

SEVENTY-EIGHTH

ANNUAL REPORT

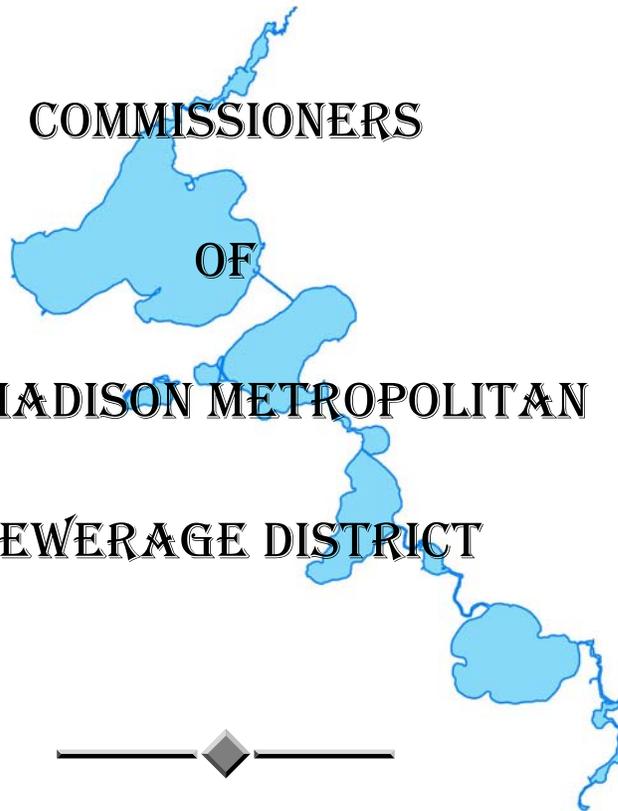
OF THE

COMMISSIONERS

OF

THE MADISON METROPOLITAN

SEWERAGE DISTRICT



FOR THE CALENDAR YEAR 2007

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MADISON METROPOLITAN SEWERAGE DISTRICT

PRESENT AND FORMER COMMISSIONERS

Ernest N. Warner	February 15, 1930 – July 9, 1930
Frank C. Blied	February 15, 1930 – February 1, 1951
Charles V. Seastone	February 15, 1930 – September 26, 1940
John C. White	February 6, 1931 – February 15, 1946
Lewis H. Kessler	October 11, 1940 – February 15, 1945
Henry J. Hunt	April 29, 1942 – January 15, 1945
James G. Woodburn	February 15, 1945 – August 17, 1972
William B. Sarles	May 25, 1946 – February 15, 1949
William J. Polk	May 19, 1949 – February 15, 1970
George A. Nelson	February 9, 1951 – May 17, 1971
Henry E. Reynolds	February 23, 1970 – March 31, 1979
Lawrence B. Polkowski	May 17, 1971 – May 24, 1995
Robert K. Hamm	August 17, 1972 – January 18, 1979
J.W. Bill Clark	August 17, 1972 – February 1, 1982
H. Gladys Swope	August 17, 1972 – August 30, 1982
David E. Mergen	January 18, 1979 – December 31, 1980
Harold Lautz	April 1, 1997 – October 7, 1993
John G. Schutz	January 1, 1981 – April 19, 1983
Elizabeth E. Salmon	February 1, 1982 – July 17, 1986
Edward V. Schten	August 30, 1982 – Now Serving
Gordon C. Johnson	May 2, 1983 – November 15, 1990
Eugene O. Gehl	July 17, 1986 – January 23, 1997
Stephen Hiniker	November 15, 1990 – September 18, 1991
Thomas D. Hovel	September 18, 1991 – Now Serving
Caryl E. Terrell	October 7, 1993 – Now Serving
Paul M. Berthouex	July 13, 1995 – Now Serving
Scott McCormick	January 23, 1997 – May 21, 1998
John Hendrick	May 21, 1998 – Now Serving

Introduction

During 2007, the District's employees again performed at high levels while making concerted efforts to prepare for future challenges.

The District received the 2007 Gold Award from the National Association of Clean Water Agencies (NACWA) signifying 100 percent compliance with its WPDES operating permit and was one of the first operating agencies in the country to achieve platinum status for its biosolids reuse environmental management system from the National Biosolids Partnership. Both of these recognitions are significant accomplishments reflecting our employees' exceptional performance.

The District continued to deliver exceptional service in a cost effective manner, meeting its goal of maintaining annual rate increases that are predictable and in line with customer expectations. A survey of 192 of the larger municipalities in the US showed that the District's residential service charge was 63 percent of the national average in 2007.

Addressing the future, several forward-looking initiatives occurred in 2007:

- The District's strategic plan was updated. Our mission, vision, values and principles were reconfirmed. Future goals and objectives were identified in four major areas; customer service, exceptional performance, financial accountability, and employee growth and development. The themes of stewardship, integrity and innovation will guide our efforts as we move forward.
- Work began on a 50-year master plan. In addition to addressing the infrastructure needs to serve the expected population increase over this period of time, this plan will investigate the potential for constructing treatment plants at other locations and the need and potential for reusing treated wastewater.
- Two major interceptor projects were completed. Portions of the Southwest Interceptor constructed in the 1950s were rehabilitated by installing a liner, and the West Interceptor Extension was replaced with new pipe. Planning continued on similar projects that will be carried out in 2008 and later years. This level of effort will continue for the foreseeable future to address the District's aging infrastructure.
- A supervisor and manager training program was initiated in 2007. In addition to providing management and leadership training for current supervisors and managers, this two-year program captures the knowledge of senior staff nearing retirement and prepares the next generation of District leaders for future management roles.

Additional details of the District's 2007 activities may be found in the remainder of this report. As you read further, it will be apparent that District employees take great pride in the role they play in protecting public health and the environment.

SEVENTY-SEVENTH ANNUAL REPORT
OF THE COMMISSIONERS OF THE
MADISON METROPOLITAN SEWERAGE DISTRICT

For the Calendar Year 2007

Madison Metropolitan Sewerage District (the District) is a body corporate with the powers of a municipal corporation for the purpose of carrying out the provisions of Sections 200.01 to 200.15 of the State of Wisconsin statutes. It was created by judgment of the county court for Dane County, entered on the 8th day of February 1930. Its existence was validated and confirmed by Chapter 132 of the Laws of 1969, effective August 2, 1969. The constitutionality of that Law was sustained by the Wisconsin Supreme Court in Madison Metropolitan Sewerage District vs. Stein, 47 Wis. 2nd 349, 177 N.W. 2nd 131 (1969).

COMMISSIONERS AND EXECUTIVE STAFF

The District is governed by five Commissioners, each appointed by the Dane County Executive and approved by the County Board for five-year terms.

Paul M. Berthouex (term ending June 30, 2009)
Thomas D. Hovel (term ending June 30, 2010)
John Hendrick (term ending June 30, 2011)
Edward V. Schten (term ending June 30, 2012)
Caryl E. Terrell (term ending June 30, 2008)

The Chief Engineer and Director is Jon W. Schellpfeffer. Jo Ann Terasa, the interim treasurer of the City of Madison, also serves as treasurer of the District. Griffin Dorschel of Axley Brynson is attorney for the District.

TIME AND PLACE OF MEETINGS

The Commissioners of the District meet once or twice each month, at the office of the Commission at 1610 Moorland Road, Madison, Wisconsin. Special meetings are held upon call of any member of the Commission.

OPERATION OF WASTEWATER FACILITIES

Sources of Wastewater

The District receives and treats wastewater from the Cities of Fitchburg, Madison, Middleton, Monona and Verona; the Villages of Cottage Grove, Dane, DeForest, Maple Bluff, McFarland, Shorewood Hills and Waunakee; and from sanitary and utility Districts and other areas in the Towns of Blooming Grove, Burke, Dunn, Madison, Middleton, Pleasant Springs, Verona, Vienna, Westport and Windsor. The District also accepts septic tank wastes and similar wastes from unsewered areas located primarily in rural Dane County. The total area of the District is 177.76 square miles.

Interceptor Service

Interceptor sewer service is provided within the District through the District's main and intercepting sewers. The District operated and maintained 93.46 miles of gravity sewers and 29.31

miles of force main at the end of 2007. Wastewater collecting systems are owned and operated by the cities, villages and town sanitary and utility districts and are connected to the metropolitan interceptor system.

All wastewater generated in the District is treated at the Nine Springs Wastewater Treatment Plant located at 1610 Moorland Road, Madison, Wisconsin, approximately one mile south of Lake Monona. The easterly part of the District is served by the East Interceptor, the Southeast Interceptor, the Northeast Interceptor and the Far East Interceptor. The westerly part of the District is served by the Lower Badger Mill Creek Interceptor, the West Interceptor, the Southwest Interceptor, the South Interceptor, and the Nine Springs Valley Interceptor.

The transmission of wastewater from the metropolitan area to the Nine Springs Wastewater Treatment Plant requires the operation of 129 pumping stations, not including 414 small grinder pump installations. The following two tables list the number of pumping station, operated and maintained by individual communities and the District.

PUMPING STATIONS OPERATED AND MAINTAINED BY OWNER

OWNER	NUMBER OF PUMPING STATIONS
City of Middleton	8
City of Monona	7
City of Verona	1
Village of Cottage Grove	4
Village of Dane	1
Village of DeForest	1
Village of McFarland	4
Village of Shorewood Hills	1
Village of Waunakee	2
Town of Blooming Grove Waunona S. D. No. 2	1
Town of Burke Token Creek Sanitary District	0
Town of Dunn Kegonsa Sanitary District	5 + 354 Grinders
Town of Pleasant Springs Sanitary District No. 1	9 + 55 Grinders
Town of Vienna Utility District No. 1	1
Town of Vienna Utility District No. 2	1
Town of Westport Utility District No. 1	10 + 1 Grinder
Town of Windsor Sanitary District No. 1	3
Town of Windsor Morrisonville S. D. No. 1	1
State of Wisconsin:	
University of Wisconsin Campus	6 + 4 Grinders
University of Wisconsin Arboretum	1
Dane County - Rodefild Landfill	1
Dane County - Vilas Zoo	1
TOTAL	69+ 414 GRINDERS

**PUMPING STATIONS OPERATED AND MAINTAINED
BY THE DISTRICT**

OWNER	NUMBER OF PUMPING STATIONS
Madison Metropolitan Sewerage District	17
City of Madison	29
Village of Maple Bluff	3
Town of Dunn Sanitary District No. 1	4
Town of Dunn Sanitary District No. 3	3
Town of Madison	3
Dane County Lake Farm Park	1
TOTAL	60

Quantity of Wastewater

The District received 15,655,945,000 gallons of wastewater at the Nine Springs Wastewater Treatment Plant in 2007. This was a 6.7% increase from 2006. The average daily quantities received from each municipality and through infiltration into the District's intercepting sewers in 2007 were as follows:

AVERAGE DAILY QUANTITIES OF WASTEWATER

Municipality	2007(GPD)	% of Total
City of Fitchburg	1,883,000	4.39
City of Madison	28,806,000	67.16
City of Middleton	1,761,000	4.11
City of Monona	947,000	2.21
City of Verona	820,000	1.91
Village of Cottage Grove	676,000	1.58
Village of Dane	63,000	0.15
Village of DeForest	769,000	1.79
Village of Maple Bluff	192,000	0.45
Village of McFarland	644,000	1.50
Village of Shorewood Hills	191,000	0.44
Village of Waunakee	1,535,000	3.58
Town of Blooming Grove	6,600	0.32
Town of Blooming Grove San. Dist. No. 2	135,000	0.04
Town of Blooming Grove San. Dist. No. 10	18,000	0.04
Town of Burke Util. Dist. No. 1	16,000	0.04
Town of Burke Util. Dist. No. 2	3,900	<0.01
Town of Burke Util. Dist. No. 6	1,000	< 0.01
Town of Burke – Token Creek San. Dist.	69,000	0.16
Town of Dunn San. Dist. No. 1	168,000	0.39
Town of Dunn San. Dist. No. 3	73,000	0.17

Municipality	2007(GPD)	% of Total
Town of Dunn San. Dist. No. 4	29,000	0.07
Town of Dunn Kegonsa San. Dist.	167,000	0.39
Town of Madison	859,000	2.00
Town of Middleton San. Dist. No. 5	19,000	0.04
Town of Pleasant Springs San. Dist. No. 1	81,000	0.19
Town of Verona	700	< 0.01
Town of Verona Util. Dist. No. 1	20,000	0.05
Town of Vienna Util. Dist. No. 1	55,000	0.13
Town of Vienna Util. Dist. No. 2	31,000	0.07
Town of Westport Util. Dist. No. 1	200,000	0.47
Town of Westport Util. Dist. No. 2	381,000	0.89
Town of Westport Util. Dist. No. 3	16,000	0.04
Town of Westport Util. Dist. No. 4	9,800	0.02
Town of Westport - Cherokee Golf and Tennis	4,800	0.01
Town of Windsor San. Dist. No. 1	225,000	0.52
Town of Windsor San. Dist. No. 3	500	< 0.01
Town of Windsor - Illinois Foundation Seed	100	< 0.01
Town of Windsor - Hidden Springs San. Dist.	4,400	0.01
Town of Windsor - Lake Windsor San. Dist.	35,000	0.08
Town of Windsor - Morrisonville San. Dist.	66,000	0.15
Town of Windsor - Oak Springs San. Dist.	37,000	0.09
Total Wastewater	41,020,000	95.63
Infiltration into District Interceptors	1,873,000	4.37
Total Received at the Treatment Plant	42,893,000	100

Wastewater Treatment

The Nine Springs Wastewater Treatment Plant is located in the Town of Blooming Grove at the intersection of South Towne Drive and Moorland Road.

Preliminary treatment includes influent wastewater fine screening and grit removal. Fine screening is accomplished with three rotating band screens with 6 mm openings and a vortex grit system for grit removal. Variable-speed drives were installed on two of the band screens in 2007. The third unit had been retrofitted with a variable speed drive in 2006. The purpose of the drives was to better control the influent channel level and provide redundancy for accomplishing this goal. The level must stay below a screenings bypass weir to prevent loss of screenings to the plant processes, and the level must stay above a certain level to assure accurate influent venturi flow-metering. The grit and screenings are disposed of in the Dane County Landfill.

Since startup of the facility in 2005 there had been trouble with pumping from the screenings processing well. The pumps designed to pump the screenings to compactors would frequently plug with rags. Also, the grit had to be removed on a routine basis with a separate grit pump, and it was difficult to pump the grit without also bringing in rags with the grit. The pump designed to pump the grit would frequently plug with rags, as would the piping to and from the pump. The

grit and accompanying rags are pumped to a separate settling basin (termed a “Snail”) which had previously been used by the District in a primary sludge dewatering process. In November, 2007, changes were made in operation of the screenings processing well to help prevent accumulation of rags in the well. Changes were also made to recirculate the sluiced flow from the band screens back to the influent channel while grit was pumped from the screenings processing well in order to minimize rags mixing in with the grit. These changes greatly improved process reliability.

Following preliminary treatment, nineteen primary settling tanks are used to remove floatable and settleable material from the wastewater. The wastewater from primary settling is then biologically treated in the activated sludge system. The activated sludge system consists of tanks with anaerobic, anoxic and aerobic zones configured for biological phosphorus removal, ammonia removal and decomposition of organic material. The secondary clarifiers are a combination of center feed/peripheral draw off and peripheral feed/peripheral draw off configurations and efficiently remove the suspended bacterial solids to meet advanced secondary standards. Most of the solids, which contain the microbial culture, are pumped back to the aeration tanks. A certain percentage is wasted every day to maintain a desired bacterial growth rate. An eight to ten day solids retention time (SRT) is normally maintained in the process.

During 2007, the secondary portion of the Nine Springs Wastewater Treatment Plant was operated as four separate plants. Effluent from the individual plants was monitored to ensure adequate process control and to provide information on differing operating modes.

The treated water is disinfected by ultraviolet irradiation from April 15th through October 15th and pumped to Badfish Creek and Badger Mill Creek. In 2007, approximately 41.68 mgd on average were pumped to Badfish Creek and 3.24 mgd were pumped to Badger Mill Creek.

The open-channel ultraviolet disinfection system has met the effluent fecal coliform concentration standard since start-up in 1997. All lamp banks are cleaned with phosphoric acid in the winter months when disinfection is not required. Lamp and ballast replacement is also accomplished during this period.

The primary sludge is removed from the 19 primary settling tanks on a continuous basis and pumped to two gravity-thickener tanks. The solids concentration from the gravity thickeners averaged 4.74% in 2007. The waste-activated sludge is thickened in two dissolved-air-flotation (DAF) units. The solids concentration from these units averaged 4.26% in 2007. When a new gravity belt thickener was added in 2007 for thickening anaerobically digested sludge, the existing gravity belt was modified so it could either thicken waste activated sludge or anaerobically digested sludge. In December of 2007, the old gravity belt thickener was used to thicken waste-activated sludge while the new gravity belt thickener was used for the anaerobically digested sludge. Because of acid digester problems in the fall of 2007, the thickened waste-activated sludge from the gravity belt thickener was combined with the anaerobically digested sludge and sent to the metrogro storage tanks for digestion in the tanks over the winter. All of the thickened waste activated sludge from the DAF thickeners and thickened primary sludge from the gravity thickeners are combined in feed piping to the anaerobic digestion process.

The anaerobic digestion process is a phased process, both gas-phased and temperature-phased. The raw sludge is fed to an acid digester, digester #7, at approximately 90 deg F and a 2.5 day detention time. Sludge is then heated and transferred from this digester to digesters 4, 5, and 6 which are operated as thermophilic digesters at approximately 128 deg F and a 9 day detention time. Sludge from digesters 4, 5, and 6 is reduced in temperature to approximately 100 degrees

and transferred to digesters 1, 2, and 3 for further digestion at mesophilic temperatures with a 6.5 day detention time. Approximately 70% of the heat given up in reducing the temperature from 128 degrees to 100 degrees is transferred to raw sludge heating for digester #7.

The process was placed on line in this manner on April 1, 2007. The initial start up of the process had originally been in September, 2006, but plugging problems in the gas mixing system caused raw sludge to short-circuit through digester 7 to digesters 4, 5, and 6. This short-circuiting seemed to be the reason problems occurred with acid digester 7. Methane gas production in digester 7 was excessive and caused foaming problems in digester 7 and problems with gas binding in transfer and recirculation pumps. The District contracted for dewatering of digester 7 in March, 2007. The rags plugging the mixers were cleaned out, and modifications were made to the feed piping to help prevent the possibility of short-circuiting. The system was restarted in April and performed well until October.

Foaming problems were again experienced in digester 7 while being operated as an acid digester in October and December, 2007. The foam plugged the gas piping exiting the digester. The pressure built up inside the digester and eventually caused the foam to come out the emergency overflow pipe and over the ground. Significant clean up time was spent following these events. Digester 7 was removed from service as an acid digester for the entire month of December and 450,000 gallons were removed from the 710,000 gallon tank. Further investigations are being made as to how to successfully return the process to service.

The digested biosolids concentration averaged 1.9% in 2007. The digested biosolids were thickened from 1.9% to an average concentration of 5.3% by the addition of polymer on gravity belt thickener # 2. An average of 22 tons/day of digested biosolids was thickened in 2007. The polymer used for thickening was a liquid emulsion polymer.

As a by-product of the anaerobic digestion process, gas is produced that is approximately 58% methane. The District supplements digester gas production with natural gas purchased from Madison Gas and Electric. Digester gas usage averaged 554,000 cubic feet per day in 2007. Most of the digester gas was used to fuel boilers for heating and a 650 horsepower blower engine, which provides air to aeration tanks. There are also two generator engines capable of using digester gas, but only one of the generators was operated in 2007, and only from January to April, 2007. The gas produced in the thermophilic digester proved to have high moisture and siloxane levels which resulted in major mechanical problems to both generator engines and forced shutdown of the engines after April. The District contracted in 2007 for installation of a gas treatment system which will remove moisture, siloxanes, and hydrogen sulfide. The generators will be restarted in 2008. The blower engine was able to run about 95% of the time in 2007 because of its location being a considerable distance away from the thermophilic digesters. This distance allows the gas to cool and most of the moisture, and siloxanes in the moisture, to drop out prior to being used in the engine. An average of 3,050 kW-hrs of electricity was generated each day in 2007; and the engine blower saved the purchase of approximately 8,451 kW-hrs per day.

The District takes advantage of the heat recovered from the engines to heat anaerobic digesters and most plant buildings. Jacket water heat and engine exhaust heat are recovered from all three engines when available. Lube oil heat is recovered from the engine generators, but not from the blower engine.

Treated waste from a University of Wisconsin School of Veterinary Medicine digestion facility for deer with chronic wasting disease and other diseased animals was pumped directly to the an

aerobic digesters in 2007. Approximately one truck load every three to four weeks was brought to the plant mainly in the spring and fall. Although a high-strength product, the quantity did not significantly affect digester operations. The product is pumped directly to the digesters as soon as it is received. In October, deer carcasses from the CWD eradication zone were being land filled-rather than digested. Future wastes from the veterinary lab digester are expected on a much less frequent basis.

The thickened and digested biosolids are either pumped directly to loading facilities or to the Metrogro storage tanks. During the winter, all biosolids are stored in the Metrogro storage tanks. The tanks have a storage capacity of 19.5 million gallons. All biosolids are hauled and applied to cropland as a soil conditioner and fertilizer. The digested biosolids are marketed by the District under the name of "Metrogro."

The 2007 wastewater treatment data are reported in accordance with the District's WPDES Permit and a summary of this information is shown in the table "Yearly Log-Plant Operations." Monitoring data for effluent metals are reported in the table "Influent and Effluent Metal Concentrations."

**Madison Metropolitan Sewerage District
Influent and Effluent Metal Concentrations
For 2007**

Date of Sample	Effluent MGD	Cadmium (T)		Chromium (T)		Copper (T)		Lead (T)		Mercury (T)		Nickel (T)		Zinc (T)	
		(PPB)		(PPB)		(PPB)		(PPB)		(PPT)		(PPB)		(PPB)	
		Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff	Inf	Eff
01/09/07	40.21	<0.06	<0.06	3.98	q1.12	78.0	12.6	q2.92	<1.2	268	1.96	4.44	<1.3	135	49.0
02/06/07	40.87	<0.09	<0.09	4.51	q1.16	95.8	14.0	6.07	<0.7	140	2.89	q2.00	<0.8	129	53.1
03/06/07	45.04	<0.09	<0.09	3.97	q1.16	72.4	6.00	3.59	<0.7	136	2.26	q2.65	q0.88	136	59.2
04/03/07	49.30	<0.09	<0.09	3.73	q1.24	63.6	9.4	5.50	<0.7	230	2.11	q2.23	<0.8	102	50.5
05/01/07	44.03	q0.09	<0.09	3.74	q1.43	80.8	9.5	4.19	<0.7	269		q2.65	q1.17	144	49.7
05/08/07										1.45					
06/05/07	43.73	q0.11	<0.09	3.44	<0.7	85.1	9.8	6.81	<0.7	200	1.35	3.83	q1.19	134	44.1
07/10/07	41.58	q0.19	<0.09	4.44	q1.28	90.8	9.8	6.48	<0.7	19	1.88	3.08	q1.20	157	55.8
08/07/07	53.26	q0.29	q0.12	4.11	<0.7	82.3	8.6	5.65	<0.7	335	4.10	3.16	q1.37	166	42.3
09/05/07	50.12	0.32	<0.09	4.54	<1.4	74.5	q5.9	5.03	<0.7	159	2.07	3.35	q1.69	124	47.7
10/02/07	46.36	q0.25	q0.10	3.51	<1.4	69.5	q4.4	4.34	<0.7	128	4.59	2.91	q1.53	135	50.0
11/06/07	42.67	q0.13	q0.11	2.78	q1.29	72.4	10.4	2.95	<0.7	116	1.66	3.21	q1.78	124	46.8
12/4/07	41.95	0.38	q0.15	3.41	q2.55	67.4	9.4	4.25	<0.7	311	1.53	3.10	q1.39	136	48.2

"<" indicates that sample concentration is less than the method detection limit.

"q" indicates that sample concentration is less than the limit of quantitation and above the method detection limit.

"PPB" indicates parts per billion.

"PPT" indicates parts per trillion.

**Madison Metropolitan Sewerage District
Nine Springs Wastewater Treatment Plant
YEARLY LOG – PLANT OPERATIONS
2007**

Month	Inf Flow MGD	BFC Eff MGD	BMC Eff MGD	BOD		TSS		Nitrogen		Phosphorus		Eff FCOLI MPN/100 geo mean	Min Hr Eff D.O. MG/L
				RAW	Eff	RAW	Eff	RAW	Eff	RAW	Eff		
				BOD	BOD	TSS	TSS	TKN	Ammonia	TP	TP		
				MG/L	MG/L	MG/L	MG/L	MG/L	MG/L	MG/L	MG/L		
01-07	38.69	37.10	3.11	272	4	229	5	39.2	0.06	6.5	0.32		6.6
02-07	39.64	37.66	3.21	265	5	238	5	39.5	0.11	6.4	0.31		5.9
03-07	43.69	41.75	3.29	243	5	221	5	36.9	0.14	6.1	0.24		6.0
04-07	46.10	46.02	3.28	213	4	191	4	33.5	0.29	5.4	0.31	61	7.7
05-07	42.36	40.74	3.29	246	3	219	3	37.4	0.22	6.0	0.4	56	6.6
06-07	42.21	40.45	3.29	231	2	208	3	36.1	0.06	5.8	0.49	73	5.7
07-07	39.94	38.30	3.29	280	3	248	3	37.2	0.07	6.2	0.44	102	6.4
08-07	50.81	49.98	3.29	194	3	187	4	30.0	0.07	5.1	0.54	127	5.2
09-07	47.29	46.83	3.29	214	3	203	4	32.8	0.10	5.4	0.55	117	5.2
10-07	43.73	43.07	3.29	234	3	198	3	36.0	0.10	5.8	0.41	149	5.9
11-07	40.06	39.64	3.03	250	4	195	4	39.9	0.13	6.3	0.33		8.0
12-07	40.02	38.67	3.29	246	4	219	4	39.0	0.08	6.3	0.31		8.4
Average	42.88	41.68	3.24	241	4	213	4	36.4	0.12	6.0	0.39	98	6.5

BFC is to Badfish Creek Outfall
BMC is to Badger Mill Creek Outfall

METROGRO OPERATION

The District recycles biosolids to agricultural land through its Metrogro Program. Summary hauling and cost information for each of the past five years is given in the following table. Increased fuel prices in 2006 and 2007 had a significant impact on program cost.

Year	2007	2006	2005	2004	2003	2002
Gallons Recycled (MG)	38.2	35.9	34.0	38.4	40.0	36.6
Dry Tons Recycled	7,380	7,185	7,086	8,397	8,827	7,872
Acres Applied	4,758	4,431	4,376	4,923	5,285	4,691
Total Program Cost (\$000)	\$1,335	\$1,301	\$1,238	\$1,440	\$1,359	\$1,210
\$/1000 Gallons	\$35.13	\$36.23	\$36.39	\$37.48	\$33.91	\$33.09
\$/Capita	\$4.05	\$3.94	\$3.86	\$4.55	\$4.34	\$3.86
\$/Dry Ton	\$181	\$181	\$175	\$171	\$154	\$154

The only significant program change from 2006 is that a revised process was used to secure owner-operated semi trucks that conducted hauling and application operations. Under the new process, the District established fixed, hourly rates for owner-operated equipment based on an assessment of market conditions, and utilized multiple contractors. This provided operational flexibility and allowed for cost containment.

The District continues to produce a high quality biosolids product. Metal concentrations in 2007 were below the concentrations used by EPA to define an exceptional quality biosolid (note: WDNR uses the term “high quality” in NR 204).

Metrogro Biosolids Quality-2007 Average Values

Parameter	Concentration	EPA EQ Limit*	EPA Ceiling Limit	Units (Dry Weight)
Total Solids	4.7	NA	NA	%
TKN	7.7	NA	NA	%
NH3-N	3.6	NA	NA	%
Total-K	0.9	NA	NA	%
Total-P	4.6	NA	NA	%
Arsenic	5.1	41	75	mg/kg
Cadmium	1.9	39	85	mg/kg
Chromium	44.0	NA	NA	mg/kg
Copper	681	1,500	4,300	mg/kg
Lead	45.3	300	840	mg/kg
Mercury	1.5	17	57	mg/kg
Molybdenum	24.7	NA	75	mg/kg
Nickel	26.0	420	420	mg/kg
Selenium	6.2	100	100	mg/kg
Zinc	820	2,800	7,500	mg/kg
PCB	<0.013	NA	NA	mg/kg

*EQ means “exceptional quality”

NA means not applicable

< data qualifier is used if one or more of the monthly values used to calculate the yearly average is reported as below the analytical limit of detection.

Environmental monitoring to support the Metrogro program continued in 2007. Approximately 600 water samples were collected from private wells, with samples being analyzed for a number of parameters, including nitrate nitrogen and coliform bacteria. Soil samples were also collected, with the soil test recommendations being used to determine Metrogro application rates.

The District continued to operate the Metrogro Program under an Environmental Management System (EMS) certified by the National Biosolids Partnership. The EMS consists of 17 different elements that address the following five general areas of program operation:

- Policy.
- Planning.
- Implementation.
- Measurement and Corrective Action.
- Management Review.

The District’s EMS was certified by the National Biosolids Partnership in 2004, following a comprehensive independent 3rd party audit. A second independent 3rd party audit was conducted in 2006 and an internal audit was conducted in 2007. The District has retained its certified agency status and is one of a handful of agencies nationwide to have achieved platinum

status in the NBP's tiered EMS recognition program. The platinum level represents the highest achievement of biosolids management and environmental stewardship.

Metromix Program

The District is diversifying its overall biosolids management program by developing a soil-like product(s) called MetroMix. MetroMix will be produced by combining dewatered biosolids with materials such as sand and sawdust to provide bulk and texture. Research to support MetroMix development and marketing efforts is being conducted by the Department of Soil Science at the University of Wisconsin-Madison. The 2007 research focused on assessing the effect of MetroMix additions on turf grass establishment and growth, and its effect on soil physical properties. MetroMix blends containing ratios of either 4:1:2 or 2:1:1 of biosolids:sand:sawdust (by volume) were evaluated in this study.

Each blend was applied at four different rates in the spring of 2006. Two rates were based on nitrogen loadings, delivering either 1 lb N/1000 ft² or 3 lb N/1000 ft² (the recommended nitrogen application rate for turf grass production). Two rates were based on using MetroMix as a soil amendment, resulting in MetroMix applications of 110 tons/acre and 220 tons/acre of MetroMix, respectively (dry weight basis). Commercial fertilizer control treatments were included for comparison at rates of 0, 40, 80, and 120% of the recommended rate of 3 lbs N/1000 ft², which were applied annually in 2006 and 2007.

Turf grass quality was evaluated both qualitatively and quantitatively. Verdure readings, which measure the greenness of the turf grass, were taken weekly to provide a measurement of turf density and quality. Clippings were also collected weekly and were analyzed for metals and mineral elements, as well as total N. Verdure readings on Kentucky bluegrass plots treated with 220 tons/acre were nearly twice as high as the plots that received 120% of the recommended rate of N fertilizer. Dry matter production was 10 times higher for the 220 tons/acre MetroMix treatment relative to the plots that received 120% of the recommended rate of N fertilizer.

Cone penetrometer measurements taken on the Kentucky bluegrass plots in 2007 showed lower penetration resistance in MetroMix treated plots compared to those that received fertilizer alone. This suggests that the addition of MetroMix improved soil aggregation and did not permit the soil to re-consolidate after treatment. It can be assumed that water would infiltrate faster and that root growth would not be impeded in MetroMix treated plots. These differences occurred at greater depths for the 4:1:2 MetroMix than for the 2:1:1 mix.

Soil metals analysis showed higher extractable levels of Cu, Fe and Zn in 220 ton/acre MetroMix treatments compared to the fertilizer control. These metals are also essential plant nutrients and would be beneficial under conditions of deficiency, which may exist on eroded building sites where lawns are often seeded into low-grade soils. Soil levels of Cd and Pb were not affected by treatment and Cr and Mo were below detection limits. Average soil test phosphorus levels increased as the rate of MetroMix applied increased, reaching approximately 330 mg/kg for the 220 ton/acre of either mix.

The research demonstrates that MetroMix supplies valuable nutrients necessary for turf grass production. When applied at higher rates, MetroMix improves the physical condition of the soil, making it an effective soil amendment. When MetroMix is applied at high rates over large areas, site selection could be an important consideration to minimize phosphorus losses.

ACCOUNTING – CLERICAL ACTIVITIES

The District's Accounting/Clerical work group provides clerical support and accounting functions for all District departments. Routine tasks include receptionist duties; telephone answering; typing of commission meeting minutes, agenda and resolutions; managing the septage receiving database; records management including scanning incoming and outgoing general office correspondence for electronic storage; and accounting functions including administering accounts receivable, accounts payable, general ledger, payroll, investments and employee benefits.

Notable activities in 2007 include the following:

- Accounting and IT work groups scheduled time to visit the Business Continuity site to review how we would recover from a disaster. Hardware and software were tested for accessibility and functionality. The site was stocked with forms, office supplies and furniture for a short recovery time. Parking, exits and facilities were toured to familiarize staff in the case of a disaster.
- Completed asset cost allocations for the Tenth Addition Project. This consisted of adding new assets worth \$35M and disposing of the old.
- First year working with Clifton Gunderson for the Financial Audit. Year-end audit involved a Risk Assessment which will be followed up with a list of opportunities for improvement. These will be reviewed and addressed as needed.
- Conducted two educational staff meetings addressing health insurance and retirement planning.

INFORMATION SYSTEMS ACTIVITY

The District's Information Systems (IS) work group provides infrastructure and software support for the following existing applications:

Administration

Budgeting, document and records management, email, internet user monitoring, Microsoft Office Desktop, pretreatment, pump station billing, rate setting, security, user charge billing, virus protection, web site management and new external website.

Engineering

Change order management, construction plan holders, geographical information system (GIS), and collection system flow modeling.

Operations and Maintenance

Metrogro hauling and land application, operations (regulatory) reporting, process control data transfer and analysis, SPL Enterprise Asset Management.

The District IS work group was also involved in the following activities in 2007:

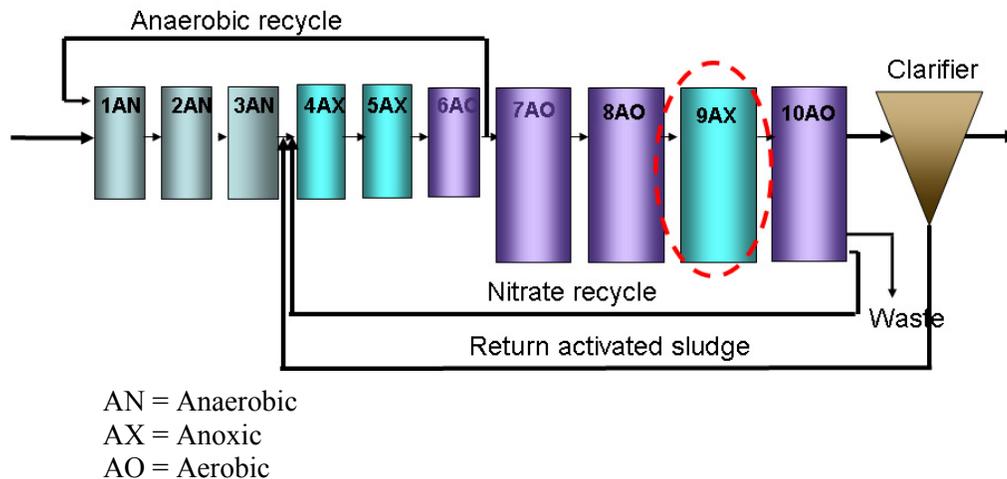
- Installed and tested the current release of the SPL EAM product on our Oracle database.
- Continued application development for Mercury Reduction.
- Enhancements and testing at Business Continuity site.
- Continued to expand the functionality of the Engineering GIS application.
- Upgraded the computer network to the Electrical Maintenance Department.

RESEARCH

UW Engineering Department Research

Research related to treatment and discharge of high quality effluent with very low level nitrogen and phosphorus concentrations to impoundments or lake systems began in 2004 under the direction of University of Wisconsin Professors Greg Harrington, Dan Noguera and Trina McMahon. In 2006 the pilot plant operations were reduced to the operation of a single activated sludge pilot plant, and continued in 2007 under the direction of Professor Dan Noguera and PhD student Dae Wook Kang with the goal of an effluent phosphorus concentration of 0.05 mg/l and an effluent total nitrogen concentration of 3 mg/l. Research with this pilot plant was concluded in April, 2007. The configuration of the pilot plant designed for the 2006 and 2007 studies is shown below.

Methanol and alum addition



The pilot plant used varying mixed liquor recycle flow rates and an anoxic zone preceded by varying methanol additions in order to further remove nitrates. Results of operation in 2006 and 2007 indicated the pilot plant might meet the goal of 3 mg/l total nitrogen in the effluent at the higher methanol doses, and the mixed liquor recycle rate did not have as much of an effect on effluent nitrogen concentrations as the methanol dose. Simply increasing the recycle rate would not significantly help in meeting the goal of 3 mg/l total nitrogen. The pilot plant operations were often hampered by foaming organisms and inconsistent ammonia removal, making it difficult to precisely quantify the potential for meeting the low total nitrogen limits.

The current DNR or WPDES standard for effluent discharge is 1.5 mg/l total phosphorus (TP) and the current discharge from the Nine Springs biological phosphorus removal system averages approximately 0.35 mg/l. In the future, possible standards for discharges to a lake or impoundment could be as low as 0.05 mg/l total dissolved phosphorus and 0.01 mg/l total dissolved phosphorus in the summer months. These standards would require chemical precipitation and filtration in addition to biological phosphorus removal. Varying doses of alum were added along with methanol to the activated sludge pilot plant. It was determined that filtration would significantly lower the effluent TP concentration for all alum dosages. However, it was difficult to determine the influence of low versus high alum dosages coupled with filtration on the effluent TP, although at higher alum doses lower effluent TP concentrations could be attained. Reliably attaining an effluent concentration of 0.05 mg/l TP may be possible, but reliably attaining an effluent concentration of 0.01 mg/l TP is likely impossible.

The final report from the project estimated that for the 42 MGD treated at the Nine Springs Wastewater Treatment Plant, effluent total nitrogen concentrations of 3.4 mg/l and 2.1 mg/l could be achieved with methanol doses of 94 and 188 gCOD/m³. The cost for these methanol doses would be \$1.2 million and \$2.4 million per year. An effluent total phosphorus concentration of 0.06 mg/l could be achieved with an alum dose of 15.5 g/m³, which would be an annual cost of approximately \$2.2 million per year. The report also concluded that the limits of technology for nitrogen and phosphorus removal were approximately 1 mgN/l and 0.04 mgP/l. These are residual non-reactive components of the effluent.

Struvite Control

In 2006 a research project under the direction of Professor Phillip Barak of the UW Soils Department was initiated to investigate a new and innovative process for removing struvite. The goal of the project was removal of struvite from the gravity belt filtrate or centrifuge centrate, the effluent from thickening or dewatering anaerobically digested sludge. These streams are rich in soluble phosphorus, ammonia and magnesium, the components of struvite. This precipitate has long been a nuisance in anaerobic digestion system piping, valves and pumps, causing clogging and reducing capacity. Expensive mechanical cleaning methods, such as high pressure jetting, have been necessary to remove the crystalline compound. If struvite could be formed in a controlled manner, it could reduce the plugging problems, reduce the ferric chloride cost currently associated with precipitating phosphorus out of the recycle flows to the secondary plant, and reduce the phosphorus concentration in the metrogro biosolids.

The process uses self-assembling monolayers to precipitate struvite crystals at a faster rate than other struvite removal processes. In 2006 the project determined struvite precipitation potential in the District's filtrate from the gravity belt thickener, and precipitation experiments were performed showing the size and density of tiny crystals which could be formed. Different monolayer materials were investigated, including gold, copper and stearate. These studies were continued into 2007 with batch reactors testing the potential for removing struvite from the gravity belt thickener filtrate. Testing also continued on different materials for the monolayers. Chemical analyses were performed on the digested sludge produced by the new phased process, and a mathematical model was used to help predict struvite forming potential. A final report on project findings will be prepared in the spring of 2008 and presented to the District.

MMSD Golf Course Demonstration Project

Working in cooperation with the City of Fitchburg and the Nine Springs Golf Course, effluent is being used to irrigate a 5,200 square foot area on the 7th hole of the golf course, which includes the former green and portions of the adjacent fairway. This demonstration project began in 2004 as part of the District’s on-going effort to evaluate opportunities to promote the beneficial reuse of effluent.

Summary information for this project is provided below. The 2004 and 2005 data for total gallons/acre, total gallons/acre/day and precipitation equivalent are slightly different from data previously reported due to rounding.

Golf Course Irrigation Summary Information

General information	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Demonstration area (ft ²)	5,200	5,200	5,200	5,200
Irrigation period	7/May-6/Oct	16/Jun-26/Sept	18/May-12/Oct	02/Jul-08/Oct
Days irrigated	71	53	112	44
Total volume (gallons)	56,460	50,610	97,650	39,780
Total gallons/acre	473,000	424,000	818,000	333,200
Total gallons/acre/day*	6,662	8,000	7,304	7,572
Precipitation equivalent (in)	17.5	15.7	30.3	12.3
Commercial fertilizer additions				
Total Nitrogen (lbs/acre)	33	15.6	0	5.5
Total Phosphorus (lbs/acre)	0	0	0	0
Total Potassium (lbs/acre)	8	5.4	0	2.4
Effluent additions				
Total Nitrogen (lbs/acre)	66	60	118	44
Total Phosphorus (lbs/acre)	1.8	1.6	2.7	1.2
Total Potassium (lbs/acre)	54	48	96	38

*Calculated as total gallons/acre divided by days irrigated.

Soil samples were collected following completion of the irrigation season. Chloride and Sodium levels were higher than samples collected in 2006, while soluble salt levels were comparable. Turf response to effluent additions was determined through visual observations, with good growth occurring throughout the demonstration period. There was no evidence of salt damage or nutrient deficiencies.

The demonstration project will continue in 2008. Experience and knowledge gained through this project will be used to determine whether, and under what conditions, a larger scale irrigation project should be pursued.

Discharge of Highly Treated Effluent

The Department of Civil and Environmental Engineering at UW-Madison is conducting research to investigate a scenario in which treated effluent would be discharged at the bottom of Lake Mendota in 72 feet of water, likely from a new wastewater treatment plant on the north side of the lake. The objectives of this study are to (1) predict the fate and transport of treated effluent in the lake using an integrated 3D circulation, temperature, and phosphorous model, and (2) evaluate the impact of effluent and its constituents on the phosphorus cycling activity of microbial communities native to the lake. Professors Katherine McMahon and Chin Wu are the principle investigators for this project.

Significant tasks accomplished in 2007 include:

- Developing temperature and velocity profiles at two locations in Lake Mendota for the period of July to September to aid in modeling treated effluent transport behavior under field conditions.
- Conducting dye mixing experiments to obtain information on effluent diffusivity across the thermocline in Lake Mendota.
- Developing an integrated model, with a focus on modeling phosphorus.
- Model calibration using field data.
- Evaluating multiple discharge scenarios and lake conditions (including stratification periods, overturn periods, and storm events).
- Conducting incubation experiments to evaluate the effect of effluent on native microbial communities.
- Determining the extent to which microbial community response varies across seasons.

Preliminary results of this study suggest that over the short term, discharge of treated effluent to the hypolimnion would not adversely impact phosphorus fate or transport in the lake. However, additional research is needed to evaluate the longer-term (i.e. greater than one week) effects on the lake water quality, particularly with consideration of storm events and bacterial interactions with algae. Modeling efforts will continue in 2008, with a focus on trying to simulate the effects of storm conditions on phosphorus transport in the lake.

INDUSTRIAL PRETREATMENT PROGRAM

The 23rd year of the District's Industrial Pretreatment Program brought concerted implementation efforts for the Mercury Pollutant Minimization Plan. Revisions to the Sewer Use Ordinance (SUO) were approved by the Commission on February 26, 2007. The revisions required that dental clinics that place or remove silver-amalgam follow best management practices and install and maintain amalgam separation devices before December 31, 2008. Additional ordinance revisions focused on EPA pretreatment program streamlining requirements. No third party or regulatory audits of the pretreatment program were conducted in 2007.

Permitting activities in 2007 included issue of a first permit to Metal Skills Plus of DeForest. The permits for Latitude Corp, Anderson Manufacturing, and Boumatic were all reissued, and modified as necessary, as their five-year terms expired. Springs Window Fashions, LLC informed the District of its planned elimination of all metal finishing processes to occur in early 2008.

Pollution prevention efforts with non-permitted customers continued to focus on mercury issues. The dental sector received the majority of the focus with District staff performing database programming, direct and general outreach via mail and internet, development of web-based reporting tools, and performing site visits to 20% of affected clinics. These efforts culminated in the first annual reporting by dental clinics. At the end of 2007, about 40% of affected clinics had installed amalgam separation devices. Additional mercury PMP activities occurred with hospitals and schools.

District staff provided assistance and disposal services to the City of Madison/Dane County Household Clean Sweep Program. During the six-month Clean Sweep season, District staff made monthly visits to the site to retrieve flushable materials. District staff provided household mercury reduction information at the Habitat for Humanity Re-Store Earth Day event.

ACCEPTANCE OF SEPTAGE AND ATYPICAL WASTES

During 2007, the District accepted waste from 30 permitted septage haulers and 8 non-typical haulers (organizations or consultants) that have special discharge permits. Improvements were made to the Septage Receiving area with the installation of surveillance equipment, and the ticketing database gained improved efficiencies with the addition of new Administrative reports.

The District has accepted septage at the Nine Springs Wastewater Treatment Plant since 1986. The septage receiving facility handled nearly 7,000 loads of septage in 2007. The septage haulers are charged a specific rate for each category of septage that reflects the District’s cost of treating the wastes.

The following table lists the five septage categories, the number of gallons of septage received during 2007 and the percent change in volume from 2006.

Common Septage Types Received Summary Information

Septic Tank	Holding Tank	Grease Trap	Settling Basin	Portable Toilet
2,980,600	12,206,900	450,000	253,000	241,200
7% decrease	13% increase	22% decrease	16% increase	2% decrease

The septage receiving facility was also the discharge point for other wastewaters not characterized by the five septage categories. During 2007, these included:

<u>Other Waste Waters</u>	<u>Volume (gallons)</u>
Groundwater from remediation projects	121,200
Refuse Hideaway Landfill leachate	303,250
Middleton Landfill leachate	27,800
Verona Landfill leachate	44,000
Carpet Clean Wastewater	5,250
Kraft Foods Plant (Special Project)	68,700
Wastewater from TruGreen	3,350
Waste ice cream from Schoep’s	140,000
Waste annatto oil from Danisco USA	2,650

<u>Other Waste Waters</u>	<u>Volume (gallons)</u>
Waste latex paint from Sherwin Williams	500
Waste animal tissue from WVDL	154,100
Molasses Water (Special Project)	2,000

The District continued cooperative efforts with regional wastewater treatment plants by providing transportation and treatment services for biosolids. The District accepted 32 loads from the Village of Brooklyn totaling 160,000 gallons. Other wastewaters accepted from outside of the District service area included 3,500 gallons of water-based finishing wastewater from Madison Pre-Hung Doors of Fitchburg, and 1,540 gallons of titanium dioxide and propylene glycol wastewater from Colorcon of Stoughton.

LAGOON SITE SUPERFUND PROJECT

Construction of the lagoon cap was completed in 2001, after which the focus shifted to routine operation and maintenance activities. Routine O&M activities continued in 2007 and included routine inspections of containment dike and cap integrity, dike stability monitoring, water management and vegetation control. The elevation of portions of the southern most perimeter dike was raised in late 2007 using lightweight material (3:1 ratio of woodchips to soil by volume). This was done to maintain adequate freeboard relative to the 100 year flood elevations in Nine Springs Creek.

The District is required to submit semi-annual reports to the U.S. Environmental Protection Agency (EPA) describing activities that take place during the reporting periods. Reports were submitted to EPA in June and December. The December report contained an evaluation of cap and dike stability prepared by Professor Tuncer Edil (Geo Engineering Consultants, LLC.). The evaluation concluded that both the cap and dikes remain stable.

EPA conducted its second 5 year review of the Lagoon Site in November 2007. The purpose of this review was to document that the lagoon cap was being maintained and that institutional controls were in place and were effective. Institutional controls include monitoring requirements, site restrictions and access/use restrictions. A draft 5 year review report should be available for District review and comment during the first quarter of 2008.

MMSD WILDLIFE OBSERVATION AREA

The District manages water levels in the Wildlife Observation Area to create habitat for shorebirds and other wildlife. Water levels are typically raised and lowered twice during the year. Levels are lowered during the peak shorebird migrations in the spring and fall to expose mudflats, which contain an abundant food source. Water levels are raised at other times of the year to control weed growth. Highly treated effluent is used as the primary water source, reflecting the District's commitment to pursue beneficial uses for effluent.

WATERSHED PROJECTS

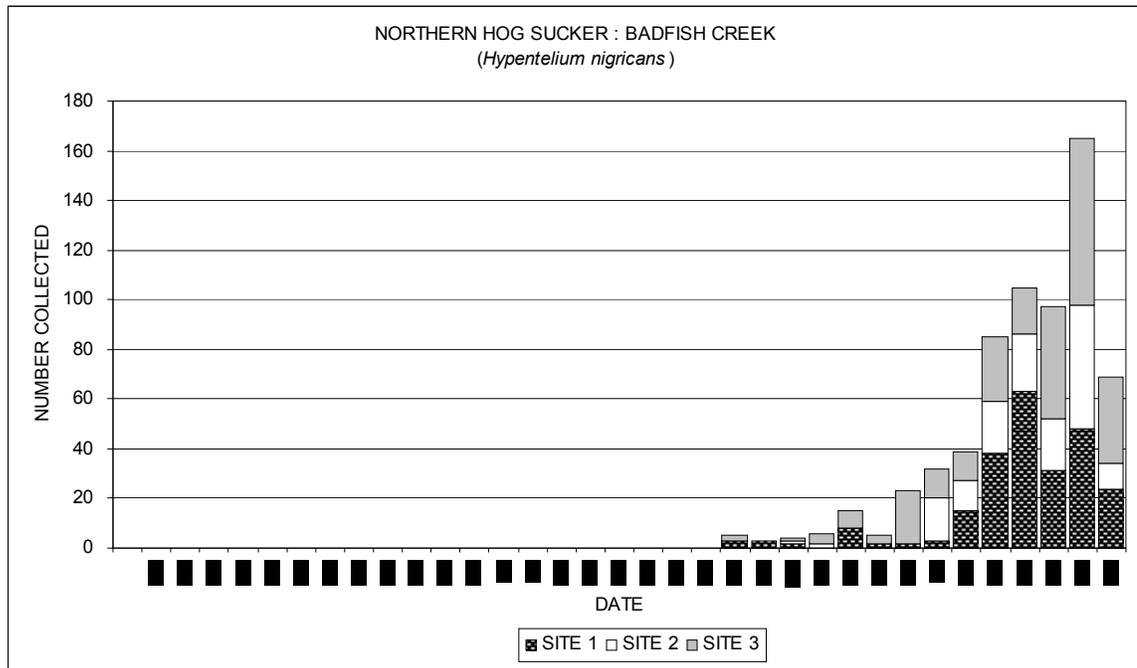
Yahara River Watershed Monitoring Program

Monitoring to determine the impact of the District's treated discharge upon the main receiving stream, Badfish Creek, continued in 2007. During 2007, water-quality sampling of Badfish

Creek, its tributaries and the Yahara and Rock Rivers continued semi-annually at established sampling points.

Aquatic macroinvertebrate samples were collected from three sites on Badfish Creek and one site on the Oregon Branch of Badfish Creek twice during 2007 (April and October). Three samples were taken at each site, producing a total of 24 samples. Biological indices continue to suggest that the District's effluent water quality is not inhibiting organisms from living in Badfish Creek. Preliminary data show fair to good water quality classification for all sites.

Fish were collected at three sites along Badfish Creek in July using the District's walk-along, stream-shocking boat. Each site sampled had four 100-yard sections shocked for data analysis. Results continue to show a diverse population of fish inhabiting Badfish Creek. A total of 45 different species of fish has been collected since fish shocking was started in 1983, with 21 species being collected in 2007. At Site 1, there were a 23" and 25" northern pike and a 22" channel catfish collected, which were last collected in July 2005. For the first time since June 1993 a black crappie was collected at Site 2. Also, for the first time since September 1993 a stonecat was collected at Site 3. Although there was a drop in total numbers collected in 2007, the northern hog sucker was commonly found at all sites on Badfish Creek. Northern hog suckers are considered intolerant species to organic pollution and by their increased presence continue to show improvements in water quality throughout the Creek. Our data suggest that this intolerant species is a regular inhabitant of Badfish Creek. Lower collections of the northern hog sucker in 2007 may be due to sample techniques used during this survey. In 2007, a completely new crew of individuals was used to shock the fish. Lower numbers of fish were collected for many species occurring within Badfish Creek although species richness continued to be similar to previous years.



The green sunfish was the dominant fish collected at Site 1. At Sites 2 and 3 the white sucker was dominant. These are similar to the results from last year. The information collected continues to suggest that water quality is not a limiting factor in the viability of fish living throughout Badfish Creek. The lack of fish habitat and the addition of non-point pollution sources along the 20 miles of Creek may continue to cause fewer game fish and other fish species to be collected during future surveys. The aquatic plant, Eurasian water milfoil, was seen for the third time at all fish shocking sites. There is a concern that this species of aquatic plant will form dense mats on the surface of the water, affecting dissolved oxygen values which are critical for the survival of fish. This highly invasive exotic plant will be closely monitored during future surveys.

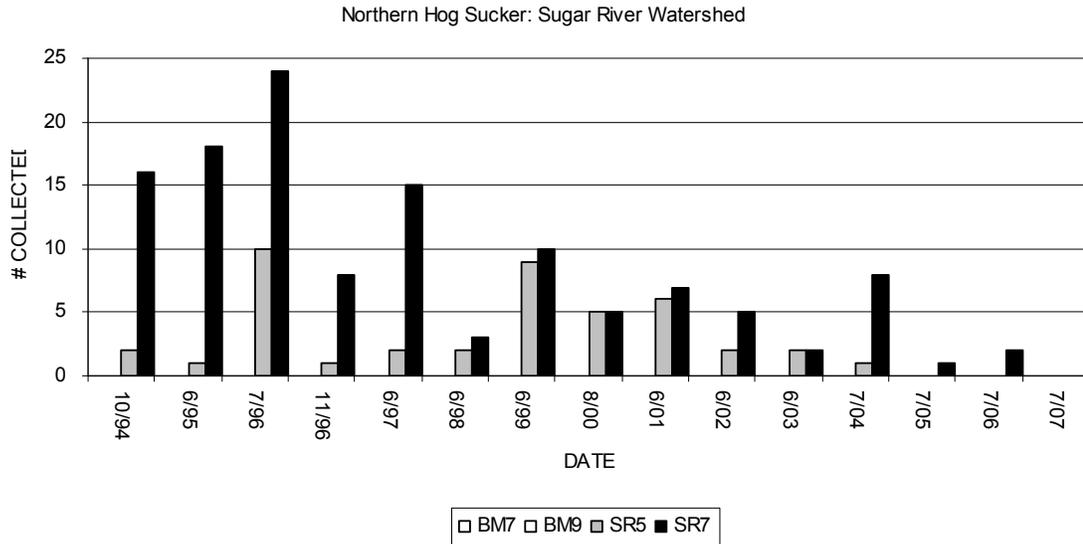
Sugar River and Badger Mill Creek Monitoring Program

The Sugar River and Badger Mill Creek, both within the Sugar River Watershed, were sampled chemically and biologically in 2007 to determine water quality.

During 2007, water samples were collected bimonthly at established sites within the watershed and chemically analyzed.

Aquatic macroinvertebrates were collected at two sites on the Sugar River and three sites on Badger Mill Creek in April and October. Aquatic macroinvertebrates were collected similarly to the ones in Badfish Creek with three kick samples taken at each site, producing 30 samples. Preliminary data for 2007 show a fair-to-good macroinvertebrate community at all of the sites, which is similar to 2006.

A fish survey completed in July used the District's walk-along stream-shocking boat on four 100-yard sections at two sites on Badger Mill Creek and two sites on the Sugar River. This survey produced 22 different species of fish. The 22 total species collected is the highest number of species found since the inception of fish shocking in October 1994. Since 1994, there have been 36 species of fish found in the Sugar River Watershed; 27 species in Badger Mill Creek and 33 species in the Sugar River. For the first time the slenderhead darter was collected in the Sugar River (SR7). This species is intolerant to environmental degradation and severe environmental conditions. Also, for the first time, the black crappie was collected in the Sugar River at SR7. Many species of fish were collected in the highest numbers since fish shocking was started in 1994, including the creek chub (SR7), Johnny darter (BM7), pumpkinseed (SR7) and sand shiner (SR7). The lack of northern hog sucker in the Sugar River is a concern and will be monitored during future survey events. This was the first time that none of this species was collected at either SR5 or SR7 since the first survey was initiated. Stream habitat and water chemistry do not appear to have changed although this may be a reason for this species absence at SR5.



Key:

- BM7 Badger Mill Creek, Bruce Street (northern hog sucker absent from collections)
- BM9 Badger Mill Creek, STH 69 (northern hog sucker absent from collections)
- SR5 Sugar River, Valley Road
- SR7 Sugar River, STH 69

The white sucker was the dominant fish collected at all sites with the creek. Chub, brown trout, bluntnose minnow and Johnny darter being the second through fifth most dominant fish collected. This survey was the ninth time that fish sampling has been completed since the addition of effluent to the upper reaches of Badger Mill Creek. Future surveys will continue to provide a better picture of the changes in the biological communities in Badger Mill Creek and the Sugar River since effluent has been returned to the watershed.

It is still unclear if the storm water retention ponds constructed by the City of Madison at the headwaters of Badger Mill Creek or the many construction projects within the watershed will affect macroinvertebrate and fish collection numbers and species in the future.

Upper Yahara River Watershed Monitoring Program

In July 2002, monthly water sampling was initiated in the Upper Yahara River Watershed on Token Creek, Six Mile Creek, Spring Creek and the Yahara River. For each water body, water samples were taken at sites near their headwaters and at sites closest to their entrance to Lake Mendota. Samples were taken to characterize water quality conditions in the Upper Yahara River Watershed. In July, 2003, after a year of monthly testing, sampling was reduced to quarterly. The number of sample sites was also reduced, with remaining sampling taking place closest to each stream entry to Lake Mendota. During 2007, four samples were taken at these sites. Results continue to show similar values for the twenty-three chemical parameters monitored. Sites have also been chosen for fish and aquatic macroinvertebrate sampling, although no collections were made in 2007.

Grass Lake Monitoring Program

Approximately once per month, relief operators go to the Grass Lake dike to monitor its integrity and gather water level information from the lake and the Badfish Creek effluent channel. Although water sampling was discontinued in 1995, the District still monitors lake levels and maintains the dike as required by the NR 30.12 permit issued by the Department of Natural Resources in 1988.

Rock River Total Maximum Daily Load (TMDL)

The Wisconsin Department of Natural Resources and the United States Environmental Protection Agency are developing a Total Maximum Daily Load (TMDL) for the Rock River Basin to address waterbodies impaired by phosphorus and/or sediment. A TMDL is a calculation of the maximum amount of a pollutant that a waterbody can receive and still meet water quality standards. The TMDL will allocate the pollutant load between point sources and nonpoint sources.

Decisions made as part of the TMDL process could have significant financial and operational impacts on the District. The most important of these will be the allocation of pollutant loads among the point and nonpoint sources. If the District's allocations are more than the District's current effluent loadings, the financial impact could be positive. It might allow the District to sell pollution removal credits to a downstream entity. If the District's allocations are lower than the District's current effluent loadings, District costs would increase, either due to construction of additional facilities to improve effluent quality, or purchase of removal credits from another entity.

In early 2007, the District entered into an agreement with several other municipal entities likely to be impacted by the Rock River TMDL process. The agreement provides funding to secure legal and technical support to assist with reviewing and providing input to the TMDL development process. Under the current schedule, a draft TMDL will be released for public comment in April, 2008. EPA approval of the final TMDL is anticipated in September, 2008. District staff will have multiple opportunities to provide input to the TMDL process through participation on the Rock River TMDL technical advisory committee, which was formed by the Wisconsin Department of Natural Resources.

MONITORING STREAM FLOWS

An agreement signed in June 1977 with the United States Geological Survey (USGS) for monitoring stream flows in Badfish Creek near Cooksville and the Yahara River near Fulton was renewed for another year. In September 1996, an agreement was also signed with the USGS to monitor stream flows, stage, specific conductance, dissolved oxygen and water temperatures in Badger Mill Creek near Bruce Street in Verona. This agreement was also renewed for another year.

LABORATORY ACTIVITY

During 2007 the District Laboratory performed a total of 48,419 analyses on 11,839 samples. These analyses included:

PARAMETERS	QUANTITY
Nutrients (TKN, TP, NH3-N, NO2-N, PO4-P, WEP)	14,141
Solids (Suspended and Total)	14,765
Biochemical Oxygen Demand	5,355
Anions (Cl, NO3-N, SO4)	3,942
Field Measurements (pH, TEMP, COND, DO)	3,963
Metals	3,317
Bacteria (FCOLI, TCOLI, ECOLI, Salmonella)	1,295
Misc. Testing (Alkalinity, Density, VFA)	1,641

The District laboratory was also involved in the following activities:

- Continuing its relationship with the UW and providing analytical support on two UW research projects.
- Analyzing numerous samples for Volatile Fatty Acids (VFA) while the operations department continued to convert digesters to the thermophilic digestion process (TPAD).
- The City of Middleton continued sending the District samples for TKN, NH3-N and TSS analysis. During wet weather conditions, the city pumps water out of a retention pond and must have the discharged water analyzed for reporting to the DNR. During the year the District analyzed eleven samples of this type.
- The City of Madison Engineering Department continued to bring the lab samples from their monitoring program. The City collects samples from various points throughout the collection system to use for billing purposes. The District analyzed 159 samples for TKN, TP, CBOD5, TSS, and pH. This partnership will continue in 2008.
- The Microbiology section continued developing the techniques for detecting Salmonella in biosolids samples following EPA method 1682.
- The microbiology section performed Fecal coliform analysis on three Fecal coliform re-activation/regrowth studies on the District's GBT Cake and Centrifuged sludge.
- The lab purchased a new Astoria Autoanalyzer which will be used to analyze samples for nutrients.
- The lab purchased a new Lachat microdistillation unit. This unit will allow for faster preparation of samples prior to analysis by automated chemistry techniques using an autoanalyzer.
- The metals lab analyzed 24 plant tissue samples that were harvested from test plots being used to evaluate the suitability of various Metromix blends. Each plant tissue sample was analyzed for fourteen metals.

Other noteworthy activities in the laboratory during 2007 were the following:

- Carol Mielke and Rhonda Riedner attended a training course held at Horiba Jobin Yvon in Edison, New Jersey. The coursework encompassed training on the recently purchased Inductively Coupled Plasma-Optical Emission Spectrometer (ICP-OES) unit.
- Rhonda Riedner replaced Kurt Knuth as Laboratory Manager, effective August 13, 2007.

- Josh LeMoine was hired as a chemist in November, 2007 to fill the vacancy in the lab due to the promotion of Rhonda Riedner.
- The microbiology lab must continue to show the capability to perform analyses in compliance with the Safe Drinking Water Act (SDWA). As part of this requirement, the laboratory successfully underwent a biennial on-site evaluation by the Wisconsin Department of Agriculture, Trade and Consumer Protection.

MAINTENANCE OF DISTRICT FACILITIES

The maintenance portion of the Operations and Maintenance Department is responsible for the maintenance of the Nine Springs Wastewater Treatment Plant, the District pumping stations, and the non-District pumping stations covered by maintenance agreements. This work is performed by the Mechanical Maintenance Section, the Electrical Maintenance Section, the Building and Grounds Section, and the Purchasing/Inventory Section.

Training of craftsmen continued to be an important function in 2007. Mark Ripp continued in the mechanical apprentice program while Steve Hering and Carl Wright participated in the Industrial Electrician apprentice program. In the fall Zenon Kochan was promoted to an Apprentice Mechanic position. He will enroll in the Apprentice Program in January 2008. Maintenance Department personnel serve on the Joint Apprenticeship Training Committee (JATC) which oversees the activities of the apprenticeship programs. Art Errthum, Steve Klein, and James Barkenhagen completed the progression program for the Building and Grounds crew.

Additional training courses attended by Maintenance Department supervisors and craftsmen included: the Plant and Facilities Maintenance Association (PFMA) monthly meetings in Madison, Boiler Operation training, Air Compressor Basic training, Metal and Woodworking Power Equipment training, Cooling Tower Water Treatment Seminar, Waukesha Engine School, and Backflow Preventer School.

The District's Computerized Maintenance Management System (CMMS) continues to be an important aid in performing District business. Success in the continuing improvement in inventory accuracy was demonstrated by an accuracy rate of greater than 99% during the year-end inventory count for the fourth year in a row.

Following are more detailed listings of the activities performed by each of the maintenance sections.

Building and Grounds Section

The section spent the majority of the year maintaining the District and non-District pumping stations and the Nine Springs Wastewater Treatment Plant buildings and grounds, odor control equipment, roads, and small equipment. Routine work includes landscaping projects, cutting grass, plowing snow, cleaning plant buildings and galleries, maintaining lagoon and dike roads, and painting and carpentry projects. This section performs preventive maintenance work on the District's electrical manholes, process tanks, roofs, floors, and HVAC units.

During 2007 Arthur Errthum, Steven Klein, and James Barkenhagen completed the Building and Grounds Progression Program and were promoted to Senior Building and Grounds Maintenance Workers. In December Brad Walker was selected for the position of Building and Grounds Supervisor. Brad's movement was in anticipation of Larry Streeter's retirement in early 2008.

A significant amount of time was spent on cleaning heat exchangers associated with the digestion process. This work supported the District's efforts to produce a Class A biosolids product. Another major project involved the removal of trees along the effluent channel near Grass Lake. In addition the section began working with the City of Madison to create a non-intrusive pumping station wet well cleaning procedure. This procedure should eliminate the need to enter the confined space of the wet wells and allow the grease and debris that are removed from the well to be taken directly to the landfill.

Major projects accomplished in 2007 were:

- Painted Fremont, Commodore, Regent and James Street pumping stations.
- Painted the Metrogro Vehicle Loading Building loading bays and the outside wall of the office area.
- Performed preventive maintenance on Primary Tanks 8, and 15-18.
- Performed preventive maintenance on Aeration Tanks 10-24.
- Performed preventive maintenance on Final Clarifiers 17-19.

Contracted for the following services:

- Purchase and installation of gate operators for the three plant entrance gates.
- Tuckpointing of a brick column on Metrogro Storage Tank 1.
- Replacement of the roof on the house on the Upper Yahara River property.
- Replacement of the overhead garage door and operator on Storage Building 3.

Purchased the following vehicles and equipment:

- Scag Tiger 52-inch riding lawnmower.
- A total of three electric GEM cars for the mechanical, building and grounds, and operations sections. The operations and maintenance experience of these vehicles will be compared to that of small gas engine vehicles.
- Pick up truck for the Metrogro Manager. His old truck was moved to the Building and Grounds Section and flatbed truck 470 from that section was traded.
- A new van for the electricians.

Mechanical Maintenance Section

The goals of the Mechanical Maintenance Section are to: (1) verify proper operation and effectively maintain the pumping stations of the District and its contract customers, (2) ensure that all collected wastewater is conveyed to the treatment plant, (3) effectively maintain and support operation of the treatment plant equipment and facilities while working with operations personnel to meet the District's goal of meeting or exceeding the WPDES permit, and (4) develop section staff members to their best professional and personal ability through the District's apprenticeship program, other training programs, and wellness opportunities.

In addition to many planned and scheduled maintenance activities, major accomplishments completed in 2007 included:

- Participation by Mark Ripp in the Maintenance Mechanic apprenticeship program.
- Completion of the Backflow Preventer school by Jon Martinson.
- Completion of the Waukesha Engine school by Tom Schlagen.
- Beginning of Professional Development Programs by three mechanics.
- Repair of two Waukesha engines following problems caused by the digester gas.
- Repairs to the Maci Pumps and Lisep/Lipactor units in the Headworks Building.
- Replacement of the gear boxes on all three Lipactors.
- Repair of clearance problems in Pump B at Pump Station 7 and Pump B at Pump Station 11.
- Removal of struvite from pumps and piping in Sludge Control Building 2.
- Rebuilding of plug valves in the Dissolved Air Flotation Building.
- Rebuilding of the recycle pumps in the Dissolved Air Flotation Building.
- Continued improvement to the preventive maintenance schedules.
- Arranging for the refurbishing of Generator #1.
- The completion of over 1200 corrective and preventive maintenance work orders.

Electrical Maintenance Section

The Electrical Maintenance Section devoted a majority of the year to providing the support necessary to assure a high level of electrical reliability to District facilities and the facilities owned by others and maintained by the District. This was accomplished with a mix of preventive maintenance, normal day-to-day support, staff training, and planned improvement and construction projects. Examples of preventive maintenance tasks developed by the section include: calibration of electrical and instrumentation equipment, thermographic testing of switches and motors, and operational inspections and cleaning of electrical and electronic equipment. The section continued to make progress in identifying problems by tracking data with the use of the Computerized Maintenance Management System (CMMS). The CMMS has continued to aid with maintenance scheduling and daily work orders.

In addition to normal maintenance tasks connected with the operation of the District's wastewater collection and treatment facilities, the following planned improvements or projects were completed in 2007.

- Participation by Steve Hering and Carl Wright in the Industrial Electrician apprenticeship program.
- Modification of 14 variable frequency drive cabinets to remove isolators and accommodate fan controls to allow for improved cooling of the cabinets.
- Planning and overseeing the installation of new electrical services at the Fayette pumping station.
- Installation of new pump controls at the Fayette pumping station.
- Replacement of an unsafe plug system with selector switches at the Fayette pumping station.
- Installation of variable frequency drives on motors for the influent screens in the Headworks Building.
- Preparation of pumping station control panels for summer operation.

- Continuing with the upgrading and documentation of electrical drawings for the District and non-District facilities.
- Replacement of electrical service wires, breaker, and conduit at the Diemer pumping station.
- Assisting a contractor who performed electrical maintenance testing. This involved testing of high voltage circuit breakers and switches, taking oil samples from transformers, and calibration and testing of control relays.
- Providing electrical cross-training to the District's mechanics.
- Continuing with the modifying of equipment installed in the 10th Addition.
- Continuing with the in-house training of the apprentice electricians on electrical and instrumentation theory and hardware.
- Updating of the documentation for the District's phone system.
- Beginning the conversion of the telemetry system for the City of Verona's Epic pumping station to the District's system.
- Wiring of a new portable generator and testing it at pumping stations.
- Verifying the Johnson Control software to accommodate the Operations Building chiller start-up.
- Operating District generators to provide power to various pumping stations during power outages.
- Planning for electrical control upgrades at Pump Station 16.
- Assisting the Engineering Department with submittal review for pumping station rehabilitation projects.

Inventory Control/Purchasing

The primary goal of the Inventory Control/Purchasing Section is to centralize purchasing and inventory control functions for the District to reduce costs. One major component is the scheduling and completing of physical inventories. Three partial inventories were conducted in April, July and October based on usage. In December a full physical inventory was conducted to reconcile all inventory quantities. This inventory showed an accuracy of 99.8% based on total inventory value.

The Purchasing/Inventory Manager is the administrator of the District's Computerized Maintenance Management System (CMMS). Along with the Senior Maintenance Supervisor he monitors upgrades to the system proposed by the vendor, tests the upgrades, and recommends movement to the upgrades as necessary. The CMMS is providing recordkeeping and information storage for the District. This allows record sharing for all personnel resulting in all sections working closer together, especially purchasing and accounting.

The Purchasing/Inventory Assistant's goal is to increase inventory accuracy by doing the stock checkouts and returns. He updates bills of material and catalog records. In addition, he serves as the back-up for the Purchasing/Inventory Manager.

Grouping orders together and taking advantage of price breaks at price and quantity levels have helped to reduce purchasing costs. Internet purchasing is being used to take advantage of the latest technology. Expanding the vendor base and finding alternative sources and products for District purchases have resulted in shorter ordering times and a reduction in District inventory.

Major projects in 2007 were:

- Reorganizing of District inventory.
- Eliminating obsolete inventory.
- Performing and reconciling physical inventory.
- Maintenance of the storeroom, vendor and catalog records.
- Purchasing of parts for maintenance functions.
- Testing of CMMS upgrades.
- Internet based purchasing.
- Shipping and receiving.
- Gasboy fuel system upgrades.

INTERCEPTOR TELEVISIONING AND CLEANING

MMSD's collection system includes 93 miles of MMSD-owned gravity interceptors and approximately 1,200 manholes. MMSD's interceptor inspection program includes physical inspection, cleaning and televising of approximately 10% of this system each year. This program is intended to keep MMSD current on the physical condition and hydraulic adequacy of its interceptors and to allow for well-informed decisions regarding the need for significant underground repair or replacement projects. The 2007 work included televising and cleaning of the following MMSD interceptors:

Interceptor	Length-Miles
Northeast Interceptor/Waunakee Extension	4.93
Southwest Interceptor	3.39
West Interceptor	4.68
TOTAL	13.00

Specifications for the work were prepared by the MMSD staff and bids were opened on August 22, 2007. A purchase order for the work was awarded to McCann's Sewer and Drain Service at their low-bid price of \$147,788.16. The televising and cleaning work was completed in 2007.

USER-CHARGE MONITORING AND BILLING

User-charge billing of the District's thirty-nine municipal customers is performed quarterly using data collected at Nine Springs Wastewater Treatment Plant and within the collection system. The monitoring services/sewer maintenance (MS/SM) crew supports quarterly billing by providing sampling and flow measurement at key points in the collection system. In 2007, the MS/SM crew collected data and samples at 94 field sampling points each quarter, thereby generating 2776 samples throughout the year. The analysis of the user-charge field samples and Nine Springs influent samples by the District lab generated 14,200 sample results used in the user-charge billing process.

SEWERAGE SERVICE CHARGES

Prior to the beginning of each calendar year, the District furnishes a written estimate of the cost of sewerage service for the ensuing year to each municipality in the District. This estimate is based on the previous year's wastewater contributions, any anticipated changes that may alter the municipality's prevailing water use trends, and the service charge rates for the ensuing year.

The District's 2007 service charge rates, shown in the following table, were adopted on October 30, 2006.

Service Charge Rate Summary Information

Parameter	Rate	Units
Volume	\$376.15	per million gallons
CBOD	\$0.10472	per pound
Suspended Solids	\$0.16609	per pound
TKN-Nitrogen	\$0.30116	per pound
Total Phosphorus	\$1.60312	per pound
Actual Customers	\$16.83	per year
Equivalent Meters	\$11.34	per year

The 2007 rates included a 1.01% surcharge to recover the DNR NR101 effluent fees.

Wastewater volumes, CBOD loadings, suspended solids loadings, total Kjeldahl nitrogen (TKN) loadings and total phosphorus loadings are determined each quarter for each community. These determinations are based on a minimum of seven consecutive days of monitoring data for the current quarter and previous quarters' discharge data for each community.

Meter equivalencies are based on the capacities of the different sizes of water meters used throughout the District. A 5/8-inch water meter has a capacity of twenty gallons per minute and is defined as one equivalent meter. The capacities of larger water meters are divided by the twenty-gallon per minute capacity of a 5/8-inch water meter to determine their meter equivalencies. An actual customer is defined as one water meter without regard to size. The numbers of equivalent meters and actual customers in each municipality are set by counting the number of each size of water meter in service in each municipality where water meters are used. In municipalities where water meters are not used, the number of each size water meter that would be required is estimated.

A survey of 192 of the nation's largest municipalities indicated that residential service charges in the District are 63% of the national average. In 2007, the average annual residential service charge in the District was about \$194. This amount includes \$117 for services provided by the District and \$77 for services provided by the municipality (e.g. the City of Madison).

The costs per million gallons of treated wastewater for the years 2003 through 2007 were as shown in the table below. The increase in 2007 total costs is due to substantial increases in administration, collection, and treatment costs partially offset by an increase in the volume treated. Administration costs increased by 27%, collection costs by 18%, and treatment costs by 12% while the volume treated increased by 6.7%. One-time charges for past and current planning work significantly affected the costs for administration and collection.

Costs per Million Gallons of Wastewater Treated

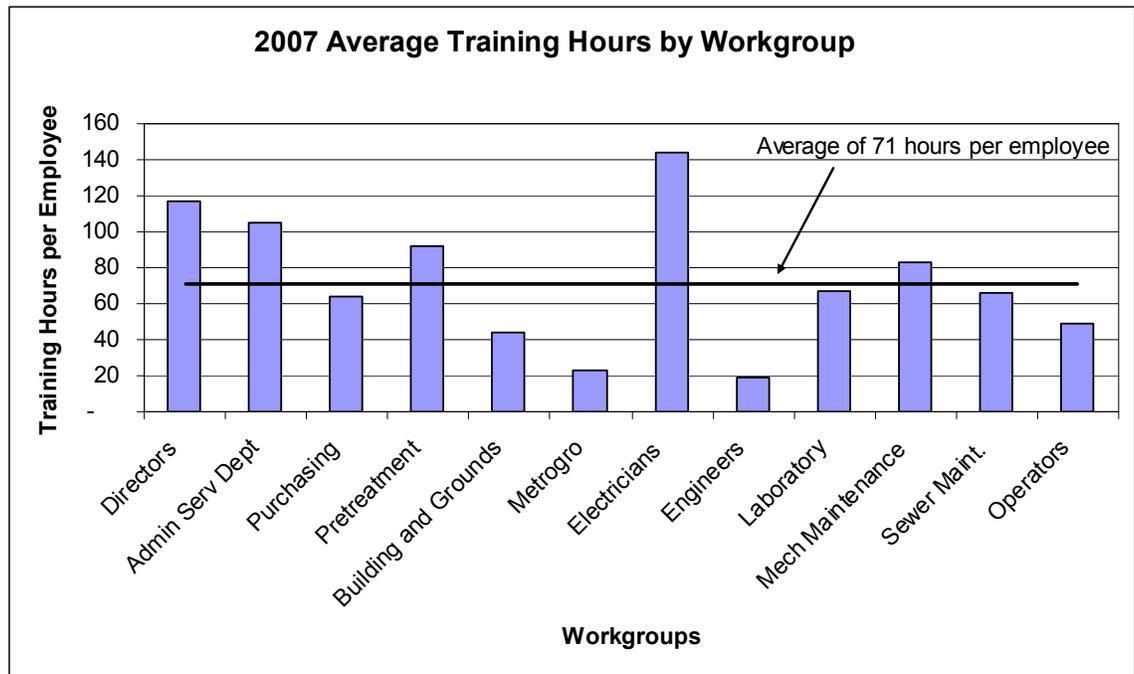
District Function	2003	2004	2005	2006	2007
Administration	\$147	\$137	\$162	\$170	\$202
Collection	92	82	107	104	115
Treatment	476	469	523	545	569
Debt Service	454	413	451	450	436
TOTAL	\$1,169	\$1,101	\$1,243	\$1,269	\$1,322

TRAINING ACTIVITIES

During 2007, District employees completed over 5,700 hours of training. District employees averaged over seventy-one hours of training during the year. In 2007, eighteen employees each participated in over 100 hours of training.

Notable accomplishments for 2007 include:

- Art Errthum, Steve Klein, and James Barkenhagen successfully completed the Building and Grounds Maintenance progression courses.
- Mike Simon earned his MBA utilizing the Districts tuition reimbursement benefit.
- Vendor training conducted for the Operations Building Expansion project was videotaped and stored as movies on the district servers for future use.
- Steve Reusser conducted training on the District's Sludge Digestion process.
- District employees averaged over 15 hours of safety training each during 2007. Safety training is held biweekly throughout the year.
- The District implemented a Supervisor and Manager training program. The first phase of the training is for existing supervisors and managers. During the year 8 of 20 total sessions were held with a mix between courses taught by District staff and courses taught by Madison Area Technical College instructors. The program has been very well received and is a model training program that other agencies have requested information on. In late 2007 a second phase of the training was offered to District employees who are not supervisors now. A total of 25 people have signed up for the second phase of the training which will start early in 2008.
- District work group training needs assessments were conducted and training plans were developed and implemented as a result of those assessments. One implementation action was to provide a follow-up course to the initial DiSC training done a few years ago. This course taught employees how to work with others based on their DiSC style.



PUBLIC EDUCATION

2007 Tour Summary

In 2007, 56 tours took place with a total of 1857 total participants. This is an increase of almost 300 people compared to 2006. Helping with our public education efforts by serving as tour guides were: Paul Nehm, Roy Swanke, Steve Reusser, Jim Post, Jon Schellpfeffer, Ralph Erickson, Ryszard Zolnik, Dave Taylor, Mike Northouse, Dave Lundey and Jeff Brochtrup. Terry Gent and others in the Building and Grounds crew assisted tour efforts by setting up the Multipurpose Room for tours and by keeping the facility “Park Like and Parlor Clean.” Monty Baker and others in the Lab helped by setting up the Lab display and exhibits.

The tour area in the Effluent Building that displays the many species of fish found in streams receiving effluent was manned for nearly every tour by Jeff Steven. To highlight the quality of the effluent produced at the Nine Springs Wastewater Treatment Plant, the 50-gallon, flow-through aquarium was maintained in the Effluent Building public education room. In addition to the fish tank, this display area includes maps, drawings and pictures of all water, aquatic macroinvertebrate and fish surveys. The tank that houses fish contains species that are commonly collected along Badfish Creek, Badger Mill Creek and the Sugar River. Effluent flows through the aquarium prior to being pumped to Badfish Creek and Badger Mill Creek. Survival, growth rates, and activity of the fish, which are living in 100% effluent, continued to be normal. The display area is a favorite attraction of the many tour groups that routinely visit the Nine Springs Plant. Tour groups are asked to keep inorganic wastes, chemicals, mercury, and unused medicines out of the wastewater stream to help protect the environment; reinforcing the concept that a toilet is not a waste basket. Time is spent during each tour encouraging people to consider higher education and apprenticeships working towards careers in environmental fields.

Interceptor and Fact Sheet News Letters

In 2007 three Interceptor newsletters and nine Fact Sheets were produced. The Interceptor is a newsletter that is distributed to District employees and sent to our customer communities, regulators, consultants, vendors, retirees, sister agencies and colleagues. The Interceptor keeps everyone updated about activities here at the District. The Fact Sheet newsletter is an internal publication that helps keep the District's employees up to date on issues that affect them. Many people help produce these newsletters including Rhonda Riedner and Roy Swanke who are the main editors and producers of the Fact Sheet. Jon Schellpfeffer, Roy Swanke, and Kurt Knuth are the main editors of the Interceptor newsletter. There are many District employees who contribute articles to the newsletters.

PROFESSIONAL PARTICIPATION DURING 2007

The Commissioners of the District support and encourage participation by District employees in activities that promote the knowledge and enhance the image of the water quality field. District employees were very active in professional societies as officers, committee members and presenters at various meetings. Some of these activities are:

Mark Anderson – Member Society of Environmental Toxicology and Chemistry (SETAC). Attended SETAC Annual Meeting, November 4-8, 2006, Montreal, QC. Represents Madison Metropolitan Sewerage District at EnAct Board meetings.

Monty Baker – Participated in an EPA holding time study for fecal coliform

Jeffrey A. Brochtrup – Member Central States Water Environment Association (CSWEA). Served on the Water Environment Research Federation (WERF) working group for Strategic Asset Management.

Stephanie Calkins – Attended the WICPA (Wisconsin Institute of Certified Public Accountants) Governmental and Non-Profit Annual Update Seminar. Completed requirements for Certified Public Accountant designation.

Shirley Fox – Special Interest Group leader for Water/Wastewater for Oracle SPL Team. Attended – Oracle Open World in San Francisco, California and SPL Conference in Anaheim, California. Trustee on Wisconsin Investment Trust Board

Bill Hughes – Member North American Lake Management Society (NALMS). Attended NALMS international symposium, October 30-November 2, 2007.

Debi Iglesias – Worked as a volunteer during the CSWEA conference in Madison.

Joe Lynch – Attended My Synergy 2006 – (Synergen Mid-Year User Group Conference) Presentation - Creating Asset Hierarchy, Presenter/Facilitator/Mentor for Asset Management Synergen User Conference 2006, Presenter/Mentor/Facilitator for Asset Management Reliability Centered Maintenance and Enterprise Asset Management Conference 2006 Training: Preventive Maintenance for Roofs. Member: Plant and Facilities Maintenance Association (PFMA), Capital Chapter, Event Coordinator Certified Plant Maintenance Manager, (CPMM).

Don Lythjohan – Life member WWOA, member of WEF, Wisconsin Section of CSWEA, Dane County Emergency Management for Emergency Planning, Power Outage, Terrorism, and WMD; member of Department of Commerce Public Safety Advisory Council; Chairman of Moraine Park Technical College Water/Wastewater program; member of State Expert Panel on the Management of Biological, Chemical and Radiological Contaminated Effluent; member of Hospital Decontamination Wastewater Management State Expert Panel; member of WDNR Effluent Decontamination Panel; FEMA instructor in National Incident Management System (NIMS); Past President Madison Safety Council; President of Water/Wastewater Education Association; Presented training (Confined Space) to Blooming Grove Fire and Dane County Fire Chief Association; Trained 28 County Police and Fire Departments in mass Decontamination; Trained 3 communities in NIMS; and instructor for American Red Cross in CPR, First Aid Professional Rescuer and AED.

Dan McAdams – Continuing studies for Professional Learning Plan. Courses completed in 2007 were Communications 2 and Psychology of Human Relations

Paul Nehm – Member of the Wisconsin Section of CSWEA Operations Committee and the Management Seminar planning committee. Chairman of the 2007 CSWEA Annual Conference Local Arrangements Committee. Presented “Engineering Effects on Operations and Maintenance” to UW Civil and Environmental Engineering class, “Operation of Fine Screens at MMSD” at the 2006 WWOA annual conference, and “Digester Gas Utilization at MMSD” at the 2006 Biocycle Renewable Energy From Organics Recycling conference.

Steve Reusser – On August 16, 2007 presented, “Digestion System Operation at the Nine Springs Wastewater Treatment Plant”, at the Southern District Regional WWOA meeting. Participated on the Central States Water Environment Association Technical Program Committee for the meeting held in May, 2007. Participated as an instructor for the University of Wisconsin, College of Engineering Department of Engineering and Professional Development course, “Wastewater Treatment Plants: Process, Design and Operation”, held from November 12-14, 2007. On November 3, 2007, presented, “Wastewater SCADA Systems” to UW Civil Engineering students – CEE 426.

Jon Schellpfeffer – Chair of the Utility Management Committee of the National Association of Clean Water Agencies. Related activities in 2007 included participation on a work group that studied the feasibility of creating a National Institute for Utility Management and a work group that studied the needs for a Mid-Level Manager Training Program. Industry mentor for UW-Madison Civil Engineering Senior Capstone Design Course. Member of Central States Local Arrangements Committee.

Mike Simon – Member of IEEE Yellow Book Working Group, “Guide for Maintenance, Operation and Safety of Industrial and Commercial Power Systems.” Member of IEEE Emerald Book Working Group, “Powering and Grounding Electronic Equipment.” A member of the Industrial Application Society (IAS) of the IEEE and the Madison Branch-IEEE. Providing peer review for the Water Environment Federation’s – “Management Manual.” Presented “Wastewater Facility – Electrical Design Considerations” to UW Civil Engineering students – CEE 426.

Jeff Steven – Taught biology, collection and identification techniques of fish and aquatic macro-invertebrates and basic water chemistry to grade school, high school and numerous college students and adult groups. Presentations and participation during MMSD tours and at the Cambridge Science Fair and the North American Benthological Society Annual Meeting; Member Wisconsin Association of Environmental Educators (WAE), Member NACWA Water Quality

Committee Biocriteria Workgroup, Member WERF Watershed Management and Water Quality Committee, Member WDNR Technical Advisory Committee's on Thermal Standards (Committee Chair) and Water Body Use Designation (WBUD), Member and chairman of MMSD Safety Committee.

Roy Swanke – Member of WWOA, secretary of the southern section of the WWOA and South Central Wisconsin Chapter ASTD. Gave a presentation at the annual WWOA conference in Lacrosse October 2007 on how the District Captures training and makes the training easily accessible for our employees.

Dave Taylor - Member and co-chair of the NACWA Biosolids Committee; Member and co-chair of the National Biosolids Partnership Advisory Committee; Board of Directors for the Wisconsin State Laboratory of Hygiene; Member of the Wisconsin Section Government Affairs Committee; Member of the Spring Biosolids Symposium Planning Committee.

Joe Walsh – Attended SPL Global User Group Conference – ENCOMPASS 2006 in ChampionsGate, Florida Co-Chair of the SPL Global User Group.

Janelle Werner – Worked as a volunteer during the CSWEA conference in Madison. Continued PLP development by starting the MBA program at Concordia College, and attended a seminar to develop communication skills.

LITIGATION

A Small Claims Court action was initiated against several parties, including the District, by Hawkin Zukowski for alleged damages to the tires on his car. The District has denied any responsibility for the damage. The case was pending at the end of the year.

50-YEAR MASTER PLAN

The District began work on a 50-year master plan to address the following major issues:

- Growth of the service area population and its impact on facility needs
- Continued reliance on a one-plant model for providing regional sewerage service
- Continued diversion of effluent to Badfish Creek
- Effluent reuse options

Prequalification statements were received from seven consulting teams in May. A review panel selected three teams to prepare and present detailed proposals for this planning work in July. The review panel recommended and the commission approved the selection of the team of Malcolm Pirnie and Strand Associates for this work.

The District entered into an agreement with Malcolm Pirnie, Inc. at a not-to-exceed amount of \$616,990 on August 27, 2007.

The work to be performed by Malcolm Pirnie and Strand Associates will be supplemented by work to be performed by the Capital Area Regional Planning Commission (demographic information and a review of the District's collection system capacity needs) and by the District's staff (condition assessments of the collection system and treatment plant facilities). A technical advisory committee of local water resources and public health experts was also formed to aid in the planning effort. Members of this committee include:

- Ken Bradbury, Wisconsin Geologic and Natural History Survey.
- Kevin Connors, Dane County Land and Water Resources Department.

- Greg Fries, City of Madison Storm Water Utility.
- Ken Johnson, Department of Natural Resources.
- Sue Jones, Dane County Lakes and Watershed Commission.
- Dick Lathrop, University of Wisconsin/Department of Natural Resources.
- John Magnuson, UW-Madison Limnology Department.
- Kamran Mesbah, Capital Area Regional Planning Commission.
- Larry Nelson, City of Madison Engineering/Water Utility.
- Daniel Noguera, UW-Madison Civil and Environmental Engineering Department.
- Ken Potter, UW-Madison Civil and Environmental Engineering Department.
- Bill Sonzogni, State Laboratory of Hygiene.
- Chuck Warzecha, Department of Health and Family Services.

At the end of the year the consultants were preparing technical memos on the current characteristics of the District, including current population, loadings, capacities, and conditions of the District's facilities. This work will be followed by scenario planning to develop options for future District activities, an evaluation of the options, and preparation of the final report. Public involvement activities are planned throughout the project to solicit citizens' ideas and to provide information on the planning issues. The project is expected to be completed in early 2010.

STRATEGIC PLANNING INITIATIVES

The District reviewed and updated its strategic plan in 2007. This strategic planning initiative was led by the Directors and took place over a six-month period. The team of Jim Barney and Tom Mickelson provided consulting services and facilitation. All District employees were given an opportunity to provide input during the strategic planning process. The District's mission, vision, and guiding principles were reviewed and updated. Strategic challenges and corresponding objectives were identified. The District's Vision, Goals and Strategies (VGS) document was updated as part of the strategic planning initiative. Stewardship, integrity and innovation were identified as three themes in the VGS that capture the essence of how the District does its work and serve to guide future efforts.

The strategic planning effort identified four key challenge areas and numerous supporting objectives. The challenge areas are Customer Service, Exceptional Performance, Financial Accountability, and People/Potential. Identification of annual focus areas by the Directors will be driven by these challenges and supporting objectives. The following eleven focus areas were identified by the Directors for 2008:

- Establish a human resources program/presence.
- WPDES Permit – Preparation for negotiation/issuance in 2009.
- 10th Addition – Complete construction and fully implement.
- Master Planning – Continue the Master Planning effort.
- Asset Management – Determine and implement a process for asset management.
- Succession Planning – Develop an approach to succession planning.
- Performance Reviews – Establish and implement a formal program.
- Compensation Review – Complete compensation study and follow up.
- Supervisory Training Program – Continue Phase 1 and begin Phase 2.
- Strategic Planning/Directors' Meetings – Implement strategic plan through use of action plans. Directors' meetings provide a review and management process.
- Union Negotiations – Present contract expires at the end of 2008.

The strategic planning initiative also included a focus on leadership training for all District Directors. Three workshops were held, focusing on Director-to-Director Communications, Succession Planning, and Cohesive Leadership.

COLLECTION SYSTEM PLANNING INITIATIVES

The 2002 Collection System Facilities Plan continued to guide MMSD's implementation of significant collection system improvements during 2007. The Collection System Facilities Plan provides an assessment of the condition and hydraulic capacity of MMSD's collection system facilities, including 93.5 miles of gravity interceptors, 43.8 miles of wastewater and effluent forcemains, and 17 regional pumping stations.

The Facilities Plan provides a recommended timetable and anticipated costs for future collection system projects through 2020. The estimated total cost for the recommended projects through 2020 is approximately \$84 million. As of year-end 2007, the following projects discussed in the Facilities Plan were either in progress or completed:

- Rehabilitation of Pumping Stations 1, 2 and 10 – Completed.
- Collection System Dynamic Model – Completed.
- Replacement of Pumping Station 2 Forcemain – Completed.
- Replacement of SW Interceptor/Shore Drive - Completed .
- Crosstown Forcemain Replacement – Completed.
- PS1 North Basin Interceptor – Completed.
- Fortune Drive Relief – Completed.
- West Int. Campus Relief Phases I, II, III, IV – Completed.
- Northeast Interceptor Pflaum Road Replacement – Completed.
- PS9 Electrical Upgrades – Completed.
- Lower Badger Mill Creek Interceptor Design – Completed.
- Northeast Interceptor Airport Relocation – Completed.
- Pump Stations 11-14 Firm Capacity Improvements – In progress.
- Lower Badger Mill Creek Interceptor - Phase 1 Construction – Completed.
- West Interceptor Extension Replacement – Substantially complete.
- Southwest Interceptor North and South Legs Liner – Completed.
- Pumping Stations 6 and 8 Rehabilitation – In progress.
- Northeast Interceptor Truax Liner – In progress.
- West Interceptor Campus Relief Phases V+ - In progress.

The original 5-year planning period detailed in the 2002 Collection System Facilities Plan was reached in 2007 and an effort to update the Plan began. The Capital Area Regional Planning Commission (CARPC) was retained to complete population and flow projections through 2030 and 2060. This work was approximately 60% complete at the end of 2007 and is anticipated to be complete by the middle of 2008. MMSD staff will incorporate the flow projections with collection system capacities and condition assessments to update the Facilities Plan and prioritize future capital improvement projects.

ENGINEERING AND CONSTRUCTION IN 2007

Tenth Addition to Nine Springs Wastewater Treatment Plant

The Tenth Addition to the Nine Springs Wastewater Treatment Plant includes upgrades to digestion and solids handling facilities, a new headworks facility, hot water system capacity and control improvements, a new biosolids dewatering facility, and other plant improvements.

Bids for construction were opened on June 10, 2003, and contracts were awarded on June 16, 2003, to the respective low bidders for the three prime contracts as follows:

<u>General Construction:</u>	
KBS Construction, Inc.	\$ 8,775,000.00
 <u>Mechanical Construction:</u>	
J.F. Ahern Company	\$13,506,000.00
 <u>Electrical Construction:</u>	
Pieper Electric, Inc.	\$ 2,583,260.00
 <u>Total of low bids:</u>	 \$24,864,260.00

Construction of the project started in the summer of 2003. As of December 31, 2007, all work associated with the three contracts was complete. The General Construction contract with KBS Construction was accepted by the Commissioners on September 11, 2006. The final contract amount, including all change orders, was \$8,949,509.43. The Mechanical Construction contract with J.F. Ahern was accepted by the Commissioners on December 11, 2007. The final contract amount, including all change orders, was \$14,311,087.27. The Electrical Construction contract with Pieper Electric was accepted by the Commissioners on October 31, 2007. The final contract amount, including all change orders, was \$2,694,224.33. The total of the three contracts was \$25,954,821.03, which is 4.4 percent greater than the sum of the original bids.

Lower Badger Mill Creek Interceptor – Phase 1 Construction

The first phase of construction for the Lower Badger Mill Creek Interceptor includes a total of 7,877 lineal feet of interceptor ranging in size from 27-inch to 36-inch. The project, located in the City of Verona, begins at Pumping Station #17 and ends at Edward Street.

The project originally began as a replacement of the existing City of Verona West Side Interceptor. The Phase 1 contract was bid via the City of Verona and the interceptor was upsized as required to accommodate future flows from the entire drainage basin to the north. Costs for the project were split 70% MMSD and 30% City of Verona, as agreed upon in an inter-governmental agreement. Bids were accepted by the City of Verona on March 8, 2006, and the contract was awarded to R.G. Huston at their respective low bid price of \$2,371,723.65.

Construction commenced in July of 2006 and was completed in early 2007. Final total costs were as follows:

Final Contract Total:	\$1,946,466.83
MMSD 70% portion:	\$1,362,526.78
City of Verona 30% portion:	\$ 583,940.05

Lower Badger Mill Creek Interceptor – Phase 2

The second phase of construction for the Lower Badger Mill Creek Interceptor includes a total of approximately 5,100 lineal feet of interceptor ranging in size from 24” to 36”. The project begins in the City of Verona at Edward Street (where Phase 1 ended) and ends at Northern Lights Trail.

Preliminary design of this segment of interceptor was completed during overall design of the Lower Badger Mill Creek Interceptor (34,000+ lineal feet) in 2005. Final plans and specifications were completed by MMSD staff in 2007 and construction is scheduled to begin during the summer of 2008. The estimated cost of the project is \$1,300,000.

Northeast Interceptor Airport Relocation

This project includes the relocation of the Northeast Interceptor – Waunakee/Deforest Extension on the western perimeter of the Dane County Regional Airport. The interceptor is being relocated as part of the Runway Safety Improvement Project at the airport. The cost of the interceptor replacement, nearly \$785,000, is being paid fully by the Dane County Regional Airport.

A total of 1,986 lineal feet of interceptor was replaced as part of the airport project. The existing 48” concrete interceptor, which had suffered significant deterioration, was replaced with fiberglass pipe during three phases (2005-2007) of the airport project. The last remaining section of interceptor and junction manhole was installed during Phase 3 in 2007.

Effluent Equalization

This project addresses options to minimize the volume and frequency of effluent diversions at the Nine Springs Treatment Plant. During wet weather events, influent and effluent flows at the plant increase and treated effluent volumes can exceed effluent pumping capacity. Treated effluent is then diverted to the Nine Springs Creek and Mud Lake.

Design of the project was completed in 2005 and construction was substantially finished in 2006. The project involved two distinct sub-projects:

Effluent Storage Tank Cover Replacement

The existing effluent storage tank floating covers failed due to age and weather-related deterioration. Numerous tank cover replacement alternatives were evaluated during the design process and the option chosen was to replace the existing covers with aluminum geodesic domes. Bids were accepted on April 25, 2006, and the contract was awarded to H&H Industries at their low bid price of \$589,860.00. Work was completed in 2006 and the contract was accepted by the Commissioners on January 16, 2007. The final contract amount was \$589,860.00 as there were no changes during construction.

Effluent Equalization System

The effluent equalization system included a diversion structure and six-foot pipeline to route treated effluent overflows into the western lagoon system. It also included an overflow structure to allow water to discharge from the lagoon system. Bids were accepted on April 25, 2006, and the contract was awarded to Speedway Sand & Gravel at their low bid price of \$517,250.00. The contract was accepted by the Commissioners on February 12, 2007. The final contract amount, including all change orders, was \$497,609.00.

Operations Building Expansion

This project addressed the need for additional office space in the Operations Building. This was primarily due to the MIS Department becoming over-crowded in an area of the building that was originally built in 1982.

A local architectural firm, Strang, was hired to perform the detailed design of the Operations Building Expansion. The design included a total of 2,300 square feet to be added to the upper floor and an additional 4,000 square feet to be remodeled. The expansion included five additional offices, a new copy/print area, a new kitchen, a relocated file room, and a new engineering conference room. The project also included minor modifications to the existing Grit Building, which was converted to a storage building.

Design was completed in early 2006 and the project was bid on June 20, 2006. The Commissioners awarded the contract to Tri-North Builders on June 30, 2006, at their low bid price of \$1,207,300.00. Work was completed in 2007, and the contract was accepted by the Commissioners on June 11, 2007. The final contract amount, including all change orders, was \$1,254,477.62.

Aeration Tanks 1-6 Rehabilitation

The Aeration Tanks 1-6 Rehabilitation Project includes the removal of all existing manifolds, air distributor piping, and diffusers associated with the aging Norton Dome aerators. The system was replaced with a state-of-the-art Sanitaire fine-bubble aeration system. Sections of deteriorated concrete walkway and expansion joint sealant were also removed and replaced.

Design was completed by MMSD staff in early 2006 and the project was bid on May 25, 2006. The Commissioners awarded the contract to H&H Industries on May 26, 2006, at their low bid price of \$322,455.00. Work was substantially complete at the end of 2006, and the contract was accepted by the Commissioners on January 16, 2007. The final contract amount, including all change orders, was \$364,908.00.

Pumping Station 13 and 14 Firm Capacity Improvements

This project addressed the pumping capacity at each station with the largest pumping unit out-of-service.

Planning was completed in late 2006 and detailed design was completed in early 2007. Improvements include replacement of the smallest pumping unit at each station with a unit comparable to the second largest pump. These units would serve as back-ups to each other and would

pump in parallel to produce a flow equal to the largest pump. Also included in the design were re-builds (including new impellers) of three pumps (pumps 13B, 14B and 14C).

The project was bid on March 22, 2007. The Commissioners awarded the contract to Midwest Pipeline on March 26, 2007, at their low bid price of \$424,601.00. As of the end of 2007, construction was pending the arrival of the new pumping equipment.

West Interceptor Extension Replacement

Sewer televising inspection revealed that the West Interceptor Extension, located in the City of Middleton and constructed in 1957, had suffered significant deterioration. The 24-inch concrete interceptor had many areas where the pipe had settled or shifted, and also had areas of root intrusion and grease build-up. Sections of the interceptor could not be cleaned or televised due to the severe settlement in the interceptor.

Approximately 3,200 feet of 42-inch and 36-inch interceptor were installed to replace the existing sewer from Mendota Avenue to Middleton Springs Drive. Final plans and specifications were completed in early 2007 and the project was bid on April 26, 2007. The Commissioners awarded the contract to Capitol Underground, Inc., on April 30, 2007, at their low bid price of \$1,810,624.50.

Construction began in late summer of 2007, and as of December 31, 2007, the work was substantially complete, with final paperwork and contract close-out expected in early 2008.

Southwest Interceptor North and South Legs Liner

This project included improvements to the Southwest Interceptor, which had suffered significant deterioration since it was installed in the mid-1950's. Sections of the interceptor were plagued with root and grease problems, and other areas had loose gaskets and offset joints.

The Southwest Interceptor North and South Legs Liner Project included the installation of a cured-in-place-pipe inside the interceptor. Approximately 5,500 feet of 15-inch and 18-inch pipe were lined on the North Leg and 3,800 feet of 12-inch and 14-inch were lined on the South Leg. Work also included cleaning the interceptor and reinstating all lateral connections.

Planning and design were completed by MMSD staff in 2006 and the project was bid on December 7, 2006. The Commissioners awarded the contract to Michels Corporation on December 11, 2006, at their low bid price of \$410,201.25. Work was completed in 2007 and the contract was accepted by the Commissioners on October 15, 2007. The final contract amount, including all change orders, was \$418,812.38.

West Interceptor Spring Street Relief Replacement at Park Street

In 2006, a portion of the West Interceptor – Spring Street Relief was replaced during a WDOT project which improved Park Street from West Washington Avenue to Regent Street.

Approximately 155 lineal feet of the 24-inch Spring Street Relief were replaced where it crosses Park Street at Braxton Place. The cast iron interceptor had suffered deterioration above the water-line, and was replaced with PVC pipe. The final cost of \$39,778.00 was paid to the City of Madison/WDOT in September of 2007.

Digester 7 Cleaning

During operation of the TPAD digestion process in 2006 and 2007, MMSD staff determined that the contents of Digester 7 were not being mixed properly. This was attributed to two factors. First, several mixers within the tank did not seem to be operating properly. Second, thermal stratification inside the digester seemed to be causing the raw influent sludge to be removed from the center of the digester, before the sludge could be mixed with other digester contents.

Digester 7 was emptied and cleaned during the spring of 2007. Cleanout included removal of approximately 215,000 gallons of residual sludge, scum, grit, struvite and solid material from the digester. After the digester was emptied, new sludge feed piping was installed and the mixers were repaired.

The Commissioners awarded the cleaning contract to Synagro Central, LLC, on January 29, 2007, at their low bid price of \$35,000.00. The contract was accepted by the Commissioners on May 11, 2007. The final contract amount, including all change orders, was \$38,375.00.

Digester 7 Odor Control

To treat non-combustible, odorous gas released from the acid-phased sludge digestion process, a piping system was designed to convey gas from the acid-phase digester (Digester 7) to Aeration Tank #17. The system was designed by MMSD staff and included coarse bubble diffusers, piping, instrumentation and related work. The gas throttling valve, thermal dispersion flowmeter and coarse bubble aerators required for the system were purchased directly by MMSD to expedite the project.

Installation was completed by H&H Industries, the low bidder for the work. Construction of the \$34,860.00 project began in late summer and as of December 31, 2007, the work was approximately 95% complete, with remaining punchlist work to be completed in early 2008.

NS10D – Improvements to the Tenth Addition

This project included installation of a new screw conveyor in the Headworks Facility, demolition and installation of HVAC equipment in the Boiler Building, installation of three new progressing cavity pumps with variable frequency drives in Sludge Control Building No. 2, installation of a new sludge grinder in Sludge Control Building No. 2, modifications to boiler exhaust stacks at Sludge Control Building No. 2, and ductile iron piping modifications in Tunnel No. 2. The three progressing cavity pumps and variable frequency drives were purchased directly by MMSD to expedite delivery and installation.

The project was bid on August 23, 2007. The Commissioners awarded the contract to H&H Industries on August 27, 2007, at their low bid price of \$432,640.00. As of the end of 2007, construction had just started, and is scheduled to be complete by the middle of 2008.

NS10E – Gas Treatment System

During start-up of the thermophilic digestion process in 2006, one of the gas engines driving an electric generator in Sludge Control Building No. 2 suffered a major mechanical failure. Subsequent investigation determined that high levels of siloxanes in the digester gas led to significant

sand-like deposits within the engine, which caused the failure. Tests also revealed high levels of hydrogen sulfide and moisture (due to higher temperatures) in the digester gas.

A review of processes available to address these issues revealed that a gas treatment system available from Applied Filter Technologies (AFT) produced the most reliable results on a continuous basis. Since the AFT system is proprietary and AFT was the only potential supplier of this technology, the system was to be supplied through a sole-source, turn-key proposal.

Subsequently, AFT was unable to secure the required bonding for the project. The electrical contractor for the project, Town & Country Electric, agreed to supply the necessary bonding for the project and become the Contractor of record for the system. The Commissioners accepted the proposal from Town & Country Electric on October 15, 2007, for a price of \$1,778,804.00. As of the end of 2007, construction had started and is scheduled to be complete by June of 2008.

West Interceptor Campus Relief – Phase 5

This is a continuation of several previous relief projects to the MMSD West Interceptor system and is intended to provide additional capacity to the regional sewers in the area. Phase 5 (and beyond) will be located in Campus Drive or University Avenue, and will extend from Walnut Street to Whitney Way.

Planning for the ~12,000 lineal feet of interceptor began in 2007. Design is expected to be complete in 2009 and initial construction is anticipated to begin in 2009. The interceptor will be built in 2 or 3 phases and the total cost is expected to approach \$6 million.

Far East Interceptor – Gaston Road Extension

This interceptor, which will be an extension to the Far East Interceptor system, will serve new areas near the intersection of Gaston Road and Interstate 94. The project will involve the installation of approximately 1,700' of 21" sewer along Gaston Road.

Design started in late 2007 and construction is scheduled for completion in 2008. The estimated cost for the project is \$400,000.

Pumping Stations 6 and 8 Rehabilitation

The 2002 Collection Systems Facilities Plan identified Pumping Stations 6 and 8 as needing improvements to upgrade the overall reliability of the stations and increase pumping capacity.

The rehabilitation of Pumping Stations 6 and 8 will include improvements to pumping equipment, electrical systems and structural components. The project will also include additions to both buildings, new HVAC equipment and improvements to the exterior of the stations.

Design work began in 2007 and will be completed in 2008. Construction is anticipated to begin in 2008 and will continue into 2010. The estimated cost for the project is \$5.4 million (approximately \$2.7 million per station).

Nine Springs Wastewater Treatment Plant – 54-Inch Primary Influent Liner

On September 6, 2007, the District opened bids for the NSTWP 54" East Primary Influent Liner. This project included improvements to the east primary influent pipeline, which had suffered

deterioration since it was installed in the mid-1970's. Work included lining approximately 460 lineal feet of 54" concrete pipe and installation of a 10' x 10' junction manhole.

Bids were received from five contractors. The District staff reviewed the results of the bid opening and on September 10, 2007, the Commission rejected the bids because all bids exceeded the budget estimate and a more cost-effective alternative (future open-cut installation) was available.

Northeast Interceptor Truax Liner

During televising of the Northeast Interceptor through the Dane County Airport, areas of deteriorated pipe were identified. Deterioration included mild corrosion above the waterline and intermittent infiltration at pipe joints. Because the interceptor is located beneath two airport runways and poses a significant risk if any problems were to develop, it was decided that the pipe should be rehabilitated.

This project will include rehabilitation of approximately 5,300 lineal feet of 48" concrete pipe, which was originally installed in the 1960's. The pipe will be lined with a cured-in-place-pipe from MH13-105 to MH13-117. Design started in late 2007 and construction is scheduled for completion in 2008. The estimated cost for the project is \$2,000,000.

CLEAN WATER FUND LOANS

In 1989 the State of Wisconsin replaced the Wisconsin Fund Grant Program with the Clean Water Fund Loan Program. The Clean Water Fund is a state revolving loan fund that was capitalized initially with grants from the U.S. Environmental Protection Agency and by bonds issued by the State of Wisconsin. The District has issued general obligation bonds and notes to the State of Wisconsin for 13 loans under this program. The total amount financed through these Clean Water Fund loans is \$95.6 million.

The District received disbursements from three Clean Water Funds loans in 2007 and the status of those loans is as follows:

Tenth Addition to Nine Springs

The District issued General Obligation Sewerage System Promissory Notes, Series 2003B, on August 27, 2003, to the State of Wisconsin Clean Water Fund. These bonds are for an aggregate amount not to exceed \$35,427,273 and are to be repaid at an annualized interest rate of 2.796%. The first interest payment on the loan was made on November 3, 2003. The first principal payment was made on May 1, 2006. The final bond payment will be made on May 1, 2023.

As of December 31, 2007 the District had received \$34,718,727.54 from the Clean Water Fund for this project.

Effluent Equalization Project

The District issued General Obligation Sewerage System Promissory Notes, Series 2006A, on September 13, 2006, to the State of Wisconsin Clean Water Fund. These bonds are for an aggregate amount not to exceed \$1,892,491 and are to be repaid at an annualized interest rate of 2.365 percent. The first principal and interest payment on the loan was made on May 1, 2007. The final bond payment will be made on May 1, 2026.

The District received the final loan draw for this loan on August 8, 2007 bringing the total amount borrowed through this loan to \$1,664,325.02.

West Interceptor Extension Replacement

The District issued General Obligation Sewerage System Promissory Notes, Series 2007A, on December 12, 2007, to the State of Wisconsin Clean Water Fund. These bonds are for an aggregate amount not to exceed \$2,826,309 and are to be repaid at an annualized interest rate of 2.555%. The first interest payment on the loan will be made on May 1, 2008. The first principal payment will be made on May 1, 2009. The final bond payment will be made on May 1, 2027.

As of December 31, 2007 the District had received \$2,074,841.92 from the Clean Water Fund for this project.

NINE SPRINGS ENERGY USE PROFILE

This table shows an estimate of the total amount of electric and thermal energy used at the Nine Springs Wastewater Treatment Plant and the division between purchased and renewable (primarily self-produced) power. The significant decrease in generated electrical power from 2006 to 2007 was due to problems caused by additional moisture and siloxanes in the digester gas and a subsequent failure of one of the generator engines. The other generator engine was taken offline in May as a precaution. The District is installing a gas treatment system, which will remove hydrogen sulfide and siloxanes. This system should be online by June of 2008, at which time the generators will be put back in service.

Annual Energy Use Summary

Electric Energy	2003		2004		2005		2006		2007	
	kWhrs/ day	% of Total								
Commercial Service Purchased from MG&E	54,290	67.2%	58,705	70.7%	60,213	73.0%	60,266	69.6%	70,083	85.9%
Wind Power Purchased from MG&E	15	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%
Generated from Digester Gas	17,262	21.4%	16,438	19.8%	14,488	17.6%	17,121	19.8%	3,260	3.6%
Avoided Purchase Due to Blower Gas Engine	9,193	11.4%	7,866	9.5%	7,745	9.4%	9,147	10.6%	9,378	10.5%
Total Used & Avoided	80,760		83,024		82,461		86,548		89,736	
Average cost of purchased power (dollars/kWhr)	\$ 0.0508		\$ 0.0509		\$ 0.0599		\$ 0.0674		\$ 0.0674	
Estimated total monthly value of energy used	\$124,721		\$128,596		\$150,335		\$177,559		\$183,879	
Estimated monthly value of renewable energy	\$ 40,879	32.8%	\$ 37,668	29.3%	\$ 40,560	27.0%	\$ 53,921	30.4%	\$ 25,927	14.1%

Thermal Energy	2003		2004		2005		2006		2007	
	therms/ day	% of Total	therms/ day	% of Total	therms/ day	% of Total	therms/ day	% of Total	therms/ day	% of Total
	Generated from Natural Gas	198	13.9%	342	24.9%	298	19.1%	277	13.4%	389
Generated from Digester Gas	332	23.4%	227	16.5%	370	23.7%	409	19.8%	1280	58.1%
Recovered from Gas Engines	892	62.7%	806	58.6%	896	57.3%	1,384	66.8%	534	24.2%
Total hot water energy used	1,422		1,375		1,563		2,071		2,203	
Average cost of purchased gas (dollars/therm)	\$ 0.6766		\$ 0.7654		\$ 0.7548		\$ 0.9427		\$ 0.9344	
Estimated total monthly value of gas used	\$39,023		\$42,683		\$47,853		\$79,161		\$83,484	
Estimated monthly value of renewable energy	\$33,594	86.1%	\$32,054	75.1%	\$38,732	80.9%	\$68,553	86.6%	\$68,750	82.4%
Total Energy Use	2003		2004		2005		2006		2007	
	\$ per month	% of Total	\$ per month	% of Total	\$ per month	% of Total	\$ per month	% of Total	\$ per month	% of Total
	Total Estimated Value of Energy Used	\$163,744		\$171,279		\$198,188		\$ 256,720		\$ 267,363
Estimated Value of Renewable Energy Used	\$ 74,473	45.5%	\$69,721	40.7%	\$ 79,292	40.0%	\$122,474	47.7%	\$94,677	35.4%

ANNEXATIONS TO THE DISTRICT

Annexations to the District added 285.1 acres, increasing the area of the District to 177.76 square miles. The annexations occurred in the City of Madison, City of Middleton, Town of Westport, and Village of DeForest. Descriptions of the areas annexed are as follows:

Town of Westport
Schumacher Farm Park Annexation
(MMSD annexation 07-01)

Being part of the NE¹/₄ of Section 9, SE¹/₄, and SW¹/₄, of Section 4, T8N, R9E, Town of Westport, Dane County, Wisconsin, more fully described as follows:

All of the SW¹/₄, SE¹/₄, and SE¹/₄, SW¹/₄, Section 4 and the Highway ROW in the northerly portion of the NW¹/₄, NE¹/₄, Section 9 described as follows: Commencing at the North¹/₄ Corner of Section 9, T8N, R9E, thence S00°08'32"E, 119.33 feet to a point on the southerly right of way of STH 113, thence easterly along said southerly right of way line to the east line of NW¹/₄, NE¹/₄, Section 9; thence north along said east line to the northeast corner NW¹/₄, NE¹/₄, Section 9; thence west-erly along the north line of said Section 9 to the point of beginning. Said parcel contains 86.2 acres. This annexation added 86.2 acres to MMSD.

City of Madison
Blackhawk Road Old Sauk Road Annexation-Ordinance 07-00017
(MMSD annexation 07-02)

The following described lands were automatically added to MMSD by the City of Madison under Wisconsin Statutes, Section 200.15(1).

Part of the Southeast¹/₄ of the Southeast¹/₄ and the Northeast¹/₄ of the Southeast¹/₄, all in Section 17, T7N, R8E, Town of Middleton, Dane County, Wisconsin, to wit:

Commencing at the Southeast Corner of said Section 17; thence S89°34'27"W, along the South line of the said SE¹/₄ and the centerline of West Old Sauk Road, 566.48 feet to the Southwest corner of Dane County Certified Survey Map Number 9607 (a.k.a. Dane County Certified Survey Map Number 517) and the point of beginning; thence continuing S89°34'27"W, along the said South line and centerline, 466.14 feet; thence N00°58'03"E, 590.00 feet; thence N14°51'06"E, 1304.73 feet; thence N00°12'35"W, 359.31 feet; thence N89°47'25"E, 330.53 feet; thence N00°09'51"E, parallel with and 365.30 feet west of the East line of the said SE ¹/₄, 450.52 feet to the intersection with the centerline of Blackhawk Road; thence N89°43'34"E, along the centerline of Blackhawk Road and the North line of the said NE¹/₄ of the SE¹/₄, 66.00 feet; thence S00°09'51"W, parallel with and 299.30 feet west of the said East line of the SE¹/₄, 450.60 feet; thence N89°47'25"E, 299.31 feet to the intersection with the said East line of the SE¹/₄; thence S00°09'51"W along said East line of the SE¹/₄, 1800.99 feet; thence S89°36'37"W, 560.79 feet, along the Northerly lines of Lot 2, Dane County Certified Survey Map Number 3977 and Lots 1 and 2, Dane County Certified Survey Map Number 9607, (a.k.a. Dane County Certified Survey Map No. 517) to the Northwest corner of said Lot 1; thence S00°58'03"W along the Westerly line of said Lot 1, 404.71 feet to the point of beginning. Said parcel contains 39.9 acres. This annexation added 39.9 acres to MMSD.

City of Middleton
VanHaren Lands (CSM 10330 Outlot 1) Annexation
(MMSD annexation 07-03)

The Common Council of the City of Middleton acquired the title to Outlot 1 CSM 10330 from Andrew and Mary VanHaren and pursuant to Wis. Stats s66.0223 annexed Outlot 1 CSM 10330 from the Town of Middleton to the City of Middleton and subsequently added these lands to MMSD under Wisconsin Statutes, Section 200.15(1).

Part of the Southwest¹/₄ of the Southwest¹/₄ of Section 3, T7N, R8E, Town of Middleton, Dane County Wisconsin, more fully described as follows:

Commencing at an aluminum monument marking the Southwest corner of said Section 3; thence N89°19'10"E, 414.56 feet along the South line of the Southwest¹/₄ of said Section 3, to the southwest corner Outlot 1 and point of beginning; thence N23°49'16"E, 176.16 feet to the south right-of-way of Evergreen Road; thence S66°10'44"E, 303.45 feet along said south ROW line; thence S69°53'38" E, 97.09 feet along said south ROW line to the South line of the Southwest¹/₄ of said Section 3; thence S89°19'10"W, 439.95 feet along the South line of the Southwest¹/₄ of said Section 3 to the point of beginning. Said parcel contains 34,208 square feet or 0.785 acres. Said parcel contains 0.785 acres. This annexation added 0.785 acres to MMSD.

City of Middleton
Evergreen Road VanHaren ROW Annexation
(MMSD annexation 07-04)

The Common Council of the City of Middleton, pursuant to Wis. Stats s66.0223, annexed the following described property and subsequently automatically added these lands to MMSD under Wisconsin Statutes, Section 200.15(1).

Part of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 3, T7N, R8E, Town of Middleton, Dane County, Wisconsin, more fully described as follows:

Commencing at an aluminum monument marking the Southwest corner of said Section 3; thence N89°19'10"E, 414.56 feet along the South line of the Southwest $\frac{1}{4}$ of said Section 3; thence N23°49'16"E, 176.16 feet to the right-of-way of Evergreen Road and point of beginning; thence N 23°49'16"E, 33.00 feet to the centerline of Evergreen Road; thence S 66°10'44"E, 303.45 feet along the centerline of Evergreen Road; thence along a curve to the left with radius of 716.20 feet and chord bearing S 78°16'31" E, 300.16 feet, along the centerline of Evergreen Road; thence S89°19'10"W, 216.07 feet along the South line of the Southwest $\frac{1}{4}$ of said Section 3; thence along a curve to the right with radius of 749.20 feet and chord bearing N 69°53'38"W, 97.09 feet along the right-of-way of Evergreen Road; thence N66°10'44"W, 303.45 feet along the right-of-way of Evergreen Road to the point of beginning. Said parcel contains 15,492 square feet or 0.336 acres. Said parcel contains 0.336 acres. This annexation added 0.336 acres to MMSD.

City of Middleton
Hidden Oaks Annexation
(MMSD annexation 07-05)

The following described lands were automatically added to MMSD by the City of Middleton under Wisconsin Statutes, Section 200.15(1).

Lot 1 Certified Survey Map No. 10330 and a parcel of land located in the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 3, the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 4 and the NE $\frac{1}{4}$ and NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 9, T7N, R8E, Town of Middleton, Dane County, Wisconsin, to-wit;

Beginning at the northeast corner of said Section 9; thence S00°10'07"W, 527.72 feet; thence S78°15'09"W, 1397.83 feet; thence S84°37'24"W, 39.84 feet; thence N00°11'32"E, 713.94 feet; thence N44°21'18"E, 122 feet; thence N00°12'02"W, 1319.44 feet; thence N89°16'41"E, 442.49 feet; thence S05°50'09"W, 1004.91 feet; thence N89°46'28"E, 384.40 feet; thence S09°46'04"E, 172.14 feet; thence S89°46'15"E, 88.00 feet; thence N15°38'00"E, 414.40 feet; thence S79°30'12"E, 8.00 feet; thence N64°02'36"E, 67.57 feet to a point of curve; thence southeasterly on a curve to the left which has a radius of 170.00 feet and a chord which bears S32°21'02"E, 11.25 feet; thence S54°09'51"W, 53.55 feet; thence S15°38'00"W, 401.32 feet; thence S89°46'15"E, 449.55 feet; thence N00°13'13"W, 237.77 feet to a point of curve; thence southeasterly on a curve to the right which has a radius of 4967.00 feet and a chord which bears S67°11'02"E, 175.92 feet; thence S66°10'09"E, 355.30 feet; thence S23°49'51"W, 176.16 feet; thence S89°19'45"W, 414.56 feet to the point of beginning. Said parcel contains 40.49 acres. This annexation added 40.49 acres to MMSD.

Dewey Annexation-Ordinance 07-00068
(MMSD Annexation 07-06)

The following described lands were automatically added to MMSD by the City of Madison under Wisconsin Statutes, Section 200.15(1).

All of Lot 3 of Certified Survey Map Number 952, as recorded in Volume 4 of Certified Survey Maps on pages 199-200, as Document Number 1343095, Dane County Registry, being located in the Northwest Quarter of the Northeast Quarter, Section 3, Township 6 North, Range 8 East, Town of Verona, Dane County, Wisconsin. Said parcel contains 0.86 acres. This annexation added 0.86 acres to MMSD.

City of Madison
Mineral Point Holdings-Ordinance 07-00080
(MMSD Annexation 07-07)

The following described lands were automatically added to MMSD by the City of Madison under Wisconsin Statutes, Section 200.15(1).

Part of the East Half of the NE $\frac{1}{4}$ of Section 29, T7N, R8E, Town of Middleton, Dane County, Wisconsin, more particularly described as follows:

Beginning at the Northeast Corner of said Section 29; thence S00°00'28"W along the East line of said Section 29, 50.00 feet to the South right-of-way line of Mineral Point Road (County Trunk Highway "S"); thence S89°43'22"W along said right-of-way, 350.36 feet; thence S00°08'27"W, 284.08 feet; thence N89°43'22"E, 351.02 feet to the East line of said Section 29; thence S00°00'28"W along said East line, 2312.64 feet to the East Quarter Corner of said Section 29; thence S89°23'52"W along the East-West Quarter Line of said Section 29, 1326.43 feet; thence N00°05'11"E, 2604.26 feet to the South right-of-way line of Mineral Point Road; thence N00°05'11"E, 50.00 feet to the North line of said Section 29; thence N00°05'11"E (more or less), 50.00 feet to the North right-of-way line of Mineral Point Road; thence N89°43'22"E along last said right-of-way, 1322.65 feet (more or less) to the East line of Section 20, T7N, R8E; thence S00°00'28"W (more or less) along said East line, 50.00 feet to the point of beginning. Said parcel contains 79.8 acres. This annexation added 79.8 acres to MMSD.

City of Middleton
CSM 10812 and CSM 10813 Annexation
(MMSD Annexation 07-08)

The Common Council of the City of Middleton, pursuant to Wis. Stats s66.0223, annexed the following described property and subsequently automatically added these lands to MMSD under Wisconsin Statutes, Section 200.15(1).

Parcel 1:

Lot 1, Certified Survey Map No. 10812, as recorded in Volume 64 of CSMs, pages 234236, as Document No. 3759248, in the Dane County Registry, located in the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 4, T7N, R8E, in the Town of Middleton, Dane County, Wisconsin. Said parcel contains 25.33 acres.

Parcel 2:

Lot 1, Certified Survey Map No. 10813, as recorded in Volume 64 of CSMs, pages 237238, as Document No. 3759249, in the Dane County Registry, located in the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the fractional NW $\frac{1}{4}$ of Section 3, T7N, R8E, in the Town of Middleton, Dane County, Wisconsin. Said parcel contains 7.34 acres. Said parcel contains 32.67 acres. This annexation added 32.67 acres to MMSD.

Village of DeForest
Badger Utility Property Annexation
(MMSD annexation 07-09)

A parcel of land located in the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$, NW $\frac{1}{4}$ of the SE $\frac{1}{4}$, SW $\frac{1}{4}$ of the SE $\frac{1}{4}$, SE $\frac{1}{4}$ of the SE $\frac{1}{4}$, all in Section 5, T.8 N., R.10 E., Town of Burke, Dane County, Wisconsin more particularly described as follows:

Commencing at the S $\frac{1}{4}$ corner of said Section 5, thence N01°26'58"E along the N-S $\frac{1}{4}$ line, 1391.47 feet to the point of beginning; thence S 87°52'46" E along the northerly R/W line of Daentl Road, 677.60 feet thence continuing easterly along said northerly R/W line and its extension, 125 feet, more or less, to a point on the extension of the Southeast-Northwest centerline of Daentl Road; thence S46°29' E along said extension, 95.85 feet to a point on the North line of said Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$; thence continuing S46°29'E along said extension, 90.65 feet to a point on the Southeast-Northwest centerline of Daentl Road; thence continuing S46°29'E along said centerline and its extension, 603.80 feet; thence northeasterly, 234 feet, more or less, to the centerline of Interstate Highways 90&94; thence northwesterly along centerline Interstate Highways 90&94, 2412 feet, more or less, to the north line of the S $\frac{1}{2}$ said Section 5; thence west along the north line of said S $\frac{1}{2}$ to the west R/W line of Interstate Highways 90&94; thence S 44°58'35" E along the west R/W line of Interstate Highways 90&94 to the northwest corner lot 2 CSM 6358; thence S01°26'16"W, 1218.24 feet to the north R/W line Daentl Road; thence S89°59'49"E, 412.21 feet along the north R/W of Daentl Road to the point of beginning. Said parcel contains 27.81 acres. This annexation added 827.81 acres to MMSD.

FINANCES

A general District property tax was not placed on the tax rolls in 2007.

All financial transactions of the District were audited by Clifton Gunderson, LLP. The audit report for the year ended December 31, 2007 is appended as part of this report.

SALARIES AND WAGES

On February 7, 2006, a three-year contract was executed between Madison Employees Local 60, American Federation of State, County and Municipal Employees, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) and the District. The contract expires on December 31, 2008. The District management staff and represented employees have continued to use a consensus-based bargaining process. The Commission established the 2007 wages for non-represented employees on December 11, 2006.

RETIREMENT OF DISTRICT EMPLOYEES

John Grady

John started with the District in June, 1993 as a Building and Grounds Maintenance worker and retired in January, 2007 as a Lubrication Mechanic. Thank you John for 14 years of service.

John Brown

John started with the District in November, 1967 in the Maintenance Department and in January, 2007 retired as a Mechanic II. Thank you John for 40 years of service.

MADISON METROPOLITAN SEWRAGE DISTRICT

AUDIT REPORT

YEAR ENDED DECEMBER 31, 2007

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Independent Auditor's Report

Board of Commissioners
Madison Metropolitan Sewerage District
Madison, Wisconsin

We have audited the accompanying statement of net assets of the Madison Metropolitan Sewerage District as of December 31, 2007, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Madison Metropolitan Sewerage District as of December 31, 2006, were audited by other auditors whose report dated March 14, 2007, expressed an unqualified opinion on those financial statements.

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

In our opinion, the 2007 financial statements referred to above present fairly, in all material respects the respective financial position of the Madison Metropolitan Sewerage District as of December 31, 2007, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clifton Gunderson LLP

Madison, Wisconsin
March 27, 2008

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Management's Discussion and Analysis for 2007 and 2006

The management of the Madison Metropolitan Sewerage District (the District) offers this narrative overview and analysis of the District's financial performance for calendar years 2007 and 2006. It should be read in conjunction with the District's financial statements which follow this section. The 2007 and 2006 financial statements have been prepared in accordance with generally accepted accounting principles.

Financial Highlights

- Net assets increased by \$1.2 million (1.2 percent) from \$100.3 million to \$101.5 million in 2007. This compares to a \$3.8 million (3.9 percent) increase in 2006.
- Operating revenues increased by \$1.2 million (6.2 percent) from \$18.6 million to \$19.8 million in 2007. This compares to a \$0.9 million (5.1 percent) increase in 2006.
- Operating expenses, excluding depreciation, increased by \$2.0 million (16 percent) from \$12.2 million to \$14.2 million in 2007. This compares to a decrease of \$0.5 million (3.8 percent) in 2006.

Overview of Basic Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the District's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Net Assets

A summary of the District's Statement of Net Assets is presented in Table A-1.

**Table A-1
Condensed Statement of Net Assets
(000's)**

	2007	2006	2005
Current Assets	\$ 26,003	\$ 24,214	\$ 27,482
Noncurrent Assets			
Capital assets, net of accumulated depreciation	137,158	137,072	134,283
Other assets	9,528	11,026	8,201
Total assets	172,689	172,312	169,966
Current Liabilities	7,548	7,893	8,769
Noncurrent Liabilities	63,668	64,155	64,761
Total liabilities	71,216	72,048	73,530
Net Assets			
Invested in capital assets, net of related debt	72,030	71,213	68,426
Restricted	13,764	12,948	12,631
Unrestricted	15,679	16,103	15,381
Total net assets	\$ 101,473	\$ 100,264	\$ 96,438

As of December 31, 2007, the District had total assets, less accumulated depreciation, of \$172.7 million and total liabilities of \$71.2 million, resulting in \$101.5 million of net assets. Net assets increased by \$1.2 million (1.2 percent) in 2007. This compares to a net asset increase of \$3.8 million (3.9 percent) in 2006. The 2007 increase was due to connection charge revenues of \$0.9 million, contributions in aid of construction of \$0.8 million and an operating loss of \$0.5 million. Funds represented by the 2007 increase will be used to finance future interceptor construction and to make future principal payments on debt. Capital assets (land, structures, equipment, vehicles, etc) comprise \$137.2 million, or 79.4 percent of total assets at the end of 2007. At the end of 2006, capital assets had a value of \$137.1 million and represented 79.5 percent of total assets. Capital assets increased \$0.1 million in 2007 compared to a \$2.8 million increase in 2006.

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Net Assets (Continued)

Future principal payments on bonds total \$65 million at the end of 2007 and represent 91 percent of the District's liabilities. At the end of 2006, future principal payments on bonds totaled \$66 million and represented 91 percent of the District's liabilities. Future principal payments were \$0.7 million less than at the end of 2006 due to less borrowing for capital projects in 2007. Future principal payments were unchanged in 2006. There was a decrease in construction activity in 2007 compared to 2006. The three prime contracts for the Tenth Addition to Nine Springs and two interceptor projects were completed in 2007, but their combined costs were less than overall costs incurred in 2006.

The District's restricted net assets consist of reserves for the payment of debt service and for unexpected expenses for the repair and replacement of equipment. Restricted net assets increased by \$.8 million in 2007 to satisfy bond ordinance requirements related to the use of service charge revenues for payment of debt service expenses. This compares to a \$0.7 million increase in 2006. Unrestricted net assets at the end of 2007 were \$0.4 million less than at the end of 2006. Unrestricted assets had increased by \$0.7 million in 2006.

Revenues, Expenses, and Changes in Net Assets

The District's revenues, expenses, and changes in net assets are summarized in Table A-2.

**Table A-2
Condensed Statement of Revenues,
Expenses, and Changes in Net Assets
(000's)**

	2007	2006	2005
Operating Revenues	\$ 19,828	\$ 18,664	\$ 17,713
Nonoperating Revenues	1,506	1,361	861
Total revenues	21,334	20,025	18,574
Depreciation Expense	5,559	4,178	4,244
Other Operating Expense	14,211	12,241	12,728
Nonoperating Expense	2,015	1,376	1,081
Total expense	21,785	17,795	18,053
Income (Loss) Before Capital Contributions	(451)	2,230	521
Capital Contributions	1,660	1,596	2,421
Increase in net assets	1,209	3,826	2,942
Beginning Net Assets	100,264	96,438	93,496
Ending Net Assets	\$ 101,473	\$ 100,264	\$ 96,438

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Revenues, Expenses, and Changes in Net Assets (Continued)

Operating revenue for 2007 increased by \$1.2 million, or 6.2 percent, from \$18.6 million to \$19.8 million. This compares to the 2006 operating revenue increase of \$0.9 million, or 5.3 percent. The 2007 increase was due to higher service charge rates and higher wastewater loadings, and were in alignment with the 2007 budget.

Non-operating revenues for 2007 were \$0.15 million (11 percent) higher than in 2006, reflecting the increase in interest earned on investments over 2006. Non-operating revenues for 2006 were 58 percent higher than in 2005, which was also the result of higher interest earnings.

Depreciation expenses in 2007 of \$5.6 million were 33 percent more than the 2006 depreciation expenses. The 2006 depreciation expenses of \$4.2 million were 1.5 percent less than the 2005 depreciation expenses. The 2007 increase was due primarily to the Tenth Addition facilities which were first included with the depreciable assets in 2007.

Other operating expenses for 2007 of \$14.2 million were \$2.0 million (16 percent) higher than 2006 expenses of \$12.2 million. Other operating expenses for 2006 were 3.8 percent lower than 2005 expenses of \$12.7 million. The higher level of other operating expenses in 2007 included \$0.4 million associated with long-range planning work performed in prior years, \$0.4 million of long-range planning work performed in 2007, and \$1.2 million due to increases in facilities operation and maintenance expenses, including labor, replacement parts, electric power, and chemicals.

Non-operating expenses for 2007 of \$2.0 million, which are comprised of interest on the District's outstanding debt and disposal of equipment, were \$0.6 million (46 percent) higher than 2006 expenses of \$1.4 million. Non-operating expenses in 2006 were \$0.3 million higher than in 2005. The large increase in 2007 is associated with interest on money borrowed to construct the Tenth Addition facilities. The 2006 interest on this money was capitalized, rather than expensed, since the project was still under construction at the end of 2006.

Capital contributions include contributed capital assets and interceptor and treatment plant connection charge revenues. The one-time connection charges are assessed against each property in the District at the time sewerage service is made available. The charges are made on an area basis.

An interceptor connection charge rate has been established for each major District interceptor sewer. The interceptor connection charge rates are adjusted annually to account for changes in construction costs. The Engineering News Record's Construction Cost Index is used for this purpose. Interceptor connection charge rates for 2007 were increased by 4.0 percent. This compares to the 2006 increase of 4.1 percent.

The treatment plant connection charge rate is adjusted annually to account for the change in "excess capacity" debt service paid by current users for facilities at the treatment plant that will be utilized by new users. The treatment plant connection charge rate is further adjusted by the typical bank passbook savings rate, or 4 percent, whichever is higher. The treatment plant connection charge rate for 2007 increased by 7.4 percent. The 2006 increase was 7.6 percent. Increases in 2007 and 2006 reflect the additions to accumulated excess capacity debt service costs associated with the Eighth, Ninth, and Tenth Addition projects.

Capital contributions in 2007 of \$1.7 million included \$0.9 million of connection charge revenue and \$0.8 million of contributed capital assets. This was an increase of \$0.1 million (4.0 percent) over the \$1.6 million contributed in 2006. However, the connection charge revenue for 2007 was 44 percent less than in 2006.

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

The 2006 capital contributions were entirely connection charge revenue and were 34 percent less than in 2005.

Comparison of Actual Financial Results to Budget

Each year the District adopts an annual operating budget and a 10-year capital improvement budget following a public hearing. A comparison of the 2007 budgeted and actual amounts of operating revenues and expenses is shown in Table A-3.

The District does not include depreciation as an operating expense in its annual budget, rather, it budgets sufficient income to cover the subsequent year's debt principal payments.

For calendar year 2007, operating revenues of \$19.8 million were \$0.1 million more than budgeted due to slightly higher than anticipated wastewater loadings. Non-operating revenues of \$1.5 million for interest income, rent, and other miscellaneous items were \$0.2 million (19 percent) more than budgeted.

Operating expenses for 2007, excluding depreciation, were \$0.8 million more than budgeted. Salaries and benefits were \$0.1 million less than budgeted, but electric power and natural gas (\$0.4 million), contracted services (\$0.3 million) and replacement parts and services (\$0.2 million) were all higher than budgeted. Costs associated with long-range planning conducted in prior years totaling \$0.4 million were included in the current year's operating expenses. These costs had been included with construction-in-progress amounts in prior years. However, management determined that it would be administratively difficult to assign these costs to any particular capital asset, and that a more practical approach would be to expense these and all future long-range planning costs in the year they were incurred.

Non-operating expenses, which include the undepreciated costs of retired equipment and the interest costs on the District's outstanding debt, were \$0.1 more than budgeted due to the retirement of equipment valued at \$0.1 million. Expenses associated with retiring equipment were not included in the budget.

Budgeted income for 2007 of \$5.7 million includes \$4.9 million for future principal and interest payments on the District's outstanding debt, \$0.4 million to fund a portion of the current year's capital improvements and \$0.4 million to fund the current year's long-range planning. It is the District's policy to finance capital improvements for new users through borrowing. Sewerage system improvements typically have useful lives of more than twenty years, and the District typically issues twenty-year bonds. The system's users pay for the costs of the facilities they require for the conveyance and treatment of their wastewater over the life of the bonds. For this reason, the District does not budget to recover depreciation costs in addition to the debt service expenses, since this would in effect result in double-billing current users for these facilities. Charges to recover debt service expenses reflect the cost of the facilities currently in use. Charges to recover depreciation expenses would reflect the cost of replacing these same facilities at the end of their useful lives.

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

**Table A-3
Comparison of Operating Budget to Actual Results for 2007
(000's)**

	Budget	Actual	Variance
Revenues			
From operations	\$ 19,724	\$ 19,828	\$ 104
Nonoperating	1,267	1,506	239
Total revenues	20,991	21,334	343
Operating Expenses			
Depreciation expense	0	5,559	5,559
Other operating expenses:			
Salaries with benefits	6,794	6,711	(83)
Administrative	401	424	23
Legal and accounting	84	83	(1)
Insurance	97	88	(9)
Power	2,357	2,726	369
Natural gas	159	197	38
Chemicals	307	309	2
Motor and LP fuel	121	112	(9)
Water and sewer	68	70	2
Contracted services	1,758	2,068	310
Communication services	29	33	4
Replacement parts and services	851	1,054	203
Supplies	206	204	(2)
Miscellaneous	131	132	1
Total other operating expenses	13,363	14,211	848
Total operating expenses	13,363	19,770	6,407
Nonoperating Expenses			
Disposal of Equipment	0	99	99
Interest expense	1,962	1,916	(46)
Total nonoperating expenses	1,962	2,015	53
Total expenses	15,325	21,785	6,460
Income before capital contributions	\$ 5,666	\$ (451)	\$ (6,117)

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Capital Assets

At the end of 2007, the District had \$137 million invested in capital assets comprised of the Nine Springs Wastewater Treatment Plant, seventeen major pumping stations, over one hundred miles of interceptor sewers and force mains, and associated facilities. Table A-4 summarizes these assets.

**Table A-4
Capital Assets
(000's)**

	2007	2006	2005
Assets			
Land	\$ 7,310	\$ 7,290	\$ 7,280
Structures and improvements	127,250	106,099	101,921
Mechanical equipment	77,978	58,827	59,600
Office furniture and equipment	4,079	3,970	3,932
Vehicles	2,224	2,429	2,170
Construction In progress	4,911	39,848	38,004
Total	223,752	218,463	212,907
Less accumulated depreciation	86,594	81,391	78,624
Net property and equipment	\$ 137,158	\$ 137,072	\$ 134,283

The District's 10-year capital improvement plan includes \$6 million of treatment plant upgrades and expansions and \$80 million of collection system improvements. Treatment plant projects and larger collection system projects are expected to be financed with Clean Water Fund loans administered by the State of Wisconsin. Smaller collection system projects will be financed with reserve funds. Reserve fund balances vary depending on construction scheduling, collection of connection charges, and interest earned on investments. A minimum reserve balance of \$3 million is maintained to finance any unplanned capital improvement that might be necessary on an emergency basis.

The Tenth Addition to Nine Springs was completed in 2007 at a total cost of \$36 million. This amount was moved from construction in progress to the various asset categories shown in Table A-4 at the beginning of 2007. This move was the primary reason for the \$5.2 million increase in depreciation costs in 2007. The 2007 reduction in the value of vehicles is due to the sale of one biosolids applicator.

The \$5.3 million increase in total assets to \$224 million reflects the cost of improvements at the Nine Springs Wastewater Treatment Plant (\$1.9 million) and in the conveyance system (\$3.4 million).

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Debt Administration

The District maintains cash and investments in a sinking fund in an amount no less than what is required to meet the balance of the current year's debt service requirements plus the subsequent year's first principal and interest payments in order to abate levying an ad valorem tax for the general obligation debt service. Since the services of the District are not directly related to the value of property, and since a substantial amount of property within the District is exempt from paying property taxes, a tax levy would result in an inequitable cost recovery system.

District debt service costs are allocated to used capacity and excess capacity in the facilities constructed with proceeds from the debt being retired. Excess capacity is defined as the difference between the design capacity and the used capacity of each project and is determined annually. Used capacity debt service is recovered based on the volume and pollutant loadings of the users. Excess capacity debt service is allocated in equal amounts to all users through an "actual customer" rate. This rate in turn is used as one component of the connection charge rate that is applied to newly served areas at the time they are served by extensions to the sewer system.

General obligation debt outstanding as of the end of 2007 was \$65.1 million which represents the remaining balance on the Clean Water Fund loans from the State of Wisconsin. This compares to a 2006 year-end balance of \$65.8 million and a 2005 year-end balance of \$65.8 million. Interest on these loans is payable semi-annually at rates of 2.4 to 3.9 percent. Detailed information on the District's Clean Water Fund loans is included in the notes to the financial statements.

The District's outstanding debt is expected to increase by \$3 million over the next ten years due to on-going replacement projects in the collection system. After 2016 this figure is expected to increase by as much as \$50 million due to future borrowing for the next major treatment plant addition. The District's long-range financial plan has taken this future borrowing into consideration. The annual amount of revenue collected to pay future debt service obligations will increase 3.4 percent per year over the next decade. This will produce adequate revenue while maintaining stable annual service charge increases over this time and lessen the impact of the costs of the future treatment plant expansion.

By statute, the District can borrow up to 5 percent of the equalized value of the taxable property within the District. At the end of 2007 that borrowing limit was \$1.74 billion. At the end of 2006 the limit was \$1.64 billion. The total amount of debt is expected to be no more than 4 percent of this limit over the next ten years. At the end of 2007 the District's debt of \$65.1 million was at 3.7 percent of this limit. At the end of 2006 the District's debt of \$65.8 million was at 4.0 percent of this limit. During the last two years the District did not experience any negative changes in debt credit rating or debt limitation.

**MADISON METROPOLITAN SEWERAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007 and 2006**

Economic Factors

Growth in the District's service area has been relatively constant over the past decade at a rate of 1.5 to 2 percent per year although it has slowed in the last two years. The future growth trend is projected to return to the 1.5 to 2 percent level during the next decade. Due to economies of scale in most of the District's operations, the District's charges to a typical residential user are expected to increase at about the rate of inflation over the next ten years, continuing a trend that has been evident for the past thirty years.

The District's customer base consists of residential users and similar types of commercial and industrial users that, for the most part, do not utilize large quantities of water. This customer base characteristic results in a very stable revenue base since the loss of any one user will not significantly impact the District's service charge revenues. The University of Wisconsin is the largest user of District services and provided less than seven percent of the service charge revenues in both 2007 and 2006. Oscar Mayer Foods Corporation is the largest industrial user and provided less than three percent of the service charge revenues in both 2007 and 2006.

Contacting the District

This discussion and analysis is intended to provide information for our customers and creditors concerning the District's financial performance and to demonstrate the District's accountability for the money it receives. If you have questions about this information, or need additional information, contact the Madison Metropolitan Sewerage District, 1610 Moorland Road, Madison, Wisconsin 53713-3398.

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2007 and 2006**

	ASSETS	
	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 13,002,682	\$ 14,429,010
Receivables, net of allowance for uncollectible amounts:		
Transmission and treatment of sewage and septage disposal	4,752,799	4,643,249
Servicing pumping stations	105,450	67,233
Interceptor connection charges, current portion	139,218	553,054
Other	44,292	33,240
Prepaid insurance	333	333
Inventories	1,056,528	1,015,699
Restricted assets:		
Cash and cash equivalents	<u>6,901,451</u>	<u>3,472,529</u>
Total current assets	<u>26,002,753</u>	<u>24,214,347</u>
Noncurrent assets:		
Investments	<u>1,474,101</u>	<u>583,978</u>
Interceptor connection charges, less current portion	<u>874,969</u>	<u>633,303</u>
Restricted assets:		
Investments	<u>7,179,416</u>	<u>9,808,481</u>
Capital assets:		
Capital assets not being depreciated	12,221,038	47,138,409
Capital assets being depreciated	<u>211,530,858</u>	<u>171,324,426</u>
	223,751,896	218,462,835
Less: accumulated depreciation	<u>86,593,858</u>	<u>81,390,802</u>
	<u>137,158,038</u>	<u>137,072,033</u>
Total noncurrent assets	<u>146,686,524</u>	<u>148,097,795</u>
Total assets	<u>\$ 172,689,277</u>	<u>\$ 172,312,142</u>

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

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2007 and 2006**

LIABILITIES		
	<u>2007</u>	<u>2006</u>
Current liabilities:		
Vouchers payable	\$ 1,362,410	\$ 1,573,291
Accrued salaries	233,609	189,269
Payroll withholdings payable	111,199	103,656
Deferred interceptor connection charges, current portion	139,218	553,054
Deferred rent	1,500	-
Compensated absences, current portion	<u>495,337</u>	<u>495,250</u>
Total current liabilities	<u>2,343,273</u>	<u>2,914,520</u>
Liabilities payable from restricted assets:		
Bonds payable, current portion	4,888,535	4,645,939
Accrued interest payable	<u>316,507</u>	<u>332,651</u>
Total current liabilities payable from restricted assets	<u>5,205,042</u>	<u>4,978,590</u>
Noncurrent liabilities, less current portion:		
Deferred interceptor connection charges	874,969	633,303
Compensated absences	2,552,969	2,308,726
Bonds payable	<u>60,239,855</u>	<u>61,213,232</u>
Total noncurrent liabilities	<u>63,667,793</u>	<u>64,155,261</u>
Total liabilities	<u>71,216,108</u>	<u>72,048,371</u>
NET ASSETS		
Invested in capital assets, net of related debt	72,029,648	71,212,863
Restricted for:		
Debt service	10,764,360	9,948,359
Unexpected repair and replacement	3,000,000	3,000,000
Unrestricted	<u>15,679,161</u>	<u>16,102,549</u>
Total net assets	<u>101,473,169</u>	<u>100,263,771</u>
Total liabilities and net assets	<u>\$ 172,689,277</u>	<u>\$ 172,312,142</u>

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

MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for services:		
Transmission and treatment of sewage	\$ 19,231,139	\$ 18,162,005
Servicing pumping stations	333,504	230,061
Septage disposal	235,491	240,535
Pretreatment monitoring	28,289	31,409
Total operating revenues	<u>19,828,423</u>	<u>18,664,010</u>
 OPERATING EXPENSES		
Administration	3,163,750	2,492,097
Treatment	8,913,501	7,994,046
Collection	2,133,457	1,755,080
Depreciation	5,558,937	4,178,147
Total operating expenses	<u>19,769,645</u>	<u>16,419,370</u>
 Operating income	<u>58,778</u>	<u>2,244,640</u>
 NONOPERATING REVENUES (EXPENSES)		
Investment income	1,374,259	1,222,581
Rent	51,030	55,352
Other	80,208	83,144
Disposal of property and equipment	(98,915)	(257,133)
Interest expense	(1,915,911)	(1,118,702)
Total nonoperating revenues (expenses)	<u>(509,329)</u>	<u>(14,758)</u>
 Income(loss) before capital contributions	(450,551)	2,229,882
 CAPITAL CONTRIBUTIONS	<u>1,659,949</u>	<u>1,596,402</u>
 CHANGE IN NET ASSETS	1,209,398	3,826,284
 NET ASSETS		
BEGINNING OF YEAR	<u>100,263,771</u>	<u>96,437,487</u>
END OF YEAR	<u>\$ 101,473,169</u>	<u>\$ 100,263,771</u>

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

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 19,671,104	\$ 18,441,347
Payments to suppliers	(7,496,000)	(5,888,339)
Payments to employees	<u>(6,398,660)</u>	<u>(6,033,118)</u>
Net cash provided by operating activities	<u>5,776,444</u>	<u>6,519,890</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent receipts	51,030	55,352
Other receipts	<u>80,208</u>	<u>83,144</u>
Net cash provided by noncapital financing activities	<u>131,238</u>	<u>138,496</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on long-term debt	(1,932,055)	(1,999,906)
Principal paid on long-term debt	(4,645,938)	(4,394,500)
Proceeds from issuance of long-term debt	3,915,157	4,396,217
Proceeds from sale of capital assets	1,802	6,790
Acquisition of capital assets	(6,017,204)	(7,513,137)
Capital contributions received	<u>1,659,949</u>	<u>1,596,402</u>
Net cash used in capital and related financing activities	<u>(7,018,289)</u>	<u>(7,908,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,012,445	1,222,581
Purchase of investments	-	(6,872,948)
Proceeds from sales and maturities of investments	<u>2,100,756</u>	<u>6,598,082</u>
Net cash provided by investing activities	<u>3,113,201</u>	<u>947,715</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,002,594	(302,033)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>17,901,539</u>	<u>18,203,572</u>
END OF YEAR	<u>\$ 19,904,133</u>	<u>\$ 17,901,539</u>

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

**MADISON METROPOLITAN SEWERAGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 58,778	\$ 2,244,640
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,558,937	4,178,147
Increase (decrease) from changes in:		
Receivables:		
Transmission and treatment of sewage and septage disposal	(109,550)	(209,436)
Servicing pumping stations	(38,217)	791
Other	(11,052)	(14,018)
Inventories	(40,829)	156
Vouchers payable	60,664	143,375
Other liabilities	297,713	176,235
	<u>\$ 5,776,444</u>	<u>\$ 6,519,890</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Unrestricted	\$ 13,002,682	\$ 14,429,010
Restricted	6,901,451	3,472,529
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 19,904,133</u>	<u>\$ 17,901,539</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Interceptor connection charges billed	\$ 1,487,779	\$ 957,435

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

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Reporting Entity: The District is a corporate body with the powers of a municipal corporation for the purpose of carrying out the collection, transmission and treatment of wastewater. It was created by judgment of the County Court for Dane County entered on February 8, 1930. The District, which serves the City of Madison and surrounding cities, villages and towns in the Greater Madison Metropolitan Area, covering approximately 170 square miles, is a special-purpose government that is governed by a five-member Board of Commissioners. The District is accountable to the County of Dane, Wisconsin. However, accountability extends only to the appointment of the District's Commissioners, who are appointed by the County Executive of the County of Dane, Wisconsin. Because the County Executive appoints the commissioners, the District and the County of Dane are considered related organizations. The District is legally separate and fiscally independent of the County of Dane as well as any other state or local governments. It has unlimited taxing powers and has the right to set rates or charges for services provided without the approval of another government. Also, there are no other agencies or entities which are financially accountable to the Commissioners of the District, or whose relationship with the District would require their financial statements to be included within the financial statements of the District.

A summary of significant accounting policies follows:

Basis of Accounting: The accounting policies of the District conform to generally accepted accounting principles as applicable to local government enterprise funds. The accounts of the District are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, expenses are recognized when incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the District are included in the Statements of Net Assets.

The principal operating revenues of the District are charges for service. Operating expenses for the District include costs directly related to administration, collection and treatment of wastewater, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's policy is to follow all pronouncements issued by the Governmental Accounting Standards Board (GASB). Prior to November 30, 1989, the District applied all pronouncements of the GASB and all business type accounting and financial reporting for state and local governmental entities defined by pronouncements of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures. Subsequent to November 30, 1989, as provided in GASB Statement No. 20, the District has elected to follow only the GASB pronouncements.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents: For purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when acquired are considered to be cash equivalents.

Deposits and Investments: Investments are reported at fair value based on quoted market prices. No amounts are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the statements of revenues, expenses and changes in net assets as increases or decreases in investment income. Investments in the Local Government Investment Pool and the Wisconsin Investment Trust are reported at fair value based on the unit prices quoted by the funds, representing the fair value of the underlying investments.

The District has adopted a formal investment policy and invests in accordance with Wisconsin State Statutes. Under state statute, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association;
- Bonds or securities of any county, city, drainage district, vocational, technical, and adult education (VTAE) district, village, town or school district of the state, or bonds or securities issued or guaranteed by the Federal government;
- Any security which matures within not more than 7 years, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or similar rating agency;
- Securities of an open-end management investment company or investment trust, if the company or trust does not charge a sales load, is registered under the investment company act of 1940, and if the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed as to principal and interest by the federal government, or repurchase agreements that are fully collateralized by bonds or securities of the federal government,
- The state local government investment pool.

Inventories: Inventories of supplies are valued at cost under the specific identification method. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenses at the time they are consumed.

Receivables: Receivables are reported at their gross values and are considered to be fully collectible as they are primarily due from other municipalities, except for pretreatment. Receivables related to pretreatment have been reduced by an allowance for the estimated uncollectible amounts of \$7,239 as of December 31, 2007 and 2006, and is included in other receivables.

Interceptor Connection Charges: Receivables from interceptor connection charges are recognized when assessed and the revenue is deferred until the property owner connects with the intercepting sewer. No value has been placed on the future assessments against lands which are not currently served by intercepting sewers that were built with capacity to serve those lands.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash and Investments: Cash and investments are restricted for the purpose of unexpected repair and replacement and repayment of debt obligations.

Capital Assets: Capital assets are defined as assets with an initial cost of \$5,000 or greater with an estimated useful life greater than one year. Capital assets are stated at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Depreciation of structures, improvements, mechanical equipment, office furniture and equipment, and vehicles is computed using the straight-line method over the following estimated useful lives of the assets:

Structures and improvements	50-75 years
Heavy mechanical equipment	21-30 years
Light mechanical equipment	10-20 years
Office furniture and equipment	5-20 years
Vehicles	7 years

When capital assets are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded in operations.

Compensated Absences: District employees earn sick leave of fourteen days per year which may be accumulated up to a maximum of 200 days. Employees may elect to receive cash payments annually at 60 percent for sick leave accumulated in excess of 100 days and 80 percent for sick leave accumulated in excess of 150 days. Employees are paid annually for all sick leave accumulated in excess of 200 days. Upon an employee's retirement or disability, 90 percent (100 percent for employees who have accrued at least 150 days of sick leave at any time during their employment) of previously earned but unpaid sick pay is placed in escrow by the District and used to pay health insurance premiums until exhausted. Any amounts remaining in the escrow at the time of death of the retired or disabled employee are used for surviving spouse or eligible dependent coverage or are paid to the estate. No amounts are paid to employees at termination. The liability associated with accumulated sick pay for current and retired employees is reported as compensated absences liabilities on the statement of net assets.

Employees earn vacation in varying amounts based on length of service. Vacation earned is taken in the following year. Employees may purchase additional vacation. Vacation may be accumulated to a maximum of 27 days. At termination, earned vacation resulting from a carryover is entirely paid out, while vacation earned in the year of termination is paid at varying percentages, depending upon the time of the year termination is effective. The liability associated with accumulated vacation is reported as compensated absences liabilities on the statement of net assets.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 - NATURE OF ACTIVITIES, REPORTING ENTITY, AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees may also accumulate compensatory time for overtime worked. Compensatory time may be carried over at year end, but must be used by March 31. The liability associated with accumulated compensatory time is reported as accrued salaries liability on the statement of net assets.

Long-Term Debt: The District reports long-term debt at face value in the basic financial statements. Any bond premiums or discounts, as well as issuance costs, are capitalized and amortized over the term of the bond using the straight-line method.

Net Assets: Net assets are classified in three separate categories. The categories, and their general descriptions, are as follows:

Invested in capital assets, net of related debt - indicates the District's total investment in capital assets, net of accumulated depreciation and the outstanding debt used to purchase capital assets.

Restricted net assets - indicates the portion of the net assets which have been placed under external constraints imposed by creditors (such as through debt covenants) or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the District's policy to use resources restricted for debt service first, then unrestricted resources when they are needed. It is the District's policy to use unrestricted resources related to unexpected repairs first and restricted resources only when needed.

Unrestricted net assets - indicates the portion of the net assets which is available for appropriation and expenditure in future periods.

Capital Contributions: Capital contributions consist of interceptor connection charges and contributed capital assets.

Risk Management: The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and employee injury. The District retains the risk of loss for damage or destruction of its buildings (except for rental units), sewerage system and other infrastructure. For all other risks, the District carries commercial insurance. Claims have not exceeded coverages in any of the prior three fiscal years.

Reclassifications: Certain reclassifications have been made to the 2006 data to conform to the 2007 presentation. These reclassifications had no effect on previously reported change in net assets.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing deposits and \$100,000 for non-interest bearing deposits per financial institution. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per financial institution above the amount provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

The carrying amount of the District's deposits, consisting of cash and certificates of deposit, totaled \$2,570,130 and \$3,841,239, with bank balances of \$2,766,312 and \$3,955,639 for the years ended December 31, 2007 and 2006, respectively. Of the bank balances, \$2,564,283 and \$3,653,301 was covered by FDIC insurance and \$202,029 and \$302,338 was covered by the State Guarantee Fund, leaving no amount as uninsured and uncollateralized for the years ended December 31, 2007 and 2006, respectively.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2007 and 2006, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The investments in the Local Government Investment Pool (the Pool) are covered up to \$400,000 by the State Guarantee Fund with the remaining amount covered by a surety bond with Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U. S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State Guarantee Fund insurance.

The investments in the Wisconsin Investment (the Trust) are not insured or collateralized. The Trust is managed by LWM Services, Inc., a wholly owned subsidiary of the League of Wisconsin Municipalities. The Trust contracts with a registered investment advisor for investment advisory services. The Trust is a no-load, diversified investment fund organized as a Wisconsin business trust. It is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes 66 and 226. Investments are restricted to investments permitted under Wisconsin Statutes 66.0603. Fair value is determined daily and is equal to the value of the trust shares. Funds may be withdrawn in whole or in part at any time. At December 31, 2007 and 2006, the District's share of the Trust assets was substantially equal to the amounts reported in these financial statements.

The District also has investments in U.S. government agency obligations purchased through a private sector securities dealer and held by a third-party custodian. These investments are readily marketable, specifically identifiable and include discount notes and adjustable and fixed rate mortgages of U.S. government agencies.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

As of December 31, 2007 and 2006, cash, cash equivalents, and investments included the following:

	<u>2007</u>	<u>2006</u>
Petty cash	\$ 250	\$ 250
Deposits		
Demand deposits	46,806	287,938
Certificates of deposit	2,523,324	3,553,301
Investments		
U.S. Government obligations	6,236,512	6,904,870
Local Government Investment Pool	9,633,568	7,507,334
Wisconsin Investment Trust	<u>10,117,190</u>	<u>10,040,305</u>
	<u>\$28,557,650</u>	<u>\$28,293,998</u>

The cash and investments are reported in the statements of net assets as follows:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents		
Unrestricted	\$ 13,002,682	\$ 14,429,010
Restricted	6,901,451	3,472,529
Investments		
Unrestricted	1,474,101	583,978
Restricted	<u>7,179,416</u>	<u>9,808,481</u>
	<u>\$28,557,650</u>	<u>\$28,293,998</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2007, the District had the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	<1	1-5	6-10	>10
Local government investment pool **	\$ 9,633,568	\$ 9,633,568	\$ -	\$ -	\$ -
Wisconsin Investment Trust **	10,117,190	10,117,190	-	-	-
Money fund cash	106,319	106,319	-	-	-
SBA pools	115,835	-	-	-	115,835
Government National Mortgage Association	202,366	-	-	28,851	173,515
Federal National Mortgage Association	2,959,596	-	-	30,345	2,929,251
Federal Home Loan Mortgage Corporation	<u>2,852,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,852,396</u>
	<u>\$ 25,987,270</u>	<u>\$ 19,857,077</u>	<u>\$ -</u>	<u>\$ 59,196</u>	<u>\$ 6,070,997</u>

** Because the Pool and the Trust had a weighted average maturity of less than one year as of December 31, 2007, it has been presented as an investment with a maturity of less than one year.

The District has not developed policies governing the exposure of its investments to interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Pool and the Trust are unrated with regard to the credit quality rating. The remaining investments of the District are governmental and therefore credit rating is not applicable. The District has not developed policies governing the exposure of its cash deposits and investments to credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. It is the policy of the District that funds deposited in any one bank or savings and loan association shall not exceed \$1,500,000 at any given time. Investments in the Pool, the Trust, and U.S. government agency obligations are not limited as to amount. The certificates of deposits are held at several banks. The total amount invested at any of the named banks does not exceed \$1,500,000.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's U.S. government obligations are uninsured and unregistered investments for which the investments are held by the counterparty's trust department or agent in the District's name. The Local Government Investment Pool and Wisconsin Investment Trust are not subject to the custodial credit risk. The District has not developed policies governing the exposure of its cash deposits and investments to custodial credit risk.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 3 - RESTRICTED NET ASSETS

Restricted net assets of the District consisted of the following at December 31, 2007 and 2006:

	2007	2006
Restricted assets		
Cash and cash equivalents		
Debt service	\$ 6,901,451	\$ 3,472,529
Investments		
Debt service	4,179,416	6,808,481
Unexpected repair and replacement	3,000,000	3,000,000
Total restricted assets	14,080,867	13,281,010
Current liabilities payable from restricted assets	(316,507)	(332,651)
	\$ 13,764,360	\$ 12,948,359

Debt Service: In accordance with state statutes and provisions of applicable loan covenants, the District maintains cash and investments in sinking funds in amounts no less than what is required to meet the balance of the current year debt service requirements.

Amounts available in the sinking funds at November 15, 2007 and 2006 were sufficient to finance the subsequent year's debt service requirements, and accordingly, the District was not required to place an amount on the tax roll for debt service.

Unexpected Repair and Replacement: As a condition of receiving State of Wisconsin Clean Water Fund Loans, the District is required to establish an equipment replacement fund for mechanical equipment. To satisfy this requirement, the District has restricted \$3 million of its investments and net assets for unexpected repair and replacement. In addition, the District annually budgets for replacement of equipment.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 4 - CAPITAL ASSETS

During the year ended December 31, 2007, the changes in capital assets were as follows:

	Balance January 1 2007	Additions / Reclassifications	Retirements / Reclassifications	Balance December 31 2007
Capital assets not being depreciated				
Construction in progress	\$ 39,848,215	\$ 5,257,084	\$ 40,194,698	\$ 4,910,601
Land and easements	<u>7,290,194</u>	<u>65,243</u>	<u>45,000</u>	<u>7,310,437</u>
	<u>47,138,409</u>	<u>5,322,327</u>	<u>40,239,698</u>	<u>12,221,038</u>
Capital assets being depreciated				
Structures and improvements	106,099,294	21,249,300	98,154	127,250,440
Heavy mechanical equipment	33,542,026	14,082,310	13,552	47,610,784
Light mechanical equipment	25,284,103	5,113,646	30,884	30,366,865
Office furniture and equipment	3,970,114	108,902	-	4,079,016
Vehicles	<u>2,428,890</u>	<u>63,871</u>	<u>269,008</u>	<u>2,223,753</u>
	<u>171,324,427</u>	<u>40,618,029</u>	<u>411,598</u>	<u>211,530,858</u>
Accumulated depreciation				
Structures and improvements	39,357,827	2,451,923	77,721	41,732,029
Heavy mechanical equipment	19,274,120	1,632,813	6,550	20,900,383
Light mechanical equipment	17,558,242	1,632,653	270,753	18,920,142
Office furniture and equipment	3,563,578	65,815	-	3,629,393
Vehicles	<u>1,637,035</u>	<u>(224,267)</u>	<u>857</u>	<u>1,411,911</u>
	<u>81,390,802</u>	<u>5,558,937</u>	<u>355,881</u>	<u>86,593,858</u>
Capital assets being depreciated, net	<u>89,933,625</u>	<u>35,059,092</u>	<u>55,717</u>	<u>124,937,000</u>
Total capital assets, net	<u>\$ 137,072,034</u>	<u>\$ 40,381,419</u>	<u>\$ 40,295,415</u>	<u>\$ 137,158,038</u>

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 4 - CAPITAL ASSETS (continued)

During the year ended December 31, 2006, the changes in capital assets were as follows:

	Balance January 1 2006	Additions / Reclassifications	Retirements / Reclassifications	Balance December 31 2006
Capital assets not being depreciated				
Construction in progress	\$ 38,003,834	\$ 4,860,961	\$ 3,016,580	\$ 39,848,215
Land and easements	7,280,289	9,905	-	7,290,194
	<u>45,284,123</u>	<u>4,870,866</u>	<u>3,016,580</u>	<u>47,138,409</u>
Capital assets being depreciated				
Structures and improvements	101,921,356	4,369,753	191,816	106,099,293
Heavy mechanical equipment	33,960,153	236,780	654,907	33,542,026
Light mechanical equipment	25,640,019	140,560	496,476	25,284,103
Office furniture and equipment	3,931,437	113,805	75,128	3,970,114
Vehicles	2,170,400	515,702	257,212	2,428,890
	<u>167,623,365</u>	<u>5,376,600</u>	<u>1,675,539</u>	<u>171,324,426</u>
Accumulated depreciation				
Structures and improvements	37,599,764	1,808,128	50,065	39,357,827
Heavy mechanical equipment	18,760,118	1,082,789	568,787	19,274,120
Light mechanical equipment	17,330,385	946,041	718,184	17,558,242
Office furniture and equipment	3,526,201	112,005	74,628	3,563,578
Vehicles	1,407,851	229,184	-	1,637,035
	<u>78,624,319</u>	<u>4,178,147</u>	<u>1,411,664</u>	<u>81,390,802</u>
Capital assets being depreciated, net	<u>88,999,046</u>	<u>1,198,453</u>	<u>263,875</u>	<u>89,933,624</u>
Total capital assets, net	<u>\$ 134,283,169</u>	<u>\$ 6,069,319</u>	<u>\$ 3,280,455</u>	<u>\$ 137,072,033</u>

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 5 - PENSION PLAN

Plan Description: The District contributes to the Wisconsin Retirement System (the Plan), a cost sharing, multiple employer defined benefit pension plan administered by the Wisconsin Department of Employee Trust Funds. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes assign authority to establish and amend benefit provisions to the Employee Trust Fund Board. The Plan issues a publicly available report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Wisconsin Retirement System, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI, 53707-7931, or by calling 1-608-267-9034.

Funding Policy: Employees are required to contribute 6.0 and 5.9 percent of their annual covered salary for 2007 and 2006, respectively, and the District is required to contribute at an actuarially determined employer rate, which was 4.6 and 4.5 percent at December 31, 2007 and 2006, respectively, of annual covered payroll. The contribution requirements of employees and the District are established and may be amended by the Employee Trust Fund Board.

The payroll for the District employees covered by the System for the year ended December 31, 2007 was \$5,144,223; the District's total payroll was \$5,472,080. The total required contribution for the year ended December 31, 2007 was \$545,288. The District makes the employees' contributions on their behalf. The District's contributions to the Plan for both the employee and employer portions for the years ended December 31, 2006, 2005, and 2004 was \$512,386, \$488,909, and \$451,195, respectively equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are: 1) final average earnings, 2) years of creditable service, and 3) a formula factor. Final average earnings are the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 6 - LONG-TERM DEBT

As of December 31, 2007 and 2006, the long-term debt of the District consisted of the following:

	<u>2007</u>	<u>2006</u>
General Obligation Sewerage System Bonds		
Clean Water Fund Program Project Number 4010-02 \$1,891,611 Series 1992A, issued May 1, 1993 for the Pumping Station No. 7 Rehabilitation Project, interest at 3.897% interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2011	\$ 519,981	\$ 638,019
Clean Water Fund Program Project Number 4010-03 \$18,460,200 Series 1992B, issued April 12, 1995 for the Eighth Addition to the Nine Springs Wastewater Treatment Plant, interest at 3.862%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2012	6,709,090	7,905,005
Clean Water Fund Program Project Number 4010-10 \$1,200,000 Series 1994, issued November 22, 1994 for the replacement of Pumping Station No. 5, interest at 3.25%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2014	529,011	595,373
Clean Water Fund Program Project Number 4010-11 \$2,668,755 Series 1995, issued June 26, 1998, for the Verona Force Main and Pumping Station, interest at 3.335%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2015	1,334,048	1,477,511
Clean Water Fund Program Project Number 4010-12 \$13,740,467 Series 1996A, issued February 9, 2000 for the Ninth Addition to the Nine Springs Wastewater Treatment Plant, interest at 3.284%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2015	7,753,294	8,589,008

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 6 - LONG-TERM DEBT (continued)

	<u>2007</u>	<u>2006</u>
General Obligation Sewerage System Bonds (continued)		
Clean Water Fund Program Project Number 4010-13 \$4,490,327 Series 1997A, issued September 7, 1999 for the construction of a force main to Badger Mill Creek, interest at 3.145%, interest payments on May 1 and November 1 of each year and principal payments on May 1, due May 1, 2017	\$ 2,798,495	\$ 3,033,590
Clean Water Fund Program Project Number 4010-14 \$1,788,729 Series 2000, issued April 11, 2002 for the Pump Station No. 2 Force Main Replacement Project, interest at 3.202%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2020	1,334,634	1,416,403
Clean Water Fund Program Project Number 4010-15 \$2,057,994 Series 2001, issued April 11, 2002 for the Pump Station No. 2 Force Main Replacement Project, interest at 3.202%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2021	1,570,209	1,658,045
General Obligation Sewerage System Promissory Notes		
Clean Water Fund Program Project Number 4010-17 \$7,674,449 Series 2003A, issued July 23, 2003, for the Rehabilitation of Pumping Stations No. 1, 2, and 10, interest at 2.824%. interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2023 *	6,733,278	7,062,682
Clean Water Fund Program Project Number 4010-16 \$35,427,273 Series 2003B, issued August 27, 2003, for the Tenth Addition to Nine Springs, interest at 2.796% interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2023*	31,845,592	31,549,088
Clean Water Fund Program Project Number 4010-99 \$332,145 Series 2005A, issued October 12, 2005, for the Rehabilitation of Pumping Stations No. 1, 2, and 10, amendment, interest at 2.428%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2025*	261,591	273,073

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 6 - LONG-TERM DEBT (continued)

	<u>2007</u>	<u>2006</u>
General Obligation Sewerage System Promissory Notes (continued)		
Clean Water Fund Program Project Number 4010-20 \$1,892,491 Series 2006A, issued September 13, 2006, for the Effluent Equalization Project, interest at 2.365%, interest payments on May 1 and November 1 of each year and principal payments on May 1 of each year, due May 1, 2026*	\$ 1,664,325	\$ 1,661,374
Clean Water Fund Program Project Number 4010-23 \$2,826,309 Series 2007A, issued December 12, 2007, for the West Interceptor Extension Replacement Project, interest at 2.555%, interest payments on May 1 and November 1 of each year, due May 1, 2027*	<u>2,074,842</u>	<u>-</u>
	65,128,390	65,859,171
Less current maturities	<u>4,888,535</u>	<u>4,645,939</u>
	<u>\$ 60,239,855</u>	<u>\$61,213,232</u>

* As of December 31, 2007, the District has drawn \$34,718,728 of the total bond issue of \$35,427,273 for the Series 2003B general promissory note, \$279,437 of the total bond issue of \$332,145 for the Series 2005A general obligation sewerage system promissory note, \$1,730,252 of the total bond issue of \$1,892,491 for the Series 2006A general obligation sewerage system promissory note, and \$2,074,842 of the total bond issue of \$2,826,309 of the Series 2007A general obligation sewerage system promissory note.

The District incurred \$1,915,911 and \$1,994,729 of total interest costs for December 31, 2007 and 2006, respectively, of which \$876,027 was capitalized for the year ended December 31, 2006. The District capitalized no interest for the year ended December 31, 2007.

MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 6 - LONG-TERM DEBT (continued)

A summary of the changes in long-term obligations of the District for the year ended December 31, 2007 was as follows:

	Balance January 1 2007	Additions	Reductions	Balance December 31 2007	Amounts Due in One Year
General obligation sewerage system bonds	\$ 25,312,954	\$ -	\$ 2,764,192	\$ 22,548,762	\$ 2,862,189
General obligation sewerage system notes	<u>40,546,217</u>	<u>3,915,157</u>	<u>1,881,746</u>	<u>42,579,628</u>	<u>2,026,346</u>
Subtotal	65,859,171	3,915,157	4,645,938	65,128,390	4,888,535
Compensated absences	<u>2,803,976</u>	<u>890,404</u>	<u>646,074</u>	<u>3,048,306</u>	<u>495,337</u>
	<u>\$ 68,663,147</u>	<u>\$ 4,805,561</u>	<u>\$ 5,292,012</u>	<u>\$ 68,176,696</u>	<u>\$ 5,383,872</u>

A summary of the changes in long-term obligations of the District for the year ended December 31, 2006 was as follows:

	Balance January 1 2006	Additions	Reductions	Balance December 31 2006	Amounts Due in One Year
General obligation sewerage system bonds	\$ 27,982,528	\$ -	\$ 2,669,574	\$ 25,312,954	\$ 2,764,192
General obligation sewerage system notes	<u>37,874,926</u>	<u>4,396,217</u>	<u>1,724,926</u>	<u>40,546,217</u>	<u>1,881,747</u>
Subtotal	65,857,454	4,396,217	4,394,500	65,859,171	4,645,939
Compensated absences	<u>2,630,697</u>	<u>850,416</u>	<u>677,137</u>	<u>2,803,976</u>	<u>495,250</u>
	<u>\$ 68,488,151</u>	<u>\$ 5,246,633</u>	<u>\$ 5,071,637</u>	<u>\$ 68,663,147</u>	<u>\$ 5,141,189</u>

General Obligation Debt: All general obligation debt has been issued under the full faith and credit and unlimited taxing powers of the District. The District has complied with the restrictive covenants of each of the debt issues.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 6 - LONG-TERM DEBT (continued)

Future principal and interest payments due on long-term debt of the District are approximately as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,888,535	\$ 1,867,530	\$ 6,756,065
2009	5,132,630	1,715,416	6,848,046
2010	5,297,932	1,547,400	6,845,332
2011	5,468,663	1,373,862	6,842,525
2012	5,502,105	1,197,445	6,699,550
2013-2017	19,239,118	4,033,702	23,272,820
2018-2022	15,645,270	1,641,235	17,286,505
2023-2027	<u>3,954,137</u>	<u>105,070</u>	<u>4,059,207</u>
Total	<u>\$65,128,390</u>	<u>\$13,481,660</u>	<u>\$78,610,050</u>

The equalized valuation of the District, as certified by the Wisconsin Department of Revenue, was \$34,797,849,896 for 2007 and \$32,835,611,479 for 2006. The legal debt limit and margin of indebtedness as of December 31, 2007 and 2006, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes, follows:

	<u>2007</u>	<u>2006</u>
Debt limit (5 percent of the equalization value)	\$ 1,739,892,495	\$1,641,780,574
Deduct long-term debt applicable to debt margin	<u>65,128,390</u>	<u>65,859,171</u>
Margin of indebtedness	<u>\$1,674,764,105</u>	<u>\$1,575,921,403</u>

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 7 - COMMITMENTS

As of December 31, 2007, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Commitment</u>
Tenth Addition to Nine Springs	\$ 1,263,234
West interceptor replacement at UW Campus	147,513
Pumping Station Nos. 6, & 8 rehabilitation	155,089
FEI-Gaston Road Extension	20,274
NEI - E. Washington manhole adjustment	5,000
Lower Badger Mill Creek interceptor	72,574
East interceptor	2,000
Pumping Station Nos. 13 & 14 firm capacity	462,328
Collection system evaluation update	115,044
Arc flash hazard evaluation	359
Master planning	<u>437,263</u>
	<u>\$ 2,680,678</u>

NOTE 8 - GASB PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement addresses accounting for and reporting costs and obligations related to postemployment healthcare and other nonpension benefits. The provisions of the Statement will be effective in phases using the same criteria applied in the implementation of the new governmental reporting model adopted in Statement No. 34. The District is a phase 2 government, and accordingly, the standard will be required for the fiscal period beginning after December 15, 2007.

In November 2006, the Governmental Accounting Standards Board issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The provision of the statement will be effective for periods beginning after June 15, 2007.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

**MADISON METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006**

NOTE 9 - MAJOR MUNICIPAL CUSTOMERS

During the years ended December 31, 2007 and 2006, the District had charges for transmission and treatment of sewage and interceptor connection charges to one major municipal customer, the City of Madison, (defined as being greater than 10 percent of charges) of approximately \$13,133,000 and \$12,473,000, respectively. Accounts receivable from the City of Madison were as follows:

	<u>2007</u>	<u>2006</u>
Pumping stations	\$ 105,449	\$ 51,133
Sewer service	3,181,762	3,118,798
Interceptor connection charges	<u>269,628</u>	<u>227,169</u>
	<u>\$ 3,556,839</u>	<u>\$ 3,397,100</u>

This information is an integral part of the accompanying financial statements.

MADISON METROPOLITAN SEWRAGE DISTRICT

Supplemental Detailed Information

The following information was prepared by the staff of Madison Metropolitan Sewerage District and is not a part of the Independent Auditor's Financial Report.

MADISON METROPOLITAN SEWERAGE DISTRICT			
Madison, Wisconsin			
DETAIL OF EXPENDITURES - GENERAL FUND			
Year Ended December 31, 2007			
(with comparative amounts for 2006)			
ENGINEERING, COMMISSION AND ADMINISTRATION	2007		2006
Salaries	1,546,470		1,321,372
Travel & Mileage	2,448		1,239
Supplies & Other Equipment	38,427		28,049
Employee Benefits	473,751		424,412
Misc	6,240		9,309
Contracted Services	446,275		68,658
Annual Report	807		837
Accounting	35,750		33,961
Legal	47,235		46,276
Auto Insurance	22,750		12,423
General Insurance	65,410		73,647
Minutes Publishing	7,645		5,018
Registration Fees & Dues	15,212		13,687
Reference Materials	3,723		4,045
Postage & Delivery Services	8,631		9,484
Internet Service Provider	9,551		10,799
Total	2,730,325		2,063,216
Training Salaries	66,497		67,218
Travel & Mileage	18,325		18,964
Employee Benefits	21,138		21,776
Supplies	426		326
Misc	39,424		47,916
Total	145,810		156,201
Sewer Extension Plans Review Salaries	37,252		42,688
Contracted Services	36,901		0
Employee Benefits	11,841		13,829
Total	85,994		56,517
Collection System Maps Salaries	57,539		60,360
Employee Benefits	18,290		19,555
Contracted Services	0		10,900
Total	75,829		90,815
Professional & Public Service			
Salaries	15,417		10,963
Employee Benefits	4,900		3,552
Travel & Mileage	57		7
Misc	0		0
Total	20,374		14,522
Subtotals - forward	\$3,058,332		\$2,381,271

	2007	2006
Subtotals - forward	\$3,058,332	\$2,381,271
Public Education & Tours		
Salaries	12,110	9,732
Employee Benefits	3,850	3,153
Misc	715	328
Total	16,675	13,213
Vehicles		
Salaries	3,200	2,790
Employee Benefits	1,017	904
Supplies	95	144
Total	4,312	3,838
Dynamic Model		
Salaries	1,574	1,518
Employee Benefits	500	492
Contracted Services	2,800	2,816
Total	4,874	4,826
Total Administration Expenses:	3,084,193	2,403,148
<u>Treatment & Disposal</u>		
Salaries	2,706,272	2,458,757
Employee Benefits	860,241	796,255
Travel & Mileage	1,839	341
Natural Gas	188,431	145,134
Motor Fuel	111,766	99,957
Power	1,874,721	1,501,123
Communications	14,214	13,537
Water & Sewer	61,817	65,295
Contracted Services	1,075,296	1,003,773
Printing & Photo Processing	3,521	2,446
Registration Fees & Dues	214,899	209,848
Supplies	159,637	175,208
Chemicals	308,222	321,741
Misc	51,693	16,185
Farmer Yield Guarantees	116,967	122,140
Total	7,749,536	6,931,740
Treatment & Disposal Training:		
Salaries	142,849	197,408
Employee Benefits	45,408	63,953
Supplies	388	237
Travel & Mileage	12,362	14,127
Registration Fees & Dues	18,862	19,067
Contracted Services	4,906	67,537
Misc	0	0
Total	224,775	362,329
Subtotals - forward	7,974,311	7,294,069

	2007	2006
Subtotals - forward	7,974,311	7,294,069
Treatment & Disposal Vehicles:		
Vehicles Salaries	92,132	91,349
Employee Benefits	29,286	29,594
Supplies	14,598	11,726
Total	136,016	132,668
Total Treatment & Disposal	\$8,110,327	\$7,426,737
Collection & Transmission: Base Expenses		
Salaries	109,690	169,121
Employee Benefits	34,868	59,351
Contracted Services	334,287	31,207
Misc. Supplies	5,570	3,971
Collection & Transmission Base:	484,415	263,650
Pumping Station #1 - North First Street		
Salaries	14,486	8,012
Power	68,093	69,249
Employee Benefits	4,605	2,596
Water	903	443
Natural Gas	2,078	1,144
Supplies	493	0
Contracted Services	1,406	4,931
Total PS# 1	92,064	86,375
Pumping Station #2 - Brittingham Park		
Salaries	14,413	14,168
Power	137,139	136,271
Water	284	282
Employee Benefits	4,582	4,590
Natural Gas	241	253
Contracted Services	3,467	5,980
Supplies	0	0
Total PS# 2	160,126	161,544
Pumping Station #3 - Nine Springs		
Salaries	1,007	1,819
Power	5,800	4,738
Employee Benefits	320	589
Contracted Services	416	2,661
Total PS# 3	7,543	9,807
Pumping Station #4 - Olin Avenue		
Salaries	1,832	6,382
Power/Water	14,631	12,604
Employee Benefits	582	2,068
Supplies	0	0
Total PS# 4	17,045	21,054
Subtotals - forward	761,193	542,430

	2007	2006
Subtotals - forward	761,193	542,430
Pumping Station #5 - Spring Harbor		
Salaries	2,676	3,683
Power	11,431	11,798
Water	309	309
Natural Gas	2,214	1,194
Employee Benefits	851	1,193
Contracted Services	291	12,663
Total PS# 5	17,772	30,840
Pumping Station #6 - Walter Street		
Salaries	7,761	6,818
Power	23,808	35,049
Water	406	321
Employee Benefits	2,467	2,209
Total PS# 6	34,442	44,397
Pumping Station #7 - Bridge Road		
Salaries	13,567	9,573
Power	123,868	109,394
Chemicals	332	846
Water	2,881	3,205
Natural Gas	232	816
Employee Benefits	4,313	3,101
Supplies	0	469
Contracted Services	0	0
Total PS# 7	145,193	127,404
Pumping Station #8 - West Wingra Drive		
Salaries	6,154	5,112
Power	63,515	63,088
Water	290	294
Employee Benefits	1,956	1,656
Supplies	0	106
Total PS# 8	71,915	70,256
Pumping Station #9 - McFarland		
Salaries	11,689	1,759
Power	7,919	9,139
Water	202	205
Employee Benefits	3,716	570
Supplies	1,830	0
Total PS# 9	25,356	11,673
Subtotals - forward	1,055,871	827,000

	2007	2006
Subtotals - forward	1,055,871	827,000
Pumping Station #10 - Regas Road		
Salaries	10,268	8,187
Power	114,298	94,099
Supplies	0	228
Employee Benefits	3,264	2,652
Natural Gas	275	643
Contracted Services	1,947	4,921
Water	428	929
Total PS# 10	130,480	111,659
Pumping Station #11 - East Clayton Road		
Salaries	8,478	7,280
Power	77,022	74,315
Supplies	9,079	0
Employee Benefits	2,695	2,358
Total PS# 11	97,274	83,953
Pumping Station #12 - Fitchrona Road		
Salaries	7,113	7,802
Power	45,763	43,531
Employee Benefits	2,261	2,527
Supplies	2,652	209
Total PS# 12	57,789	54,069
Pumping Station #13 - Stoughton Road		
Salaries	13,109	12,809
Power	23,287	19,834
Water	507	485
Contracted Services	2,137	5,887
Employee Benefits	4,167	4,150
Total PS# 13	43,207	43,165
Pumping Station #14 - School Road		
Salaries	5,031	3,998
Power	18,686	18,207
Water	977	1,019
Supplies	1,036	0
Employee Benefits	1,599	1,295
Total PS# 14	27,329	24,519
Pumping Station #15 - Allen Boulevard		
Salaries	2,660	1,684
Power	18,865	18,255
Water	93	62
Supplies	211	0
Contracted Services	0	0
Employee Benefits	845	546
Total PS# 15	22,674	20,547
Subtotals - forward	1,434,624	1,144,365

	2007	2006
Subtotals - forward	1,434,624	1,144,365
Pumping Station #16 - Gammon Road		
Salaries	6,708	3,386
Power	75,092	72,858
Water	57	54
Employee Benefits	2,132	1,097
Contracted Services	2,271	0
Odor Control Chemicals	332	846
Supplies	0	263
Total PS# 16	86,592	78,504
Pumping Station #17 - Verona		
Salaries	8,544	20,798
Power	21,912	18,323
Natural Gas	3,215	3,482
Water	401	367
Contracted Services	3,665	176
Employee Benefits	2,716	6,738
Total PS# 17	40,453	49,884
East Interceptor:		
Salaries	9,760	6,371
Employee Benefits	3,102	2,064
Contracted Services	825	44,919
Total East Interceptor	13,687	53,354
Far East Interceptor:		
Salaries	234	7,409
Contracted Services	0	33,374
Employee Benefits	74	2,400
Total Far East Interceptor	308	43,183
Nine Springs Valley Interceptor:		
Salaries	5,961	5,317
Employee Benefits	1,895	1,722
Total Nine Springs Valley Interceptor	7,856	7,039
Northeast Interceptor:		
Salaries	12,180	2,537
Employee Benefits	3,872	822
Contracted Services	40,798	31,266
Supplies	0	0
Total Northeast Interceptor	56,850	34,625
Subtotals - forward	1,640,370	1,431,501

	2007	2006
Subtotals - forward	1,640,370	1,431,501
South Interceptor:		
Salaries	398	260
Employee Benefits	127	84
Contracted Services	0	0
Total South Interceptor	525	344
Southeast Interceptor:		
Salaries	2,348	2,465
Employee Benefits	746	799
Total Southeast Interceptor	3,094	3,264
Southwest Interceptor:		
Salaries	7,173	1,502
Employee Benefits	2,280	487
Contracted Services	39,247	3,160
Total Southwest Interceptor	48,700	5,149
West Interceptor:		
Salaries	17,128	3,682
Employee Benefits	5,444	1,193
Contracted Services	62,174	15,095
Total West Interceptor	84,746	19,970
City of Madison Pumping Stations		
Salaries	89,346	78,114
Employee Benefits	28,401	25,306
Misc Supplies	2,418	1,163
Contracted Services	62	41
Total City of Madison	120,227	104,624
Maple Bluff Pumping Stations		
Salaries	5,178	6,619
Employee Benefits	1,646	2,144
Supplies	349	178
Total Maple Bluff	7,173	8,941
Town of Dunn SD#1 Pumping Stations		
Salaries	5,793	5,093
Employee Benefits	1,841	1,650
Contracted Services	653	0
Total Town of Dunn SD#1	8,287	6,743
Subtotals - forward	1,913,122	1,615,457

	2007	2006
Subtotals - forward	1,913,122	1,615,457
Town of Madison Pumping Stations		
Salaries	8,191	5,951
Employee Benefits	2,604	1,928
Contracted Services	1,296	0
Total Town of Madison	12,091	7,879
City of Verona Pumping Station		
Salaries	4,455	0
Employee Benefits	1,416	0
Total City of Verona	5,871	0
Dane County Parks		
Salaries	574	451
Employee Benefits	182	146
Total for Dane County Parks	756	597
Town of Dunn SD#3 Pumping Stations		
Salaries	8,161	4,460
Employee Benefits	2,594	1,445
Supplies	113	152
Total Town of Dunn SD#3	10,868	6,057
Collection & Transmission Vehicles		
Salaries	2,731	2,738
Employee Benefit	868	887
Supplies	0	184
Collection & Transmission Vehicles	3,599	3,809
Total Collection & Transmission	\$1,946,307	\$1,640,542

Repair and Replacement	2007	2006
Engineering & Administration	79,557	88,949
Nine Springs Treatment Plant	724,357	494,038
Nine Springs Treatment Plant Vehicles	78,817	73,271
Collection System	25,276	12,166
Collection System Vehicles	1,846	4,064
Interceptors		
Pumping Station #1	4,969	663
Pumping Station #2	6,597	3,416
Pumping Station #3	309	235
Pumping Station #4	178	881
Pumping Station #5	1,084	870
Pumping Station #6	1,579	16,714
Pumping Station #7	9,804	2,107
Pumping Station #8	1,520	259
Pumping Station #9	3,654	135
Pumping Station #10	1,085	487
Pumping Station #11	9,359	7,434
Pumping Station #12	1,488	5,049
Pumping Station #13	0	21,563
Pumping Station #14	6,414	1,933
Pumping Station #15	174	1,165
Pumping Station #16	36,349	6,831
Pumping Station #17	2,909	21,184
East Interceptor	1,960	264
West Interceptor	1,745	425
Far East Interceptor	0	258
Nine Springs Valley Interceptor	265	0
Northeast Interceptor	441	7
South Interceptor	265	0
Southeast Interceptor	824	0
Southwest Interceptor	-2,160	8,323
City of Madison Pumping Stations	43,768	24,963
City of Verona Pumping Stations	3,146	0
Village of Maple Bluff Pumping Stations	6,792	3,000
Town of Dunn SD#1 Pumping Stations	1,200	2,290
Town of Dunn SD#3 Pumping Stations	8,508	1,977
Town of Madison Pumping Stations	5,581	11,603
Dane County Parks	221	0
Total Repair & Replacement	\$1,069,881	\$816,524

CAPITAL OUTLAY	2007		2006
Construction In Progress			6,009
Electrical Equipment			4,144
Heavy Mechanical Equipment	48,382		
Light Mechanical Equipment	2,324		2,975
Instrumentation Equipment			
General Equipment	50,944		56,837
Engineering Equipment			3,441
Office Equipment	24,321		21,852
Lab Equipment	26,292		91,952
Fixed Improvements			
Force Main			
Vehicles	63,871		515,702
Total capital outlay	\$216,134		\$702,912