230.17	\$3,557.47	\$0.00	\$94,787.64	\$2,768,974.99	\$15,000.00	\$60,000.00
06/01/09	\$77,385.30	\$13,844.87	1.0000%	\$91,230.17	\$3,461.22	\$0.00	\$94,691.39	\$2,691,589.69	\$0.00	\$60,000.00
12/01/09	\$77,772.22	\$13,457.95	1.0000%	\$91,230.17	\$3,364.49	\$0.00	\$94,594.66	\$2,613,817.46	\$15,000.00	\$75,000.00
06/01/10	\$78,161.08	\$13,069.09	1.0000%	\$91,230.17	\$3,267.27	\$0.00	\$94,497.45	\$2,535,656.38	\$0.00	\$75,000.00
12/01/10	\$78,551.89	\$12,678.28	1.0000%	\$91,230.17	\$3,169.57	\$0.00	\$94,399.74	\$2,457,104.48	\$15,000.00	\$90,000.00
06/01/11	\$78,944.65	\$12,285.52	1.0000%	\$91,230.17	\$3,071.38	\$0.00	\$94,301.55	\$2,378,159.83	\$0.00	\$90,000.00
12/01/11	\$79,339.37	\$11,890.80	1.0000%	\$91,230.17	\$2,972.70	\$0.00	\$94,202.87	\$2,298,820.46	\$15,000.00	\$105,000.00
06/01/12	\$79,736.07	\$11,494.10	1.0000%	\$91,230.17	\$2,873.53	\$0.00	\$94,103.70	\$2,219,084.38	\$0.00	\$105,000.00
12/01/12	\$80,134.75	\$11,095.42	1.0000%	\$91,230.17	\$2,773.86	\$0.00	\$94,004.03	\$2,138,949.63	\$15,000.00	\$120,000.00
06/01/13	\$80,535.42	\$10,694.75	1.0000%	\$91,230.17	\$2,673.69	\$0.00	\$93,903.86	\$2,058,414.20	\$0.00	\$120,000.00
12/01/13	\$80,938.10	\$10,292.07	1.0000%	\$91,230.17	\$2,573.02	\$0.00	\$93,803.19	\$1,977,476.10	\$15,000.00	\$135,000.00
06/01/14	\$81,342.79	\$9,887.38	1.0000%	\$91,230.17	\$2,471.85	\$0.00	\$93,702.02	\$1,896,133.30	\$0.00	\$135,000.00
12/01/14	\$81,749.50	\$9,480.67	1.0000%	\$91,230.17	\$2,370.17	\$0.00	\$93,600.34	\$1,814,383.80	\$15,000.00	\$150,000.00
06/01/15	\$82,158.25	\$9,071.92	1.0000%	\$91,230.17	\$2,267.98	\$0.00	\$93,498.15	\$1,732,225.55	\$0.00	\$150,000.00
12/01/15	\$82,569.04	\$8,661.13	1.0000%	\$91,230.17	\$2,165.28	\$0.00	\$93,395.46	\$1,649,656.50	\$0.00	\$150,000.00
06/01/16	\$82,981.89	\$8,248.28	1.0000%	\$91,230.17	\$2,062.07	\$0.00	\$93,292.24	\$1,566,674.61	\$0.00	\$150,000.00
12/01/16	\$83,396.80	\$7,833.37	1.0000%	\$91,230.17	\$1,958.34	\$0.00	\$93,188.52	\$1,483,277.80	\$0.00	\$150,000.00
06/01/17	\$83,813.78	\$7,416.39	1.0000%	\$91,230.17	\$1,854.10	\$0.00	\$93,084.27	\$1,399,464.02	\$0.00	\$150,000.00
12/01/17	\$84,232.85	\$6,997.32	1.0000%	\$91,230.17	\$1,749.33	\$0.00	\$92,979.50	\$1,315,231.16	\$0.00	\$150,000.00
06/01/18	\$84,654.01	\$6,576.16	1.0000%	\$91,230.17	\$1,644.04	\$0.00	\$92,874.21	\$1,230,577.15	\$0.00	\$150,000.00
12/01/18	\$85,077.28	\$6,152.89	1.0000%	\$91,230.17	\$1,538.22	\$0.00	\$92,768.40	\$1,145,499.87	\$0.00	\$150,000.00
06/01/19	\$85,502.67	\$5,727.50	1.0000%	\$91,230.17	\$1,431.87	\$0.00	\$92,662.05	\$1,059,997.19	\$0.00	\$150,000.00
12/01/19	\$85,930.18	\$5,299.99	1.0000%	\$91,230.17	\$1,325.00	\$0.00	\$92,556.17	\$974,067.01	\$0.00	\$150,000.00
06/01/20	\$86,359.83	\$4,870.34	1.0000%	\$91,230.17	\$1,217.58	\$0.00	\$92,447.76	\$887,707.17	\$0.00	\$150,000.00
12/01/20	\$86,791.63	\$4,438.54	1.0000%	\$91,230.17	\$1,109.63	\$0.00	\$92,339.81	\$800,915.54	\$0.00	\$150,000.00
06/01/21	\$87,225.59	\$4,004.58	1.0000%	\$91,230.17	\$1,001.14	\$0.00	\$92,231.32	\$713,689.94	\$0.00	\$150,000.00
12/01/21	\$87,661.72	\$3,568.45	1.0000%	\$91,230.17	\$892.11	\$0.00	\$92,122.29	\$626,028.22	\$0.00	\$150,000.00
06/01/22	\$88,100.03	\$3,130.14	1.0000%	\$91,230.17	\$782.54	\$0.00	\$92,012.71	\$537,928.19	\$0.00	\$150,000.00
12/01/22	\$88,540.53	\$2,689.64	1.0000%	\$91,230.17	\$672.41	\$0.00	\$91,902.58	\$449,387.65	\$0.00	\$150,000.00
06/01/23	\$88,983.23	\$2,246.94	1.0000%	\$91,230.17	\$561.73	\$0.00	\$91,791.91	\$360,404.42	\$0.00	\$150,000.00
12/01/23	\$89,428.15	\$1,802.02	1.0000%	\$91,230.17	\$450.51	\$0.00	\$91,680.68	\$270,976.26	\$0.00	\$150,000.00
06/01/24	\$89,875.29	\$1,354.88	1.0000%	\$91,230.17	\$338.72	\$0.00	\$91,568.89	\$181,100.97	\$0.00	\$150,000.00
12/01/24	\$90,324.67	\$905.50	1.0000%	\$91,230.17	\$226.38	\$0.00	\$91,456.55	\$90,776.30	\$0.00	\$150,000.00
06/01/25	\$90,776.29	\$453.88	1.0000%	\$91,230.17	\$113.47	\$0.00	\$91,343.64	\$0.00	\$0.00	\$150,000.00
Totals	\$3,299,998.65	\$349,208.32		\$3,649,206.97	\$87,302.08	\$0.00	\$3,736,509.05		\$150,000.00	

Exhibit 5 & 8

Debt Service for Series 2008 Bonds

Date	Principal	Interest	Total Principal & Interest
August 1, 2008	\$35,000	\$33,911	\$68,911
February 1, 2009	\$195,000	\$67,419	\$262,419
August 1, 2009		\$64,494	\$64,494
February 1, 2010	\$200,000	\$64,494	\$264,494
August 1, 2010		\$61,494	\$61,494
February 1, 2011	\$210,000	\$61,494	\$271,494
August 1, 2011		\$58,344	\$58,344
February 1, 2012	\$220,000	\$58,344	\$278,344
August 1, 2012		\$55,044	\$55,044
February 1, 2013	\$225,000	\$55,044	\$280,044
August 1, 2013		\$51,106	\$51,106
February 1, 2014	\$235,000	\$51,106	\$286,106
August 1, 2014		\$46,406	\$46,406
February 1, 2015	\$245,000	\$46,406	\$291,406
August 1, 2015		\$41,506	\$41,506
February 1, 2016	\$255,000	\$41,506	\$296,506
August 1, 2016		\$36,406	\$36,406
February 1, 2017	\$265,000	\$36,406	\$301,406
August 1, 2017		\$31,106	\$31,106
February 1, 2018	\$280,000	\$31,106	\$311,106
August 1, 2018		\$25,506	\$25,506
February 1, 2019	\$290,000	\$25,506	\$315,506
August 1, 2019		\$19,706	\$19,706
February 1, 2020	\$300,000	\$19,706	\$319,706
August 1, 2020		\$13,706	\$13,706
February 1, 2021	\$315,000	\$13,706	\$328,706
August 1, 2021		\$7,013	\$7,013
February 1, 2022	\$330,000	\$7,013	\$337,013
Total	\$3,600,000	\$1,125,004	\$4,725,004

Exhibit 6

MADISON COUNTY UTILITY DISTRICT
RICHMOND, KENTUCKY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

VICE and SMITH, PSC
Certified Public Accountants

**MADISON COUNTY UTILITY DISTRICT
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VICE AND SMITH, P.S.C.

Certified Public Accountants

2141 Pimlico Drive

P.O. Box 765

Richmond, Kentucky 40476-0765

Phone (859) 624-8877

Fax (859) 624-0390

Wayne D. Vice, CPA

David A. Smith, CPA

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 years ended December 31, 2008 and 2007, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Madison County Utility District, as of December 31, 2008 and 2007, 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 June 29, 2009, 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 audits.

The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America 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
June 29, 2009

MADISON COUNTY UTILITY DISTRICT
Statement of Net Assets
December 31, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 687,672	\$ 615,838
Trade receivables, net	338,072	363,082
Inventories	116,692	103,001
Prepaid expenses	<u>21,741</u>	<u>7,113</u>
Total current assets	1,164,177	1,089,034
Noncurrent assets:		
Restricted cash and cash equivalents	813,915	726,542
Capital assets:		
Land and buildings	1,043,977	1,020,738
Distribution and storage systems	18,300,917	17,761,128
Construction in progress	369,096	259,930
Vehicles and equipment	367,333	205,481
Less accumulated depreciation	<u>(5,747,494)</u>	<u>(5,302,157)</u>
Total capital assets	14,333,829	13,945,120
Unamortized bond discount and other	<u>139,318</u>	<u>116,803</u>
Total noncurrent assets	<u>15,287,062</u>	<u>14,788,465</u>
Total assets	<u>16,451,239</u>	<u>15,877,499</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	571,643	499,278
Customers' deposits	95,830	98,665
Interest payable	66,147	66,249
Bonds payable	195,000	130,000
Notes payable	<u>155,158</u>	<u>153,618</u>
Total current liabilities	1,083,778	947,810
Noncurrent liabilities:		
Bonds payable	3,370,000	2,745,000
Notes payable	2,613,817	2,768,975
Construction note payable	-	546,000
Premium on bonds payable	<u>69,028</u>	<u>-</u>
Total noncurrent liabilities	<u>6,052,845</u>	<u>6,059,975</u>
Total liabilities	7,136,623	7,007,785
 NET ASSETS		
Invested in capital assets, net of related debt	7,678,621	7,509,469
Restricted for debt service	627,558	292,589
Restricted for depreciation reserve	186,357	433,953
Unrestricted	<u>822,080</u>	<u>633,703</u>
 Total net assets	<u>\$ 9,314,616</u>	<u>\$ 8,869,714</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 years ended December 31, 2008 and 2007

OPERATING REVENUES	<u>2008</u>	<u>2007</u>
Sale of water	\$ 3,606,367	\$ 3,414,939
Late charges	58,882	61,508
Miscellaneous	<u>124,311</u>	<u>95,165</u>
Total operating revenues	3,789,560	3,571,612
OPERATING EXPENSES		
Purchased water	1,939,955	1,819,567
Amortization	12,215	9,940
Bad debt expense	18,031	19,877
Commissioners' salaries	14,400	14,400
Depreciation	445,337	405,609
Dues, taxes and licenses	8,913	7,966
Employee benefits	133,141	121,369
Insurance and bonding	51,592	62,244
Miscellaneous	16,649	12,097
Office expense	60,579	60,040
Payroll taxes	43,950	46,260
Professional services	38,718	44,823
Repairs and maintenance	65,417	130,928
Rent	-	18,215
Salaries and wages	565,811	597,328
Truck and equipment expense	56,632	40,360
Utilities and telephone	<u>39,637</u>	<u>41,061</u>
Total operating expenses	<u>3,510,977</u>	<u>3,452,084</u>
Operating income	278,583	119,528
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	44,305	36,983
Interest expense	(191,328)	(194,145)
Miscellaneous revenue	22,306	9,482
Sale of territory rights	74,288	200,000
Loss on redemption of bonds	<u>(131,976)</u>	<u>-</u>
Total nonoperating revenue (expenses)	(182,405)	52,320
Income (loss) before contributions	96,178	171,848
Capital contributions	348,724	416,428
Change in net assets	444,902	588,276
Total net assets -beginning	<u>8,869,714</u>	<u>8,281,438</u>
Total net assets -ending	<u>\$ 9,314,616</u>	<u>\$ 8,869,714</u>

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

MADISON COUNTY UTILITY DISTRICT
Statement of Cash Flows
For the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,770,831	\$ 3,631,627
Payments to suppliers	(2,732,836)	(2,250,119)
Payments to employees	(580,211)	(611,728)
	457,784	769,780
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	109,573	137,094
Acquisition and construction of capital assets	(834,046)	(1,396,831)
Principal paid on capital debt	(3,421,000)	(323,465)
Interest paid on capital debt	(191,430)	(195,118)
Loan and grant proceeds	3,773,116	825,334
Other receipts (payments)	220,905	209,482
	(342,882)	(743,504)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	44,305	36,983
Net cash provided by investing activities	44,305	36,983
Net increase (decrease) in cash and cash equivalents	159,207	63,259
Balances-beginning of year	1,342,380	1,279,121
Balances-end of year	\$ 1,501,587	\$ 1,342,380

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

MADISON COUNTY UTILITY DISTRICT
Statement of Cash Flows, Cont'd
For the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of operating income (loss) to net cash provided		
by operating activities:		
Operating income (loss)	\$ 278,583	\$119,528
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation expense	445,337	405,609
Amortization expense	12,215	9,940
Change in assets and liabilities:		
Receivables, net	25,010	(10,540)
Inventories	(13,691)	(1,237)
Prepaid expense	(14,628)	86
Accounts and other payables	<u>(275,042)</u>	<u>246,394</u>
Net cash provided by operating activities	<u>\$ 457,784</u>	<u>\$ 769,780</u>

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

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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. As of December 31, 2008 and 2007, the District had 9,966 and 9,647 customers, respectively. The District is overseen by a board of commissioner elected by customers and approved by the Fiscal Court. The District is self-supporting through the charges 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 and water regulations issued by the Division of Water. The District purchases treated water, ready for ditribution, 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.

	<u>2008</u>	<u>2007</u>
Trade accounts receivable	\$421,622	\$ 428,601
Less: Allowance for doubtful accounts	<u>(83,550)</u>	<u>(65,519)</u>
Net accounts receivable	<u>\$ 338,072</u>	<u>\$ 363,082</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 2008 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, 2008 AND 2007**

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 Balance		Category	Carrying Amount
		1	2	3
<u>NON-POOLED DEPOSITS</u>				
Non-pooled cash and cash equivalents:	\$ 1,157,562	-	\$ 1,157,562	\$1,157,562

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, 2008 AND 2007**

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					
Moneymarket funds:	\$	344,025		\$ 344,025	\$ 344,025

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 fully funded in the amount of \$186, 357 at December 31, 2008.

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, 2008 AND 2007**

NOTE 3 - BONDS PAYABLE

Bonds payable at December 31, 2008 consists of the following:

2.3 to 4.25% Utility Revenue Bonds dated May 1, 2008, due as follows:

Date Due Feb. 1	<u>Amount</u>	<u>Interest Rate</u>
2009	\$ 195,000	3.00%
2010	200,000	3.00%
2011	210,000	3.00%
2012	220,000	3.00%
2013	225,000	3.50%
2014	235,000	4.00%
2015	245,000	4.00%
2016	255,000	4.00%
2017	265,000	4.00%
2018	280,000	4.00%
2019	290,000	4.00%
2020	300,000	4.00%
2021	315,000	4.25%
2022	330,000	4.25%
	<u>\$ 3,565,000</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, 2008, respectively, are detailed as follows:

	<u>Balance 12/31/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2008</u>	<u>Current</u>	<u>Long Term</u>
1997 Issue	\$ 2,875,000	\$ -	\$ 2,875,000	\$ -	\$ -	\$ -
KIA loan	2,922,593	-	153,618	2,768,975	155,158	2,613,817
Madison Bank	546,000	-	546,000	-	-	-
2008 Issue	-	3,600,000	35,000	3,565,000	195,000	3,370,000
Total	<u>\$ 6,343,593</u>	<u>\$ 3,600,000</u>	<u>\$ 3,609,618</u>	<u>\$ 6,333,975</u>	<u>\$ 350,158</u>	<u>\$ 5,983,817</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 4 - LEASES

On August 18, 2002 the District entered into an agreement to rent office space for one year with the right to renew for an additional five years. However, the District moved into their own new office building in November 2007. No lease termination payments were required under the terms of the agreement. Therefore, no future minimum lease payments existed at December 31, 2008 or 2007.

NOTE 5 - CAFETERIA PLAN

The District maintains a cafeteria plan in accordance with Section 125 of the U.S. Internal Revenue Code (IRC). The plan allows eligible employees to reduce their taxable compensation by allocating an amount from each pay period to pay health insurance premiums. Total contributions to the plan in 2008 and 2007 were \$31,000 and \$30,522, respectively. The District pays for the cost of a single person plan. Any additional coverage is paid by the employee through contributions to the plan.

NOTE 6 - RETIREMENT PLAN

Effective May 1, 1999, the District became a participating member of the Kentucky County Employees Retirement System (CERS). CERS is a multiple employer cost sharing public employee retirement system which covers substantially all regular full-time employees of each county, school board, and any additional local agencies electing to participate in the system. The Commonwealth of Kentucky is a non-employer and non-contributor to this system.

Under the terms of the plan, each eligible employee contributes five percent of his or her gross wages to the plan while the District contributed 13.19 percent from 1/1/2007 through 6/30/2007 and 16.17 percent from 7/1/2007 through 6/30/2008. Beginning 7/1/2008, the employer portion was 13.5 percent. The plan is a qualified plan under IRC Section 401. Total employer contributions for 2008 & 2007 were \$69,606 and \$65,805, respectively. Total employee contributions for 2008 & 2007 were \$23,523 and \$22,356, respectively. The amount shown below as the "pension benefit obligation" is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. This measure is intended to help users assess the funding status of the retirement systems on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among government employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding methods used to determine contributions to the retirement systems.

The pension benefit obligations were computed as a part of the actuarial valuations performed as of June 30, 2008 & 2007. Significant actuarial assumptions used in the valuations include: a) a rate of return on the investment of present and future assets of 7.75% a year, b) projected salary increases of 4.0-13.5% a year, and c) an inflation rate of 3.50% a year.

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, 2008 & 2007, for CERS as a whole, determined through actuarial valuations performed as of those dates, was \$9,707,339,786 and \$8,868,182,305 respectively. CERS net assets available for benefits on those dates was \$7,482,369,811 and \$7,107,113,404 respectively resulting in a pension benefit obligation of \$2,224,969,975 and \$1,761,068,901 respectively.

NOTE 7 - NOTES PAYABLE

Notes payable at December 31, 2008, consist of the following:

Construction note payable to Madison Bank, KY, 6.75% per annum, Note retired with proceeds from bond refunding issue in May 2008	\$ -
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>2,768,975</u>
TOTAL NOTES PAYABLE	2,768,975
Less: Current portion	<u>155,158</u>
LONG-TERM NOTES PAYABLE	<u>\$ 2,613,817</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, 2008 are as follows:

Year ending December 31	Bonds Payable	Notes Payable
2009	326,913	189,286
2010	325,988	188,897
2011	329,838	188,504
2012	333,388	188,108
2013	334,150	187,707
2014	332,512	187,302
2015	332,912	186,894
2016	332,912	186,481
2017	332,512	186,064
2018	336,612	185,643
2019	335,212	185,217
2020	333,412	184,788
2021	335,719	184,354
2022	337,013	183,915
2023	-	183,473
2024	-	183,025
2025	-	91,344
Total principal and interest	4,656,093	3,071,002
Less interest	(1,091,093)	(302,027)
Liability as of December 31, 2008	<u>\$ 3,565,000</u>	<u>\$ 2,768,975</u>

**MADISON COUNTY UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 balances at December 31, 2008 & 2007 were \$7,678,621 and \$7,509,469, respectively.

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

	<u>2008</u>	<u>2007</u>
Depreciation reserve	\$ 186,357	\$ 433,953
Debt service	<u>627,558</u>	<u>292,589</u>
Total restricted	<u>\$ 813,915</u>	<u>\$ 726,542</u>

The District had balances of \$822,080 and \$633,703 in unrestricted net assets at December 31, 2008 and 2007, respectively.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

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

	<u>Balance</u> <u>12/31/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2008</u>
Land and Building	\$ 1,020,738	\$ 23,239		\$ 1,043,977
Water system	17,761,128	539,789		18,300,917
Construction in progress	259,930	520,816	(411,650)	369,096
Vehicles and equipment	<u>205,481</u>	<u>161,852</u>	-	<u>367,333</u>
	19,247,277	1,245,696	(411,650)	20,081,323
Accumulated depreciation	<u>(5,302,157)</u>	<u>(445,337)</u>		<u>(5,747,494)</u>
Total net property, plant and equipment	<u>\$ 13,945,120</u>	<u>\$ 800,359</u>	<u>\$ (411,650)</u>	<u>\$ 14,333,829</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

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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 years ended December 31, 2008 and 2007, which collectively comprise the basic financial statements and have issued our report thereon dated June 29, 2009. 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 audits, we considered Madison County Utility District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the next sentence to be a significant deficiency in internal control over financial reporting. During our audits we identified material misstatements in the financial statements that were not initially identified by the District's internal control. Management subsequently corrected the misstatements.

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

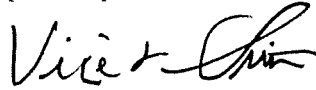
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, the Board of Commissioners, others within the entity, 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
June 29, 2009

Exhibit 7

MADISON COUNTY UTILITIES DISTRICT
Income Statement
For the Period Ended May 31, 2009

	1 Month Ended May 31, 2009	Pct	5 Months Ended May 31, 2009	Pct
Revenue				
Sales- Metered	\$ 319,039.80	97.26	\$ 1,342,547.65	96.46
Forfeited Discounts	3,761.67	1.15	24,384.24	1.75
Service Charges	2,328.00	0.71	11,448.00	0.82
Cut-off Charges	2,904.00	0.89	13,451.62	0.97
Total Revenue	328,033.47	100.00	1,391,831.51	100.00
Cost of Sales				
Cost of Water	148,453.32	45.26	768,736.01	55.23
Total Cost of Sales	148,453.32	45.26	768,736.01	55.23
Gross Profit	179,580.15	54.74	623,095.50	44.77
Operating Expenses				
Accounting and Legal	2,416.67	0.74	12,473.35	0.90
Engineering Services	4,472.27	1.36	8,326.54	0.60
Truck Expense	2,434.55	0.74	12,527.58	0.90
Advertising	120.24	0.04	889.69	0.06
Bank Charges	616.60	0.19	3,602.59	0.26
Depreciation	35,000.00	10.67	170,050.00	12.22
Amortization	1,018.00	0.31	5,090.00	0.37
Dues and Subscriptions	0.00	0.00	440.00	0.03
Seminars and Meetings	95.86	0.03	300.46	0.02
Entertainment and Meals	0.00	0.00	1,047.20	0.08
Employee Benefits	9,797.53	2.99	50,897.97	3.66
Insurance- General	3,449.16	1.05	17,245.80	1.24
Janitor Service	250.00	0.08	1,250.00	0.09
Commissioner Fees	1,200.00	0.37	6,000.00	0.43
Salaries and Wages	41,588.94	12.68	233,644.65	16.79
Licenses and Taxes	531.26	0.16	2,807.80	0.20
Miscellaneous	1,079.00	0.33	2,301.52	0.17
Office Supplies	1,072.34	0.33	10,104.12	0.73
Equipment Rental	0.00	0.00	547.20	0.04
Water Samples and Tests	297.50	0.09	2,640.00	0.19
Postage	2,529.01	0.77	14,364.00	1.03
Computer Service	4,340.02	1.32	5,243.98	0.38
Repairs and Maintenance	5,099.85	1.55	13,080.18	0.94
Security	0.00	0.00	288.75	0.02
Unemployment Taxes- State	153.53	0.05	2,273.68	0.16
Fica- Employers Share	2,851.81	0.87	16,221.02	1.17
Supplies	468.67	0.14	4,301.86	0.31
Telephone & Communications	1,848.52	0.56	9,262.21	0.67
Travel	0.00	0.00	173.72	0.01
Uniforms	123.50	0.04	280.70	0.02
Utilities	317.21	0.10	3,247.37	0.23

	1 Month Ended May 31, 2009	Pct	5 Months Ended May 31, 2009	Pct
Utilities- Plant	<u>1,079.77</u>	<u>0.33</u>	<u>4,975.09</u>	<u>0.36</u>
Total Operating Expenses	<u>124,251.81</u>	<u>37.88</u>	<u>615,899.03</u>	<u>44.25</u>
Operating Income	55,328.34	16.87	7,196.47	0.52
Other Income/(Expense)				
Other Income	0.00	0.00	78.43	0.01
Billing Income- KWA	4,183.20	1.28	20,911.20	1.50
Billing Income- Sewer	2,054.70	0.63	10,601.96	0.76
Interest Income	683.34	0.21	3,329.00	0.24
Miscellaneous Income	446.00	0.14	2,546.00	0.18
KIA Annual Fee	(608.87)	(0.19)	(3,044.35)	(0.22)
Interest Expense	<u>(13,263.50)</u>	<u>(4.04)</u>	<u>(58,369.56)</u>	<u>(4.19)</u>
Total Other Income/(Expense)	<u>(6,505.13)</u>	<u>(1.98)</u>	<u>(23,947.32)</u>	<u>(1.72)</u>
Income (Loss) Before Contrib	\$ 48,823.21	14.88	\$ (16,750.85)	(1.20)
Contrib in Aid of Constr	<u>3,375.00</u>	<u>1.03</u>	<u>25,680.04</u>	<u>1.85</u>
Net Change in Assets	\$ <u><u>52,198.21</u></u>	<u><u>15.91</u></u>	\$ <u><u>8,929.19</u></u>	<u><u>.64</u></u>

MADISON COUNTY UTILITIES DISTRICT
Schedule of Current Assets
May 31, 2009

Cash	
Cash on Hand	\$ 430.96
Cash- Sinking	140,869.75
Cash- Operating- Madison	383,134.98
Cash- New Truck Allowance	15,000.00
Cash- KIA/R&M- Madison	70,424.09
Cash-Customer Deposits-Madison	35,838.92
Cash- Construction 2001-2002	13,869.61
Cash- COI Fund	<u>1,377.86</u>
Total Cash	\$ <u>660,946.17</u>

MADISON COUNTY UTILITIES DISTRICT

Balance Sheet

May 31, 2009

ASSETS

Current Assets

Cash	660,946.17
Investment CDs	378,366.54
Accounts Receivable- Trade	404,862.22
Accounts Receivable- Sewer	77,791.93
Allow for Doubtful Accts	(65,519.00)
Returned Checks	1,755.12
Inventory	118,455.12
Due from KY Trans Cabinet	<u>27,000.00</u>

Total Current Assets

\$ 1,603,658.10

Fixed Assets

Organization Costs	114,362.73
Trans & Distrib Mains	12,692,034.98
Services	161,975.99
Meters & Installations	2,736,328.93
Hydrants	195,048.47
Office Furniture & Equipment	186,287.53
Transportation Equipment	237,703.03
Land	368,061.40
Water Towers	2,449,492.35
Buildings	544,688.58
Construction in Progress	388,444.78
Equipment	453,483.70
Land Improvements	154,803.73
Accumulated Depreciation	<u>(5,897,157.22)</u>

Total Fixed Assets

14,785,558.98

Other Assets

Unamortized Debt Expense	128,272.10
Unamortized Rate Case Exp	4,010.79
Prepaid Insurance	9,723.23
Prepaid Fees	725.00
Money Market Inv- Restricted	<u>344,334.10</u>

Total Other Assets

487,065.22

Total Assets

\$ 16,876,282.30

MADISON COUNTY UTILITIES DISTRICT
Balance Sheet
May 31, 2009

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	\$	148,453.32
Sewer Collections Payable		56,223.58
Future Sewer Coll Payable		77,791.93
A/P- Retainage		30,953.40
Accrued PSC Fees		5,783.02
Accrued Professional Fees		12,656.70
Accrued KIA Fees		382.53
Payroll Taxes Payable		11,528.58
Customers' Deposits		98,650.00
Due to Customer		15,420.23
School Tax Payable		7,540.80
Sales Tax Payable		(891.90)
Interest Payable- Deposits		1,315.19
Bonds Payable- Series 2008		200,000.00
Interest Payable- Bonds		44,946.25
Interest Payable- KIA		<u>438.34</u>

Total Current Liabilities \$ 711,191.97

Long Term Liabilities

Bonds Payable- Series 2008	3,170,000.00
Prem on Bonds Pay- Series 2008	66,912.86
Loan Payable	2,768,975.00
KIA Loan Payable	<u>822,777.70</u>

Total Long Term Liabilities 6,828,665.56

Equity

Contrib in Aid of Constr	6,314,081.49
CIAC- 1995 Project	309,950.00
CDBG Grant	395,160.41
KIA Grant	613,412.78
Retained Earnings	1,720,570.94
Current Income (Loss)	<u>(16,750.85)</u>

Total Equity 9,336,424.77

Total Liabilities & Equity \$ 16,876,282.30

JAYNES & JAYNES, PSC
Certified Public Accountants
312 Jason Drive, Suite 10
Richmond, Kentucky 40475

June 25, 2009

To: MADISON COUNTY UTILITIES DISTRICT

We have compiled the accompanying balance sheet of MADISON COUNTY UTILITIES DISTRICT as of May 31, 2009, and the related statement of income for the one month and five months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows and retained earnings required by generally accepted accounting principles. If the omitted disclosures and statements were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to MADISON COUNTY UTILITIES DISTRICT.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jaynes & Jaynes PSC".

JAYNES & JAYNES, PSC

CMW inc.

ARCHITECTURE ENGINEERING INTERIOR DESIGN LANDSCAPE ARCHITECTURE

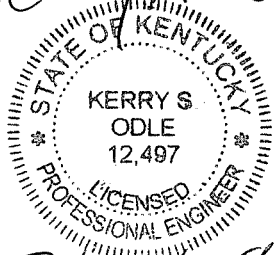
AUTOMATIC METER READING SYSTEM

FOR

MADISON COUNTY UTILITIES DISTRICT

RICHMOND, KENTUCKY

MARCH 2009

Kerry S Odle

7/10/09

PROJECT MANUAL

Set No.

PROJECT MANUAL

FOR

AUTOMATIC METER READING SYSTEM

FOR

MADISON COUNTY UTILITIES DISTRICT

OWNER:

MADISON COUNTY UTILITIES DISTRICT

MARCH 2009

Engineer
CMW, Inc.

400 East Vine Street, Suite 400
Lexington, KY 40507
Phone: 859/254-6623
Fax: 859/259-1877

CMW PROJECT NO. 09024.01

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BIDDING REQUIREMENTS, CONTRACT FORMS AND CONDITIONS OF THE CONTRACT

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DIVISION 22 - PLUMBING

220519	AUTOMATIC METER READING SYSTEM	14
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ADVERTISEMENT FOR BIDS

Madison County Utilities District

1. Separate sealed BIDS for Automatic Meter Reading System 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 Friday, April 24, 2009. There will be no public opening of bids.
2. Construction shall consist of an Automatic Meter Reading (AMR) System including handheld computer, data transfer station, laptop computer, mobile collection system with mapping solution, portability kit, all required software training, and the one year support, 2846 – 5/8" x 3/4" meters, 63 – 1" meters, 29 – 2" meters, 1 – 3" turbine meter, and 1 – 6" turbine meter with hardware compatible for a radio read system as proposed and all other necessary appurtenances.
3. The CONTRACT DOCUMENTS may be examined at the following locations:
 - CMW, Inc., 400 East Vine Street, Suite 400, Lexington, Kentucky.
 - Madison County Utilities District, 297 Michelle Drive, Richmond, Kentucky.
 - AGC/McGraw-Hill Construction/Dodge Plan Room, 950 Contract Street, Suite 100A, Lexington, Ky.
 - Reed Construction Data/ABC Plan Room, 2020 Liberty Road, Suite 100, Lexington, Ky.
4. Copies of the CONTRACT DOCUMENTS may be obtained from Lynn Imaging, 328 Old East Vine Street, Lexington, Kentucky 40507, Phone: 859/255-1021 upon payment of \$15.00 (non-refundable) for each set. Make checks payable to CMW, Inc.
5. The Owner reserves the right to waive any informalities or to reject any or all bids.
6. No Bidder may withdraw his bid within 90 days after the actual date of the opening thereof.
7. Award will be made to the lowest responsive, responsible Bidder unless all bids are rejected.

Madison County Utilities District is an equal opportunity employer and does not discriminate on the basis of race, color, national origin, gender, age, religion or disability.

April 8, 2009
Date

MADISON COUNTY UTILITIES DISTRICT
RICHMOND, KENTUCKY

CMW, I NC.
400 EAST VINE STREET, SUITE 400
LEXINGTON, KENTUCKY

SECTION 001000 - BIDDING REQUIREMENTS

1.1 – RECEIVING OF BIDS

- A. All bids are to be submitted as follows:
1. One copy in paper “hardcopy” format to:
John Clark
Madison County Utilities District
P.O. Box 670
Richmond, Kentucky 40476-0670
- B. The Owner may consider informal any bid not prepared and submitted in accordance with provisions herein and may waive any informalities or reject any and all bids.

1.2 – MODIFICATIONS OF BIDS

- A. Oral, telephonic or telegraphic bids or modifications to bids **will not** be considered.

1.3 – METHOD OF BIDDING AND PURCHASE

- A. We are requesting your proposal for a Automatic Meter Reading System to read meters in an automatic and cost effective manner. It must also allow for future migration to advanced meter reading technologies such as a Fixed Network System. The system will be comprised of all new equipment.
- B. Bidders are expected to propose systems with sufficient equipment such that if a failure of any major system component or part thereof does occur, it will not interrupt the flow of meter reading information to customer revenue systems.
- C. This proposal includes the following:
- Meters
 - Radio meter modules to encode, store and transmit pertinent meter read and tamper dates.
 - A mobile data collection system to collect reading and tamper information for the meter modules and pass this data to the CIS.
 - Handheld computers for backup data collection and special meter reading situations.
- D. Any systems and services proposed must cover the meter requirements in the specifications and must be extensible to cover other meters and/or service types as well as the potential for other applications in the future.

- E. Madison County Utilities District seeks to acquire a meter reading system that meets the following objectives:
- Meter reading in the most cost effective manner possible.
 - Ability to migrate from monthly consumption reads to more advanced meter reads, should business requirements warrant.
 - Increased meter reading efficiency throughout the service territory.
 - Maximizing of existing investments in meter reading technology.

1.4 – INQUIRIES REGARDING PROJECT – DISCREPANCIES OR AMBIGUITIES

- A. Direct inquiries regarding the project to Kerry Odle, CMW. Bids will be received on items as specified.

1.5 – ADDENDA AND INTERPRETATIONS

- A. Replies to inquiries, requests for interpretations or clarifications which involves or provides information that is not already a part of bidding information contained in Addenda, becomes a part of Contract Documents and shall be incorporated in all bids submitted.
- B. All bidders are responsible to ascertain what Addenda have been issued prior to bid date, to examine the Addenda and to determine the affect of Addenda provision on their bid and their work.
- C. Interpretations, clarifications, modifications and supplemental instructions in form of written Addenda will be provided to all bidders on record at Engineer's office.
- D. Engineer and Owner will not be responsible for, nor honor any claims resulting from, or alleged to be the result of, misunderstanding by the bidder of verbal discussion of the Project conditions prior to receiving bid. All verbal comments made during the bidding period are subject to inclusion in Addenda; otherwise they shall not be binding on Owner or Engineer.
- E. During installation, discrepancies, ambiguities and intent not clarified by Addenda will be subject to interpretation of Engineer and work shall be provided in accordance with Engineer's interpretations.
- F. Bidders shall state on Bid Form the number of Addenda received. Failure of any bidder to receive any such Addendum or interpretations shall not relieve such bidder from any obligation under his bid as submitted.

1.6 – EXAMINATION OF DOCUMENTS

- A. Prior to submitting a bid, each bidder shall examine all of the bidding requirements and all Contract Documents for the Project, become thoroughly familiar with the scope of the Project and all factors and items of work which will affect his bid or the Work.

1.7 – PREPARATION OF BID

- A. Submit bids in accordance with following requirements:
 - 1. Submit bid on the prescribed forms, which are furnished with the specification, with full name and address of the bidder.
 - 2. Completely fill in all blank spaces on the Bid Form, in ink or typewriter, in both words and figures.
 - 3. Total bid for each group shall be stated in writing and in figures. In all cases, written and numerical figures must agree. Complete form without interlineation. Any and all alterations or erasures must be initialed by the signer of the bid.

- B. For Bid Form completion, bidder shall for each group:
 - 1. Enter the unit price and the total price for each item including freight to jobsite and installation as shown on plans.

- C. Sign in longhand, on last page of Bid Form, executed by a principal duly authorized to enter into an agreement. If a bidder is a co-partnership, then signatures on the bid shall be by an authorized member of the firm, with names and address of each member of partnership; and if a corporation, with corporate seal attached thereto.

- D. Submit bids to the designated place on or before the time and date specified. Bids received after this time will be neither opened nor considered.

- E. The Owner does not pay any cost or expense in the preparation and submission of bid.

1.8 – WITHDRAWAL OF BIDS

- A. A bidder may withdraw his bid at any time prior to date set for receiving of bids (or authorized postponement thereof). Thereafter, the bids may be withdrawn only after 90 days has elapsed after bid date, provided Owner has not acted thereon. Bidders shall obtain and guarantee price protection for this period of time.

1.9 - QUALIFICATIONS OF BIDDERS

- A. Owner may make such investigations as he deems necessary to determine the ability and responsibility of the bidder to furnish as specified, and any bidder shall furnish to Owner all such information and data for this purpose as the Owner may request. Owner reserves the right to reject any bid if the evidence submitted by, or investigation of, such bidder fails to satisfy the Owner that such bidder is properly qualified to furnish.

The competence and responsibility of bidder will be considered in making an award, including, but not be limited to: (1) proof of financial responsibility,(2) quality of similar work, (3) facilities, personnel, and equipment, (4) reputation for performance and, (5) demonstrated ability to furnish within specified time.

Owner reserves the right to reject any Bid where there is reasonable doubt as to the qualifications of the bidder or his proposed equipment.

- B. Bidder shall provide a listing of five utility systems using the proposed automatic meter reading system.

1.10 – ACCEPTANCE OF BID - AWARD OF CONTRACT

- A. Owner reserves the right to (1) accept bidder's Base Bid only, (2) award contract based on his investigation of bidders as well as on acceptance of alternates, all of which Owner deems to be in his best interest, (3) reject all Bids, (4) waive informalities of minor irregularities in bids and waive minor irregularities or discrepancies in bidding procedure, (5) award bids based on manufacturer.

1.11 – METHOD OF PURCHASE

- A. If advised of acceptance of bid, the firm submitting the accepted bid shall accept a contract to furnish and install items according to the requirements of the Contract Documents.

1.12 - COMPLETION TIME

- A. Commencement of Work and time of completion shall be an essential condition of the Contract. Work shall be completed within time specified, agreed upon and entered into Contract.

1.13 – SALES TAX

- A. Madison County Utilities District is tax exempt. The successful bidder will be required to obtain tax number.

1.14 - CLARIFICATIONS

- A. Failure to request clarification of an alleged omission or conflict will be considered as if there was a thorough understanding. The Engineer's interpretation and decision will govern if such omission or conflict is claimed.

1.15 – PROJECT CONTACTS:

- A. CMW, Inc.
400 East Vine Street, Suite 400
Lexington, Kentucky 40507
859-254-6623
859-259-1877

- B. Project Manager – Kerry Odle
kodle@cmwaec.com

END OF SECTION

SECTION 002000 - GENERAL REQUIREMENTS

1.1 - INSURANCE

- A. Certificate of insurance acceptable to Madison County Utilities District, Richmond, Kentucky must be filed with the Owner within 5 days after award. This certificate shall contain a provision that coverages afforded under the policy (policies) will not be cancelled until, at least 15 days prior, written notice has been given to Owner.

1.2 – COMPLIANCE WITH LAWS

- A. All products and services must comply in quality, type of material, methods of manufacture and handling procedures, and all existing safety standards with all applicable local or state laws or codes pertaining thereto.

1.3 – DELIVERY, STORAGE AND HANDLING

- A. Protect equipment during transit, delivery, storage, and handling to prevent damage, soilage, and deterioration.
- B. The Owner will provide area for storage for all materials at their office.
- C. Successful bidder shall coordinate with Owner on delivery of materials.

1.4 – CLOSE OUT

- A. Owner and Maintenance Manuals: Organize operation and maintenance data into a manageable size operation and maintenance manual. Four copies shall be submitted to Engineer prior to final payment.
- B. Employee Training:
Successful bidder shall provide adequate training to operate the Automatic Meter Reading System. Training shall consist of the following:
 - 1. Installation of Automatic Meter Reading System.
 - 2. Operation of Handheld Computer.
 - 3. Operation of Mobile Collection System.
 - 4. Data transfer to billing software.
 - 5. Installation of meters.

END OF SECTION

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

SECTION 003000 - BID FORM

TO: Madison County Utilities District
P.O. Box 670
Richmond, Kentucky 40476-0670

FROM: _____
Name of Bidder

Address

Phone Number

FOR: Automatic Meter Reading System

NOTES TO CONTRACTORS:

- A. Submit Bid on this Form. Do not use any other form than that which is provided herein.
- B. These forms shall be copied from the Project Manual and the copies submitted.

The Undersigned proposed to provide all materials and labor and do everything necessary to complete all work in the specified bid package for the above-named project, all according to Contract Documents as prepared by CMW, Inc., 400 East Vine, Lexington, Kentucky 40507 for the sum set out below.

PART I – BASE BID:

Item No.	Description	Quantity	Unit	Unit Price	Total Amount
1.	Automatic Meter Reading System including handheld computer, data transfer station, laptop computer, mobile collection system with mapping solution, portability kit, all required software, installation, training and one year support.	1	L.S.	\$_____	\$_____
2.	5/8" x 3/4" Meter (See Note)	2846	EA	\$_____	\$_____
3.	1" Meter (See Note)	63	EA	\$_____	\$_____
4.	2" Meter (See Note)	29	EA	\$_____	\$_____

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

5.	3" Turbine Meter (See Note)	1	EA	\$ _____	\$ _____
6.	6" Turbine Meter (See Note)	1	EA	\$ _____	\$ _____

Note - Items #2 thru 6: Meter bids shall include all items to make the meters compatible with the Automatic Meter Reading System including 60W pit set ERT with 5' of cable, mounting kits and antenna.

TOTAL PART I: BASE BID \$ _____
(USE FIGURES)

(USE WORDS)

PART II – COMPATIBLE METERS:

List meters compatible with bid Automatic Meter Reading System:

PART III – WARRANTIES:

List all warranties for bid meters and meter reading system:

PART IV – TRAINING:

List length and description of training to be provided in this bid:

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

PART V – OTHER ITEMS:

List any other items including in your systems that is not required in Contract Documents such as extended warranties, maintenance agreements or software upgrades:

PART VI – FINANCING:

Provide information for available financing of this project through your company:

PART VII – TIME OF COMPLETION:

Provide information on time of completion to provide all equipment and installation of all software.

PART VIII – ITEMS NOT MEETING SPECIFICATION

List any part of your proposal that does not meet the specification.

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

PART IX – AWARD OF CONTRACT:

Award of the Contract will be based on the lowest and best Total Base Bid. 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 ninety (90) calendar days after the scheduled closing time for receiving bids. Upon written notice of the acceptance of this bid, bidder will execute the formal Contract attached within ten (10) days.

Respectfully Submitted:

Name of Bidder

_____ By: _____ L.S.
Title Name

_____ Address
Date Signed

END OF BID FORM

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

SECTION 220519 – AUTOMATIC METER READING SYSTEM

1.1 RELATED DOCUMENTS

Bidding Requirements and General Requirements apply to this section.

1.2 DESCRIPTION OF WORK

Provide material, equipment and services necessary for a complete Automatic Meter Reading (AMR) System. AMR system shall consist of water meters, handheld computer, laptop computer, docking stations, mobile collection system, all necessary software, laptop portability kit, system installation and training, and first year software support.

1.3 MATERIALS

A. Meters (5/8" through 2")

1. General Description: Meters furnished under these specifications shall be the product of a manufacturer with at least ten (10) years experience in meter manufacturing for the American market. Meters shall be new, first line quality, positive displacement type for cold water service. To optimize low flow accuracy and repeatability meters must be of the oscillating piston type. Multi-jet meters are not acceptable under this specification.

Meters shall comply with AWWA Standard C700 latest revision and the minimum specifications herein. They shall be designed for use with potable water below 120 degrees F.

Meters must be magnetically driven. Meters with stuffing boxes, spindles and packing glands will not be acceptable.

2. Registration Accuracy: All meters shall meet the following flow requirements:

Size	Low Flow GPM @95%	Normal Flow GPM 98.5%-101.5%	Continuous Flow GPM
5/8"	1/8	1-20	15
3/4"	1/2	2-30	15
1"	3/4	3-50	25
1 1/2"	1 1/2	5-100	50
2"	2	8-160	80

3. Main Cases: The body main case shall be of high quality copper alloy with raised markings to indicate the direction of flow and size. All cases shall have a minimum wall thickness of 1/8th of an inch. All 5/8" - 1" meter main cases shall include a bottom plate made of (bronze, cast iron, plastic) and held in place with stainless steel bolts with integral washer heads. All bottom plates shall be isolated from the potable water by a

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

full rubber liner. All 1-1/2" - 2" meter main cases shall include a top plate made of bronze only.

Cases must be capable of withstanding working pressures of one hundred fifty (150) psi. Thread protectors shall be supplied for the connection ends.

4. Register Housings: Register housings shall be constructed of a suitable engineering polymer or bronze and provide full protection of the register assembly. Register assemblies shall be secured to the main case in a tamper resistant fashion to prohibit unauthorized removal. Seal screws, tamperproof screws, or locking pin devices are acceptable.
5. Measuring Chambers: Measuring chambers shall be of the two-piece design and be made of a copper alloy containing not less than 85% copper or a suitable engineering polymer. The chamber shall be separate from the outer casing and so secured in the main case that the accuracy of the meter will not be affected by any distortion of the case. All wear prone surfaces shall be reinforced with a nylon material.

All measuring chamber assemblies shall operate smoothly and be capable of sustaining long-term accuracy. All motion from the piston shall be transferred to the register via magnetic drive.

6. Pistons: Pistons shall be made of vulcanized hard rubber or a suitable engineering polymer with a specific gravity approximately equal to that of water.

Piston oscillations must not exceed the figure recommended in Table One (1) of AWWA Standards C-700 latest revision for the size of meter being bid.

7. Strainers: All meters shall be provided with a strainer screen installed in the meter. Strainer screens shall be rigid, fit snugly, be easy to remove and have an effective straining area at least two times that of the main case inlet.
8. Warranties: Meters shall be guaranteed to be free from defects in materials and workmanship for 12 months after installation or 18 months after shipment, whichever occurs first, and to meet AWWA C700 new meter accuracy standards for a period of five years from the date of shipment, or registration as itemized below:

5/8" & 3/4"	750,000 U.S. gallons
1"	1,100,000 U.S. gallons
1 1/2"	1,600,000 U.S. gallons
2"	2,100,000 U.S. gallons

At the expiration of this period, meters shall be guaranteed to meet AWWA C700 repaired meter accuracy standards specified below:

5/8" & 3/4"	15 years from date of shipment or registered usage of 2,500,000 U.S. gallons
1"	15 years from date of shipment or registered usage of 3,250,000

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

- 1 1/2" U.S. gallons
10 years from date of shipment or registered usage of 5,600,000 U.S. gallons
- 2" U.S. gallons
10 years from date of shipment or registered usage of 10,400,000 U.S. gallons

B. Turbine meters (1-1/2" through 12")

1. General Description: Meters furnished under these specifications shall be the product of a manufacturer with at least ten (10) years experience in meter manufacturing for the American market. Meters shall be new, first line quality, turbine type for cold-water service.

Meter sizes shall be inclusive and shall comply with the Class II AWWA Standard C701 latest revision and the minimum specifications herein. They shall be designed for use with potable water below 120 degrees F.

2. Registration Accuracy: All meters shall meet the following flow requirements:

Size	Min Flow GPM @95%	Normal Flow GPM 98.5%-101.5%	Continuous Flow GPM
1 1/2"	3	4-200	160
2"	3	4-200	160
3"	4	5-750	600
4"	7	10-1250	1000
6"	15	20-2500	2000
8"	25	30-3000	2800
10"	55	65-5500	3200
12"	95	110-7000	4300

3. Main Cases: The body main case shall be of bronze composition of a high tensile strength on 1 1/2"- 6" sizes and epoxy coated cast iron on 8"-12" sizes and be capable of resisting distortion under pressure up to one hundred and fifty (150) pounds per square inch. All meters shall have the size and direction of flow indicated on the case and shall be designed for easy removal of all interior parts without disturbing the connections to the pipeline.
4. Register Housings: The register housing shall be constructed of (bronze) and provide full protection of the register assembly. Register assemblies shall be secured to the main case in a tamper resistant fashion to prohibit unauthorized removal. Seal screws, tamperproof screws, or locking pin devices are acceptable.
5. Measuring Chambers: The measuring elements or chambers for all meters shall be of copper alloy containing not less than 81% copper or of suitable engineering polymer and shall be separate from the case and easily detached and removed there from.

Rotor spindles shall be of tungsten carbide steel supported by radial bearings made of PTFE or graphite compounds. Replaceable thrust bearings shall be provided.

**AUTOMATIC METER READING SYSTEM 09024.01
MADISON COUNTY UTILITIES DISTRICT**

6. Rotors: The measuring impellers, vanes or rotors for all meters shall be polypropylene, nylon, hard rubber or other suitable engineering polymer and shall be mounted on a horizontal axis in the center of the measuring element with rotations of the turbine transmitted to the register by means of magnets.

Straightening vanes of corrosion resistant material as required shall precede the rotor.

7. Strainers: Meters shall be provided with separate external bronze case strainers of the stainless steel plate type on sizes 2"- 6" sizes and cast or galvanized iron on 8" - 12" sizes. They shall be rigid, easily removable, and have an effective straining area at least double that of the meter main case inlet. Strainer connections shall conform to the main case and shall be accompanied by gaskets, bolts and nuts.
8. Warranties: Meters shall be guaranteed to be free from defects in materials and workmanship for a period of 18 months after shipment, or 12 months after installation, whichever occurs first. Structural integrity of meter main cases shall be guaranteed for 1 year from date of shipment. Meters will meet accuracy standards of AWWA C701, most recent revision, for 2 years from date of shipment.

C. Absolute Encoder Type Registers for Positive Displacement, Compound and Turbine Meters

1. General Description: Registers furnished under these specifications shall be the product of a manufacturer with at least ten (10) years experience in the production of absolute encoder-based remote metering systems. The registers shall have the capability of providing encoded meter information as described in the enclosed specification.

Specifications for the required meters can be found in earlier sections of this specification.

2. Registers: Registers shall be of the absolute encoder type and permanently sealed in a vacuum purged or dry air filled copper can. Registers filled with any liquids are unacceptable under this specification. Additionally, in order to best assure protection from moisture, glass lens encoders are required in pit set environments. Systems utilizing generator pulses or low voltage conversions are not acceptable under this standard. Similar size, type and registration of registers shall be interchangeable. Registers shall be equipped with low flow indicators and faceplates must be stamped with date of manufacture and serial identity number. Registers shall read in Cubic Feet.

These registers shall have 6 moving rollers to prevent errors by programming wrong number of roller wheels. Upon inquiry from a remote location, the absolute encoder register shall disclose the exact position of each of the six rollers as well as the electronic identity number of the register without the use of internal power. All power necessary for data transmission shall be supplied from the interrogation device. All registers shall be compatible with various brands of interrogation equipment. The electronic identity number must be programmable with a minimum of ten digits.

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The position of each roller shall not be determined by using any type of mechanical contacts for reliability and durability. Due to the success of its proven technology in critical industries, the utility prefers that OCR (Optical Character Recognition) technology is utilized in the absolute encoders.

To insure best balance between lowest resolution and largest rollover registration, the meters shall have the resolution and totalize capacity shown in the following table:

Meter Type	Size	6 Digit Resolution (USG)	Capacity (USG)	6 Digit Resolution (Ft ³)	Capacity (Ft ³)
PD	5/8"	10	10,000,000	1	1,000,000
PD	3/4"	10	10,000,000	1	1,000,000
PD	1"	10	10,000,000	1	1,000,000
PD	1 1/2"	100	100,000,000	10	10,000,000
Turbine	1 1/2"	100	100,000,000	10	10,000,000
PD	2"	100	100,000,000	10	10,000,000
Turbine	2"	100	100,000,000	10	10,000,000
Turbine	3"	100	1,000,000,000	10	10,000,000
Turbine	4"	100	1,000,000,000	10	10,000,000
Turbine	6"	1,000	1,000,000,000	1,000	100,000,000
Turbine	8"	1,000	1,000,000,000	1,000	100,000,000
Turbine	10"	1,000	1,000,000,000	1,000	100,000,000
Turbine	12"	1,000	1,000,000,000	1,000	100,000,000

All registers shall be easily upgraded to Automatic Meter Reading (AMR) that includes, Telephone, Radio, Cable, etc. with the substitution of the remote receptacle with a Meter Interface Unit (MIU).

- AMR: Automatic Meter Reading Systems shall be covered further in the specification. Data transmission shall be instantaneous and supplied in an ASCII format without conversion or modification. The register must operate reliably down to at least 3.0 volts.

Color-coded wire terminals (red, green and black) shall be provided. A suitable wire terminal cover shall be provided and be factory potted when ordered for underground pit installations.

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All registers must be removable without disassembly of meter or depressurizing the service line. Register must be free of openings to protect the internal electronics of the register.

Lens covers shall be made of polycarbonate or other suitable engineering polymer for indoor installations and mineral glass for underground pit installations. All other register assembly and material requirements stated herein shall also apply

- 4. Warranties: All encoded registers and pads supplied with the meters shall be free from defects in materials and workmanship for a period of eighteen (18) months from the date of shipment, or twelve (12) months after installation, whichever occurs first. In addition, the functionality of registers supplied with the meters shall be guaranteed for 10 years form date of manufacture.

D. METER READING SYSTEM

1. Meter Module

These units must comply with FCC Part 15 regulations.

Transmit frequency for these units must be 910-920 MHz (spread spectrum) at 10 milliwatts of power

Data integrity must be verified in every data message.

The meter module must last in the field for a minimum of 20 years.

The entire module must be warranted for a period of 20 years.

They shall be able to operate within the range of -40°F and 158°F.

A unit capable of withstanding 100% humidity (submersible) without suffering any damage shall be available (for Pits). Waterproof connections to the water meter must be provided.

Pit type units may be installed in pit lids or beneath the lid. Maximum size of hole to be drilled on lid shall not exceed 2". Height above the pit must not exceed 0.75". Overall height shall not exceed 5". Means shall be provided to install these units in lids of up to 2.75" in thickness. For under the lid installation purposes the radio module must have mounting brackets for conduit, rebar, and tie wraps integrated into the radio module housing.

Units shall be compatible with the following water meters:

Manufacturer	Register
Elster	InVision, Digital, AquaMaster, evoQ4
Badger	RTR®, ADE
Hersey®	ER, Translator
Neptune	ARB V®

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	Pro Read TM
Sensus	ECR, ICE

The meter module must be factory installable at the meter manufacturer.

The radio module must be offered in an integral configuration with no exposed wires to prevent tampering.

The radio module must offer leak detection.

The meter module must utilize an accurate and reliable encoding technology to capture readings.

Radio Modules shall have the capability of detecting if connection to meter has been lost. It must then send a tamper code to reading equipment with last known reading.

The meter module must have flexibility to be read by varying reading technologies to allow for future migration to a fixed network technology.

Units shall operate in bubble up mode with no FCC license required.

2. Handheld Computer

- a. These devices will be used in the field by meter readers to input customer meter data, including readings and conditions at the customer meter site.
- b. Collection Characteristics and Memory

All devices must be completely self-contained and have adequate memory and internal power sources to perform meter reading or field service activities for an eight (8) hour shift.

- Memory for application and data used in the data capture devices must be Flash Technology, a non-volatile memory that improves data integrity and security. EPROM memory is not acceptable.
- The handheld computer must provide data security in the event of loss of power from the main battery supply. This protection is required even if the main battery supply is removed while the handheld computer is turned on.
- The device must allow the memory to be easily removed and installed in another identical unit to retrieve data in case a reading device is damaged.
- The device must be capable of storing and updating information for approximately 8,000 manually entered readings.
- The device must be capable of allowing reading of meters using ERT technology.
- The device must be able to have upgrades installed that allow for Wireless Probing and bar coding.
- Device must be able to program radio modules being read by the proposed system.
- Device must operate on a Windows Platform

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- Device must be able to perform manual entry, touch probe entry, and radio entry all within the same route.
 - Route data displayed on the handheld must indicate what type of meter is being read (water, gas, electric), account status (active/inactive), and meter read type (manual, touch, radio), along with standard account and meter information needed by the meter reader.
 - Handheld must be able to be upgraded to full mobile drive-by
- c. Keyboard
- Environmental protection without the need for special covers or cases.
 - Alphanumeric data entry without need for a Shift key.
 - New Service/Meter key.
 - Change Meter Information key
 - Common meter operation keys must be able to be used without the need for the shift key, i.e. locate, skip codes, next missed
- d. Display
- The devices must use Liquid Crystal Display (LCD) technology.
 - Display information must be user configurable.
 - Backlighting is required.
 - Color
 - Display must be a touch screen with a stylus provided
- e. Power Supply
- Removable, rechargeable batteries.
 - Back-up battery supply.
 - Low power indicator.
 - Lithium ion Batteries
- f. Physical Characteristics
- The unit must be completely weatherproof and capable of operating in bad weather conditions such as rain or snow.
- The unit must be capable of operating with ambient temperatures ranging from -4°F to +140°F without use of cases, plastic coverings, etc.
- Must be IP67 rated.
- The unit's weight shall not exceed 35 ounces (including antenna and battery).
- The unit must have audible acknowledgement of data entry and audible signaling of errors. Beep volume shall be adjustable.
- g. Internal Time Clock

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The data capture devices must have internal clocking to establish the read times for each account.

h. Interface Devices

These devices must be provided to allow the transfer of data between the handheld data capture devices and the utility mainframe, via a personal computer.

The remote hand-held device must communicate with the personal computer via local connection, leased lines or dial-up communications facilities at a rate of 2400 bits per second to 115,200 bits per second. The recommended system configuration must meet Madison County Utilities District operational requirements of Microsoft Windows 95 or higher.

The system must support dial-in and dial-out remote communications between the communications PC and the remote hand-held device.

The system must be capable of transferring data in either an attended or unattended operation.

The interface to the modem must be RS-232C compatible.

The device, when interfaced with a PC, must provide the operator with the capability to monitor data transmission.

i. Battery Chargers

The proposed System must provide battery chargers to sustain a day of use without having to change batteries. Emergency battery changing, such as in the field, must also be supported without losing route data. Chargers must be integrated into the device that handles the communication interface between the handheld and the PC and they shall allow simultaneous charging of the battery and communications with the host computer.

The chargers must be capable of recharging the batteries used by the handheld computer in five hours or less.

These devices must be capable of simultaneously charging the unit's battery and a backup battery. Charging time for both shall not exceed 12 hours.

j. Handheld Computer Software

The proposed system must provide a software system for the handheld computers. The software used in the handheld shall run under Windows CE.

The handheld computer software must provide the following meter reading procedures and functions.

- Route number and meter reader identification
- Special route instructions
- Data entry of meter readings for each type of meter read must be selectable to be right to left or left to right by the meter reader

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- Vehicle number and odometer reading
- Sign-on and Sign-off procedures
- Meter read entry displays, customized by the utility
- Customer address
- Customer name or business name
- Meter location
- Meter number
- Skip/No access meters
- Special messages/instructions to the meter reader
- Special messages from the meter reader
- Trouble/Meter Condition codes & messages from the meter reader
- Search (by number, sequence number, account number, name, address, missed readings, meters with skip codes, must read meters, all meters forward or backward.
- Scroll and Review (Name, Address, Meter Number, backward and forward)
- Survey functions, both forced and optional
- Meter change
- Add Meter
- Total & Partial/Split Route resequencing
- Status of reading/route
- Missed meters
- Ability to update meter information
- Display of Skip and Trouble code tables
- Read Electric, Gas, and Water meters within same route
- Security / password protection for re-sequencing, reset demand, reset time and date and delete route functions. Describe any additional security provided with the handheld.
- Free-form comments
- New Service/Meter
- Capability for reading the route in reverse.
- Meter notes and instruction/location information
- Current time by HH:MM:SS, and current month, day and year.

3. Mobile Laptop Computer

- a. This device will be used in the field for the collection of readings, tamper and leak detection information.
- b. Collection Characteristics and Memory
 - Memory for application and data used in the data capture devices must be, a non-volatile memory that improves data integrity and security.
 - The laptop computer must provide data security in the event of loss of power from the main power supply. This protection is required even if the main power supply is removed while the laptop computer is turned on.

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- The device must be capable of storing and updating information for approximately 50,000 readings.
- The device must be capable of allowing reading of meters using ERT technology.
- Device must operate on a Windows Platform
- Route data displayed must indicate what type of meter is being read (water, gas, electric), along with standard account and meter information needed by the meter reader.
- Provide visual GPS location information for each meter, and current vehicle location.
- Read multiple routes at once.

c. Keyboard

- Environmental protection without the need for special covers or cases.
- Full 87 key keyboard.

d. Display

- The devices must use Liquid Crystal Display TFT-LCD technology.
- Viewable in sunlight.
- Adjustable screen brightness.
- Color
- Display must be a touch screen with a stylus provided

e. Power Supply

- Removable, rechargeable, back-up battery pack.
- Low power indicator.
- Lithium ion type batteries.
- Operate from cigarette lighter and hard wired configurations.

f. Physical Characteristics

- The unit must be weather resistant.
- The unit must be capable of operating with ambient temperatures ranging from -4°F to +122°F without use of cases, plastic coverings, etc.
- Must be portable and easily moved from one vehicle to another.
- The unit must have audible acknowledgement of successful reads and audible signaling of errors. Beep volume shall be adjustable.

g. Internal Time Clock

The data capture devices must have internal clocking to establish the read times for each account.

h. Interface Devices

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Route data transfer must be available via WiFi, USB Storage Drive, and Compact Flash.

4. Meter Reading Software for the PC

a. The proposed system must provide:

- Communications facilities between the Personal Computer and Madison County Utilities District host data processing facilities will be provided by the utility. The vendor will work with Madison County Utilities District to recommend an appropriate file transfer method.
- A software system for the personal computer that provides functions for interface to the Host mainframe computer.
- Storage and processing of meter reading routes
- Interface to the handheld computers
- Interface to the mobile data collection systems
- Management reports
- Monthly statistical processing
- Graphical user interface
- Automatic Scheduled Processing

b. Host Mainframe Interface

A Utility-supplied file transfer program will handle data transfer to and from the CIS system to the proposed system. This file transfer program shall be obtained by the Utility from the Utility Billing Software Provider. If a network drive is accessible to the Personal Computer, the proposed system must be able to transfer the data files to minimize the processing requirements for the Host computer. Vendor's software must be confirmed compatible with the Utility Provided File Transfer Package which is (name of Host File Transfer Package) All communication to and from the utility Host computer must be able to be performed in an automated/unattended mode. Describe the systems support for user scripts that are used for controlling file transfers, error detection, support notification, data investigation and manipulation. The proposed system should support the use and interface to user scripts.

c. Meter Reading Route Storage and Processing

The proposed software must format appropriate data files into routes to be read by the communications system. The proposed system must provide the ability to store at least five days of meter reading routes. The system must provide the ability to process these routes and allow for operator decisions for completeness or re-reading of missed meters. Complete operator information must be provided regarding the status of routes, i.e., complete, downloaded, uploaded, partially complete, etc. Complete data backup and restore capabilities are required.

The software must have the capacity to store 10,000 meters per route. Indicate the number of readings that can be stored in a route.

d. Handheld/Laptop Computer Interface

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The proposed system must provide for complete interface to the reading equipment. Route unloading and loading must be provided either by manual operation or with pre-assigned reading activity. Reading assignments must provide the option for assignment by meter reader/reading device for permanent equipment assignments. The communications interface must provide complete status information and provide complete transmission error detection/correction.

e. Management Reports

The system must provide management reports to user locations. Specify the management reports available with your system and provide examples. Explain your system's capability to customize existing reports and create new reports.

Specify whether the following reports are available:

- Skip Read Report
- Reading Audit Report
- Trouble Codes/Text Report
- Detailed Route Report
- New Service / Change Meter Report
- Change Information Report
- Special / Meter Reader Message Report
- Survey Report
- Route Status Report
- Route Times Report
- Off-Site Reading Report
- Remote Reading Report
- Optical Probe Summary Report
- Optical Probe Detail Report
- Register Data Report
- Meter Reader Statistics
- Meter Reader Summary
- Mileage Report
- Host Download File Control Totals Report
- Host Upload File Control Totals Report

And for mobile reading:

- Performance summary report
- Missed meter report
- Tamper exception report
- Detailed in-route report
- Detailed out-of-route report
- Communication system maintenance report

f. Monthly Statistics

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The proposed system must be capable of month-end processing and must keep statistics for meter reading activity of up to twelve months. Monthly reports must be provided to show meter reading activity.

g. Graphical User Interface

The system should utilize a modern user interface, similar to most popular PC office software packages. Help functions should be available. All programs must operate within a multi-level security system that limits access by users for browse and/or update mode.

h. Automatic Scheduled Processing:

The proposed system must support appropriate functions for automated processing (no operator required) to allow operations to be scheduled in an unattended mode. Describe this option and the functions supported in this way.

5. Coverage of Meters

Madison County Utilities District is interested in providing service to all of its residential, commercial and industrial customers within its service territory, with potential to serve future customers both inside and outside the service territory. The system must be able to remotely read water meters.

The meter modules must also be capable of migrating from reading by handheld computer to Mobile AMR to Fixed Network AMR.

6. High/Low Range Verification

The system must have the capability to perform two ranges of HI/LO check functions prior to the reading being accepted. The narrow HI/LO range must require only visual verification of the reading; the wider HI/LO range must require re-entry of the meter number for reading verification.

E. FCC LICENSES

The successful bidder will assist Madison County Utilities District toward obtaining licenses and/or permits it needs from the FCC.

F. PROJECT MANAGEMENT

The vendor, and its representatives, shall have a proven program of professional project management to ensure successful system installation. Project managers shall be experienced in managing the design, installation and optimization of systems. Project management experience shall include system integration and training support.

Describe your experience in managing systems such as those proposed here. Please include experience in managing systems that include water, gas and electric service.

G. REFERENCES

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Proposals shall include five references of utilities currently using the proposed AMR system.

END OF SECTION - 220519