

Mountain Water District

Exhibit K

List of Software Used in Preparation of the Filing

<u>Name of Software</u>	<u>Supplier</u>	<u>Description</u>	<u>Operating System</u>
Orion Reading Software	Badger Meter Co.	Automated meter reading software for monthly bills	Windows
Client Bookkeeping Solutions	Thomson/ Reuters	Check writing, bank reconciliation and Accounts Payable	Windows
Computer Solutions Accounting	Thomson/ Reuters	General Ledger and Payroll Functions	Windows
Fixed Asset Manager	Intuit	Fixed Asset Manager for Depreciation	Windows
Alliance Information System	United Systems and Software, Inc.	Billing Software for Water and Sewer Customers	Windows
Excel	MicroSoft	Spreadsheet for analysis	Windows

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of July 31, 2013 and 2012**

ASSETS

	Year-to-Date as of <u>July 31, 2013</u>	Comparative as of <u>July 31, 2012</u>
Current Assets		
CASH IN BANK	\$ 622,009	\$ 579,929
CASH IN BANK - RESTRICTED	2,063,127	1,679,491
ACCOUNTS RECEIVABLE	699,766	892,615
CLEARING ACCOUNTS	(35,386)	1,995
RECEIVABLE - UMG R AND M	174,571	108,771
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>16,961</u>	<u>16,589</u>
Total Current Assets	<u>3,555,608</u>	<u>3,293,952</u>
Other Assets		
BOND REFINANCING COST	92,316	0
PLANT IN SERVICE	125,161,972	118,117,663
CONSTRUCTION IN PROGRESS	<u>9,601,659</u>	<u>14,415,169</u>
TOTAL PLANT IN SERVICE	134,855,947	132,532,831
LESS:		
ACCUMULATED DEPRECIATION	<u>(42,662,929)</u>	<u>(39,279,014)</u>
Total Other Assets	92,193,018	93,253,818
Total Assets	<u>\$ 95,748,627</u>	<u>\$ 96,547,769</u>

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**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of July 31, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of July 31, 2013</u>	<u>Comparative as of July 31, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	570,492	490,631
CURRENT PORTION DUE - NOTES PAYABLE	747,605	886,044
CUSTOMER DEPOSITS	313,402	295,809
ACCRUED PAYROLL & RELATED EXPENSES	18,469	33,785
ACCRUED INTEREST - LONG TERM DEBT	177,408	58,168
OTHER CURRENT LIABILITIES	35,546	37,450
Total Current Liabilities	<u>1,862,922</u>	<u>1,801,887</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,490,543	447,564
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,638,576	3,744,309
BONDS PAYABLE - RURAL DEVELOPMENT	3,906,154	10,283,154
LESS: CURRENT PORTION DUE	(747,605)	(886,044)
Total Long-Term Liabilities	<u>13,287,668</u>	<u>13,588,983</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(1,384,135)	(1,425,272)
ADVANCES FOR CONSTRUCTION	9,828,337	13,716,395
CONTRIBUTIONS IN AID OF CONSTRUCTION	94,944,729	89,262,917
TAP-ON-FEES	5,997,618	5,790,012
Total Equity & Contributions	<u>80,598,037</u>	<u>81,156,900</u>
Total Equity & Liabilities	<u>\$ 95,748,627</u>	<u>\$ 96,547,769</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended July 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 759,933	\$ 5,303,510
Total Revenue	<u>759,933</u>	<u>5,303,510</u>
Operating Expenses		
Administrator Expense	11,978	84,270
General & Administrative	<u>634,824</u>	<u>4,454,160</u>
Total Operating Expenses	646,802	4,538,429
Depreciation Expense	271,779	1,902,455
General Tax Expense	<u>1,030</u>	<u>7,849</u>
Utility Operating Expense	919,611	6,448,734
Utility Operating Income (Loss)	(159,678)	(1,145,224)
Other Income & Deductions:		
Interest Income	201	1,571
Interest Expense	<u>(32,213)</u>	<u>(240,482)</u>
Total Other Income & Deductions	<u>(32,011)</u>	<u>(238,911)</u>
Net Income (Loss) for Period	\$ (191,689)	\$ (1,384,135)

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 7 Months Ended July 31, 2013**

	For the Month Ended	For the Period Ended
	<u>July 31, 2013</u>	<u>July 31, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (191,689)	\$ (1,384,135)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	1,902,455
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	58,416	151,712
Receivable - UMG R and M	(61,496)	(34,175)
Other assets	(16,336)	19,050
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	10,605	(28,535)
Accrued Interest	(47,709)	14,829
Accrued Payroll Liabilities	2,974	12,049
Customer Deposits	(4,784)	21,660
Misc. Accrued Liabilities	5,032	12,596
Total Adjustments	218,483	2,071,642
Net Cash Provided By (Used in) Operating Activities	26,794	687,508
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(16,247)	(105,068)
Construction in Progress	(394,824)	(1,537,987)
Proceeds From Sale of Fixed Assets	0	0
Net Cash Provided By (Used In) Investing Activities	(411,071)	(1,643,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	22,618
Notes Payable Repayments	(44,344)	(469,758)
(Increase) decrease in restricted assets	7,251	(141,052)
Advances for construction	364,067	1,552,170
Net Cash Provided By (Used In) Financing Activities	326,974	963,978
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,303)	8,432
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	679,312	613,577

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 7 Months Ended July 31, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>622,009</u>	\$ <u>622,009</u>
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of July 31, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>July 31, 2013</u>	Comparative as of <u>July 31, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 151,060	\$ 0
BB & T - DEPRECIATION RESERVE	526,134	407,010
CTB - SHELBY COAL DEVELOPMENT	61,040	60,857
BB & T - Sinking Fund	143,372	178,991
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,464	1,608
CTB - CUSTOMER DEPOSIT ESCROW	382,610	357,170
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	17,218	13,527
CTB - O & M RESERVES	16,525	16,509
Community Trust Bank - Misc Line Extension	7,962	8,006
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	508,549	383,384
CTB - Shelby Sewer Project	0	(114)
CTB - Phelps Water Line Extension	(100)	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Various Short Line Ext.	62	62
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	925	2,945
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	230,055
Total Cash Reserves - Restricted	\$ 2,063,128	\$ 1,679,491
Operating Cash:		
CTB - DIST. WIDE TAP FEES	226,548	215,089
Petty Cash	320	320
CTB - Operating Account	242,934	263,248
CTB-MWD Payroll Account	8,744	9,269
CTB - Dist Wide WW Tap Fees	44,051	22,811
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	1,334	80
CTB.-M.W.D. Rehab Project	29,076	110
Total Operating Cash	\$ 622,009	\$ 579,929

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of July 31, 2013 and 2012

Accounts Receivable:

RECEIVABLE - WATER SALES	542,557	666,569
RECEIVABLE - RETURNED CHECKS	9,114	9,201
RECEIVABLE - OTHER FEES, ETC..	97,423	167,057
RECEIVABLE - SEWER REVENUE	99,691	101,787
PROVISION FOR UNCOLLECTIBLES	<u>(49,019)</u>	<u>(52,000)</u>

Total Accounts Receivable	\$ 699,766	\$ 892,614
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Clearing Accounts:

MWD INTERCOMPANY TRANSFERS	<u>(35,386)</u>	<u>1,995</u>
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Total Clearing Accounts	\$ (35,386)	\$ 1,995
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Prepaid Expenses:

Other Current Assets:

OTHER DEFERRED DEBTS	625	625
MIS.TAX EXPENSE	<u>16,336</u>	<u>15,964</u>

Total Other Current Assets	\$ 16,961	\$ 16,589
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of July 31, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>July 31, 2013</u>	Comparative as of <u>July 31, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 636,000
RD Bond 91-33	1,534,654	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD BOND 91-23 RACCOON/PC	0	2,132,000
RD BOND 91-16 ELKHORN CREEK	0	1,046,000
RD BOND 91-14 INDIAN CREEK	0	487,000
RD BODN 91-12 SHELBY WATER	0	225,000
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-01 GRAPEVINE	0	306,000
RD BOND 91-32 AMR PROJECT	0	1,081,000
RD BOND 91-06 DORTON	0	1,034,000
RD BOND 91-24 RUSSELL FK WTP	680,000	702,000
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Total Bonds Payable	\$ 3,906,154	\$ 10,283,154
Long-Term Debt:		
Note Payable Ky. Rural Water	6,042,796	0
KIA LOAN B291-07 MULTI AREA	2,329,679	2,516,993
KIA LOAN B291-01 INDIAN CREEK	153,528	165,799
RD Loan 91-40 Water Treatment Upgrade	0	(7,000)
KIA LOAN F01-07 WATER PLANT	711,024	768,981
KIA LOAN A03-06 SO WMSN III	110,676	119,713
KIA Shelby III Phase II	333,669	179,823
CTB-FEMA loan 60100599434-N	27,053	(89,486)
2008 Nissan #116	0	4,148
set up new note 2007	0	3,947
2007 new note	0	5,464
Note (500,000) paid from UMG 2009	145,754	248,880
CTB- WTP line of credit	107,867	0
CTB-LN OF COMMITMENT - FEMA REC	0	141,911
N/P - CTB VEH.#124	6,926	15,833
N/P - CTB VEH. #125	6,926	15,833
N/P - CTB (KOMATSU)	0	6,264
2011 Silberado 388340	19,478	26,678
#135 2011 Nissan	13,644	20,961
#136 2011 Silverado	19,482	26,682
#137 2012 Colorado	15,462	20,448
N/P - CTB VEH.#138 2012 SILVERADO	30,400	0
N/P - CTB VEH. # 139 2012 SILVERADO	30,400	0
N/P - CTB VEH.#140 2012 SILVERADO	24,356	0
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Total Long-Term Debt	\$ 10,129,120	\$ 4,191,872
Employee Related Payables:		
FICA TAXES WITHHELD	6,805	12,570
FEDERAL INCOME TAX WITHHELD	5,850	7,557
KY INCOME TAX WITHHELD	2,620	521

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of July 31, 2013 and 2012

ACCRUED SUTA		1,083		1,065
ACCRUED FUTA		189		189
Accrued CERS		<u>1,921</u>		<u>11,883</u>
Total Employee Related Payables	\$	18,468	\$	33,785
Other Current Liabilities:				
SPECIAL CHG COLLECTED - S.W.D.		5,075		5,211
TAXES COLLECTED ON CUST. BILLS		<u>30,471</u>		<u>32,239</u>
Total Other Current Liabilities	\$	35,546	\$	37,450
Contributions in Aid of Construction:				
CONTRIBUTIONS - GOVT GRANTS		64,471,625		60,243,650
CONTRIBUTIONS IN AID - SEWER		20,124,605		19,729,684
CONTRIBUTIONS - OTHER AID		8,464,989		8,364,989
CONTRIBUTION IN AID - SEWER		<u>1,883,509</u>		<u>924,594</u>
Total Contributions in Aid of Construction	\$	94,944,728	\$	89,262,917

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of July 31, 2013 and 2012

	Year-to-Date as of <u>July 31, 2013</u>	Comparative as of <u>July 31, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	204,309	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,094,916
Total Cost of Supply Plant	3,406,655	3,396,305
Less: Accumulated Depreciation	(2,396,489)	(2,300,986)
Net Cost of Supply Plant	\$ 1,010,166	\$ 1,095,319
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	6,263,593
Total Water Treatment Plant	9,234,354	6,382,990
Less: Accumulated Depreciation	(1,411,932)	(1,216,177)
Net Water Treatment Plant	\$ 7,822,422	\$ 5,166,813
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,730,173
TRANSMISSION/DISTRIBUTION MAINS	64,276,997	62,281,157
WATER SERVICES	5,552,027	5,443,458
WATER METERS & INSTALLATIONS	3,935,610	3,881,326
HYDRANTS	1,211,605	1,200,269
Total Transmission & Distribution Plant	83,232,606	80,917,577
Less: Accumulated Depreciation	(30,549,327)	(28,496,364)
Net Transmission & Distribution Plant	\$ 52,683,279	\$ 52,421,213
Sewer Plant:		
COLLECTION SEWERS	\$ 20,269,026	\$ 18,600,133
TREATMENT AND DISPOSAL EQUIP.	4,134,549	4,063,129
SEWER SERVICES	249,045	190,779
SEWER METERS & INSTALLATIONS	124,659	114,463
OFFICE FURNITURE & EQUIPMENT	31,007	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	26,581	25,926
Total Sewer Plant	24,847,447	23,038,017
Less: Accumulated Depreciation	(5,297,775)	(4,423,000)
Net Sewer Plant	\$ 19,549,672	\$ 18,615,017

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of July 31, 2013 and 2012

General Plant in Service:

LAND AND LAND RIGHTS	\$	113,339	\$	113,339
STRUCTURES AND IMPROVEMENTS		390,299		390,299
PUMPING EQUIPMENT		26,000		26,000
OFFICE FURNITURE & EQUIPMENT		271,082		271,082
TRANSPORTATION EQUIPMENT		1,140,941		1,085,784
TOOLS, SHOP & GARAGE EQUIPMENT		136,207		136,207
LABORATORY EQUIPMENT		11,525		8,545
POWER OPERATED EQUIPMENT		383,549		383,549
COMMUNICATION EQUIPMENT		1,967,969		1,967,969
Total General Plant		4,440,911		4,382,774
Less: Accumulated Depreciation		(3,006,533)		(2,842,486)
Net General Plant	\$	1,434,378	\$	1,540,288
Construction in Progress	\$	9,601,659	\$	14,415,169
TOTAL PLANT IN SERVICE	\$	92,101,577	\$	93,253,818

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended July 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 547,513	\$ 3,697,620
METERED SALES - COMMERCIAL	52,220	403,349
METERED SALES - INDUSTRIAL	3,024	24,726
METERED SALES - PUBLIC AUTH.	19,869	151,773
METERED SALES - MULTI FAMILY	20,608	148,525
Total Metered Water Revenue	\$ 643,234	\$ 4,425,993
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 700
CUSTOMER LATE PAYMENT CHARGES	13,720	127,453
OTHER WATER SERVICE REVENUE	12,627	104,360
SERVICE CONNECTION FEES	12,449	103,218
SERVICE CONNECTION FEES FOR WA	165	1,660
Total Other Water Revenue	\$ 39,061	\$ 337,391
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 59,188	\$ 407,454
SEWER REVENUE - COMMERCIAL	18,450	132,672
Total Sewer Revenue	\$ 77,638	\$ 540,126
Total Operating Revenue	\$ 759,933	\$ 5,303,510

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended July 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 26,565
CONTRACT SERVICE - ACCOUNTING	8,325	26,763
CONTRACT SERVICE - LEGAL	3,843	22,315
CONTRACT SERVICE - MANAGEMENT	633,734	4,434,268
CONTRACT MGMNT EXP ASSUMED	(16,247)	(100,668)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	0	4,963
OTHER LEGAL PSC EXPENSE	0	3,657
EDUCATION, DUES, MEETINGS, ETC.	2,285	23,186
SERVICE FEE EXPENSE	0	3,966
BANK SERVICE FEES EXP	385	3,189
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Total General & Administrative Expense	\$ 634,825	\$ 4,454,160

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	3,697,620
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	403,349
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	24,726
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	151,773
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	148,525
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	700
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	127,453
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	104,360
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	103,218
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,660
SEWER REVENUE -RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	407,454
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	132,672
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	5,303,510
Gross Profit	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	5,303,510
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	1,436,811
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	0
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	465,644
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	7,849
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	26,565
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	71,797
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	0
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	26,763
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	22,315
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	4,434,268
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(100,668)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	4,963
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	3,657
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	23,186
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	0	0	0	500	0	0
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	3,966
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	3,189

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	12,473
Total Operating Expens	918,143	920,055	926,491	926,118	1,237,504	600,818	919,613	926,386	927,023	942,401	910,128	1,111,868	6,448,734
Operating Income (Los	(158,421)	(165,689)	(211,325)	(179,010)	(470,289)	199,183	(159,680)	(154,943)	(162,994)	(193,202)	(158,591)	(201,430)	(1,145,224)
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	1,571
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	0
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	0
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(212,237)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(28,245)
Total Other Income (Ex	(46,144)	(32,293)	(32,104)	(32,286)	(32,467)	(31,606)	(32,012)	(32,242)	(31,601)	(28,986)	(41,129)	(75,995)	(238,911)
Net Income (Loss) Befo	(204,565)	(197,982)	(243,429)	(211,296)	(502,756)	167,577	(191,692)	(187,185)	(194,595)	(222,188)	(199,720)	(277,425)	(1,384,135)
Net Income (Loss)	\$ (204,565)	\$ (197,982)	\$ (243,429)	\$ (211,296)	\$ (502,756)	\$ 167,577	\$ (191,692)	\$ (187,185)	\$ (194,595)	\$ (222,188)	\$ (199,720)	\$ (277,425)	\$ (1,384,135)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	8/31/12	9/30/12	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13
Sales												
METERED SALES - RESIDENT	543,096.09	526,859.70	522,701.80	523,283.05	528,801.18	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74
METERED SALES - COMMER	58,308.55	55,867.37	52,028.79	55,436.15	59,207.63	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18
METERED SALES - INDUSTRI	6,769.08	6,736.36	7,221.83	2,805.76	4,474.96	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74
METERED SALES - PUBLIC A	24,694.06	25,821.77	28,542.93	32,154.21	25,780.53	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69
METERED SALES - MULTI FA	22,497.60	22,212.84	24,354.73	26,586.27	21,822.05	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,168.18	16,986.50	18,307.54	19,653.05	19,107.48	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11
OTHER WATER SERVICE REV	26,066.76	22,449.17	20,563.42	23,171.72	13,909.23	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29
SERVICE CONNECTION FEES	10,070.00	6,785.00	7,660.00	7,395.00	7,875.00	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85
SERVICE CONNECTION FEES	120.00	103.00	60.00	90.00	180.00	180.00	270.00	365.00	350.00	90.00	240.00	165.00
SEWER REVENUE -RESIDENT	63,773.71	61,009.78	58,861.53	65,452.54	38,921.99	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06
SEWER REVENUE - COMMER	22,427.28	20,930.75	18,376.27	18,252.10	18,886.74	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	797,091.31	765,862.24	758,778.84	774,379.85	739,066.79	759,721.03	754,365.24	715,167.85	747,107.29	767,213.03	800,002.45	759,933.03
Gross Profit	797,091.31	765,862.24	758,778.84	774,379.85	739,066.79	759,721.03	754,365.24	715,167.85	747,107.29	767,213.03	800,002.45	759,933.03
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	319,349.82	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	874.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	143,047.31	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	992.69	992.69	992.69	992.69	4,191.70	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53
COMP COMMISSIONERS - AU	5,148.97	5,148.97	2,500.00	7,797.94	(26,638.67)	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00
COMPENSATION - ADMINIST	9,750.00	9,750.00	9,750.00	9,750.00	4,350.00	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	221,862.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00
rate study	0.00	0.00	0.00	0.00	17,698.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	7,936.00	2,840.00	25,995.81	3,451.00	4,497.50	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00
CONTRACT SERVICE - LEGAL	2,465.00	3,371.26	5,075.01	1,123.74	1,193.00	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50
CONTRACT SERVICE - MANA	630,000.00	630,000.00	730,000.00	690,536.66	469,463.34	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50
CONTRACT MGMT EXP ASS	(19,025.47)	(29,064.73)	(22,389.92)	(16,421.04)	(215,027.88)	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)
AUTO & TRANSPORTATION E	0.00	0.00	12,016.77	0.00	0.00	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00
ADVERTISING	540.20	1,889.15	786.25	62.90	0.00	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	1,994.74	7,393.00	5,047.94	4,480.78	1,158.48	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23
Easements	0.00	0.00	0.00	0.00	(2,684.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SETTLEMENT EXPENSES	175.00	1,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	8/31/12	9/30/12	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13
SERVICE FEE EXPENSE	0.00	0.00	0.00	4,114.22	0.00	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00
BANK SERVICE FEES EXP	(122.07)	1,471.46	209.92	773.71	3,271.16	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41
Retirement Expense	3,393.56	3,446.66	3,446.66	3,446.66	(22,027.41)	3,446.66	3,934.45	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06
MISC. TAX EXPENSE	0.00	0.00	0.00	0.00	15,964.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>915,027.97</u>	<u>910,667.81</u>	<u>1,045,210.48</u>	<u>981,888.61</u>	<u>940,542.88</u>	<u>918,143.14</u>	<u>920,055.83</u>	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>
Operating Income (Loss)	<u>(117,936.66)</u>	<u>(144,805.57)</u>	<u>(286,431.64)</u>	<u>(207,508.76)</u>	<u>(201,476.09)</u>	<u>(158,422.11)</u>	<u>(165,690.59)</u>	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>
Other Income (Expense)												
INTEREST INCOME	215.00	301.13	206.58	186.20	295.25	191.28	169.77	307.84	189.89	194.69	316.39	201.26
Gain (Loss) on Sale of Fixed As	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(42,572.82)	(42,557.99)	(42,547.22)	(42,542.51)	(29,959.82)	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(6,313.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)
Total Other Income (Expens	<u>(46,392.82)</u>	<u>(42,791.86)</u>	<u>(46,375.64)</u>	<u>(46,391.31)</u>	<u>(35,977.57)</u>	<u>(46,143.72)</u>	<u>(32,292.78)</u>	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>
Net Income (Loss) Before T	<u>(164,329.48)</u>	<u>(187,597.43)</u>	<u>(332,807.28)</u>	<u>(253,900.07)</u>	<u>(237,453.66)</u>	<u>(204,565.83)</u>	<u>(197,983.37)</u>	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>
Net Income (Loss)	<u>\$ (164,329.48)</u>	<u>\$ (187,597.43)</u>	<u>\$ (332,807.28)</u>	<u>\$ (253,900.07)</u>	<u>\$ (237,453.66)</u>	<u>\$ (204,565.83)</u>	<u>\$ (197,983.37)</u>	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended July 31, 2013 Actual	1 Month Ended July 31, 2013 Budget	Over / (Under) Budget	7 Months July 31, 2013 Actual	7 Months Ended July 31, 2013 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 547,512.74	\$ 0.00	\$ 547,512.74	\$ 3,697,619.66	\$ 0.00	\$ 3,697,619.66
METERED SALES - COMMERCIAL	52,220.18	0.00	52,220.18	403,349.49	0.00	403,349.49
METERED SALES - INDUSTRIAL	3,023.74	0.00	3,023.74	24,725.50	0.00	24,725.50
METERED SALES - PUBLIC AUTH.	19,868.69	0.00	19,868.69	151,772.90	0.00	151,772.90
METERED SALES - MULTI FAMILY	20,607.95	0.00	20,607.95	148,524.84	0.00	148,524.84
FIRE PROTECTION REVENUE	100.00	0.00	100.00	700.00	0.00	700.00
CUSTOMER LATE PAYMENT CHARG	13,720.11	0.00	13,720.11	127,453.38	0.00	127,453.38
OTHER WATER SERVICE REVENUE	12,627.29	0.00	12,627.29	104,359.63	0.00	104,359.63
SERVICE CONNECTION FEES	12,448.85	0.00	12,448.85	103,217.98	0.00	103,217.98
SERVICE CONNECTION FEES FOR	165.00	0.00	165.00	1,660.00	0.00	1,660.00
SEWER REVENUE -RESIDENTIAL	59,188.06	0.00	59,188.06	407,454.06	0.00	407,454.06
SEWER REVENUE - COMMERCIAL	18,450.42	0.00	18,450.42	132,672.48	0.00	132,672.48
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	759,933.03	0.00	759,933.03	5,303,509.92	0.00	5,303,509.92
Gross Profit	759,933.03	0.00	759,933.03	5,303,509.92	0.00	5,303,509.92
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	1,436,810.97	0.00	1,436,810.97
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	465,644.48	0.00	465,644.48
PAYROLL TAXES - FICA & U.C.	1,029.53	0.00	1,029.53	7,848.69	0.00	7,848.69
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	26,565.05	0.00	26,565.05
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	71,796.62	0.00	71,796.62
CONTRACT SERVICE - ACCOUNTIN	8,325.00	0.00	8,325.00	26,763.00	0.00	26,763.00
CONTRACT SERVICE - LEGAL	3,842.50	0.00	3,842.50	22,315.25	0.00	22,315.25
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	4,434,267.75	0.00	4,434,267.75
CONTRACT MGMNT EXP ASSUMED	(16,247.36)	0.00	(16,247.36)	(100,668.23)	0.00	(100,668.23)
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	0.00	0.00	0.00	4,963.19	0.00	4,963.19

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended July 31, 2013 Actual	1 Month Ended July 31, 2013 Budget	Over / (Under) Budget	7 Months July 31, 2013 Actual	7 Months Ended July 31, 2013 Budget	Over / (Under) Budget
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	3,657.00	0.00	3,657.00
EDUCATION, DUES, MEETINGS, ET	2,285.23	0.00	2,285.23	23,185.79	0.00	23,185.79
SERVICE FEE EXPENSE	0.00	0.00	0.00	3,966.21	0.00	3,966.21
BANK SERVICE FEES EXP	385.41	0.00	385.41	3,188.84	0.00	3,188.84
Retirement Expense	1,721.06	0.00	1,721.06	12,473.23	0.00	12,473.23
Total Operating Expenses	<u>919,610.88</u>	<u>0.00</u>	<u>919,610.88</u>	<u>6,448,733.61</u>	<u>0.00</u>	<u>6,448,733.61</u>
Operating Income (Loss)	<u>(159,677.85)</u>	<u>0.00</u>	<u>(159,677.85)</u>	<u>(1,145,223.69)</u>	<u>0.00</u>	<u>(1,145,223.69)</u>
Other Income (Expense)						
INTEREST INCOME	201.26	0.00	201.26	1,571.12	0.00	1,571.12
INTEREST EXPENSE - TERM DEBT	(28,177.61)	0.00	28,177.61	(212,237.04)	0.00	212,237.04
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(28,245.00)	0.00	28,245.00
Total Other Income (Expense)	<u>(32,011.35)</u>	<u>0.00</u>	<u>(32,011.35)</u>	<u>(238,910.92)</u>	<u>0.00</u>	<u>(238,910.92)</u>
Net Income (Loss) Before Taxes	<u>(191,689.20)</u>	<u>0.00</u>	<u>(191,689.20)</u>	<u>(1,384,134.61)</u>	<u>0.00</u>	<u>(1,384,134.61)</u>
Net Income (Loss)	<u>\$ (191,689.20)</u>	<u>\$ 0.00</u>	<u>\$ (191,689.20)</u>	<u>\$ (1,384,134.61)</u>	<u>\$ 0.00</u>	<u>\$ (1,384,134.61)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of August 31, 2013 and 2012**

ASSETS

	Year-to-Date as of <u>August 31, 2013</u>	Comparative as of <u>August 31, 2012</u>
Current Assets		
CASH IN BANK	\$ 719,320	\$ 521,882
CASH IN BANK - RESTRICTED	2,154,960	1,663,637
ACCOUNTS RECEIVABLE	675,425	839,502
CLEARING ACCOUNTS	(35,386)	2,122
RECEIVABLE - UMG R AND M	137,471	102,193
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>16,961</u>	<u>16,589</u>
Total Current Assets	<u>3,683,312</u>	<u>3,160,486</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	125,176,277	118,136,688
CONSTRUCTION IN PROGRESS	<u>9,839,460</u>	<u>14,512,887</u>
TOTAL PLANT IN SERVICE	135,108,052	132,741,892
LESS:		
ACCUMULATED DEPRECIATION	<u>(42,934,708)</u>	<u>(39,550,793)</u>
Total Other Assets	92,173,344	93,191,099
Total Assets	<u>\$ 95,856,656</u>	<u>\$ 96,351,585</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of August 31, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of August 31, 2013</u>	<u>Comparative as of August 31, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	609,184	155,229
CURRENT PORTION DUE - NOTES PAYABLE	747,605	886,044
CUSTOMER DEPOSITS	320,110	297,578
ACCRUED PAYROLL & RELATED EXPENSES	21,505	38,731
ACCRUED INTEREST - LONG TERM DEBT	209,124	55,530
OTHER CURRENT LIABILITIES	35,966	40,157
Total Current Liabilities	<u>1,943,495</u>	<u>1,473,271</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,446,198	6,715,093
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,638,576	3,751,309
BONDS PAYABLE - RURAL DEVELOPMENT	3,906,154	3,965,154
LESS: CURRENT PORTION DUE	(747,605)	(886,044)
Total Long-Term Liabilities	<u>13,243,323</u>	<u>13,545,512</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(1,571,319)	(1,589,601)
ADVANCES FOR CONSTRUCTION	10,073,172	14,040,441
CONTRIBUTIONS IN AID OF CONSTRUCTION	94,944,729	89,262,917
TAP-ON-FEES	6,011,768	5,806,199
Total Equity & Contributions	<u>80,669,838</u>	<u>81,332,802</u>
Total Equity & Liabilities	<u>\$ 95,856,656</u>	<u>\$ 96,351,585</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended August 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 771,442	\$ 6,074,952
Total Revenue	<u>771,442</u>	<u>6,074,952</u>
Operating Expenses		
Administrator Expense	11,978	96,248
General & Administrative	641,598	5,095,757
Total Operating Expenses	653,575	5,192,005
Depreciation Expense	271,779	2,174,235
General Tax Expense	1,030	8,878
Utility Operating Expense	926,384	7,375,118
Utility Operating Income (Loss)	(154,942)	(1,300,166)
Other Income & Deductions:		
Interest Income	197	1,768
Interest Expense	(32,439)	(272,921)
Total Other Income & Deductions	<u>(32,242)</u>	<u>(271,153)</u>
Net Income (Loss) for Period	<u>\$ (187,184)</u>	<u>\$ (1,571,319)</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 8 Months Ended August 31, 2013**

	For the Month Ended	For the Period Ended
	<u>August 31, 2013</u>	<u>August 31, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (187,184)	\$ (1,571,319)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	2,174,235
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	24,341	176,053
Receivable - UMG R and M	37,100	2,925
Other assets	0	19,050
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	38,692	10,157
Accrued Interest	31,716	46,545
Accrued Payroll Liabilities	3,037	15,085
Customer Deposits	6,707	28,368
Misc. Accrued Liabilities	420	13,016
Total Adjustments	<u>413,792</u>	<u>2,485,435</u>
Net Cash Provided By (Used in) Operating Activities	226,608	914,116
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(14,304)	(119,372)
Construction in Progress	(237,801)	(1,775,788)
Proceeds From Sale of Fixed Assets	0	0
Net Cash Provided By (Used In) Investing Activities	(252,105)	(1,895,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	22,618
Notes Payable Repayments	(44,344)	(514,102)
(Increase) decrease in restricted assets	(91,833)	(232,885)
Advances for construction	<u>258,985</u>	<u>1,811,155</u>
Net Cash Provided By (Used In) Financing Activities	122,808	1,086,786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,311	105,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>622,009</u>	<u>613,577</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 8 Months Ended August 31, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>719,320</u>	\$ <u>719,320</u>
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of August 31, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>August 31, 2013</u>	Comparative as of <u>August 31, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 151,060	\$ 0
BB & T - DEPRECIATION RESERVE	536,058	416,955
CTB - SHELBY COAL DEVELOPMENT	61,055	60,872
BB & T - Sinking Fund	198,372	143,702
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,447	1,591
CTB - CUSTOMER DEPOSIT ESCROW	386,703	356,095
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	17,958	14,332
CTB - O & M RESERVES	16,525	16,509
Community Trust Bank - Misc Line Extension	7,964	7,932
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	519,889	394,724
CTB - Shelby Sewer Project	0	(113)
CTB - Phelps Water Line Extension	(100)	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Variou Short Line Ext.	62	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Jonican Project	10,755	0
M.W.D. Belfry Pond Sewer	100	100
MWD PHELPS UPGRADE ACCT.	(20)	0
CTB- Recycling Revenue Acct.	925	2,945
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	228,550
Total Cash Reserves - Restricted	\$ 2,154,960	\$ 1,663,637
Operating Cash:		
CTB - DIST. WIDE TAP FEES	226,623	213,216
Petty Cash	320	320
CTB - Operating Account	326,469	204,598
CTB-MWD Payroll Account	9,391	9,422
CTB - Dist Wide WW Tap Fees	46,763	25,144
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	1,324	70
CTB.-M.W.D. Rehab Project	39,427	110

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of August 31, 2013 and 2012

Total Operating Cash	\$	719,319	\$	521,882
Accounts Receivable:				
RECEIVABLE - WATER SALES		520,073		601,606
RECEIVABLE - RETURNED CHECKS		10,988		11,733
RECEIVABLE - OTHER FEES, ETC..		91,900		180,502
RECEIVABLE - SEWER REVENUE		101,484		97,660
PROVISION FOR UNCOLLECTIBLES		<u>(49,019)</u>		<u>(52,000)</u>
Total Accounts Receivable	\$	675,426	\$	839,501
Clearing Accounts:				
MWD INTERCOMPANY TRANSFERS		<u>(35,386)</u>		<u>2,122</u>
Total Clearing Accounts	\$	(35,386)	\$	2,122
Prepaid Expenses:				
Other Current Assets:				
OTHER DEFERRED DEBTS		625		625
MIS.TAX EXPENSE		<u>16,336</u>		<u>15,964</u>
Total Other Current Assets	\$	16,961	\$	16,589

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of August 31, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>August 31, 2013</u>	Comparative as of <u>August 31, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 636,000
RD Bond 91-33	1,534,654	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-24 RUSSELL FK WTP	<u>680,000</u>	<u>695,000</u>
Total Bonds Payable	\$ 3,906,154	\$ 3,965,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,998,452	6,270,000
KIA LOAN B291-07 MULTI AREA	2,329,679	2,516,993
KIA LOAN B291-01 INDIAN CREEK	153,528	165,799
KIA LOAN F01-07 WATER PLANT	711,024	768,981
KIA LOAN A03-06 SO WMSN III	110,676	119,713
KIA Shelby III Phase II	333,669	179,823
CTB-FEMA loan 60100599434-N	27,053	(91,957)
2008 Nissan #116	0	4,148
set up new note 2007	0	3,947
2007 new note	0	5,464
Note (500,000) paid from UMG 2009	145,754	248,880
CTB- WTP line of credit	107,867	0
CTB-LN OF COMMITMENT - FEMA REC	0	141,911
N/P - CTB VEH.#124	6,926	15,833
N/P - CTB VEH. #125	6,926	15,833
N/P - CTB (KOMATSU)	0	6,264
2011 Silberado 388340	19,478	26,678
#135 2011 Nissan	13,644	20,961
#136 2011 Silverado	19,482	26,682
#137 2012 Colorado	15,462	20,448
N/P - CTB VEH.#138 2012 SILVERADO	30,400	0
N/P - CTB VEH. # 139 2012 SILVERADO	30,400	0
N/P - CTB VEH.#140 2012 SILVERADO	<u>24,356</u>	<u>0</u>
Total Long-Term Debt	\$ 10,084,776	\$ 10,466,401
Employee Related Payables:		
FICA TAXES WITHHELD	8,684	14,140
FEDERAL INCOME TAX WITHHELD	6,992	8,637
KY INCOME TAX WITHHELD	2,620	1,041
ACCRUED SUTA	1,158	1,140
ACCRUED FUTA	204	204
Accrued CERS	<u>1,846</u>	<u>13,570</u>
Total Employee Related Payables	\$ 21,504	\$ 38,732
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	5,800	5,951
TAXES COLLECTED ON CUST. BILLS	<u>30,166</u>	<u>34,207</u>

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of August 31, 2013 and 2012

Total Other Current Liabilities	\$	35,966	\$	40,158
Contributions in Aid of Construction:				
CONTRIBUTIONS - GOVT GRANTS		64,471,625		60,243,650
CONTRIBUTIONS IN AID - SEWER		20,124,605		19,729,684
CONTRIBUTIONS - OTHER AID		8,464,989		8,364,989
CONTRIBUTION IN AID - SEWER		1,883,509		924,594
Total Contributions in Aid of Construction	\$	94,944,728	\$	89,262,917

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of August 31, 2013 and 2012

	Year-to-Date as of <u>August 31, 2013</u>	Comparative as of <u>August 31, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	204,309	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,094,916
Total Cost of Supply Plant	3,406,655	3,396,305
Less: Accumulated Depreciation	(2,410,410)	(2,314,907)
Net Cost of Supply Plant	\$ 996,245	\$ 1,081,398
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	6,263,593
Total Water Treatment Plant	9,234,354	6,382,990
Less: Accumulated Depreciation	(1,413,187)	(1,217,433)
Net Water Treatment Plant	\$ 7,821,167	\$ 5,165,557
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,730,173
TRANSMISSION/DISTRIBUTION MAINS	64,276,997	62,281,157
WATER SERVICES	5,559,759	5,454,965
WATER METERS & INSTALLATIONS	3,939,476	3,887,079
HYDRANTS	1,211,605	1,200,269
Total Transmission & Distribution Plant	83,244,204	80,934,837
Less: Accumulated Depreciation	(30,712,959)	(28,659,997)
Net Transmission & Distribution Plant	\$ 52,531,245	\$ 52,274,840
Sewer Plant:		
COLLECTION SEWERS	\$ 20,269,026	\$ 18,600,133
TREATMENT AND DISPOSAL EQUIP.	4,134,549	4,063,129
SEWER SERVICES	250,849	191,956
SEWER METERS & INSTALLATIONS	125,561	115,052
OFFICE FURNITURE & EQUIPMENT	31,007	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	26,581	25,926
Total Sewer Plant	24,850,153	23,039,783
Less: Accumulated Depreciation	(5,364,295)	(4,489,521)
Net Sewer Plant	\$ 19,485,858	\$ 18,550,262

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of August 31, 2013 and 2012

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,140,941	1,085,784
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,440,911	4,382,774
Less: Accumulated Depreciation		(3,032,982)	(2,868,935)
Net General Plant	\$	1,407,929	\$ 1,513,839
Construction in Progress	\$	9,839,460	\$ 14,512,887
TOTAL PLANT IN SERVICE	\$	92,081,902	\$ 93,098,783

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended August 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 534,302	\$ 4,231,922
METERED SALES - COMMERCIAL	60,461	463,810
METERED SALES - INDUSTRIAL	3,397	28,122
METERED SALES - PUBLIC AUTH.	25,575	177,348
METERED SALES - MULTI FAMILY	22,012	170,536
	<u>645,747</u>	<u>5,071,738</u>
Total Metered Water Revenue	\$ 645,747	\$ 5,071,738
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 800
CUSTOMER LATE PAYMENT CHARGES	15,204	142,658
OTHER WATER SERVICE REVENUE	14,904	119,264
SERVICE CONNECTION FEES	14,825	118,043
SERVICE CONNECTION FEES FOR WA	60	1,720
	<u>45,093</u>	<u>382,485</u>
Total Other Water Revenue	\$ 45,093	\$ 382,485
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 59,975	\$ 467,429
SEWER REVENUE - COMMERCIAL	20,628	153,300
	<u>80,603</u>	<u>620,729</u>
Total Sewer Revenue	\$ 80,603	\$ 620,729
Total Operating Revenue	\$ <u>771,443</u>	\$ <u>6,074,952</u>

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended August 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 8,543	\$ 35,108
CONTRACT SERVICE - ACCOUNTING	6,285	33,048
CONTRACT SERVICE - LEGAL	3,212	25,527
CONTRACT SERVICE - MANAGEMENT	633,734	5,068,001
CONTRACT MGMNT EXP ASSUMED	(14,304)	(114,972)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	237	5,200
OTHER LEGAL PSC EXPENSE	0	3,657
EDUCATION, DUES, MEETINGS, ETC.	3,270	26,456
SETTLEMENT EXPENSES	10	10
SERVICE FEE EXPENSE	315	4,282
BANK SERVICE FEES EXP	296	3,485
Total General & Administrative Expense	\$ 641,598	\$ 5,095,758

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	4,231,922
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	463,810
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	28,122
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	177,348
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	170,536
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	800
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	142,658
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	119,264
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	118,043
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,720
SEWER REVENUE - RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	467,429
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	153,300
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	<u>759,722</u>	<u>754,366</u>	<u>715,166</u>	<u>747,108</u>	<u>767,215</u>	<u>800,001</u>	<u>759,933</u>	<u>771,443</u>	<u>764,029</u>	<u>749,199</u>	<u>751,537</u>	<u>910,438</u>	<u>6,074,952</u>
Gross Profit	<u>759,722</u>	<u>754,366</u>	<u>715,166</u>	<u>747,108</u>	<u>767,215</u>	<u>800,001</u>	<u>759,933</u>	<u>771,443</u>	<u>764,029</u>	<u>749,199</u>	<u>751,537</u>	<u>910,438</u>	<u>6,074,952</u>
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	1,642,070
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	0
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	532,165
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	8,878
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	35,108
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	82,053
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	0
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	33,048
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	25,527
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	5,068,001
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(114,972)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	5,200
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	3,657
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	26,456
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	10	0	0	500	0	10
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	4,282
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	3,485

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2013**

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	14,194
Total Operating Expens	<u>918,143</u>	<u>920,055</u>	<u>926,491</u>	<u>926,118</u>	<u>1,237,504</u>	<u>600,818</u>	<u>919,613</u>	<u>926,386</u>	<u>927,023</u>	<u>942,401</u>	<u>910,128</u>	<u>1,111,868</u>	<u>7,375,118</u>
Operating Income (Los	<u>(158,421)</u>	<u>(165,689)</u>	<u>(211,325)</u>	<u>(179,010)</u>	<u>(470,289)</u>	<u>199,183</u>	<u>(159,680)</u>	<u>(154,943)</u>	<u>(162,994)</u>	<u>(193,202)</u>	<u>(158,591)</u>	<u>(201,430)</u>	<u>(1,300,166)</u>
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	1,768
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	0
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	0
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(240,641)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(32,280)
Total Other Income (Ex	<u>(46,144)</u>	<u>(32,293)</u>	<u>(32,104)</u>	<u>(32,286)</u>	<u>(32,467)</u>	<u>(31,606)</u>	<u>(32,012)</u>	<u>(32,242)</u>	<u>(31,601)</u>	<u>(28,986)</u>	<u>(41,129)</u>	<u>(75,995)</u>	<u>(271,153)</u>
Net Income (Loss) Befo	<u>(204,565)</u>	<u>(197,982)</u>	<u>(243,429)</u>	<u>(211,296)</u>	<u>(502,756)</u>	<u>167,577</u>	<u>(191,692)</u>	<u>(187,185)</u>	<u>(194,595)</u>	<u>(222,188)</u>	<u>(199,720)</u>	<u>(277,425)</u>	<u>(1,571,319)</u>
Net Income (Loss)	<u>\$ (204,565)</u>	<u>\$ (197,982)</u>	<u>\$ (243,429)</u>	<u>\$ (211,296)</u>	<u>\$ (502,756)</u>	<u>\$ 167,577</u>	<u>\$ (191,692)</u>	<u>\$ (187,185)</u>	<u>\$ (194,595)</u>	<u>\$ (222,188)</u>	<u>\$ (199,720)</u>	<u>\$ (277,425)</u>	<u>\$ (1,571,319)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	9/30/12	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13
Sales												
METERED SALES - RESIDENT	526,859.70	522,701.80	523,283.05	528,801.18	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40
METERED SALES - COMMER	55,867.37	52,028.79	55,436.15	59,207.63	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74
METERED SALES - INDUSTRI	6,736.36	7,221.83	2,805.76	4,474.96	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94
METERED SALES - PUBLIC A	25,821.77	28,542.93	32,154.21	25,780.53	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72
METERED SALES - MULTI FA	22,212.84	24,354.73	26,586.27	21,822.05	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	16,986.50	18,307.54	19,653.05	19,107.48	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36
OTHER WATER SERVICE REV	22,449.17	20,563.42	23,171.72	13,909.23	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13
SERVICE CONNECTION FEES	6,785.00	7,660.00	7,395.00	7,875.00	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00
SERVICE CONNECTION FEES	103.00	60.00	90.00	180.00	180.00	270.00	365.00	350.00	90.00	240.00	165.00	60.00
SEWER REVENUE -RESIDENT	61,009.78	58,861.53	65,452.54	38,921.99	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52
SEWER REVENUE - COMMER	20,930.75	18,376.27	18,252.10	18,886.74	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>765,862.24</u>	<u>758,778.84</u>	<u>774,379.85</u>	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>
Gross Profit	<u>765,862.24</u>	<u>758,778.84</u>	<u>774,379.85</u>	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	319,349.82	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	874.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	143,047.31	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	992.69	992.69	992.69	4,191.70	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53
COMP COMMISSIONERS - AU	5,148.97	2,500.00	7,797.94	(26,638.67)	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36
COMPENSATION - ADMINIST	9,750.00	9,750.00	9,750.00	4,350.00	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	221,862.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
rate study	0.00	0.00	0.00	17,698.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	2,840.00	25,995.81	3,451.00	4,497.50	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00
CONTRACT SERVICE - LEGAL	3,371.26	5,075.01	1,123.74	1,193.00	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75
CONTRACT SERVICE - MANA	630,000.00	730,000.00	690,536.66	469,463.34	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50
CONTRACT MGMNT EXP ASS	(29,064.73)	(22,389.92)	(16,421.04)	(215,027.88)	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)
AUTO & TRANSPORTATION E	0.00	12,016.77	0.00	0.00	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00
ADVERTISING	1,889.15	786.25	62.90	0.00	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	7,393.00	5,047.94	4,480.78	1,158.48	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85
Easements	0.00	0.00	0.00	(2,684.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SETTLEMENT EXPENSES	1,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	9/30/12	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13
SERVICE FEE EXPENSE	0.00	0.00	4,114.22	0.00	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32
BANK SERVICE FEES EXP	1,471.46	209.92	773.71	3,271.16	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43
Retirement Expense	3,446.66	3,446.66	3,446.66	(22,027.41)	3,446.66	3,934.45	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06
MISC. TAX EXPENSE	0.00	0.00	0.00	15,964.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>910,667.81</u>	<u>1,045,210.48</u>	<u>981,888.61</u>	<u>940,542.88</u>	<u>918,143.14</u>	<u>920,055.83</u>	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>
Operating Income (Loss)	<u>(144,805.57)</u>	<u>(286,431.64)</u>	<u>(207,508.76)</u>	<u>(201,476.09)</u>	<u>(158,422.11)</u>	<u>(165,690.59)</u>	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>
Other Income (Expense)												
INTEREST INCOME	301.13	206.58	186.20	295.25	191.28	169.77	307.84	189.89	194.69	316.39	201.26	196.84
Gain (Loss) on Sale of Fixed As	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(42,557.99)	(42,547.22)	(42,542.51)	(29,959.82)	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(6,313.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)
Total Other Income (Expens	<u>(42,791.86)</u>	<u>(46,375.64)</u>	<u>(46,391.31)</u>	<u>(35,977.57)</u>	<u>(46,143.72)</u>	<u>(32,292.78)</u>	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>
Net Income (Loss) Before T	<u>(187,597.43)</u>	<u>(332,807.28)</u>	<u>(253,900.07)</u>	<u>(237,453.66)</u>	<u>(204,565.83)</u>	<u>(197,983.37)</u>	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>
Net Income (Loss)	<u>\$ (187,597.43)</u>	<u>\$ (332,807.28)</u>	<u>\$ (253,900.07)</u>	<u>\$ (237,453.66)</u>	<u>\$ (204,565.83)</u>	<u>\$ (197,983.37)</u>	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended August 31, 2013 Actual	1 Month Ended August 31, 2013 Budget	Over / (Under) Budget	8 Months August 31, Actual	8 Months Ended August 31, 2013 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 534,302.40	\$ 0.00	\$ 534,302.40	\$ 4,231,922.06	\$ 0.00	\$ 4,231,922.06
METERED SALES - COMMERCIAL	60,460.74	0.00	60,460.74	463,810.23	0.00	463,810.23
METERED SALES - INDUSTRIAL	3,396.94	0.00	3,396.94	28,122.44	0.00	28,122.44
METERED SALES - PUBLIC AUTH.	25,574.72	0.00	25,574.72	177,347.62	0.00	177,347.62
METERED SALES - MULTI FAMILY	22,011.61	0.00	22,011.61	170,536.45	0.00	170,536.45
FIRE PROTECTION REVENUE	100.00	0.00	100.00	800.00	0.00	800.00
CUSTOMER LATE PAYMENT CHARG	15,204.36	0.00	15,204.36	142,657.74	0.00	142,657.74
OTHER WATER SERVICE REVENUE	14,904.13	0.00	14,904.13	119,263.76	0.00	119,263.76
SERVICE CONNECTION FEES	14,825.00	0.00	14,825.00	118,042.98	0.00	118,042.98
SERVICE CONNECTION FEES FOR	60.00	0.00	60.00	1,720.00	0.00	1,720.00
SEWER REVENUE -RESIDENTIAL	59,974.52	0.00	59,974.52	467,428.58	0.00	467,428.58
SEWER REVENUE - COMMERCIAL	20,627.81	0.00	20,627.81	153,300.29	0.00	153,300.29
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>771,442.23</u>	<u>0.00</u>	<u>771,442.23</u>	<u>6,074,952.15</u>	<u>0.00</u>	<u>6,074,952.15</u>
Gross Profit	<u>771,442.23</u>	<u>0.00</u>	<u>771,442.23</u>	<u>6,074,952.15</u>	<u>0.00</u>	<u>6,074,952.15</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	1,642,069.68	0.00	1,642,069.68
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	532,165.12	0.00	532,165.12
PAYROLL TAXES - FICA & U.C.	1,029.53	0.00	1,029.53	8,878.22	0.00	8,878.22
COMP COMMISSIONERS - AUTO DIS	8,543.36	0.00	8,543.36	35,108.41	0.00	35,108.41
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	82,053.28	0.00	82,053.28
CONTRACT SERVICE - ACCOUNTIN	6,285.00	0.00	6,285.00	33,048.00	0.00	33,048.00
CONTRACT SERVICE - LEGAL	3,211.75	0.00	3,211.75	25,527.00	0.00	25,527.00
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	5,068,001.25	0.00	5,068,001.25
CONTRACT MGMNT EXP ASSUMED	(14,304.25)	0.00	(14,304.25)	(114,972.48)	0.00	(114,972.48)
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	236.80	0.00	236.80	5,199.99	0.00	5,199.99

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended August 31, 2013 Actual	1 Month Ended August 31, 2013 Budget	Over / (Under) Budget	8 Months August 31, Actual	8 Months Ended August 31, 2013 Budget	Over / (Under) Budget
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	3,657.00	0.00	3,657.00
EDUCATION, DUES, MEETINGS, ET	3,269.85	0.00	3,269.85	26,455.64	0.00	26,455.64
SETTLEMENT EXPENSES	10.00	0.00	10.00	10.00	0.00	10.00
SERVICE FEE EXPENSE	315.32	0.00	315.32	4,281.53	0.00	4,281.53
BANK SERVICE FEES EXP	296.43	0.00	296.43	3,485.27	0.00	3,485.27
Retirement Expense	1,721.06	0.00	1,721.06	14,194.29	0.00	14,194.29
Total Operating Expenses	<u>926,384.36</u>	<u>0.00</u>	<u>926,384.36</u>	<u>7,375,117.97</u>	<u>0.00</u>	<u>7,375,117.97</u>
Operating Income (Loss)	<u>(154,942.13)</u>	<u>0.00</u>	<u>(154,942.13)</u>	<u>(1,300,165.82)</u>	<u>0.00</u>	<u>(1,300,165.82)</u>
Other Income (Expense)						
INTEREST INCOME	196.84	0.00	196.84	1,767.96	0.00	1,767.96
INTEREST EXPENSE - TERM DEBT	(28,403.62)	0.00	28,403.62	(240,640.66)	0.00	240,640.66
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(32,280.00)	0.00	32,280.00
Total Other Income (Expense)	<u>(32,241.78)</u>	<u>0.00</u>	<u>(32,241.78)</u>	<u>(271,152.70)</u>	<u>0.00</u>	<u>(271,152.70)</u>
Net Income (Loss) Before Taxes	<u>(187,183.91)</u>	<u>0.00</u>	<u>(187,183.91)</u>	<u>(1,571,318.52)</u>	<u>0.00</u>	<u>(1,571,318.52)</u>
Net Income (Loss)	<u>\$ (187,183.91)</u>	<u>\$ 0.00</u>	<u>\$ (187,183.91)</u>	<u>\$ (1,571,318.52)</u>	<u>\$ 0.00</u>	<u>\$ (1,571,318.52)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of September 30, 2013 and 2012**

ASSETS

	<u>Year-to-Date as of September 30, 2013</u>	<u>Comparative as of September 30, 2012</u>
Current Assets		
CASH IN BANK	\$ 634,970	\$ 417,607
CASH IN BANK - RESTRICTED	2,254,436	1,757,699
ACCOUNTS RECEIVABLE	711,180	943,328
CLEARING ACCOUNTS	(35,386)	(9,120)
RECEIVABLE - UMG R AND M	112,023	110,408
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>16,961</u>	<u>16,589</u>
Total Current Assets	<u>3,708,746</u>	<u>3,251,073</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	125,185,088	118,165,753
CONSTRUCTION IN PROGRESS	<u>9,914,915</u>	<u>14,576,724</u>
TOTAL PLANT IN SERVICE	135,192,319	132,834,793
LESS:		
ACCUMULATED DEPRECIATION	<u>(43,206,488)</u>	<u>(39,822,572)</u>
Total Other Assets	91,985,831	93,012,221
Total Assets	<u>\$ 95,694,578</u>	<u>\$ 96,263,294</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of September 30, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of September 30, 2013</u>	<u>Comparative as of September 30, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	555,966	174,027
CURRENT PORTION DUE - NOTES PAYABLE	747,605	886,044
CUSTOMER DEPOSITS	323,057	302,144
ACCRUED PAYROLL & RELATED EXPENSES	24,542	43,678
ACCRUED INTEREST - LONG TERM DEBT	240,840	101,865
OTHER CURRENT LIABILITIES	37,728	40,553
Total Current Liabilities	<u>1,929,739</u>	<u>1,548,312</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,401,854	6,675,450
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,638,576	3,751,309
BONDS PAYABLE - RURAL DEVELOPMENT	3,906,154	3,965,154
LESS: CURRENT PORTION DUE	(747,605)	(886,044)
Total Long-Term Liabilities	<u>13,198,979</u>	<u>13,505,869</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(1,765,911)	(1,777,199)
ADVANCES FOR CONSTRUCTION	10,146,211	14,086,063
CONTRIBUTIONS IN AID OF CONSTRUCTION	94,944,729	89,262,917
TAP-ON-FEES	6,029,343	5,824,484
Total Equity & Contributions	<u>80,565,860</u>	<u>81,209,113</u>
Total Equity & Liabilities	<u>\$ 95,694,578</u>	<u>\$ 96,263,294</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended September 30, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 764,029	\$ 6,838,982
Total Revenue	<u>764,029</u>	<u>6,838,982</u>
Operating Expenses		
Administrator Expense	11,978	108,225
General & Administrative	642,234	5,737,992
Total Operating Expenses	<u>654,212</u>	<u>5,846,217</u>
Depreciation Expense	271,779	2,446,014
General Tax Expense	1,030	9,908
Utility Operating Expense	<u>927,021</u>	<u>8,302,139</u>
Utility Operating Income (Loss)	<u>(162,992)</u>	<u>(1,463,158)</u>
Other Income & Deductions:		
Interest Income	324	2,092
Interest Expense	(31,925)	(304,845)
Total Other Income & Deductions	<u>(31,601)</u>	<u>(302,753)</u>
Net Income (Loss) for Period	<u>\$ (194,592)</u>	<u>\$ (1,765,911)</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 9 Months Ended September 30, 2013**

	For the Month Ended	For the Period Ended
	<u>September 30, 2013</u>	<u>September 30, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (194,592)	\$ (1,765,911)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	2,446,014
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(35,755)	140,298
Receivable - UMG R and M	25,448	28,372
Other assets	0	19,050
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(53,218)	(43,061)
Accrued Interest	31,716	78,261
Accrued Payroll Liabilities	3,037	18,122
Customer Deposits	2,948	31,315
Misc. Accrued Liabilities	1,761	14,778
Total Adjustments	<u>247,716</u>	<u>2,733,150</u>
Net Cash Provided By (Used in) Operating Activities	53,123	967,240
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(8,811)	(128,183)
Construction in Progress	(75,456)	(1,851,243)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>0</u>
Net Cash Provided By (Used in) Investing Activities	(84,267)	(1,979,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	22,618
Notes Payable Repayments	(44,344)	(558,447)
(Increase) decrease in restricted assets	(99,477)	(332,361)
Advances for construction	<u>90,614</u>	<u>1,901,769</u>
Net Cash Provided By (Used in) Financing Activities	(53,207)	1,033,579
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,350)	21,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>719,320</u>	<u>613,577</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 9 Months Ended September 30, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>634,970</u>	\$ <u>634,970</u>
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of September 30, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>September 30, 2013</u>	Comparative as of <u>September 30, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 151,060	\$ 0
BB & T - DEPRECIATION RESERVE	545,982	426,891
CTB - SHELBY COAL DEVELOPMENT	61,070	60,888
BB & T - Sinking Fund	253,372	198,702
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,444	1,574
CTB - CUSTOMER DEPOSIT ESCROW	390,837	362,768
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,992	13,995
CTB - O & M RESERVES	16,529	16,513
Community Trust Bank - Misc Line Extension	7,965	7,945
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	531,357	417,498
CTB - Shelby Sewer Project	0	(113)
CTB - Phelps Water Line Extension	(100)	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	28,664	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Variou Short Line Ext.	62	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
MWD PHELPS UPGRADE ACCT.	(30)	0
CTB- Recycling Revenue Acct.	925	2,945
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	228,550
Total Cash Reserves - Restricted	\$ 2,254,435	\$ 1,757,699
Operating Cash:		
CTB - DIST. WIDE TAP FEES	232,026	224,336
Petty Cash	320	320
CTB - Operating Account	242,334	88,332
CTB-MWD Payroll Account	9,492	9,574
CTB - Dist Wide WW Tap Fees	50,386	25,873
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	1,314	60
CTB.-M.W.D. Rehab Project	30,096	110

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of September 30, 2013 and 2012

Total Operating Cash	\$	634,970	\$	417,607
Accounts Receivable:				
RECEIVABLE - WATER SALES		548,134		672,947
RECEIVABLE - RETURNED CHECKS		12,229		12,586
RECEIVABLE - OTHER FEES, ETC..		90,091		199,148
RECEIVABLE - SEWER REVENUE		109,747		110,647
PROVISION FOR UNCOLLECTIBLES		<u>(49,019)</u>		<u>(52,000)</u>
Total Accounts Receivable	\$	711,182	\$	943,328
Clearing Accounts:				
MWD INTERCOMPANY TRANSFERS		<u>(35,386)</u>		<u>(9,120)</u>
Total Clearing Accounts	\$	(35,386)	\$	(9,120)
Prepaid Expenses:				
Other Current Assets:				
OTHER DEFERRED DEBTS		625		625
MIS.TAX EXPENSE		<u>16,336</u>		<u>15,964</u>
Total Other Current Assets	\$	16,961	\$	16,589

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of September 30, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>September 30, 2013</u>	Comparative as of <u>September 30, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 636,000
RD Bond 91-33	1,534,654	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-24 RUSSELL FK WTP	680,000	695,000
Total Bonds Payable	\$ 3,906,154	\$ 3,965,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,954,107	6,232,844
KIA LOAN B291-07 MULTI AREA	2,329,679	2,516,993
KIA LOAN B291-01 INDIAN CREEK	153,528	165,799
KIA LOAN F01-07 WATER PLANT	711,024	768,981
KIA LOAN A03-06 SO WMSN III	110,676	119,713
KIA Shelby III Phase II	333,669	179,823
CTB-FEMA loan 60100599434-N	27,053	(94,443)
2008 Nissan #116	0	4,148
set up new note 2007	0	3,947
2007 new note	0	5,464
Note (500,000) paid from UMG 2009	145,754	248,880
CTB- WTP line of credit	107,867	0
CTB-LN OF COMMITMENT - FEMA REC	0	141,911
N/P - CTB VEH.#124	6,926	15,833
N/P - CTB VEH. #125	6,926	15,833
N/P - CTB (KOMATSU)	0	6,264
2011 Silberado 388340	19,478	26,678
#135 2011 Nissan	13,644	20,961
#136 2011 Silverado	19,482	26,682
#137 2012 Colorado	15,462	20,448
N/P - CTB VEH.#138 2012 SILVERADO	30,400	0
N/P - CTB VEH. # 139 2012 SILVERADO	30,400	0
N/P - CTB VEH.#140 2012 SILVERADO	24,356	0
Total Long-Term Debt	\$ 10,040,431	\$ 10,426,759
Employee Related Payables:		
FICA TAXES WITHHELD	10,563	15,709
FEDERAL INCOME TAX WITHHELD	8,135	9,716
KY INCOME TAX WITHHELD	2,620	1,562
ACCRUED SUTA	1,233	1,215
ACCRUED FUTA	219	219
Accrued CERS	1,772	15,257
Total Employee Related Payables	\$ 24,542	\$ 43,678
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	6,525	6,706
TAXES COLLECTED ON CUST. BILLS	31,202	33,847

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of September 30, 2013 and 2012

Total Other Current Liabilities	\$	37,727	\$	40,553
Contributions in Aid of Construction:				
CONTRIBUTIONS - GOVT GRANTS		64,471,625		60,243,650
CONTRIBUTIONS IN AID - SEWER		20,124,605		19,729,684
CONTRIBUTIONS - OTHER AID		8,464,989		8,364,989
CONTRIBUTION IN AID - SEWER		1,883,509		924,594
Total Contributions in Aid of Construction	\$	94,944,728	\$	89,262,917

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of September 30, 2013 and 2012

	Year-to-Date as of <u>September 30, 2013</u>	Comparative as of <u>September 30, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	204,309	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	<u>3,105,266</u>	<u>3,094,916</u>
Total Cost of Supply Plant	3,406,655	3,396,305
Less: Accumulated Depreciation	<u>(2,424,332)</u>	<u>(2,328,829)</u>
Net Cost of Supply Plant	\$ 982,323	\$ 1,067,476
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	<u>9,114,957</u>	<u>6,263,593</u>
Total Water Treatment Plant	9,234,354	6,382,990
Less: Accumulated Depreciation	<u>(1,414,443)</u>	<u>(1,218,688)</u>
Net Water Treatment Plant	\$ 7,819,911	\$ 5,164,302
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,730,173
TRANSMISSION/DISTRIBUTION MAINS	64,276,997	62,281,157
WATER SERVICES	5,565,633	5,473,331
WATER METERS & INSTALLATIONS	3,942,413	3,896,262
HYDRANTS	<u>1,211,605</u>	<u>1,200,269</u>
Total Transmission & Distribution Plant	83,253,015	80,962,386
Less: Accumulated Depreciation	<u>(30,876,592)</u>	<u>(28,823,629)</u>
Net Transmission & Distribution Plant	\$ 52,376,423	\$ 52,138,757
Sewer Plant:		
COLLECTION SEWERS	\$ 20,269,026	\$ 18,600,133
TREATMENT AND DISPOSAL EQUIP.	4,134,549	4,063,129
SEWER SERVICES	250,849	192,967
SEWER METERS & INSTALLATIONS	125,561	115,557
OFFICE FURNITURE & EQUIPMENT	31,007	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	<u>26,581</u>	<u>25,926</u>
Total Sewer Plant	24,850,153	23,041,299
Less: Accumulated Depreciation	<u>(5,430,816)</u>	<u>(4,556,042)</u>
Net Sewer Plant	\$ 19,419,337	\$ 18,485,257

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of September 30, 2013 and 2012

General Plant in Service:

LAND AND LAND RIGHTS	\$	113,339	\$	113,339
STRUCTURES AND IMPROVEMENTS		390,299		390,299
PUMPING EQUIPMENT		26,000		26,000
OFFICE FURNITURE & EQUIPMENT		271,082		271,082
TRANSPORTATION EQUIPMENT		1,140,941		1,085,784
TOOLS, SHOP & GARAGE EQUIPMENT		136,207		136,207
LABORATORY EQUIPMENT		11,525		8,545
POWER OPERATED EQUIPMENT		383,549		383,549
COMMUNICATION EQUIPMENT		1,967,969		1,967,969
Total General Plant		4,440,911		4,382,774
Less: Accumulated Depreciation		(3,059,431)		(2,895,384)
Net General Plant	\$	1,381,480	\$	1,487,390
Construction in Progress	\$	9,914,915	\$	14,576,724
TOTAL PLANT IN SERVICE	\$	91,894,390	\$	92,919,906

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended September 30, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 529,762	\$ 4,761,684
METERED SALES - COMMERCIAL	62,085	525,895
METERED SALES - INDUSTRIAL	3,161	31,283
METERED SALES - PUBLIC AUTH.	26,262	203,609
METERED SALES - MULTI FAMILY	20,259	190,796
	641,529	5,713,267
Total Metered Water Revenue		
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 900
CUSTOMER LATE PAYMENT CHARGES	13,106	155,764
OTHER WATER SERVICE REVENUE	14,395	133,659
SERVICE CONNECTION FEES	12,335	130,378
SERVICE CONNECTION FEES FOR WA	90	1,810
	40,026	422,511
Total Other Water Revenue		
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 62,078	\$ 529,506
SEWER REVENUE - COMMERCIAL	20,396	173,696
	82,474	703,202
Total Sewer Revenue		
Total Operating Revenue	764,029	6,838,980

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended September 30,

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 5,522	\$ 40,630
CONTRACT SERVICE - ACCOUNTING	3,980	37,028
CONTRACT SERVICE - LEGAL	2,030	27,557
CONTRACT SERVICE - MANAGEMENT	633,734	5,701,735
CONTRACT MGMNT EXP ASSUMED	(8,811)	(123,783)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	1,029	6,229
OTHER LEGAL PSC EXPENSE	0	3,657
EDUCATION, DUES, MEETINGS, ETC.	3,084	29,540
SETTLEMENT EXPENSES	0	10
SERVICE FEE EXPENSE	0	4,282
BANK SERVICE FEES EXP	1,667	5,153
	<hr/>	<hr/>
Total General & Administrative Expense	\$ 642,235	\$ 5,737,994

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	4,761,684
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	525,895
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	31,283
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	203,609
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	190,796
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	900
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	155,764
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	133,659
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	130,378
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,810
SEWER REVENUE - RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	529,506
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	173,696
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	6,838,980
Gross Profit	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	6,838,980
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	1,847,328
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	0
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	598,686
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	9,908
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	40,630
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	92,310
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	0
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	37,028
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	27,557
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	5,701,735
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(123,783)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	6,229
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	3,657
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	29,540
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	10	0	0	500	0	10
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	4,282
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	5,153

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	15,915
Total Operating Expens	<u>918,143</u>	<u>920,055</u>	<u>926,491</u>	<u>926,118</u>	<u>1,237,504</u>	<u>600,818</u>	<u>919,613</u>	<u>926,386</u>	<u>927,023</u>	<u>942,401</u>	<u>910,128</u>	<u>1,111,868</u>	<u>8,302,141</u>
Operating Income (Los	<u>(158,421)</u>	<u>(165,689)</u>	<u>(211,325)</u>	<u>(179,010)</u>	<u>(470,289)</u>	<u>199,183</u>	<u>(159,680)</u>	<u>(154,943)</u>	<u>(162,994)</u>	<u>(193,202)</u>	<u>(158,591)</u>	<u>(201,430)</u>	<u>(1,463,161)</u>
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	2,092
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	0
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	0
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(268,530)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(36,315)
Total Other Income (Ex	<u>(46,144)</u>	<u>(32,293)</u>	<u>(32,104)</u>	<u>(32,286)</u>	<u>(32,467)</u>	<u>(31,606)</u>	<u>(32,012)</u>	<u>(32,242)</u>	<u>(31,601)</u>	<u>(28,986)</u>	<u>(41,129)</u>	<u>(75,995)</u>	<u>(302,753)</u>
Net Income (Loss) Befo	<u>(204,565)</u>	<u>(197,982)</u>	<u>(243,429)</u>	<u>(211,296)</u>	<u>(502,756)</u>	<u>167,577</u>	<u>(191,692)</u>	<u>(187,185)</u>	<u>(194,595)</u>	<u>(222,188)</u>	<u>(199,720)</u>	<u>(277,425)</u>	<u>(1,765,914)</u>
Net Income (Loss)	<u>\$ (204,565)</u>	<u>\$ (197,982)</u>	<u>\$ (243,429)</u>	<u>\$ (211,296)</u>	<u>\$ (502,756)</u>	<u>\$ 167,577</u>	<u>\$ (191,692)</u>	<u>\$ (187,185)</u>	<u>\$ (194,595)</u>	<u>\$ (222,188)</u>	<u>\$ (199,720)</u>	<u>\$ (277,425)</u>	<u>\$ (1,765,914)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13
Sales												
METERED SALES - RESIDENT	522,701.80	523,283.05	528,801.18	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17
METERED SALES - COMMER	52,028.79	55,436.15	59,207.63	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10
METERED SALES - INDUSTRI	7,221.83	2,805.76	4,474.96	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58
METERED SALES - PUBLIC A	28,542.93	32,154.21	25,780.53	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63
METERED SALES - MULTI FA	24,354.73	26,586.27	21,822.05	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	18,307.54	19,653.05	19,107.48	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45
OTHER WATER SERVICE REV	20,563.42	23,171.72	13,909.23	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47
SERVICE CONNECTION FEES	7,660.00	7,395.00	7,875.00	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00
SERVICE CONNECTION FEES	60.00	90.00	180.00	180.00	270.00	365.00	350.00	90.00	240.00	165.00	60.00	90.00
SEWER REVENUE -RESIDENT	58,861.53	65,452.54	38,921.99	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55
SEWER REVENUE - COMMER	18,376.27	18,252.10	18,886.74	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>758,778.84</u>	<u>774,379.85</u>	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>
Gross Profit	<u>758,778.84</u>	<u>774,379.85</u>	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	319,349.82	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	874.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	143,047.31	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	992.69	992.69	4,191.70	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53
COMP COMMISSIONERS - AU	2,500.00	7,797.94	(26,638.67)	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68
COMPENSATION - ADMINIST	9,750.00	9,750.00	4,350.00	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	0.00	0.00	221,862.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
rate study	0.00	0.00	17,698.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	25,995.81	3,451.00	4,497.50	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00
CONTRACT SERVICE - LEGAL	5,075.01	1,123.74	1,193.00	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00
CONTRACT SERVICE - MANA	730,000.00	690,536.66	469,463.34	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50
CONTRACT MGMNT EXP ASS	(22,389.92)	(16,421.04)	(215,027.88)	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)
AUTO & TRANSPORTATION E	12,016.77	0.00	0.00	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00
ADVERTISING	786.25	62.90	0.00	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	5,047.94	4,480.78	1,158.48	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19
Easements	0.00	0.00	(2,684.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	10/31/12	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13
SERVICE FEE EXPENSE	0.00	4,114.22	0.00	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00
BANK SERVICE FEES EXP	209.92	773.71	3,271.16	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31
Retirement Expense	3,446.66	3,446.66	(22,027.41)	3,446.66	3,934.45	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06
MISC. TAX EXPENSE	0.00	0.00	15,964.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>1,045,210.48</u>	<u>981,888.61</u>	<u>940,542.88</u>	<u>918,143.14</u>	<u>920,055.83</u>	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>	<u>927,021.04</u>
Operating Income (Loss)	<u>(286,431.64)</u>	<u>(207,508.76)</u>	<u>(201,476.09)</u>	<u>(158,422.11)</u>	<u>(165,690.59)</u>	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>	<u>(162,991.68)</u>
Other Income (Expense)												
INTEREST INCOME	206.58	186.20	295.25	191.28	169.77	307.84	189.89	194.69	316.39	201.26	196.84	324.01
INTEREST EXPENSE - TERM	(42,547.22)	(42,542.51)	(29,959.82)	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(6,313.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)
Total Other Income (Expense)	<u>(46,375.64)</u>	<u>(46,391.31)</u>	<u>(35,977.57)</u>	<u>(46,143.72)</u>	<u>(32,292.78)</u>	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>	<u>(31,600.60)</u>
Net Income (Loss) Before T	<u>(332,807.28)</u>	<u>(253,900.07)</u>	<u>(237,453.66)</u>	<u>(204,565.83)</u>	<u>(197,983.37)</u>	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>	<u>(194,592.28)</u>
Net Income (Loss)	<u>\$ (332,807.28)</u>	<u>\$ (253,900.07)</u>	<u>\$ (237,453.66)</u>	<u>\$ (204,565.83)</u>	<u>\$ (197,983.37)</u>	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>	<u>\$ (194,592.28)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended September 30, Actual	1 Month Ended September 30, 2013 Budget	Over / (Under) Budget	9 Months September 30, Actual	9 Months Ended September 30, Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 529,762.17	\$ 0.00	\$ 529,762.17	\$ 4,761,684.23	\$ 0.00	\$ 4,761,684.23
METERED SALES - COMMERCIAL	62,085.10	0.00	62,085.10	525,895.33	0.00	525,895.33
METERED SALES - INDUSTRIAL	3,160.58	0.00	3,160.58	31,283.02	0.00	31,283.02
METERED SALES - PUBLIC AUTH.	26,261.63	0.00	26,261.63	203,609.25	0.00	203,609.25
METERED SALES - MULTI FAMILY	20,259.21	0.00	20,259.21	190,795.66	0.00	190,795.66
FIRE PROTECTION REVENUE	100.00	0.00	100.00	900.00	0.00	900.00
CUSTOMER LATE PAYMENT CHARG	13,106.45	0.00	13,106.45	155,764.19	0.00	155,764.19
OTHER WATER SERVICE REVENUE	14,395.47	0.00	14,395.47	133,659.23	0.00	133,659.23
SERVICE CONNECTION FEES	12,335.00	0.00	12,335.00	130,377.98	0.00	130,377.98
SERVICE CONNECTION FEES FOR	90.00	0.00	90.00	1,810.00	0.00	1,810.00
SEWER REVENUE -RESIDENTIAL	62,077.55	0.00	62,077.55	529,506.13	0.00	529,506.13
SEWER REVENUE - COMMERCIAL	20,396.20	0.00	20,396.20	173,696.49	0.00	173,696.49
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>764,029.36</u>	<u>0.00</u>	<u>764,029.36</u>	<u>6,838,981.51</u>	<u>0.00</u>	<u>6,838,981.51</u>
Gross Profit	<u>764,029.36</u>	<u>0.00</u>	<u>764,029.36</u>	<u>6,838,981.51</u>	<u>0.00</u>	<u>6,838,981.51</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	1,847,328.39	0.00	1,847,328.39
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	598,685.76	0.00	598,685.76
PAYROLL TAXES - FICA & U.C.	1,029.53	0.00	1,029.53	9,907.75	0.00	9,907.75
COMP COMMISSIONERS - AUTO DIS	5,521.68	0.00	5,521.68	40,630.09	0.00	40,630.09
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	92,309.94	0.00	92,309.94
CONTRACT SERVICE - ACCOUNTIN	3,980.00	0.00	3,980.00	37,028.00	0.00	37,028.00
CONTRACT SERVICE - LEGAL	2,030.00	0.00	2,030.00	27,557.00	0.00	27,557.00
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	5,701,734.75	0.00	5,701,734.75
CONTRACT MGMNT EXP ASSUMED	(8,810.84)	0.00	(8,810.84)	(123,783.32)	0.00	(123,783.32)
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	1,028.60	0.00	1,028.60	6,228.59	0.00	6,228.59

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended September 30, Actual	1 Month Ended September 30, 2013 Budget	Over / (Under) Budget	9 Months September 30, Actual	9 Months Ended September 30, Budget	Over / (Under) Budget
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	3,657.00	0.00	3,657.00
EDUCATION, DUES, MEETINGS, ET	3,084.19	0.00	3,084.19	29,539.83	0.00	29,539.83
SETTLEMENT EXPENSES	0.00	0.00	0.00	10.00	0.00	10.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	4,281.53	0.00	4,281.53
BANK SERVICE FEES EXP	1,667.31	0.00	1,667.31	5,152.58	0.00	5,152.58
Retirement Expense	1,721.06	0.00	1,721.06	15,915.35	0.00	15,915.35
Total Operating Expenses	<u>927,021.04</u>	<u>0.00</u>	<u>927,021.04</u>	<u>8,302,139.01</u>	<u>0.00</u>	<u>8,302,139.01</u>
Operating Income (Loss)	<u>(162,991.68)</u>	<u>0.00</u>	<u>(162,991.68)</u>	<u>(1,463,157.50)</u>	<u>0.00</u>	<u>(1,463,157.50)</u>
Other Income (Expense)						
INTEREST INCOME	324.01	0.00	324.01	2,091.97	0.00	2,091.97
INTEREST EXPENSE - TERM DEBT	(27,889.61)	0.00	27,889.61	(268,530.27)	0.00	268,530.27
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(36,315.00)	0.00	36,315.00
Total Other Income (Expense)	<u>(31,600.60)</u>	<u>0.00</u>	<u>(31,600.60)</u>	<u>(302,753.30)</u>	<u>0.00</u>	<u>(302,753.30)</u>
Net Income (Loss) Before Taxes	<u>(194,592.28)</u>	<u>0.00</u>	<u>(194,592.28)</u>	<u>(1,765,910.80)</u>	<u>0.00</u>	<u>(1,765,910.80)</u>
Net Income (Loss)	<u>\$ (194,592.28)</u>	<u>\$ 0.00</u>	<u>\$ (194,592.28)</u>	<u>\$ (1,765,910.80)</u>	<u>\$ 0.00</u>	<u>\$ (1,765,910.80)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of October 31, 2013 and 2012**

ASSETS

	<u>Year-to-Date as of October 31, 2013</u>	<u>Comparative as of October 31, 2012</u>
Current Assets		
CASH IN BANK	\$ 610,944	\$ 331,013
CASH IN BANK - RESTRICTED	2,339,939	1,838,663
ACCOUNTS RECEIVABLE	651,744	901,313
CLEARING ACCOUNTS	(34,886)	(9,245)
RECEIVABLE - UMG R AND M	112,479	104,875
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	16,961	16,589
Total Current Assets	3,711,742	3,197,770
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	125,205,319	118,188,143
CONSTRUCTION IN PROGRESS	10,052,557	14,666,290
TOTAL PLANT IN SERVICE	135,350,192	132,946,749
LESS:		
ACCUMULATED DEPRECIATION	(43,478,267)	(40,094,352)
Total Other Assets	91,871,925	92,852,397
Total Assets	\$ 95,583,667	\$ 96,050,167

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of October 31, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of October 31, 2013</u>	<u>Comparative as of October 31, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	545,245	163,557
CURRENT PORTION DUE - NOTES PAYABLE	747,605	886,044
CUSTOMER DEPOSITS	321,483	307,295
ACCRUED PAYROLL & RELATED EXPENSES	27,579	48,625
ACCRUED INTEREST - LONG TERM DEBT	272,556	148,200
OTHER CURRENT LIABILITIES	39,853	43,474
Total Current Liabilities	<u>1,954,321</u>	<u>1,597,195</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,357,510	6,635,787
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,638,576	3,751,309
BONDS PAYABLE - RURAL DEVELOPMENT	3,906,154	3,965,154
LESS: CURRENT PORTION DUE	(747,605)	(886,044)
Total Long-Term Liabilities	<u>13,154,635</u>	<u>13,466,206</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(1,988,098)	(2,110,006)
ADVANCES FOR CONSTRUCTION	10,267,349	14,146,040
CONTRIBUTIONS IN AID OF CONSTRUCTION	94,944,729	89,262,917
TAP-ON-FEES	6,039,243	5,874,968
Total Equity & Contributions	<u>80,474,711</u>	<u>80,986,766</u>
Total Equity & Liabilities	<u>\$ 95,583,667</u>	<u>\$ 96,050,167</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended October 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 749,199	\$ 7,588,180
Total Revenue	<u>749,199</u>	<u>7,588,180</u>
Operating Expenses		
Administrator Expense	11,978	120,203
General & Administrative	657,613	6,395,604
Total Operating Expenses	669,590	6,515,807
Depreciation Expense	271,779	2,717,794
General Tax Expense	1,030	10,937
(Gains) Losses on Dispositions	(2,800)	(2,800)
Utility Operating Expense	939,599	9,241,738
Utility Operating Income (Loss)	(190,401)	(1,653,558)
Other Income & Deductions:		
Interest Income	207	2,299
Interest Expense	(31,993)	(336,838)
Total Other Income & Deductions	(31,786)	(334,539)
Net Income (Loss) for Period	\$ (222,187)	\$ (1,988,098)

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MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 10 Months Ended October 31, 2013

	For the Month Ended	For the Period Ended
	<u>October 31, 2013</u>	<u>October 31, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (222,187)	\$ (1,988,098)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	2,717,794
Losses (Gains) on sales of Fixed Assets	(2,800)	(2,800)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	59,437	199,734
Receivable - UMG R and M	(456)	27,917
Other assets	(500)	18,550
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(10,721)	(53,782)
Accrued Interest	31,716	109,977
Accrued Payroll Liabilities	3,037	21,159
Customer Deposits	(1,575)	29,741
Misc. Accrued Liabilities	2,126	16,904
Total Adjustments	<u>352,043</u>	<u>3,085,193</u>
Net Cash Provided By (Used in) Operating Activities	129,856	1,097,096
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(20,232)	(148,415)
Construction in Progress	(137,642)	(1,988,885)
Proceeds From Sale of Fixed Assets	<u>2,800</u>	<u>2,800</u>
Net Cash Provided By (Used in) Investing Activities	(155,073)	(2,134,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	22,618
Notes Payable Repayments	(44,344)	(602,791)
(Increase) decrease in restricted assets	(85,502)	(417,864)
Advances for construction	<u>131,038</u>	<u>2,032,807</u>
Net Cash Provided By (Used in) Financing Activities	1,191	1,034,770
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,026)	(2,633)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>634,970</u>	<u>613,577</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 10 Months Ended October 31, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>610,944</u>	\$ <u>610,944</u>
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1

\$

1

\$

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of October 31, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>October 31, 2013</u>	Comparative as of <u>October 31, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 151,060	\$ 0
BB & T - DEPRECIATION RESERVE	555,907	436,829
CTB - SHELBY COAL DEVELOPMENT	61,086	60,903
BB & T - Sinking Fund	308,372	253,702
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,426	1,557
CTB - CUSTOMER DEPOSIT ESCROW	389,603	367,008
CTB - FEMA Receivables	90	102
CTB-SEWER CUSTOMER DEPOSIT ACCT.	19,091	14,788
CTB - O & M RESERVES	16,529	16,513
Community Trust Bank - Misc Line Extension	7,967	7,947
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	542,697	428,838
CTB - Phelps Water Line Extension	(100)	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Variou Short Line Ext.	39,069	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	925	2,945
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	228,077
Total Cash Reserves - Restricted	\$ 2,339,939	\$ 1,838,662
Operating Cash:		
CTB - DIST. WIDE TAP FEES	226,495	215,178
Petty Cash	320	320
CTB - Operating Account	234,706	(20,180)
CTB-MWD Payroll Account	9,593	9,726
CTB - Dist Wide WW Tap Fees	39,428	56,807
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	1,304	50
CTB.-M.W.D. Rehab Project	30,096	110
Total Operating Cash	\$ 610,944	\$ 331,013

Accounts Receivable:

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of October 31, 2013 and 2012

RECEIVABLE - WATER SALES	496,013	619,225
RECEIVABLE - RETURNED CHECKS	13,294	17,351
RECEIVABLE - OTHER FEES, ETC..	88,349	212,527
RECEIVABLE - SEWER REVENUE	103,108	104,210
PROVISION FOR UNCOLLECTIBLES	<u>(49,019)</u>	<u>(52,000)</u>
Total Accounts Receivable	\$ 651,745	\$ 901,313
Clearing Accounts:		
MWD INTERCOMPANY TRANSFERS	<u>(34,886)</u>	<u>(9,245)</u>
Total Clearing Accounts	\$ (34,886)	\$ (9,245)
Prepaid Expenses:		
Other Current Assets:		
OTHER DEFERRED DEBTS	625	625
MIS.TAX EXPENSE	<u>16,336</u>	<u>15,964</u>
Total Other Current Assets	\$ 16,961	\$ 16,589

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of October 31, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>October 31, 2013</u>	Comparative as of <u>October 31, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 636,000
RD Bond 91-33	1,534,654	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-24 RUSSELL FK WTP	680,000	695,000
Total Bonds Payable	\$ 3,906,154	\$ 3,965,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,909,763	6,195,687
KIA LOAN B291-07 MULTI AREA	2,329,679	2,516,993
KIA LOAN B291-01 INDIAN CREEK	153,528	165,799
KIA LOAN F01-07 WATER PLANT	711,024	768,981
KIA LOAN A03-06 SO WMSN III	110,676	119,713
KIA Shelby III Phase II	333,669	179,823
CTB-FEMA loan 60100599434-N	27,053	(96,950)
2008 Nissan #116	0	4,148
set up new note 2007	0	3,947
2007 new note	0	5,464
Note (500,000) paid from UMG 2009	145,754	248,880
CTB- WTP line of credit	107,867	0
CTB-LN OF COMMITMENT - FEMA REC	0	141,911
N/P - CTB VEH.#124	6,926	15,833
N/P - CTB VEH. #125	6,926	15,833
N/P - CTB (KOMATSU)	0	6,264
2011 Silverado 388340	19,478	26,678
#135 2011 Nissan	13,644	20,961
#136 2011 Silverado	19,482	26,682
#137 2012 Colorado	15,462	20,448
N/P - CTB VEH.#138 2012 SILVERADO	30,400	0
N/P - CTB VEH. # 139 2012 SILVERADO	30,400	0
N/P - CTB VEH.#140 2012 SILVERADO	24,356	0
Total Long-Term Debt	\$ 9,996,087	\$ 10,387,095
Employee Related Payables:		
FICA TAXES WITHHELD	12,442	17,278
FEDERAL INCOME TAX WITHHELD	9,278	10,796
KY INCOME TAX WITHHELD	2,620	2,082
ACCRUED SUTA	1,308	1,290
ACCRUED FUTA	234	234
Accrued CERS	1,697	16,945
Total Employee Related Payables	\$ 27,579	\$ 48,625
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	7,250	5,900
TAXES COLLECTED ON CUST. BILLS	32,603	37,574

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of October 31, 2013 and 2012

Total Other Current Liabilities	\$	39,853	\$	43,474
Contributions in Aid of Construction:				
CONTRIBUTIONS - GOVT GRANTS		64,471,625		60,243,650
CONTRIBUTIONS IN AID - SEWER		20,124,605		19,729,684
CONTRIBUTIONS - OTHER AID		8,464,989		8,364,989
CONTRIBUTION IN AID - SEWER		1,883,509		924,594
		<hr/>		<hr/>
Total Contributions in Aid of Construction	\$	94,944,728	\$	89,262,917

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of October 31, 2013 and 2012

	Year-to-Date as of <u>October 31, 2013</u>	Comparative as of <u>October 31, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,094,916
Total Cost of Supply Plant	3,410,605	3,396,305
Less: Accumulated Depreciation	(2,438,254)	(2,342,751)
Net Cost of Supply Plant	\$ 972,351	\$ 1,053,554
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	6,263,593
Total Water Treatment Plant	9,234,354	6,382,990
Less: Accumulated Depreciation	(1,415,699)	(1,219,944)
Net Water Treatment Plant	\$ 7,818,655	\$ 5,163,046
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,730,173
TRANSMISSION/DISTRIBUTION MAINS	64,276,997	62,281,157
WATER SERVICES	5,573,609	5,486,720
WATER METERS & INSTALLATIONS	3,946,401	3,902,957
HYDRANTS	1,211,605	1,200,269
Total Transmission & Distribution Plant	83,264,979	80,982,470
Less: Accumulated Depreciation	(31,040,224)	(28,987,262)
Net Transmission & Distribution Plant	\$ 52,224,755	\$ 51,995,208
Sewer Plant:		
COLLECTION SEWERS	\$ 20,269,026	\$ 18,600,133
TREATMENT AND DISPOSAL EQUIP.	4,134,549	4,063,129
SEWER SERVICES	253,727	194,504
SEWER METERS & INSTALLATIONS	127,000	116,326
OFFICE FURNITURE & EQUIPMENT	31,007	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	26,581	25,926
Total Sewer Plant	24,854,470	23,043,605
Less: Accumulated Depreciation	(5,497,337)	(4,622,562)
Net Sewer Plant	\$ 19,357,133	\$ 18,421,043

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of October 31, 2013 and 2012

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,140,941	1,085,784
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		<u>1,967,969</u>	<u>1,967,969</u>
Total General Plant		4,440,911	4,382,774
Less: Accumulated Depreciation		<u>(3,085,880)</u>	<u>(2,921,833)</u>
Net General Plant	\$	1,355,031	\$ 1,460,941
Construction in Progress	\$	10,052,557	\$ 14,666,290
TOTAL PLANT IN SERVICE	\$	91,780,483	\$ 92,760,082

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended October 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 510,447	\$ 5,272,131
METERED SALES - COMMERCIAL	61,466	587,361
METERED SALES - INDUSTRIAL	3,117	34,400
METERED SALES - PUBLIC AUTH.	28,308	231,918
METERED SALES - MULTI FAMILY	20,944	211,739
Total Metered Water Revenue	\$ 624,282	\$ 6,337,549
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 1,000
CUSTOMER LATE PAYMENT CHARGES	13,319	169,084
OTHER WATER SERVICE REVENUE	19,353	153,012
SERVICE CONNECTION FEES	13,640	144,018
SERVICE CONNECTION FEES FOR WA	60	1,870
Total Other Water Revenue	\$ 46,472	\$ 468,984
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 61,721	\$ 591,228
SEWER REVENUE - COMMERCIAL	16,724	190,420
Total Sewer Revenue	\$ 78,445	\$ 781,648
Total Operating Revenue	\$ 749,199	\$ 7,588,181

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended October 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 5,522	\$ 46,152
CONTRACT SERVICE - ACCOUNTING	26,621	63,649
CONTRACT SERVICE - LEGAL	1,994	29,551
CONTRACT SERVICE - MANAGEMENT	633,734	6,335,468
CONTRACT MGMNT EXP ASSUMED	(16,282)	(140,065)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	352	6,580
OTHER LEGAL PSC EXPENSE	0	3,657
EDUCATION, DUES, MEETINGS, ETC.	5,695	35,235
SETTLEMENT EXPENSES	0	10
SERVICE FEE EXPENSE	0	4,282
BANK SERVICE FEES EXP	(23)	5,130
	<hr/>	<hr/>
Total General & Administrative Expense	\$ 657,613	\$ 6,395,605

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	5,272,131
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	587,361
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	34,400
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	231,918
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	211,739
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	1,000
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	169,084
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	153,012
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	144,018
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,870
SEWER REVENUE -RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	591,228
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	190,420
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	<u>759,722</u>	<u>754,366</u>	<u>715,166</u>	<u>747,108</u>	<u>767,215</u>	<u>800,001</u>	<u>759,933</u>	<u>771,443</u>	<u>764,029</u>	<u>749,199</u>	<u>751,537</u>	<u>910,438</u>	<u>7,588,181</u>
Gross Profit	<u>759,722</u>	<u>754,366</u>	<u>715,166</u>	<u>747,108</u>	<u>767,215</u>	<u>800,001</u>	<u>759,933</u>	<u>771,443</u>	<u>764,029</u>	<u>749,199</u>	<u>751,537</u>	<u>910,438</u>	<u>7,588,181</u>
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	2,052,587
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	0
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	665,206
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	10,937
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	46,152
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	102,567
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	0
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	63,649
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	29,551
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	6,335,468
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(140,065)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	6,580
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	3,657
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	35,235
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	10	0	0	500	0	10
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	4,282
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	5,130

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2013**

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	17,836
Total Operating Expens	918,143	920,055	926,491	926,118	1,237,504	600,818	919,613	926,386	927,023	942,401	910,128	1,111,868	9,244,538
Operating Income (Los	(158,421)	(165,689)	(211,325)	(179,010)	(470,289)	199,183	(159,680)	(154,943)	(162,994)	(193,202)	(158,591)	(201,430)	(1,656,357)
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	2,299
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	0
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	2,800
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(296,488)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(40,350)
Total Other Income (Ex	(46,144)	(32,293)	(32,104)	(32,286)	(32,467)	(31,606)	(32,012)	(32,242)	(31,601)	(28,986)	(41,129)	(75,995)	(331,739)
Net Income (Loss) Befo	(204,565)	(197,982)	(243,429)	(211,296)	(502,756)	167,577	(191,692)	(187,185)	(194,595)	(222,188)	(199,720)	(277,425)	(1,988,096)
Net Income (Loss)	\$ (204,565)	\$ (197,982)	\$ (243,429)	\$ (211,296)	\$ (502,756)	\$ 167,577	\$ (191,692)	\$ (187,185)	\$ (194,595)	\$ (222,188)	\$ (199,720)	\$ (277,425)	\$ (1,988,096)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13
Sales												
METERED SALES - RESIDENT	523,283.05	528,801.18	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73
METERED SALES - COMMER	55,436.15	59,207.63	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76
METERED SALES - INDUSTRI	2,805.76	4,474.96	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04
METERED SALES - PUBLIC A	32,154.21	25,780.53	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27
METERED SALES - MULTI FA	26,586.27	21,822.05	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,653.05	19,107.48	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31
OTHER WATER SERVICE REV	23,171.72	13,909.23	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59
SERVICE CONNECTION FEES	7,395.00	7,875.00	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00
SERVICE CONNECTION FEES	90.00	180.00	180.00	270.00	365.00	350.00	90.00	240.00	165.00	60.00	90.00	60.00
SEWER REVENUE - RESIDENT	65,452.54	38,921.99	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44
SEWER REVENUE - COMMER	18,252.10	18,886.74	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	774,379.85	739,066.79	759,721.03	754,365.24	715,167.85	747,107.29	767,213.03	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50
Gross Profit	774,379.85	739,066.79	759,721.03	754,365.24	715,167.85	747,107.29	767,213.03	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	319,349.82	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	874.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	143,047.31	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	992.69	4,191.70	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53
COMP COMMISSIONERS - AU	7,797.94	(26,638.67)	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68
COMPENSATION - ADMINIST	9,750.00	4,350.00	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	0.00	221,862.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
rate study	0.00	17,698.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	3,451.00	4,497.50	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49
CONTRACT SERVICE - LEGAL	1,123.74	1,193.00	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75
CONTRACT SERVICE - MANA	690,536.66	469,463.34	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50
CONTRACT MGMNT EXP ASS	(16,421.04)	(215,027.88)	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)
AUTO & TRANSPORTATION E	0.00	0.00	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00
ADVERTISING	62.90	0.00	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	4,480.78	1,158.48	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97
Easements	0.00	(2,684.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months

	11/30/12	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13
SERVICE FEE EXPENSE	4,114.22	0.00	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00
BANK SERVICE FEES EXP	773.71	3,271.16	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)
Retirement Expense	3,446.66	(22,027.41)	3,446.66	3,934.45	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06
MISC. TAX EXPENSE	0.00	15,964.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	981,888.61	940,542.88	918,143.14	920,055.83	926,489.24	926,115.50	1,237,503.41	600,815.61	919,610.88	926,384.36	927,021.04	942,399.20
Operating Income (Loss)	(207,508.76)	(201,476.09)	(158,422.11)	(165,690.59)	(211,321.39)	(179,008.21)	(470,290.38)	199,186.84	(159,677.85)	(154,942.13)	(162,991.68)	(193,200.70)
Other Income (Expense)												
INTEREST INCOME	186.20	295.25	191.28	169.77	307.84	189.89	194.69	316.39	201.26	196.84	324.01	206.99
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00
INTEREST EXPENSE - TERM	(42,542.51)	(29,959.82)	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)
INTEREST EXPENSE - TERM	(4,035.00)	(6,313.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)
Total Other Income (Expense)	(46,391.31)	(35,977.57)	(46,143.72)	(32,292.78)	(32,104.07)	(32,286.51)	(32,466.89)	(31,605.60)	(32,011.35)	(32,241.78)	(31,600.60)	(28,986.05)
Net Income (Loss) Before T	(253,900.07)	(237,453.66)	(204,565.83)	(197,983.37)	(243,425.46)	(211,294.72)	(502,757.27)	167,581.24	(191,689.20)	(187,183.91)	(194,592.28)	(222,186.75)
Net Income (Loss)	\$ (253,900.07)	\$ (237,453.66)	\$ (204,565.83)	\$ (197,983.37)	\$ (243,425.46)	\$ (211,294.72)	\$ (502,757.27)	\$ 167,581.24	\$ (191,689.20)	\$ (187,183.91)	\$ (194,592.28)	\$ (222,186.75)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended October 31, 2013 Actual	1 Month Ended October 31, 2013 Budget	Over / (Under) Budget	10 Months October 31, Actual	10 Months Ended October 31, 2013 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 510,446.73	\$ 0.00	\$ 510,446.73	\$ 5,272,130.96	\$ 0.00	\$ 5,272,130.96
METERED SALES - COMMERCIAL	61,465.76	0.00	61,465.76	587,361.09	0.00	587,361.09
METERED SALES - INDUSTRIAL	3,117.04	0.00	3,117.04	34,400.06	0.00	34,400.06
METERED SALES - PUBLIC AUTH.	28,308.27	0.00	28,308.27	231,917.52	0.00	231,917.52
METERED SALES - MULTI FAMILY	20,943.60	0.00	20,943.60	211,739.26	0.00	211,739.26
FIRE PROTECTION REVENUE	100.00	0.00	100.00	1,000.00	0.00	1,000.00
CUSTOMER LATE PAYMENT CHARG	13,319.31	0.00	13,319.31	169,083.50	0.00	169,083.50
OTHER WATER SERVICE REVENUE	19,352.59	0.00	19,352.59	153,011.82	0.00	153,011.82
SERVICE CONNECTION FEES	13,640.00	0.00	13,640.00	144,017.98	0.00	144,017.98
SERVICE CONNECTION FEES FOR	60.00	0.00	60.00	1,870.00	0.00	1,870.00
SEWER REVENUE -RESIDENTIAL	61,721.44	0.00	61,721.44	591,227.57	0.00	591,227.57
SEWER REVENUE - COMMERCIAL	16,723.76	0.00	16,723.76	190,420.25	0.00	190,420.25
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>749,198.50</u>	<u>0.00</u>	<u>749,198.50</u>	<u>7,588,180.01</u>	<u>0.00</u>	<u>7,588,180.01</u>
Gross Profit	<u>749,198.50</u>	<u>0.00</u>	<u>749,198.50</u>	<u>7,588,180.01</u>	<u>0.00</u>	<u>7,588,180.01</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	2,052,587.10	0.00	2,052,587.10
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	665,206.40	0.00	665,206.40
PAYROLL TAXES - FICA & U.C.	1,029.53	0.00	1,029.53	10,937.28	0.00	10,937.28
COMP COMMISSIONERS - AUTO DIS	5,521.68	0.00	5,521.68	46,151.77	0.00	46,151.77
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	102,566.60	0.00	102,566.60
CONTRACT SERVICE - ACCOUNTIN	26,621.49	0.00	26,621.49	63,649.49	0.00	63,649.49
CONTRACT SERVICE - LEGAL	1,993.75	0.00	1,993.75	29,550.75	0.00	29,550.75
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	6,335,468.25	0.00	6,335,468.25
CONTRACT MGMNT EXP ASSUMED	(16,281.71)	0.00	(16,281.71)	(140,065.03)	0.00	(140,065.03)
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	351.50	0.00	351.50	6,580.09	0.00	6,580.09

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended October 31, 2013 Actual	1 Month Ended October 31, 2013 Budget	Over / (Under) Budget	10 Months October 31, Actual	10 Months Ended October 31, 2013 Budget	Over / (Under) Budget
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	3,657.00	0.00	3,657.00
EDUCATION, DUES, MEETINGS, ET	5,694.97	0.00	5,694.97	35,234.80	0.00	35,234.80
SETTLEMENT EXPENSES	0.00	0.00	0.00	10.00	0.00	10.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	4,281.53	0.00	4,281.53
BANK SERVICE FEES EXP	(22.58)	0.00	(22.58)	5,130.00	0.00	5,130.00
Retirement Expense	1,721.06	0.00	1,721.06	17,636.41	0.00	17,636.41
Total Operating Expenses	<u>942,399.20</u>	<u>0.00</u>	<u>942,399.20</u>	<u>9,244,538.21</u>	<u>0.00</u>	<u>9,244,538.21</u>
Operating Income (Loss)	<u>(193,200.70)</u>	<u>0.00</u>	<u>(193,200.70)</u>	<u>(1,656,358.20)</u>	<u>0.00</u>	<u>(1,656,358.20)</u>
Other Income (Expense)						
INTEREST INCOME	206.99	0.00	206.99	2,298.96	0.00	2,298.96
Gain (Loss) on Sale of Fixed Assets	2,800.00	0.00	(2,800.00)	2,800.00	0.00	(2,800.00)
INTEREST EXPENSE - TERM DEBT	(27,958.04)	0.00	27,958.04	(296,488.31)	0.00	296,488.31
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(40,350.00)	0.00	40,350.00
Total Other Income (Expense)	<u>(28,986.05)</u>	<u>0.00</u>	<u>(28,986.05)</u>	<u>(331,739.35)</u>	<u>0.00</u>	<u>(331,739.35)</u>
Net Income (Loss) Before Taxes	<u>(222,186.75)</u>	<u>0.00</u>	<u>(222,186.75)</u>	<u>(1,988,097.55)</u>	<u>0.00</u>	<u>(1,988,097.55)</u>
Net Income (Loss)	<u>\$ (222,186.75)</u>	<u>\$ 0.00</u>	<u>\$ (222,186.75)</u>	<u>\$ (1,988,097.55)</u>	<u>\$ 0.00</u>	<u>\$ (1,988,097.55)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of November 30, 2013 and 2012**

ASSETS

	<u>Year-to-Date as of November 30, 2013</u>	<u>Comparative as of November 30, 2012</u>
Current Assets		
CASH IN BANK	\$ 430,467	\$ 629,987
CASH IN BANK - RESTRICTED	2,186,331	1,708,701
ACCOUNTS RECEIVABLE	794,635	840,084
CLEARING ACCOUNTS	(34,886)	12,326
RECEIVABLE - UMG R AND M	86,960	122,162
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	625	16,589
Total Current Assets	<u>3,478,692</u>	<u>3,344,410</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	125,214,641	118,204,480
CONSTRUCTION IN PROGRESS	10,174,881	14,716,191
TOTAL PLANT IN SERVICE	<u>135,481,838</u>	<u>133,012,987</u>
LESS:		
ACCUMULATED DEPRECIATION	<u>(43,750,046)</u>	<u>(40,366,047)</u>
Total Other Assets	91,731,792	92,646,940
Total Assets	<u>\$ 95,210,484</u>	<u>\$ 95,991,351</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of November 30, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of November 30, 2013</u>	<u>Comparative as of November 30, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	528,491	490,758
CURRENT PORTION DUE - NOTES PAYABLE	747,605	886,044
CUSTOMER DEPOSITS	322,065	296,883
ACCRUED PAYROLL & RELATED EXPENSES	5,874	53,571
ACCRUED INTEREST - LONG TERM DEBT	265,042	146,228
OTHER CURRENT LIABILITIES	23,875	43,490
Total Current Liabilities	<u>1,892,952</u>	<u>1,916,974</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,313,165	6,596,118
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,494,198	3,610,482
BONDS PAYABLE - RURAL DEVELOPMENT	3,906,154	3,965,154
LESS: CURRENT PORTION DUE	(747,605)	(886,044)
Total Long-Term Liabilities	<u>12,965,913</u>	<u>13,285,710</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(2,187,817)	(2,363,906)
ADVANCES FOR CONSTRUCTION	10,335,602	14,187,038
CONTRIBUTIONS IN AID OF CONSTRUCTION	94,944,729	89,262,917
TAP-ON-FEES	6,047,618	5,889,770
Total Equity & Contributions	<u>80,351,619</u>	<u>80,788,667</u>
Total Equity & Liabilities	<u>\$ 95,210,484</u>	<u>\$ 95,991,351</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended November 30, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 751,536	\$ 8,339,716
Total Revenue	<u>751,536</u>	<u>8,339,716</u>
Operating Expenses		
Administrator Expense	11,978	132,181
General & Administrative	<u>625,908</u>	<u>7,021,513</u>
Total Operating Expenses	637,886	7,153,694
Depreciation Expense	271,779	2,989,573
General Tax Expense	461	11,399
(Gains) Losses on Dispositions	<u>0</u>	<u>(2,800)</u>
Utility Operating Expense	910,127	10,151,865
Utility Operating Income (Loss)	(158,591)	(1,812,149)
Other Income & Deductions:		
Interest Income	197	2,496
Interest Expense	<u>(41,326)</u>	<u>(378,164)</u>
Total Other Income & Deductions	<u>(41,128)</u>	<u>(375,668)</u>
Net Income (Loss) for Period	\$ (199,719)	\$ (2,187,817)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 11 Months Ended November 30, 2013**

	For the Month Ended	For the Period Ended
	<u>November 30, 2013</u>	<u>November 30, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (199,719)	\$ (2,187,817)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	2,989,573
Losses (Gains) on sales of Fixed Assets	0	(2,800)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(142,891)	56,844
Receivable - UMG R and M	25,519	53,436
Other assets	16,336	34,886
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(16,754)	(70,536)
Accrued Interest	(7,515)	102,463
Accrued Payroll Liabilities	(21,705)	(546)
Customer Deposits	582	30,323
Misc. Accrued Liabilities	(15,978)	925
Total Adjustments	<u>109,374</u>	<u>3,194,567</u>
Net Cash Provided By (Used in) Operating Activities	(90,345)	1,006,751
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(9,321)	(157,736)
Construction in Progress	(122,324)	(2,111,209)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>2,800</u>
Net Cash Provided By (Used In) Investing Activities	(131,646)	(2,266,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	22,618
Notes Payable Repayments	(188,722)	(791,513)
(Increase) decrease in restricted assets	153,608	(264,255)
Advances for construction	<u>76,627</u>	<u>2,109,434</u>
Net Cash Provided By (Used In) Financing Activities	41,513	1,076,284
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(180,477)	(183,111)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>610,944</u>	<u>613,577</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 11 Months Ended November 30, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>430,467</u>	\$ <u>430,467</u>
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of November 30, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>November 30, 2013</u>	Comparative as of <u>November 30, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 151,060	\$ 0
BB & T - DEPRECIATION RESERVE	565,832	446,757
CTB - SHELBY COAL DEVELOPMENT	61,101	60,918
BB & T - Sinking Fund	170,474	115,453
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,408	1,555
CTB - CUSTOMER DEPOSIT ESCROW	391,066	354,191
CTB - FEMA Receivables	90	102
CTB-SEWER CUSTOMER DEPOSIT ACCT.	19,311	14,621
CTB - O & M RESERVES	16,529	16,513
Community Trust Bank - Misc Line Extension	7,968	7,948
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	554,037	440,178
CTB - Phelps Water Line Extension	(100)	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Various Short Line Ext.	75	62
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	2,945
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	228,077
M.W.D. Bad Fork AML Project	0	(10)
Total Cash Reserves - Restricted	\$ 2,186,330	\$ 1,708,701
Operating Cash:		
CTB - DIST. WIDE TAP FEES	221,494	219,068
Petty Cash	320	320
CTB - Operating Account	64,640	272,161
CTB-MWD Payroll Account	9,694	9,878
CTB - Dist Wide WW Tap Fees	40,797	59,407
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	971	40
CTB.-M.W.D. Rehab Project	23,550	110
Total Operating Cash	\$ 430,468	\$ 629,986

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of November 30, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>November 30, 2013</u>	Comparative as of <u>November 30, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 636,000
RD Bond 91-33	1,534,654	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-24 RUSSELL FK WTP	680,000	695,000
Total Bonds Payable	\$ 3,906,154	\$ 3,965,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,865,419	6,158,531
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	171,424
CTB-FEMA loan 60100599434-N	27,053	(99,462)
2008 Nissan #116	0	4,148
set up new note 2007	0	3,947
2007 new note	0	5,464
Note (500,000) paid from UMG 2009	145,754	248,880
CTB- WTP line of credit	107,867	0
CTB-LN OF COMMITMENT - FEMA REC	0	141,911
N/P - CTB VEH.#124	6,926	15,833
N/P - CTB VEH. #125	6,926	15,833
N/P - CTB (KOMATSU)	0	6,264
2011 Silberado 388340	19,478	26,678
#135 2011 Nissan	13,644	20,961
#136 2011 Silverado	19,482	26,682
#137 2012 Colorado	15,462	20,448
N/P - CTB VEH.#138 2012 SILVERADO	30,400	0
N/P - CTB VEH. # 139 2012 SILVERADO	30,400	0
N/P - CTB VEH.#140 2012 SILVERADO	24,356	0
Total Long-Term Debt	\$ 9,807,365	\$ 10,206,599
Employee Related Payables:		
FICA TAXES WITHHELD	0	18,848
FEDERAL INCOME TAX WITHHELD	0	11,875
KY INCOME TAX WITHHELD	2,620	2,603
ACCRUED SUTA	1,383	1,365
ACCRUED FUTA	249	249
Accrued CERS	1,622	18,632
Total Employee Related Payables	\$ 5,874	\$ 53,572
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	7,960	6,640
TAXES COLLECTED ON CUST. BILLS	15,915	36,850

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of November 30, 2013 and 2012

Total Other Current Liabilities	\$	23,875	\$	43,490
Contributions in Aid of Construction:				
CONTRIBUTIONS - GOVT GRANTS		64,471,625		60,243,650
CONTRIBUTIONS IN AID - SEWER		20,124,605		19,729,684
CONTRIBUTIONS - OTHER AID		8,464,989		8,364,989
CONTRIBUTION IN AID - SEWER		1,883,509		924,594
Total Contributions in Aid of Construction	\$	94,944,728	\$	89,262,917

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of November 30, 2013 and 2012

	Year-to-Date as of <u>November 30, 2013</u>	Comparative as of <u>November 30, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	<u>3,105,266</u>	<u>3,094,916</u>
Total Cost of Supply Plant	3,410,605	3,396,305
Less: Accumulated Depreciation	<u>(2,452,175)</u>	<u>(2,356,672)</u>
Net Cost of Supply Plant	\$ 958,430	\$ 1,039,633
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	<u>9,114,957</u>	<u>6,263,593</u>
Total Water Treatment Plant	9,234,354	6,382,990
Less: Accumulated Depreciation	<u>(1,416,954)</u>	<u>(1,221,200)</u>
Net Water Treatment Plant	\$ 7,817,400	\$ 5,161,790
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,730,173
TRANSMISSION/DISTRIBUTION MAINS	64,276,997	62,281,157
WATER SERVICES	5,578,746	5,495,569
WATER METERS & INSTALLATIONS	3,948,970	3,907,381
HYDRANTS	<u>1,211,605</u>	<u>1,203,417</u>
Total Transmission & Distribution Plant	83,272,685	80,998,891
Less: Accumulated Depreciation	<u>(31,203,857)</u>	<u>(29,150,894)</u>
Net Transmission & Distribution Plant	\$ 52,068,828	\$ 51,847,997
Sewer Plant:		
COLLECTION SEWERS	\$ 20,269,026	\$ 18,600,133
TREATMENT AND DISPOSAL EQUIP.	4,134,549	4,063,129
SEWER SERVICES	254,804	194,504
SEWER METERS & INSTALLATIONS	127,538	116,242
OFFICE FURNITURE & EQUIPMENT	31,007	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	<u>26,581</u>	<u>25,926</u>
Total Sewer Plant	24,856,085	23,043,521
Less: Accumulated Depreciation	<u>(5,563,857)</u>	<u>(4,688,999)</u>
Net Sewer Plant	\$ 19,292,228	\$ 18,354,522

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of November 30, 2013 and 2012

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,140,941	1,085,784
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,440,911	4,382,774
Less: Accumulated Depreciation		(3,112,329)	(2,948,282)
Net General Plant	\$	1,328,582	\$ 1,434,492
Construction in Progress	\$	10,174,881	\$ 14,716,191
TOTAL PLANT IN SERVICE	\$	91,640,349	\$ 92,554,625

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended November 30, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 523,434	\$ 5,795,565
METERED SALES - COMMERCIAL	59,614	646,975
METERED SALES - INDUSTRIAL	3,932	38,332
METERED SALES - PUBLIC AUTH.	22,888	254,805
METERED SALES - MULTI FAMILY	25,659	237,398
Total Metered Water Revenue	<u>\$ 635,527</u>	<u>\$ 6,973,075</u>
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 1,100
CUSTOMER LATE PAYMENT CHARGES	11,713	180,796
OTHER WATER SERVICE REVENUE	12,438	165,450
SERVICE CONNECTION FEES	9,840	153,858
SERVICE CONNECTION FEES FOR WA	60	1,930
Total Other Water Revenue	<u>\$ 34,151</u>	<u>\$ 503,134</u>
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 61,729	\$ 652,956
SEWER REVENUE - COMMERCIAL	20,130	210,550
Total Sewer Revenue	<u>\$ 81,859</u>	<u>\$ 863,506</u>
Total Operating Revenue	<u>\$ 751,537</u>	<u>\$ 8,339,715</u>

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended November 30,

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ (18,652)	\$ 27,500
CONTRACT SERVICE - ACCOUNTING	4,212	67,861
CONTRACT SERVICE - LEGAL	6,706	36,257
CONTRACT SERVICE - MANAGEMENT	633,734	6,969,202
CONTRACT MGMNT EXP ASSUMED	(9,321)	(149,386)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	0	6,580
OTHER LEGAL PSC EXPENSE	4,918	8,575
EDUCATION, DUES, MEETINGS, ETC.	2,564	37,799
SETTLEMENT EXPENSES	500	510
SERVICE FEE EXPENSE	0	4,282
BANK SERVICE FEES EXP	1,248	6,378
Total General & Administrative Expense	\$ 625,909	\$ 7,021,514

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	5,795,565
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	646,975
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	38,332
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	254,805
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	237,398
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	1,100
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	180,796
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	165,450
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	153,858
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,930
SEWER REVENUE -RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	652,956
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	210,550
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	8,339,715
Gross Profit	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	8,339,715
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	2,257,846
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	0
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	731,727
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	11,399
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	27,500
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	112,823
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	0
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	67,861
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	36,257
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	6,969,202
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(149,386)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	6,580
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	8,575
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	37,799
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	10	0	0	500	0	510
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	4,282
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	6,378

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2013**

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	19,357
Total Operating Expens	918,143	920,055	926,491	926,118	1,237,504	600,818	919,613	926,386	927,023	942,401	910,128	1,111,868	10,154,666
Operating Income (Los	(158,421)	(165,689)	(211,325)	(179,010)	(470,289)	199,183	(159,680)	(154,943)	(162,994)	(193,202)	(158,591)	(201,430)	(1,814,951)
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	2,496
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	0
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	2,800
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(324,489)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(53,675)
Total Other Income (Ex	(46,144)	(32,293)	(32,104)	(32,286)	(32,467)	(31,606)	(32,012)	(32,242)	(31,601)	(28,986)	(41,129)	(75,995)	(372,868)
Net Income (Loss) Befo	(204,565)	(197,982)	(243,429)	(211,296)	(502,756)	167,577	(191,692)	(187,185)	(194,595)	(222,188)	(199,720)	(277,425)	(2,187,819)
Net Income (Loss)	\$ (204,565)	\$ (197,982)	\$ (243,429)	\$ (211,296)	\$ (502,756)	\$ 167,577	\$ (191,692)	\$ (187,185)	\$ (194,595)	\$ (222,188)	\$ (199,720)	\$ (277,425)	\$ (2,187,819)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13
Sales												
METERED SALES - RESIDENT	528,801.18	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32
METERED SALES - COMMER	59,207.63	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92
METERED SALES - INDUSTRI	4,474.96	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86
METERED SALES - PUBLIC A	25,780.53	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62
METERED SALES - MULTI FA	21,822.05	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,107.48	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77
OTHER WATER SERVICE REV	13,909.23	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71
SERVICE CONNECTION FEES	7,875.00	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00
SERVICE CONNECTION FEES	180.00	180.00	270.00	365.00	350.00	90.00	240.00	165.00	60.00	90.00	60.00	60.00
SEWER REVENUE - RESIDENT	38,921.99	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92
SEWER REVENUE - COMMER	18,886.74	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>-800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>
Gross Profit	<u>739,066.79</u>	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>
Operating Expenses												
DEPRECIATION EXPENSE	319,349.82	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	874.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	143,047.31	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	4,191.70	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32
COMP COMMISSIONERS - AU	(26,638.67)	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)
COMPENSATION - ADMINIST	4,350.00	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	221,862.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
rate study	17,698.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	4,497.50	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00
CONTRACT SERVICE - LEGAL	1,193.00	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25
CONTRACT SERVICE - MANA	469,463.34	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50
CONTRACT MGMNT EXP ASS	(215,027.88)	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)
AUTO & TRANSPORTATION E	0.00	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	0.00	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50
EDUCATION, DUES, MEETING	1,158.48	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48
Easements	(2,684.91)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	500.00

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MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months

	12/31/12	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13
SERVICE FEE EXPENSE	0.00	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00
BANK SERVICE FEES EXP	3,271.16	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87
Retirement Expense	(22,027.41)	3,446.66	3,934.45	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06
MISC. TAX EXPENSE	15,964.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	940,542.88	918,143.14	920,055.83	926,489.24	926,115.50	1,237,503.41	600,815.61	919,610.88	926,384.36	927,021.04	942,399.20	910,126.81
Operating Income (Loss)	(201,476.09)	(158,422.11)	(165,690.59)	(211,321.39)	(179,008.21)	(470,290.38)	199,186.84	(159,677.85)	(154,942.13)	(162,991.68)	(193,200.70)	(158,590.64)
Other Income (Expense)												
INTEREST INCOME	295.25	191.28	169.77	307.84	189.89	194.69	316.39	201.26	196.84	324.01	206.99	197.17
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00
INTEREST EXPENSE - TERM	(29,959.82)	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)
INTEREST EXPENSE - TERM	(6,313.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)
Total Other Income (Expens	(35,977.57)	(46,143.72)	(32,292.78)	(32,104.07)	(32,286.51)	(32,466.89)	(31,605.60)	(32,011.35)	(32,241.78)	(31,500.60)	(28,986.05)	(41,128.43)
Net Income (Loss) Before T	(237,453.66)	(204,565.83)	(197,983.37)	(243,425.46)	(211,294.72)	(502,757.27)	167,581.24	(191,689.20)	(187,183.91)	(194,592.28)	(222,186.75)	(199,719.07)
Net Income (Loss)	\$ (237,453.66)	\$ (204,565.83)	\$ (197,983.37)	\$ (243,425.46)	\$ (211,294.72)	\$ (502,757.27)	\$ 167,581.24	\$ (191,689.20)	\$ (187,183.91)	\$ (194,592.28)	\$ (222,186.75)	\$ (199,719.07)

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended November 30, 2013 Actual	1 Month Ended November 30, 2013 Budget	Over / (Under) Budget	11 Months November 30, Actual	11 Months Ended November 30, 2013 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 523,434.32	\$ 0.00	\$ 523,434.32	\$ 5,795,565.28	\$ 0.00	\$ 5,795,565.28
METERED SALES - COMMERCIAL	59,613.92	0.00	59,613.92	646,975.01	0.00	646,975.01
METERED SALES - INDUSTRIAL	3,931.86	0.00	3,931.86	38,331.92	0.00	38,331.92
METERED SALES - PUBLIC AUTH.	22,887.62	0.00	22,887.62	254,805.14	0.00	254,805.14
METERED SALES - MULTI FAMILY	25,659.21	0.00	25,659.21	237,398.47	0.00	237,398.47
FIRE PROTECTION REVENUE	100.00	0.00	100.00	1,100.00	0.00	1,100.00
CUSTOMER LATE PAYMENT CHARG	11,712.77	0.00	11,712.77	180,796.27	0.00	180,796.27
OTHER WATER SERVICE REVENUE	12,437.71	0.00	12,437.71	165,449.53	0.00	165,449.53
SERVICE CONNECTION FEES	9,840.00	0.00	9,840.00	153,857.98	0.00	153,857.98
SERVICE CONNECTION FEES FOR	60.00	0.00	60.00	1,930.00	0.00	1,930.00
SEWER REVENUE -RESIDENTIAL	61,728.92	0.00	61,728.92	652,956.49	0.00	652,956.49
SEWER REVENUE - COMMERCIAL	20,129.84	0.00	20,129.84	210,550.09	0.00	210,550.09
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>751,536.17</u>	<u>0.00</u>	<u>751,536.17</u>	<u>8,339,716.18</u>	<u>0.00</u>	<u>8,339,716.18</u>
Gross Profit	<u>751,536.17</u>	<u>0.00</u>	<u>751,536.17</u>	<u>8,339,716.18</u>	<u>0.00</u>	<u>8,339,716.18</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	2,257,845.81	0.00	2,257,845.81
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	731,727.04	0.00	731,727.04
PAYROLL TAXES - FICA & U.C.	461.32	0.00	461.32	11,398.60	0.00	11,398.60
COMP COMMISSIONERS - AUTO DIS	(18,651.77)	0.00	(18,651.77)	27,500.00	0.00	27,500.00
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	112,823.26	0.00	112,823.26
CONTRACT SERVICE - ACCOUNTIN	4,212.00	0.00	4,212.00	67,861.49	0.00	67,861.49
CONTRACT SERVICE - LEGAL	6,706.25	0.00	6,706.25	36,257.00	0.00	36,257.00
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	6,969,201.75	0.00	6,969,201.75
CONTRACT MGMNT EXP ASSUMED	(9,321.41)	0.00	(9,321.41)	(149,386.44)	0.00	(149,386.44)
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	0.00	0.00	0.00	6,580.09	0.00	6,580.09

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended November 30, 2013 Actual	1 Month Ended November 30, 2013 Budget	Over / (Under) Budget	11 Months November 30, Actual	11 Months Ended November 30, 2013 Budget	Over / (Under) Budget
OTHER LEGAL PSC EXPENSE	4,917.50		0.00	4,917.50	8,574.50	0.00
EDUCATION, DUES, MEETINGS, ET	2,564.48		0.00	2,564.48	37,799.28	0.00
SETTLEMENT EXPENSES	500.00		0.00	500.00	510.00	0.00
SERVICE FEE EXPENSE	0.00		0.00	0.00	4,281.53	0.00
BANK SERVICE FEES EXP	1,247.87		0.00	1,247.87	6,377.87	0.00
Retirement Expense	1,721.06		0.00	1,721.06	19,357.47	0.00
Total Operating Expenses	<u>910,126.81</u>		<u>0.00</u>	<u>910,126.81</u>	<u>10,154,665.02</u>	<u>0.00</u>
Operating Income (Loss)	<u>(158,590.64)</u>		<u>0.00</u>	<u>(158,590.64)</u>	<u>(1,814,948.84)</u>	<u>0.00</u>
Other Income (Expense)						
INTEREST INCOME	197.17		0.00	197.17	2,496.13	0.00
Gain (Loss) on Sale of Fixed Assets	0.00		0.00	0.00	2,800.00	0.00
INTEREST EXPENSE - TERM DEBT	(28,000.60)		0.00	28,000.60	(324,488.91)	0.00
INTEREST EXPENSE - TERM DEBT	(13,325.00)		0.00	13,325.00	(53,675.00)	0.00
Total Other Income (Expense)	<u>(41,128.43)</u>		<u>0.00</u>	<u>(41,128.43)</u>	<u>(372,867.78)</u>	<u>0.00</u>
Net Income (Loss) Before Taxes	<u>(199,719.07)</u>		<u>0.00</u>	<u>(199,719.07)</u>	<u>(2,187,816.62)</u>	<u>0.00</u>
Net Income (Loss)	<u>\$ (199,719.07)</u>	<u>\$ 0.00</u>	<u>\$ (199,719.07)</u>	<u>\$ (2,187,816.62)</u>	<u>\$ 0.00</u>	<u>\$ (2,187,816.62)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of December 31, 2013 and 2012**

ASSETS

	<u>Year-to-Date as of December 31, 2013</u>	<u>Comparative as of December 31, 2012</u>
Current Assets		
CASH IN BANK	\$ 556,796	\$ 613,577
CASH IN BANK - RESTRICTED	2,313,585	1,922,075
ACCOUNTS RECEIVABLE	863,425	851,478
RECEIVABLE - UMG R AND M	92,362	140,395
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,841,355</u>	<u>3,542,713</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,392,481	125,056,905
CONSTRUCTION IN PROGRESS	<u>5,008,870</u>	<u>8,063,672</u>
TOTAL PLANT IN SERVICE	135,493,667	133,212,893
LESS:		
ACCUMULATED DEPRECIATION	<u>(44,372,648)</u>	<u>(40,760,474)</u>
Total Other Assets	91,121,019	92,452,419
Total Assets	<u>\$ 94,962,374</u>	<u>\$ 95,995,132</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of December 31, 2013 and 2012**

LIABILITIES & EQUITY

	<u>Year-to-Date as of December 31, 2013</u>	<u>Comparative as of December 31, 2012</u>
Current Liabilities:		
ACCOUNTS PAYABLE	563,443	599,027
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	312,035	291,742
ACCRUED PAYROLL & RELATED EXPENSES	540	6,420
ACCRUED INTEREST - LONG TERM DEBT	172,606	162,579
OTHER CURRENT LIABILITIES	<u>26,572</u>	<u>22,950</u>
Total Current Liabilities	<u>1,979,422</u>	<u>1,830,323</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,335,069	6,736,092
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,494,198	3,781,167
BONDS PAYABLE - RURAL DEVELOPMENT	3,913,500	3,965,154
LESS: CURRENT PORTION DUE	<u>(904,227)</u>	<u>(747,605)</u>
Total Long-Term Liabilities	12,838,539	13,734,808
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(28,788,512)	(26,187,152)
CURRENT YEAR NET INCOME (LOSS)	(2,465,242)	(2,601,360)
ADVANCES FOR CONSTRUCTION	5,401,265	8,373,415
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	<u>6,051,743</u>	<u>5,900,370</u>
Total Equity & Contributions	80,144,413	80,430,002
 Total Equity & Liabilities	 <u>\$ 94,962,374</u>	 <u>\$ 95,995,132</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended December 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 910,438	\$ 9,250,154
Total Revenue	910,438	9,250,154
Operating Expenses		
Administrator Expense	10,431	142,611
General & Administrative	481,609	7,503,122
Total Operating Expenses	492,040	7,645,733
Depreciation Expense	619,161	3,608,734
General Tax Expense	(2,773)	8,625
(Gains) Losses on Dispositions	0	(2,800)
Utility Operating Expense	1,108,427	11,260,292
Utility Operating Income (Loss)	(197,990)	(2,010,139)
Other Income & Deductions:		
Interest Income	390	2,886
Interest Expense	(76,385)	(454,549)
Total Other Income & Deductions	(75,995)	(451,663)
Net Income (Loss) for Period	\$ (273,985)	\$ (2,461,802)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 12 Months Ended December 31, 2013**

	For the Month Ended	For the Period Ended
	<u>December 31, 2013</u>	<u>December 31, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (277,425)	\$ (2,465,242)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	622,601	3,612,174
Losses (Gains) on sales of Fixed Assets	0	(2,800)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(68,790)	(11,947)
Receivable - UMG R and M	(5,403)	48,033
Other assets	(34,886)	0
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	34,952	(35,584)
Accrued Interest	(92,436)	10,027
Accrued Payroll Liabilities	(5,335)	(5,880)
Customer Deposits	(10,030)	20,293
Misc. Accrued Liabilities	2,697	3,622
Total Adjustments	443,371	3,637,938
Net Cash Provided By (Used in) Operating Activities	165,946	1,172,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(5,177,840)	(5,335,576)
Construction in Progress	5,166,011	3,054,802
Proceeds From Sale of Fixed Assets	0	2,800
Net Cash Provided By (Used In) Investing Activities	(11,829)	(2,277,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	643,638	666,257
Notes Payable Repayments	(614,390)	(1,405,903)
(Increase) decrease in restricted assets	(127,255)	(391,510)
Advances for construction	70,218	2,179,653
Net Cash Provided By (Used In) Financing Activities	(27,788)	1,048,496
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	126,329	(56,781)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	430,467	613,577

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 12 Months Ended December 31, 2013**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>556,796</u>	\$ <u>556,796</u>
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Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2013 and 2012

ASSETS:

	Year-to-Date as of <u>December 31, 2013</u>	Comparative as of <u>December 31, 2012</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	575,742	456,678
CTB - SHELBY COAL DEVELOPMENT	61,117	60,934
BB & T - Sinking Fund	170,474	170,453
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,405	1,538
CTB - CUSTOMER DEPOSIT ESCROW	380,296	361,731
CTB - FEMA Receivables	90	102
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,318	15,032
CTB - O & M RESERVES	16,534	16,517
Community Trust Bank - Misc Line Extension	7,970	7,949
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	565,514	428,941
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	(20)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	104
CTB-Various Short Line Ext.	75	62
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	3,629
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	226,173	228,077
Total Cash Reserves - Restricted	\$ 2,313,588	\$ 1,922,074
Operating Cash:		
CTB - DIST. WIDE TAP FEES	218,654	210,202
Petty Cash	320	320
CTB - Operating Account	194,637	265,320
CTB-MWD Payroll Account	9,795	10,031
CTB - Dist Wide WW Tap Fees	39,847	58,563
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	991	30
CTB.-M.W.D. Rehab Project	23,550	110
Total Operating Cash	\$ 556,796	\$ 613,578

Accounts Receivable:

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2013 and 2012

RECEIVABLE - WATER SALES	796,993	777,935
RECEIVABLE - RETURNED CHECKS	1,061	908
RECEIVABLE - OTHER FEES, ETC..	19,032	24,321
RECEIVABLE - SEWER REVENUE	92,340	97,315
PROVISION FOR UNCOLLECTIBLES	(46,000)	(49,000)

Total Accounts Receivable	\$ 863,426	\$ 851,479
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Clearing Accounts:

Prepaid Expenses:

Other Current Assets:

OTHER DEFERRED DEBTS	625	625
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Total Other Current Assets	\$ 625	\$ 625
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2013 and 2012

LIABILITIES:

	Year-to-Date as of <u>December 31, 2013</u>	Comparative as of <u>December 31, 2012</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,534,000	1,555,654
RD Bond - Shelby Sewer Project	678,500	688,500
RD Bond - 91-01 Phelps Sewer	384,000	390,000
RD BOND 91-24 RUSSELL FK WTP	<u>688,000</u>	<u>702,000</u>
Total Bonds Payable	\$ 3,913,500	\$ 3,965,154
Long-Term Debt:		
Note Payable Ky. Rural Water	6,100,000	6,270,000
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	342,109
CTB-FEMA loan 60100599434-N	0	39,898
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	<u>19,216</u>	<u>24,356</u>
Total Long-Term Debt	\$ 9,829,267	\$ 10,517,259
Employee Related Payables:		
FICA TAXES WITHHELD	0	2,649
KY INCOME TAX WITHHELD	540	1,562
Accrued CERS	<u>0</u>	<u>2,210</u>
Total Employee Related Payables	\$ 540	\$ 6,421
Other Current Liabilities:		
TAXES COLLECTED ON CUST. BILLS	<u>26,572</u>	<u>22,950</u>
Total Other Current Liabilities	\$ 26,572	\$ 22,950
Contributions in Aid of Construction:		
CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	<u>1,883,509</u>	<u>1,883,509</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2013 and 2012

Total Contributions in Aid of Construction	\$	99,945,158	\$	94,944,728
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Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of December 31, 2013 and 2012

	Year-to-Date as of <u>December 31, 2013</u>	Comparative as of <u>December 31, 2012</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,394,532)	(2,299,037)
Net Cost of Supply Plant	\$ 1,016,073	\$ 1,107,618
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,633,714)	(1,403,142)
Net Water Treatment Plant	\$ 7,600,640	\$ 7,831,212
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,088,442	5,500,901
WATER METERS & INSTALLATIONS	3,950,546	3,910,047
HYDRANTS	1,213,510	1,211,605
Total Transmission & Distribution Plant	85,132,775	83,155,917
Less: Accumulated Depreciation	(31,508,114)	(29,402,534)
Net Transmission & Distribution Plant	\$ 53,624,661	\$ 53,753,383
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,133,129
SEWER SERVICES	309,920	233,059
SEWER METERS & INSTALLATIONS	127,538	116,666
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,153,798	24,822,048
Less: Accumulated Depreciation	(5,777,335)	(4,832,130)
Net Sewer Plant	\$ 22,376,463	\$ 19,989,918

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of December 31, 2013 and 2012

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		<u>1,967,969</u>	<u>1,967,969</u>
Total General Plant		4,460,950	4,437,931
Less: Accumulated Depreciation		<u>(3,054,638)</u>	<u>(2,822,756)</u>
Net General Plant	\$	1,406,312	\$ 1,615,175
Construction in Progress	\$	5,008,870	\$ 8,063,672
TOTAL PLANT IN SERVICE	\$	91,033,019	\$ 92,360,978

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended December 31, 2013

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 770,364	\$ 6,565,930
METERED SALES - COMMERCIAL	58,994	705,969
METERED SALES - INDUSTRIAL	3,138	41,469
METERED SALES - PUBLIC AUTH.	14,190	268,995
METERED SALES - MULTI FAMILY	<u>23,592</u>	<u>260,990</u>
Total Metered Water Revenue	\$ <u>870,278</u>	\$ <u>7,843,353</u>
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 1,200
CUSTOMER LATE PAYMENT CHARGES	12,099	192,896
OTHER WATER SERVICE REVENUE	(35,817)	129,633
SERVICE CONNECTION FEES	9,810	163,668
SERVICE CONNECTION FEES FOR WA	<u>60</u>	<u>1,990</u>
Total Other Water Revenue	\$ <u>-13,748</u>	\$ <u>489,387</u>
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 37,206	\$ 690,162
SEWER REVENUE - COMMERCIAL	<u>16,702</u>	<u>227,252</u>
Total Sewer Revenue	\$ <u>53,908</u>	\$ <u>917,414</u>
Total Operating Revenue	\$ <u><u>910,438</u></u>	\$ <u><u>9,250,154</u></u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended December 31,

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 30,000
MATERIALS AND SUPPLIES USED	18,015	18,015
CONTRACT SERVICE - ACCOUNTING	3,040	70,901
CONTRACT SERVICE - LEGAL	2,393	38,650
CONTRACT SERVICE - MANAGEMENT	633,734	7,602,935
CONTRACT MGMNT EXP ASSUMED	(194,661)	(344,047)
AUTO & TRANSPORTATION EXPENSE	0	5,956
ADVERTISING	884	7,464
OTHER LEGAL PSC EXPENSE	0	8,575
EDUCATION, DUES, MEETINGS, ETC.	1,300	39,100
SETTLEMENT EXPENSES	0	510
SERVICE FEE EXPENSE	0	4,282
BANK SERVICE FEES EXP	14,404	20,782
Total General & Administrative Expense	\$ 481,609	\$ 7,503,123

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2013

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Sales													
METERED SALES - RESID	533,495	516,816	491,753	507,966	535,869	564,208	547,513	534,302	529,762	510,447	523,434	770,364	6,565,930
METERED SALES - COM	62,662	63,550	57,105	58,265	51,529	58,020	52,220	60,461	62,085	61,466	59,614	58,994	705,969
METERED SALES - INDUS	0	4,807	4,917	4,044	4,096	3,838	3,024	3,397	3,161	3,117	3,932	3,138	41,469
METERED SALES - PUBLI	18,523	25,383	19,709	19,529	24,738	24,022	19,869	25,575	26,262	28,308	22,888	14,190	268,995
METERED SALES - MULTI	22,270	22,935	20,650	20,460	20,917	20,686	20,608	22,012	20,259	20,944	25,659	23,592	260,990
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	100	100	100	1,200
CUSTOMER LATE PAYME	20,429	15,721	16,809	21,419	19,694	19,661	13,720	15,204	13,106	13,319	11,713	12,099	192,896
OTHER WATER SERVICE	14,527	14,120	13,664	17,525	15,853	16,043	12,627	14,904	14,395	19,353	12,438	(35,817)	129,633
SERVICE CONNECTION F	9,440	13,095	16,675	22,759	15,195	13,605	12,449	14,825	12,335	13,640	9,840	9,810	163,668
SERVICE CONNECTION F	180	270	365	350	90	240	165	60	90	60	60	60	1,990
SEWER REVENUE -RESID	58,095	56,416	55,181	57,961	60,380	60,233	59,188	59,975	62,078	61,721	61,729	37,206	690,162
SEWER REVENUE - COM	20,001	21,153	18,238	16,730	18,754	19,345	18,450	20,628	20,396	16,724	20,130	16,702	227,252
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	9,250,154
Gross Profit	759,722	754,366	715,166	747,108	767,215	800,001	759,933	771,443	764,029	749,199	751,537	910,438	9,250,154
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	405,683	2,663,529
AMORTIZATION EXPENS	0	0	0	0	0	0	0	0	0	0	0	3,440	3,440
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	213,478	945,205
PAYROLL TAXES - FICA &	1,327	1,351	1,052	1,030	1,030	1,030	1,030	1,030	1,030	1,030	461	(2,773)	8,625
COMP COMMISSIONERS	2,500	2,500	2,500	5,522	2,500	8,543	2,500	8,543	5,522	5,522	(18,652)	2,500	30,000
COMPENSATION - ADMIN	9,750	10,763	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	123,080
MATERIALS AND SUPPLI	0	0	0	0	0	0	0	0	0	0	0	18,015	18,015
CONTRACT SERVICE - A	2,825	3,121	3,022	2,954	2,940	3,576	8,325	6,285	3,980	26,621	4,212	3,040	70,901
CONTRACT SERVICE - LE	1,660	2,356	3,763	4,713	3,734	2,248	3,843	3,212	2,030	1,994	6,706	2,393	38,650
CONTRACT SERVICE - M	631,867	633,734	633,734	633,734	950,600	316,867	633,734	633,734	633,734	633,734	633,734	633,734	7,602,935
CONTRACT MGMNT EXP	(13,046)	(13,728)	(6,553)	(13,466)	(17,045)	(20,584)	(16,247)	(14,304)	(8,811)	(16,282)	(9,321)	(194,661)	(344,047)
AUTO & TRANSPORTATI	183	0	0	0	5,773	0	0	0	0	0	0	0	5,956
ADVERTISING	971	344	992	0	159	2,498	0	237	1,029	352	0	884	7,464
OTHER LEGAL PSC EXPE	0	0	0	3,657	0	0	0	0	0	0	4,918	0	8,575
EDUCATION, DUES, MEE	4,696	3,556	2,037	2,521	6,195	1,895	2,285	3,270	3,084	5,695	2,564	1,300	39,100
SETTLEMENT EXPENSES	0	0	0	0	0	0	0	10	0	0	500	0	510
SERVICE FEE EXPENSE	0	0	0	0	3,966	0	0	315	0	0	0	0	4,282
BANK SERVICE FEES EX	183	344	302	(189)	1,175	987	385	296	1,667	(23)	1,248	14,404	20,782

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2013**

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	YTD Total
Retirement Expense	3,447	3,934	3,605	3,605	(5,560)	1,721	1,721	1,721	1,721	1,721	1,721	174	19,531
Total Operating Expens	918,143	920,055	926,491	926,118	1,237,504	600,818	919,613	926,386	927,023	942,401	910,128	1,111,868	11,266,533
Operating Income (Los	(158,421)	(165,689)	(211,325)	(179,010)	(470,289)	199,183	(159,680)	(154,943)	(162,994)	(193,202)	(158,591)	(201,430)	(2,016,379)
Other Income (Expense)													
INTEREST INCOME	191	170	308	190	195	316	201	197	324	207	197	388	2,884
INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	2	2
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	0	2,800	0	0	2,800
INTEREST EXPENSE - TE	(42,300)	(28,428)	(28,377)	(28,441)	(28,627)	(27,887)	(28,178)	(28,404)	(27,890)	(27,958)	(28,001)	(80,290)	(404,779)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(13,325)	3,905	(49,770)
Total Other Income (Ex	(46,144)	(32,293)	(32,104)	(32,286)	(32,467)	(31,606)	(32,012)	(32,242)	(31,601)	(28,986)	(41,129)	(75,995)	(448,863)
Net Income (Loss) Befo	(204,565)	(197,982)	(243,429)	(211,296)	(502,756)	167,577	(191,692)	(187,185)	(194,595)	(222,188)	(199,720)	(277,425)	(2,465,242)
Net Income (Loss)	\$ (204,565)	\$ (197,982)	\$ (243,429)	\$ (211,296)	\$ (502,756)	\$ 167,577	\$ (191,692)	\$ (187,185)	\$ (194,595)	\$ (222,188)	\$ (199,720)	\$ (277,425)	\$ (2,465,242)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13
Sales												
METERED SALES - RESIDENT	533,494.81	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32
METERED SALES - COMMER	62,661.86	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01
METERED SALES - INDUSTRI	0.00	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57
METERED SALES - PUBLIC A	18,522.83	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01
METERED SALES - MULTI FA	22,269.53	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	20,429.14	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26
OTHER WATER SERVICE REV	14,526.90	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)
SERVICE CONNECTION FEES	9,440.00	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00
SERVICE CONNECTION FEES	180.00	270.00	365.00	350.00	90.00	240.00	165.00	60.00	90.00	60.00	60.00	60.00
SEWER REVENUE - RESIDENT	58,094.60	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58
SEWER REVENUE - COMMER	20,001.36	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>
Gross Profit	<u>759,721.03</u>	<u>754,365.24</u>	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99
PAYROLL TAXES - FICA & U.C	1,327.49	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)
COMP COMMISSIONERS - AU	2,500.00	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00
COMPENSATION - ADMINIST	9,750.00	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89
CONTRACT SERVICE - ACCO	2,825.00	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00
CONTRACT SERVICE - LEGAL	1,660.00	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50
CONTRACT SERVICE - MANA	631,866.75	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50
CONTRACT MGMNT EXP ASS	(13,045.54)	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)
AUTO & TRANSPORTATION E	182.68	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	970.89	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00
EDUCATION, DUES, MEETING	4,696.39	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	500.00	0.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00	0.00
BANK SERVICE FEES EXP	183.47	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05

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MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months

	1/31/13	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13
Retirement Expense	<u>3,446.66</u>	<u>3,934.45</u>	<u>3,605.03</u>	<u>3,605.03</u>	<u>(5,560.06)</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>173.90</u>
Total Operating Expenses	<u>918,143.14</u>	<u>920,055.83</u>	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>	<u>927,021.04</u>	<u>942,399.20</u>	<u>910,126.81</u>	<u>1,111,867.79</u>
Operating Income (Loss)	<u>(158,422.11)</u>	<u>(165,690.59)</u>	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>	<u>(162,991.68)</u>	<u>(193,200.70)</u>	<u>(158,590.64)</u>	<u>(201,430.26)</u>
Other Income (Expense)												
INTEREST INCOME	191.28	169.77	307.84	189.89	194.69	316.39	201.26	196.84	324.01	206.99	197.17	388.20
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00
INTEREST EXPENSE - TERM	(42,300.00)	(28,427.55)	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00
Total Other Income (Expens	<u>(46,143.72)</u>	<u>(32,292.78)</u>	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>	<u>(31,600.60)</u>	<u>(28,986.05)</u>	<u>(41,128.43)</u>	<u>(75,995.03)</u>
Net Income (Loss) Before T	<u>(204,565.83)</u>	<u>(197,983.37)</u>	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>	<u>(194,592.28)</u>	<u>(222,186.75)</u>	<u>(199,719.07)</u>	<u>(277,425.29)</u>
Net Income (Loss)	<u>\$ (204,565.83)</u>	<u>\$ (197,983.37)</u>	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>	<u>\$ (194,592.28)</u>	<u>\$ (222,186.75)</u>	<u>\$ (199,719.07)</u>	<u>\$ (277,425.29)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2013 Actual	1 Month Ended December 31, 2013 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2013 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 770,364.32	\$ 0.00	\$ 770,364.32	\$ 6,565,929.60	\$ 0.00	\$ 6,565,929.60
METERED SALES - COMMERCIAL	58,994.01	0.00	58,994.01	705,969.02	0.00	705,969.02
METERED SALES - INDUSTRIAL	3,137.57	0.00	3,137.57	41,469.49	0.00	41,469.49
METERED SALES - PUBLIC AUTH.	14,190.01	0.00	14,190.01	268,995.15	0.00	268,995.15
METERED SALES - MULTI FAMILY	23,591.54	0.00	23,591.54	260,990.01	0.00	260,990.01
FIRE PROTECTION REVENUE	100.00	0.00	100.00	1,200.00	0.00	1,200.00
CUSTOMER LATE PAYMENT CHARG	12,099.26	0.00	12,099.26	192,895.53	0.00	192,895.53
OTHER WATER SERVICE REVENUE	(35,816.58)	0.00	(35,816.58)	129,632.95	0.00	129,632.95
SERVICE CONNECTION FEES	9,810.00	0.00	9,810.00	163,667.98	0.00	163,667.98
SERVICE CONNECTION FEES FOR	60.00	0.00	60.00	1,990.00	0.00	1,990.00
SEWER REVENUE -RESIDENTIAL	37,205.58	0.00	37,205.58	690,162.07	0.00	690,162.07
SEWER REVENUE - COMMERCIAL	16,701.82	0.00	16,701.82	227,251.91	0.00	227,251.91
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	910,437.53	0.00	910,437.53	9,250,153.71	0.00	9,250,153.71
Gross Profit	910,437.53	0.00	910,437.53	9,250,153.71	0.00	9,250,153.71
Operating Expenses						
DEPRECIATION EXPENSE	405,682.99	0.00	405,682.99	2,663,528.80	0.00	2,663,528.80
AMORTIZATION EXPENSE	3,440.35	0.00	3,440.35	3,440.35	0.00	3,440.35
DEPRECIATION EXPENSE - SEWER	213,477.99	0.00	213,477.99	945,205.03	0.00	945,205.03
PAYROLL TAXES - FICA & U.C.	(2,773.23)	0.00	(2,773.23)	8,625.37	0.00	8,625.37
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	30,000.00	0.00	30,000.00
COMPENSATION - ADMINISTRATOR	10,256.66	0.00	10,256.66	123,079.92	0.00	123,079.92
MATERIALS AND SUPPLIES USED	18,014.89	0.00	18,014.89	18,014.89	0.00	18,014.89
CONTRACT SERVICE - ACCOUNTIN	3,040.00	0.00	3,040.00	70,901.49	0.00	70,901.49
CONTRACT SERVICE - LEGAL	2,392.50	0.00	2,392.50	38,649.50	0.00	38,649.50
CONTRACT SERVICE - MANAGEME	633,733.50	0.00	633,733.50	7,602,935.25	0.00	7,602,935.25
CONTRACT MGMNT EXP ASSUMED	(194,660.58)	0.00	(194,660.58)	(344,047.02)	0.00	(344,047.02)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2013 Actual	1 Month Ended December 31, 2013 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2013 Budget	Over / (Under) Budget
AUTO & TRANSPORTATION EXPEN	0.00	0.00	0.00	5,955.77	0.00	5,955.77
ADVERTISING	884.30	0.00	884.30	7,464.39	0.00	7,464.39
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	8,574.50	0.00	8,574.50
EDUCATION, DUES, MEETINGS, ET	1,300.47	0.00	1,300.47	39,099.75	0.00	39,099.75
SETTLEMENT EXPENSES	0.00	0.00	0.00	510.00	0.00	510.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	4,281.53	0.00	4,281.53
BANK SERVICE FEES EXP	14,404.05	0.00	14,404.05	20,781.92	0.00	20,781.92
Retirement Expense	173.90	0.00	173.90	19,531.37	0.00	19,531.37
Total Operating Expenses	<u>1,111,867.79</u>	<u>0.00</u>	<u>1,111,867.79</u>	<u>11,266,532.81</u>	<u>0.00</u>	<u>11,266,532.81</u>
Operating Income (Loss)	<u>(201,430.26)</u>	<u>0.00</u>	<u>(201,430.26)</u>	<u>(2,016,379.10)</u>	<u>0.00</u>	<u>(2,016,379.10)</u>
Other Income (Expense)						
INTEREST INCOME	388.20	0.00	388.20	2,884.33	0.00	2,884.33
INTEREST INCOME	1.61	0.00	1.61	1.61	0.00	1.61
Gain (Loss) on Sale of Fixed Assets	0.00	0.00	0.00	2,800.00	0.00	(2,800.00)
INTEREST EXPENSE - TERM DEBT	(80,289.84)	0.00	80,289.84	(404,778.75)	0.00	404,778.75
INTEREST EXPENSE - TERM DEBT	3,905.00	0.00	(3,905.00)	(49,770.00)	0.00	49,770.00
Total Other Income (Expense)	<u>(75,995.03)</u>	<u>0.00</u>	<u>(75,995.03)</u>	<u>(448,862.81)</u>	<u>0.00</u>	<u>(448,862.81)</u>
Net Income (Loss) Before Taxes	<u>(277,425.29)</u>	<u>0.00</u>	<u>(277,425.29)</u>	<u>(2,465,241.91)</u>	<u>0.00</u>	<u>(2,465,241.91)</u>
Net Income (Loss)	<u>\$ (277,425.29)</u>	<u>\$ 0.00</u>	<u>\$ (277,425.29)</u>	<u>\$ (2,465,241.91)</u>	<u>\$ 0.00</u>	<u>\$ (2,465,241.91)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of January 31, 2014 and 2013**

ASSETS

	Year-to-Date as of <u>January 31, 2014</u>	Comparative as of <u>January 31, 2013</u>
Current Assets		
CASH IN BANK	\$ 557,429	\$ 631,926
CASH IN BANK - RESTRICTED	2,211,030	1,855,440
ACCOUNTS RECEIVABLE	904,485	811,919
CLEARING ACCOUNTS	4,417	5,415
RECEIVABLE - UMG R AND M	125,380	120,162
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,817,927</u>	<u>3,440,050</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,393,190	125,069,950
CONSTRUCTION IN PROGRESS	<u>5,255,727</u>	<u>8,233,354</u>
TOTAL PLANT IN SERVICE	135,741,233	133,395,621
LESS:		
ACCUMULATED DEPRECIATION	<u>(44,644,427)</u>	<u>(41,032,253)</u>
Total Other Assets	91,096,806	92,363,368
Total Assets	<u>\$ 94,914,733</u>	<u>\$ 95,803,417</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of January 31, 2014 and 2013**

LIABILITIES & EQUITY

	<u>Year-to-Date as of January 31, 2014</u>	<u>Comparative as of January 31, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	585,386	579,626
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	307,109	292,676
ACCRUED PAYROLL & RELATED EXPENSES	4,019	10,370
ACCRUED INTEREST - LONG TERM DEBT	124,897	113,029
OTHER CURRENT LIABILITIES	27,473	25,893
Total Current Liabilities	<u>1,953,110</u>	<u>1,769,199</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,290,724	6,715,259
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,486,198	3,773,167
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,914,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,732,195</u>	<u>13,654,975</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(119,621)	(204,566)
ADVANCES FOR CONSTRUCTION	5,601,852	8,515,859
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,055,793	5,911,734
Total Equity & Contributions	<u>80,229,428</u>	<u>80,379,243</u>
Total Equity & Liabilities	<u>\$ 94,914,733</u>	<u>\$ 95,803,417</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended January 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 836,091	\$ 836,091
Total Revenue	836,091	836,091
Operating Expenses		
Administrator Expense	12,185	12,185
General & Administrative	638,807	638,807
Total Operating Expenses	650,993	650,993
Depreciation Expense	271,779	271,779
General Tax Expense	1,394	1,394
Utility Operating Expense	924,166	924,166
Utility Operating Income (Loss)	(88,075)	(88,075)
Other Income & Deductions:		
Interest Income	170	170
Interest Expense	(31,716)	(31,716)
Total Other Income & Deductions	(31,546)	(31,546)
Net Income (Loss) for Period	\$ (119,621)	\$ (119,621)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 1 Month Ended January 31, 2014

	For the Month Ended	For the Period Ended
	<u>January 31, 2014</u>	<u>January 31, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (119,621)	\$ (119,621)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	271,779
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(41,060)	(41,060)
Receivable - UMG R and M	(33,018)	(33,018)
Other assets	(4,417)	(4,417)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	21,943	21,943
Accrued Interest	(47,709)	(47,709)
Accrued Payroll Liabilities	3,480	3,480
Customer Deposits	(4,926)	(4,926)
Misc. Accrued Liabilities	901	901
Total Adjustments	<u>166,973</u>	<u>166,973</u>
Net Cash Provided By (Used in) Operating Activities	47,352	47,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(709)	(709)
Construction in Progress	(246,857)	(246,857)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	(247,566)	(247,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(106,344)	(106,344)
(Increase) decrease in restricted assets	102,555	102,555
Advances for construction	<u>204,636</u>	<u>204,636</u>
Net Cash Provided By (Used In) Financing Activities	200,847	200,847
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	633	633
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>556,796</u>	<u>556,796</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>\$ 557,429</u></u>	<u><u>\$ 557,429</u></u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of January 31, 2014 and 2013

ASSETS:

	Year-to-Date as of <u>January 31, 2014</u>	Comparative as of <u>January 31, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	585,649	466,600
CTB - SHELBY COAL DEVELOPMENT	61,132	60,949
BB & T - Sinking Fund	84,048	85,846
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	5,191	1,521
CTB - CUSTOMER DEPOSIT ESCROW	372,864	360,311
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	17,973	18,041
CTB - O & M RESERVES	16,534	16,517
Community Trust Bank - Misc Line Extension	7,971	7,951
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	576,854	440,281
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	(30)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	656
CTB-Variou Short Line Ext.	75	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Jonican Project	0	(5,409)
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	3,629
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	192,770	228,077
Total Cash Reserves - Restricted	\$ 2,211,031	\$ 1,855,439
Operating Cash:		
CTB - DIST. WIDE TAP FEES	216,654	214,883
Petty Cash	320	320
CTB - Operating Account	197,559	299,763
CTB-MWD Payroll Account	8,766	10,413
CTB - Dist Wide WW Tap Fees	40,597	37,416
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	981	20
CTB.-M.W.D. Rehab Project	23,550	110
Total Operating Cash	\$ 557,429	\$ 631,927

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of January 31, 2014 and 2013

Accounts Receivable:			
RECEIVABLE - WATER SALES		828,835	737,401
RECEIVABLE - RETURNED CHECKS		3,289	2,677
RECEIVABLE - OTHER FEES, ETC..		24,902	33,381
RECEIVABLE - SEWER REVENUE		93,459	87,459
PROVISION FOR UNCOLLECTIBLES		<u>(46,000)</u>	<u>(49,000)</u>
Total Accounts Receivable	\$	904,485	\$ 811,918
Clearing Accounts:			
MWD INTERCOMPANY TRANSFERS		<u>4,417</u>	<u>5,415</u>
Total Clearing Accounts	\$	4,417	\$ 5,415
Prepaid Expenses:			
Other Current Assets:			
OTHER DEFERRED DEBTS		<u>625</u>	<u>625</u>
Total Other Current Assets	\$	625	\$ 625

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of January 31, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>January 31, 2014</u>	Comparative as of <u>January 31, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	<u>673,000</u>	<u>688,000</u>
Total Bonds Payable	\$ 3,859,500	\$ 3,914,154
Long-Term Debt:		
Note Payable Ky. Rural Water	6,055,656	6,251,705
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
RD Loan 91-40 Water Treatment Upgrade	(8,000)	(8,000)
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	342,109
CTB-FEMA loan 60100599434-N	0	37,360
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	<u>19,216</u>	<u>24,356</u>
Total Long-Term Debt	\$ 9,776,923	\$ 10,488,426
Employee Related Payables:		
FICA TAXES WITHHELD	1,907	4,454
FEDERAL INCOME TAX WITHHELD	1,163	(487)
KY INCOME TAX WITHHELD	556	2,081
ACCRUED SUTA	374	354
ACCRUED FUTA	67	71
Accrued CERS	<u>(48)</u>	<u>3,897</u>
Total Employee Related Payables	\$ 4,019	\$ 10,370
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	710	725
TAXES COLLECTED ON CUST. BILLS	<u>26,763</u>	<u>25,168</u>
Total Other Current Liabilities	\$ 27,473	\$ 25,893
Contributions in Aid of Construction:		

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of January 31, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	1,883,509	1,883,509
Total Contributions in Aid of Construction	\$ 99,945,158	\$ 94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of January 31, 2014 and 2013

	Year-to-Date as of <u>January 31, 2014</u>	Comparative as of <u>January 31, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,408,453)	(2,312,959)
Net Cost of Supply Plant	\$ 1,002,152	\$ 1,093,696
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,634,969)	(1,404,398)
Net Water Treatment Plant	\$ 7,599,385	\$ 7,829,957
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,088,914	5,506,323
WATER METERS & INSTALLATIONS	3,950,783	3,912,758
HYDRANTS	1,213,510	1,211,605
Total Transmission & Distribution Plant	85,133,484	83,164,050
Less: Accumulated Depreciation	(31,671,747)	(29,566,167)
Net Transmission & Distribution Plant	\$ 53,461,737	\$ 53,597,883
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,133,129
SEWER SERVICES	309,920	236,334
SEWER METERS & INSTALLATIONS	127,538	118,303
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,153,798	24,826,960
Less: Accumulated Depreciation	(5,827,068)	(4,898,651)
Net Sewer Plant	\$ 22,326,730	\$ 19,928,309

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of January 31, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		<u>1,967,969</u>	<u>1,967,969</u>
Total General Plant		4,460,950	4,437,931
Less: Accumulated Depreciation		<u>(3,081,087)</u>	<u>(2,849,205)</u>
Net General Plant	\$	<u>1,379,863</u>	\$ <u>1,588,726</u>
Construction in Progress	\$	<u>5,255,727</u>	\$ <u>8,233,354</u>
TOTAL PLANT IN SERVICE	\$	<u>91,025,593</u>	\$ <u>92,271,925</u>

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended January 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 589,105	\$ 589,105
METERED SALES - COMMERCIAL	66,889	66,889
METERED SALES - INDUSTRIAL	3,602	3,602
METERED SALES - PUBLIC AUTH.	15,487	15,487
METERED SALES - MULTI FAMILY	25,981	25,981
Total Metered Water Revenue	\$ 701,064	\$ 701,064
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 100
CUSTOMER LATE PAYMENT CHARGES	15,486	15,486
OTHER WATER SERVICE REVENUE	25,370	25,370
SERVICE CONNECTION FEES	16,002	16,002
Total Other Water Revenue	\$ 56,958	\$ 56,958
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 66,476	\$ 66,476
SEWER REVENUE - COMMERCIAL	11,593	11,593
Total Sewer Revenue	\$ 78,069	\$ 78,069
Total Operating Revenue	\$ 836,091	\$ 836,091

MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended January 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 2,500
CONTRACT SERVICE - ACCOUNTING	3,422	3,422
CONTRACT SERVICE - LEGAL	2,668	2,668
CONTRACT SERVICE - MANAGEMENT	628,621	628,621
CONTRACT MGMNT EXP ASSUMED	(709)	(709)
EDUCATION, DUES, MEETINGS, ETC.	1,678	1,678
SERVICE FEE EXPENSE	(172)	(172)
BANK SERVICE FEES EXP	799	799
	<hr/>	<hr/>
Total General & Administrative Expense	\$ 638,807	\$ 638,807

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	589,105
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	66,889
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	3,602
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	15,487
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	32,510	21,412	0	0	0	25,981
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	100
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	15,486
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	25,370
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	16,002
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	0
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	66,476
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	11,593
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	836,091
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	836,091
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	205,259
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	66,521
PAYROLL TAXES - FICA &	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	1,394
COMP COMMISSIONERS	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	2,500
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	10,447
CONTRACT SERVICE - A	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	3,422
CONTRACT SERVICE - LE	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	2,668
CONTRACT SERVICE - M	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	628,621
CONTRACT MGMNT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(709)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	0
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	0
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	1,678
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	0
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	(172)
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	799
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	1,739
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expens	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>924,167</u>
Operating Income (Los	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(88,076)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	168
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	2
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(27,681)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(4,035)
Total Other Income (Ex	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31,546)</u>
Net Income (Loss) Befo	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(119,622)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (119,622)</u>

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MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14
Sales												
METERED SALES - RESIDENT	516,815.81	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92
METERED SALES - COMMER	63,549.52	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32
METERED SALES - INDUSTRI	4,807.48	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20
METERED SALES - PUBLIC A	25,382.82	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62
METERED SALES - MULTI FA	22,935.08	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	15,720.79	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35
OTHER WATER SERVICE REV	14,119.66	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67
SERVICE CONNECTION FEES	13,095.00	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28
SERVICE CONNECTION FEES	270.00	365.00	350.00	90.00	240.00	165.00	60.00	90.00	60.00	60.00	60.00	0.00
SEWER REVENUE -RESIDENT	56,415.60	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41
SEWER REVENUE - COMMER	21,153.48	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	754,365.24	715,167.85	747,107.29	-767,213.03	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50	751,536.17	910,437.53	836,091.21
Gross Profit	754,365.24	715,167.85	747,107.29	767,213.03	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50	751,536.17	910,437.53	836,091.21
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64
PAYROLL TAXES - FICA & U.C	1,351.43	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03
COMP COMMISSIONERS - AU	2,500.00	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00
COMPENSATION - ADMINIST	10,763.32	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00
CONTRACT SERVICE - ACCO	3,121.00	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00
CONTRACT SERVICE - LEGAL	2,356.25	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50
CONTRACT SERVICE - MANA	633,733.50	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43
CONTRACT MGMNT EXP ASS	(13,727.85)	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)
AUTO & TRANSPORTATION E	0.00	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	344.10	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00
OTHER LEGAL PSC EXPENSE	0.00	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00
EDUCATION, DUES, MEETING	3,556.09	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	500.00	0.00	0.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)
BANK SERVICE FEES EXP	344.19	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	2/28/13	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14
Retirement Expense	<u>3,934.45</u>	<u>3,605.03</u>	<u>3,605.03</u>	<u>(5,560.06)</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>1,721.06</u>	<u>173.90</u>	<u>1,738.68</u>
Total Operating Expenses	<u>920,055.83</u>	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>	<u>927,021.04</u>	<u>942,399.20</u>	<u>910,126.81</u>	<u>1,111,867.79</u>	<u>924,166.20</u>
Operating Income (Loss)	<u>(165,690.59)</u>	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>	<u>(162,991.68)</u>	<u>(193,200.70)</u>	<u>(158,590.64)</u>	<u>(201,430.26)</u>	<u>(88,074.99)</u>
Other Income (Expense)												
INTEREST INCOME	169.77	307.84	189.89	194.69	316.39	201.26	196.84	324.01	206.99	197.17	388.20	168.05
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.56
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	<u>(28,427.55)</u>	<u>(28,376.91)</u>	<u>(28,441.40)</u>	<u>(28,626.58)</u>	<u>(27,886.99)</u>	<u>(28,177.61)</u>	<u>(28,403.62)</u>	<u>(27,889.61)</u>	<u>(27,958.04)</u>	<u>(28,000.60)</u>	<u>(80,289.84)</u>	<u>(27,681.00)</u>
INTEREST EXPENSE - TERM	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(4,035.00)</u>	<u>(13,325.00)</u>	<u>3,905.00</u>	<u>(4,035.00)</u>
Total Other Income (Expens	<u>(32,292.78)</u>	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>	<u>(31,600.60)</u>	<u>(28,986.05)</u>	<u>(41,128.43)</u>	<u>(75,995.03)</u>	<u>(31,546.39)</u>
Net Income (Loss) Before T	<u>(197,983.37)</u>	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>	<u>(194,592.28)</u>	<u>(222,186.75)</u>	<u>(199,719.07)</u>	<u>(277,425.29)</u>	<u>(119,621.38)</u>
Net Income (Loss)	<u>\$ (197,983.37)</u>	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>	<u>\$ (194,592.28)</u>	<u>\$ (222,186.75)</u>	<u>\$ (199,719.07)</u>	<u>\$ (277,425.29)</u>	<u>\$ (119,621.38)</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended January 31, 2014 Actual	1 Month Ended January 31, 2014 Budget	Over / (Under) Budget	1 Month Ended January 31, Actual	1 Month Ended January 31, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 589,104.92	\$ 0.00	\$ 589,104.92	\$ 589,104.92	\$ 0.00	\$ 589,104.92
METERED SALES - COMMERCIAL	66,889.32	0.00	66,889.32	66,889.32	0.00	66,889.32
METERED SALES - INDUSTRIAL	3,602.20	0.00	3,602.20	3,602.20	0.00	3,602.20
METERED SALES - PUBLIC AUTH.	15,486.62	0.00	15,486.62	15,486.62	0.00	15,486.62
METERED SALES - MULTI FAMILY	25,980.62	0.00	25,980.62	25,980.62	0.00	25,980.62
FIRE PROTECTION REVENUE	100.00	0.00	100.00	100.00	0.00	100.00
CUSTOMER LATE PAYMENT CHARG	15,486.35	0.00	15,486.35	15,486.35	0.00	15,486.35
OTHER WATER SERVICE REVENUE	25,369.67	0.00	25,369.67	25,369.67	0.00	25,369.67
SERVICE CONNECTION FEES	16,002.28	0.00	16,002.28	16,002.28	0.00	16,002.28
SEWER REVENUE -RESIDENTIAL	66,476.41	0.00	66,476.41	66,476.41	0.00	66,476.41
SEWER REVENUE - COMMERCIAL	11,592.82	0.00	11,592.82	11,592.82	0.00	11,592.82
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>836,091.21</u>	<u>0.00</u>	<u>836,091.21</u>	<u>836,091.21</u>	<u>0.00</u>	<u>836,091.21</u>
Gross Profit	<u>836,091.21</u>	<u>0.00</u>	<u>836,091.21</u>	<u>836,091.21</u>	<u>0.00</u>	<u>836,091.21</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	205,258.71	0.00	205,258.71
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	66,520.64	0.00	66,520.64
PAYROLL TAXES - FICA & U.C.	1,394.03	0.00	1,394.03	1,394.03	0.00	1,394.03
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	2,500.00	0.00	2,500.00
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	10,446.80	0.00	10,446.80
CONTRACT SERVICE - ACCOUNTIN	3,422.00	0.00	3,422.00	3,422.00	0.00	3,422.00
CONTRACT SERVICE - LEGAL	2,667.50	0.00	2,667.50	2,667.50	0.00	2,667.50
CONTRACT SERVICE - MANAGEME	628,621.43	0.00	628,621.43	628,621.43	0.00	628,621.43
CONTRACT MGMNT EXP ASSUMED	(708.77)	0.00	(708.77)	(708.77)	0.00	(708.77)
EDUCATION, DUES, MEETINGS, ET	1,678.49	0.00	1,678.49	1,678.49	0.00	1,678.49
SERVICE FEE EXPENSE	(172.34)	0.00	(172.34)	(172.34)	0.00	(172.34)
BANK SERVICE FEES EXP	799.03	0.00	799.03	799.03	0.00	799.03

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended January 31, 2014 Actual	1 Month Ended January 31, 2014 Budget	Over / (Under) Budget	1 Month Ended January 31, Actual	1 Month Ended January 31, 2014 Budget	Over / (Under) Budget
Retirement Expense	1,738.68	0.00	1,738.68	1,738.68	0.00	1,738.68
Total Operating Expenses	924,166.20	0.00	924,166.20	924,166.20	0.00	924,166.20
Operating Income (Loss)	(88,074.99)	0.00	(88,074.99)	(88,074.99)	0.00	(88,074.99)
Other Income (Expense)						
INTEREST INCOME	168.05	0.00	168.05	168.05	0.00	168.05
INTEREST INCOME	1.56	0.00	1.56	1.56	0.00	1.56
INTEREST EXPENSE - TERM DEBT	(27,681.00)	0.00	27,681.00	(27,681.00)	0.00	27,681.00
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(4,035.00)	0.00	4,035.00
Total Other Income (Expense)	(31,546.39)	0.00	(31,546.39)	(31,546.39)	0.00	(31,546.39)
Net Income (Loss) Before Taxes	(119,621.38)	0.00	(119,621.38)	(119,621.38)	0.00	(119,621.38)
Net Income (Loss)	\$ (119,621.38)	\$ 0.00	\$ (119,621.38)	\$ (119,621.38)	\$ 0.00	\$ (119,621.38)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of February 28, 2014 and 2013**

ASSETS

	<u>Year-to-Date as of February 28, 2014</u>	<u>Comparative as of February 28, 2013</u>
Current Assets		
CASH IN BANK	\$ 449,816	\$ 608,022
CASH IN BANK - RESTRICTED	2,270,278	1,938,737
ACCOUNTS RECEIVABLE	992,347	828,998
CLEARING ACCOUNTS	15,757	456
RECEIVABLE - UMG R AND M	166,909	106,675
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,910,294</u>	<u>3,498,074</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,400,456	125,083,678
CONSTRUCTION IN PROGRESS	<u>5,522,388</u>	<u>8,277,595</u>
TOTAL PLANT IN SERVICE	136,015,161	133,453,589
LESS:		
ACCUMULATED DEPRECIATION	<u>(44,916,206)</u>	<u>(41,304,032)</u>
Total Other Assets	91,098,954	92,149,557
Total Assets	<u>\$ 95,009,248</u>	<u>\$ 95,647,631</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of February 28, 2014 and 2013**

LIABILITIES & EQUITY

	<u>Year-to-Date as of February 28, 2014</u>	<u>Comparative as of February 28, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	596,162	584,372
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	304,263	295,333
ACCRUED PAYROLL & RELATED EXPENSES	4,201	10,125
ACCRUED INTEREST - LONG TERM DEBT	156,613	144,745
OTHER CURRENT LIABILITIES	29,138	27,755
Total Current Liabilities	<u>1,994,604</u>	<u>1,809,936</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,245,930	6,679,794
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,486,198	3,773,167
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,914,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,687,401</u>	<u>13,619,510</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(281,114)	(402,549)
ADVANCES FOR CONSTRUCTION	5,853,370	8,543,711
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,063,583	5,920,807
Total Equity & Contributions	<u>80,327,243</u>	<u>80,218,186</u>
Total Equity & Liabilities	<u>\$ 95,009,248</u>	<u>\$ 95,647,631</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended February 28, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 785,567	\$ 1,621,658
Total Revenue	785,567	1,621,658
Operating Expenses		
Administrator Expense	12,185	24,371
General & Administrative	630,324	1,269,131
Total Operating Expenses	642,509	1,293,502
Depreciation Expense	271,779	543,559
General Tax Expense	1,228	2,622
Utility Operating Expense	915,517	1,839,683
Utility Operating Income (Loss)	(129,950)	(218,025)
Other Income & Deductions:		
Interest Income	174	343
Interest Expense	(31,716)	(63,432)
Total Other Income & Deductions	(31,542)	(63,089)
Net Income (Loss) for Period	\$ (161,492)	\$ (281,114)

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 2 Months Ended February 28, 2014**

	For the Month Ended	For the Period Ended
	<u>February 28, 2014</u>	<u>February 28, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (161,492)	\$ (281,114)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	543,559
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(87,863)	(128,922)
Receivable - UMG R and M	(41,529)	(74,546)
Other assets	(11,340)	(15,757)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	10,776	32,719
Accrued Interest	31,716	(15,993)
Accrued Payroll Liabilities	182	3,661
Customer Deposits	(2,845)	(7,771)
Misc. Accrued Liabilities	1,665	2,566
Total Adjustments	<u>172,542</u>	<u>339,515</u>
Net Cash Provided By (Used in) Operating Activities	11,049	58,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(7,267)	(7,975)
Construction in Progress	(266,662)	(513,519)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	(273,928)	(521,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(44,794)	(151,139)
(Increase) decrease in restricted assets	(59,247)	43,308
Advances for construction	<u>259,308</u>	<u>463,945</u>
Net Cash Provided By (Used In) Financing Activities	155,267	356,114
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(107,612)	(106,979)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>557,429</u>	<u>556,796</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>449,816</u>	\$ <u>449,816</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of February 28, 2014 and 2013

ASSETS:

	<u>Year-to-Date as of</u> <u>February 28, 2014</u>	<u>Comparative as of</u> <u>February 28, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	595,555	476,520
CTB - SHELBY COAL DEVELOPMENT	61,146	60,963
BB & T - Sinking Fund	139,048	140,846
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,369	1,504
CTB - CUSTOMER DEPOSIT ESCROW	370,182	364,211
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,121	15,485
CTB - O & M RESERVES	16,534	16,517
Community Trust Bank - Misc Line Extension	7,972	7,953
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	576,854	451,621
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	(20)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB- Majestic Sewer Project	2,355	0
CTB-LMI Service Connection 08-09	656	656
CTB-Variou Short Line Ext.	91	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	3,904
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	191,081	228,077
Total Cash Reserves - Restricted	\$ 2,270,278	\$ 1,938,736
Operating Cash:		
CTB - DIST. WIDE TAP FEES	213,528	219,304
Petty Cash	320	320
CTB - Operating Account	94,037	276,756
CTB-MWD Payroll Account	8,720	9,304
CTB - Dist Wide WW Tap Fees	40,146	33,216
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	513	10
CTB.-M.W.D. Rehab Project	23,550	110
Total Operating Cash	\$ 449,816	\$ 608,022

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of February 28, 2014 and 2013

Accounts Receivable:			
RECEIVABLE - WATER SALES		908,940	735,463
RECEIVABLE - RETURNED CHECKS		4,690	3,393
RECEIVABLE - OTHER FEES, ETC..		16,687	44,893
RECEIVABLE - SEWER REVENUE		107,944	94,268
PROVISION FOR UNCOLLECTIBLES		<u>(45,914)</u>	<u>(49,019)</u>
Total Accounts Receivable	\$	992,347	\$ 828,998
Clearing Accounts:			
MWD INTERCOMPANY TRANSFERS		<u>15,757</u>	<u>456</u>
Total Clearing Accounts	\$	15,757	\$ 456
Prepaid Expenses:			
Other Current Assets:			
OTHER DEFERRED DEBTS		<u>625</u>	<u>625</u>
Total Other Current Assets	\$	625	\$ 625

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of February 28, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>February 28, 2014</u>	Comparative as of <u>February 28, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	673,000	688,000
Total Bonds Payable	\$ 3,859,500	\$ 3,914,154
Long-Term Debt:		
Note Payable Ky. Rural Water	6,010,861	6,218,792
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
RD Loan 91-40 Water Treatment Upgrade	(8,000)	(8,000)
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	342,109
CTB-FEMA loan 60100599434-N	0	34,808
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	19,216	24,356
Total Long-Term Debt	\$ 9,732,128	\$ 10,452,961
Employee Related Payables:		
FICA TAXES WITHHELD	744	432
FEDERAL INCOME TAX WITHHELD	2,326	137
KY INCOME TAX WITHHELD	556	2,635
ACCRUED SUTA	618	686
ACCRUED FUTA	98	114
Accrued CERS	(141)	6,122
Total Employee Related Payables	\$ 4,201	\$ 10,126
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	1,435	1,450
TAXES COLLECTED ON CUST. BILLS	27,703	26,305
Total Other Current Liabilities	\$ 29,138	\$ 27,755
Contributions in Aid of Construction:		

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of February 28, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	1,883,509	1,883,509
Total Contributions in Aid of Construction	\$ 99,945,158	\$ 94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of February 28, 2014 and 2013

	Year-to-Date as of <u>February 28, 2014</u>	Comparative as of <u>February 28, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,422,375)	(2,326,880)
Net Cost of Supply Plant	\$ 988,230	\$ 1,079,775
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,636,225)	(1,405,653)
Net Water Treatment Plant	\$ 7,598,129	\$ 7,828,701
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,092,377	5,514,104
WATER METERS & INSTALLATIONS	3,952,513	3,916,649
HYDRANTS	1,215,583	1,211,605
Total Transmission & Distribution Plant	85,140,750	83,175,722
Less: Accumulated Depreciation	(31,835,380)	(29,729,799)
Net Transmission & Distribution Plant	\$ 53,305,370	\$ 53,445,923
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,133,129
SEWER SERVICES	309,920	237,704
SEWER METERS & INSTALLATIONS	127,538	118,988
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,153,798	24,829,015
Less: Accumulated Depreciation	(5,893,589)	(4,965,172)
Net Sewer Plant	\$ 22,260,209	\$ 19,863,843

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of February 28, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,460,950	4,437,931
Less: Accumulated Depreciation		(3,107,536)	(2,875,654)
Net General Plant	\$	1,353,414	\$ 1,562,277
Construction in Progress	\$	5,522,388	\$ 8,277,595
TOTAL PLANT IN SERVICE	\$	91,027,741	\$ 92,058,114

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MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended February 28, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 551,968	\$ 1,141,072
METERED SALES - COMMERCIAL	63,421	130,310
METERED SALES - INDUSTRIAL	4,280	7,882
METERED SALES - PUBLIC AUTH.	16,956	32,443
METERED SALES - MULTI FAMILY	23,084	49,065
Total Metered Water Revenue	\$ 659,709	\$ 1,360,772
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 200
CUSTOMER LATE PAYMENT CHARGES	17,387	32,874
OTHER WATER SERVICE REVENUE	16,125	41,495
SERVICE CONNECTION FEES	13,829	29,832
SERVICE CONNECTION FEES FOR WA	150	150
Total Other Water Revenue	\$ 47,591	\$ 104,551
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 59,456	\$ 125,933
SEWER REVENUE - COMMERCIAL	18,809	30,402
Total Sewer Revenue	\$ 78,265	\$ 156,335
Total Operating Revenue	\$ 785,565	\$ 1,621,658

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended February 28,

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 5,000
CONTRACT SERVICE - ACCOUNTING	3,828	7,250
CONTRACT SERVICE - LEGAL	2,864	5,531
CONTRACT SERVICE - MANAGEMENT	623,509	1,252,131
CONTRACT MGMNT EXP ASSUMED	(7,267)	(7,975)
EDUCATION, DUES, MEETINGS, ETC.	4,586	6,264
SERVICE FEE EXPENSE	(81)	(253)
BANK SERVICE FEES EXP	384	1,183
REPAIRS AND MAINTENANCE	\$ (0)	\$ (0)
Total General & Administrative Expense	\$ 630,323	\$ 1,269,131

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	1,141,072
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	130,310
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	7,882
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	32,443
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	32,510	21,412	0	0	0	49,065
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	200
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	32,874
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	41,495
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	29,832
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	150
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	125,933
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	30,402
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	1,621,658
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	1,621,658
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	410,517
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	133,041
PAYROLL TAXES - FICA & COMP COMMISSIONERS	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	2,622
COMPENSATION - ADMIN	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	5,000
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	20,894
CONTRACT SERVICE - A	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	7,250
CONTRACT SERVICE - LE	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	5,531
CONTRACT SERVICE - M	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	1,252,131
CONTRACT MGMNT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(7,975)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	0
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	0
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	6,264
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	0
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	(253)
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	1,183
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	3,477
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expens	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>1,839,682</u>
Operating Income (Los	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(218,024)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	326
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	17
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(55,362)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(8,070)
Total Other Income (Ex	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(63,089)</u>
Net Income (Loss) Befo	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(281,113)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (281,113)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14
Sales												
METERED SALES - RESIDENT	491,753.45	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92	551,967.57
METERED SALES - COMMER	57,105.29	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32	63,421.16
METERED SALES - INDUSTRI	4,916.58	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20	4,280.18
METERED SALES - PUBLIC A	19,709.46	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62	16,956.32
METERED SALES - MULTI FA	20,650.15	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62	23,084.48
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	16,809.30	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35	17,387.30
OTHER WATER SERVICE REV	13,664.17	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67	16,125.31
SERVICE CONNECTION FEES	16,674.75	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28	13,829.33
SERVICE CONNECTION FEES	365.00	350.00	90.00	240.00	165.00	60.00	90.00	60.00	60.00	60.00	0.00	150.00
SEWER REVENUE -RESIDENT	55,181.41	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41	59,456.11
SEWER REVENUE - COMMER	18,238.29	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82	18,808.94
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>
Gross Profit	<u>715,167.85</u>	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	1,051.65	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03	1,228.36
COMP COMMISSIONERS - AU	2,500.00	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00	2,500.00
COMPENSATION - ADMINIST	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00	0.00
CONTRACT SERVICE - ACCO	3,022.00	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00	3,828.00
CONTRACT SERVICE - LEGAL	3,762.75	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50	2,863.75
CONTRACT SERVICE - MANA	633,733.50	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43	623,509.36
CONTRACT MGMNT EXP ASS	(6,552.68)	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)	(7,266.62)
AUTO & TRANSPORTATION E	0.00	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	991.60	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00	0.00
OTHER LEGAL PSC EXPENSE	0.00	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00	0.00
EDUCATION, DUES, MEETING	2,037.00	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49	4,585.68
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	500.00	0.00	0.00	0.00
SERVICE FEE EXPENSE	0.00	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)	(80.79)
BANK SERVICE FEES EXP	302.38	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03	384.23

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	3/31/13	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14
Retirement Expense	3,605.03	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	173.90	1,738.68	1,738.68
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)
Total Operating Expenses	<u>926,489.24</u>	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>	<u>927,021.04</u>	<u>942,399.20</u>	<u>910,126.81</u>	<u>1,111,867.79</u>	<u>924,166.20</u>	<u>915,516.79</u>
Operating Income (Loss)	<u>(211,321.39)</u>	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>	<u>(162,991.68)</u>	<u>(193,200.70)</u>	<u>(158,590.64)</u>	<u>(201,430.26)</u>	<u>(88,074.99)</u>	<u>(129,950.09)</u>
Other Income (Expense)												
INTEREST INCOME	307.84	189.89	194.69	316.39	201.26	196.84	324.01	206.99	197.17	388.20	168.05	158.25
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.56	15.49
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(28,376.91)	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)	(27,681.00)	(27,681.00)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00	(4,035.00)	(4,035.00)
Total Other Income (Expens	<u>(32,104.07)</u>	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>	<u>(31,600.60)</u>	<u>(28,986.05)</u>	<u>(41,128.43)</u>	<u>(75,995.03)</u>	<u>(31,546.39)</u>	<u>(31,542.26)</u>
Net Income (Loss) Before T	<u>(243,425.46)</u>	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>	<u>(194,592.28)</u>	<u>(222,186.75)</u>	<u>(199,719.07)</u>	<u>(277,425.29)</u>	<u>(119,621.38)</u>	<u>(161,492.35)</u>
Net Income (Loss)	<u>\$ (243,425.46)</u>	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>	<u>\$ (194,592.28)</u>	<u>\$ (222,186.75)</u>	<u>\$ (199,719.07)</u>	<u>\$ (277,425.29)</u>	<u>\$ (119,621.38)</u>	<u>\$ (161,492.35)</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended February 28, 2014 Actual	1 Month Ended February 28, 2014 Budget	Over / (Under) Budget	2 Months February 28, Actual	2 Months Ended February 28, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 551,967.57	\$ 0.00	\$ 551,967.57	\$ 1,141,072.49	\$ 0.00	\$ 1,141,072.49
METERED SALES - COMMERCIAL	63,421.16	0.00	63,421.16	130,310.48	0.00	130,310.48
METERED SALES - INDUSTRIAL	4,280.18	0.00	4,280.18	7,882.38	0.00	7,882.38
METERED SALES - PUBLIC AUTH.	16,956.32	0.00	16,956.32	32,442.94	0.00	32,442.94
METERED SALES - MULTI FAMILY	23,084.48	0.00	23,084.48	49,065.10	0.00	49,065.10
FIRE PROTECTION REVENUE	100.00	0.00	100.00	200.00	0.00	200.00
CUSTOMER LATE PAYMENT CHARG	17,387.30	0.00	17,387.30	32,873.65	0.00	32,873.65
OTHER WATER SERVICE REVENUE	16,125.31	0.00	16,125.31	41,494.98	0.00	41,494.98
SERVICE CONNECTION FEES	13,829.33	0.00	13,829.33	29,831.61	0.00	29,831.61
SERVICE CONNECTION FEES FOR	150.00	0.00	150.00	150.00	0.00	150.00
SEWER REVENUE -RESIDENTIAL	59,456.11	0.00	59,456.11	125,932.52	0.00	125,932.52
SEWER REVENUE - COMMERCIAL	18,808.94	0.00	18,808.94	30,401.76	0.00	30,401.76
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>785,566.70</u>	<u>0.00</u>	<u>785,566.70</u>	<u>1,621,657.91</u>	<u>0.00</u>	<u>1,621,657.91</u>
Gross Profit	<u>785,566.70</u>	<u>0.00</u>	<u>785,566.70</u>	<u>1,621,657.91</u>	<u>0.00</u>	<u>1,621,657.91</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	410,517.42	0.00	410,517.42
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	133,041.28	0.00	133,041.28
PAYROLL TAXES - FICA & U.C.	1,228.36	0.00	1,228.36	2,622.39	0.00	2,622.39
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	5,000.00	0.00	5,000.00
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	20,893.60	0.00	20,893.60
CONTRACT SERVICE - ACCOUNTIN	3,828.00	0.00	3,828.00	7,250.00	0.00	7,250.00
CONTRACT SERVICE - LEGAL	2,863.75	0.00	2,863.75	5,531.25	0.00	5,531.25
CONTRACT SERVICE - MANAGEME	623,509.36	0.00	623,509.36	1,252,130.79	0.00	1,252,130.79
CONTRACT MGMNT EXP ASSUMED	(7,266.62)	0.00	(7,266.62)	(7,975.39)	0.00	(7,975.39)
EDUCATION, DUES, MEETINGS, ET	4,585.68	0.00	4,585.68	6,264.17	0.00	6,264.17
SERVICE FEE EXPENSE	(80.79)	0.00	(80.79)	(253.13)	0.00	(253.13)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended February 28, 2014 Actual	1 Month Ended February 28, 2014 Budget	Over / (Under) Budget	2 Months February 28, Actual	2 Months Ended February 28, 2014 Budget	Over / (Under) Budget
BANK SERVICE FEES EXP	384.23	0.00	384.23	1,183.26	0.00	1,183.26
Retirement Expense	1,738.68	0.00	1,738.68	3,477.36	0.00	3,477.36
General R & M	(0.01)	0.00	(0.01)	(0.01)	0.00	(0.01)
Total Operating Expenses	<u>915,516.79</u>	<u>0.00</u>	<u>915,516.79</u>	<u>1,839,682.99</u>	<u>0.00</u>	<u>1,839,682.99</u>
Operating Income (Loss)	<u>(129,950.09)</u>	<u>0.00</u>	<u>(129,950.09)</u>	<u>(218,025.08)</u>	<u>0.00</u>	<u>(218,025.08)</u>
Other Income (Expense)						
INTEREST INCOME	158.25	0.00	158.25	326.30	0.00	326.30
INTEREST INCOME	15.49	0.00	15.49	17.05	0.00	17.05
INTEREST EXPENSE - TERM DEBT	(27,681.00)	0.00	27,681.00	(55,362.00)	0.00	55,362.00
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(8,070.00)	0.00	8,070.00
Total Other Income (Expense)	<u>(31,542.26)</u>	<u>0.00</u>	<u>(31,542.26)</u>	<u>(63,088.65)</u>	<u>0.00</u>	<u>(63,088.65)</u>
Net Income (Loss) Before Taxes	<u>(161,492.35)</u>	<u>0.00</u>	<u>(161,492.35)</u>	<u>(281,113.73)</u>	<u>0.00</u>	<u>(281,113.73)</u>
Net Income (Loss)	<u>\$ (161,492.35)</u>	<u>\$ 0.00</u>	<u>\$ (161,492.35)</u>	<u>\$ (281,113.73)</u>	<u>\$ 0.00</u>	<u>\$ (281,113.73)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of March 31, 2014 and 2013**

ASSETS

	Year-to-Date as of <u>March 31, 2014</u>	Comparative as of <u>March 31, 2013</u>
Current Assets		
CASH IN BANK	\$ 509,089	\$ 629,196
CASH IN BANK - RESTRICTED	2,357,521	2,021,520
ACCOUNTS RECEIVABLE	899,645	737,387
CLEARING ACCOUNTS	5,992	368
RECEIVABLE - UMG R AND M	127,266	85,949
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,914,700</u>	<u>3,489,607</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,417,013	125,090,231
CONSTRUCTION IN PROGRESS	<u>5,640,507</u>	<u>8,358,511</u>
TOTAL PLANT IN SERVICE	136,149,836	133,541,058
LESS:		
ACCUMULATED DEPRECIATION	<u>(45,187,986)</u>	<u>(41,575,812)</u>
Total Other Assets	90,961,851	91,965,247
Total Assets	<u>\$ 94,876,551</u>	<u>\$ 95,454,854</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of March 31, 2014 and 2013**

LIABILITIES & EQUITY

	<u>Year-to-Date as of March 31, 2014</u>	<u>Comparative as of March 31, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	593,550	556,106
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	306,485	303,046
ACCRUED PAYROLL & RELATED EXPENSES	7,294	11,977
ACCRUED INTEREST - LONG TERM DEBT	188,329	176,461
OTHER CURRENT LIABILITIES	31,408	28,328
Total Current Liabilities	<u>2,031,292</u>	<u>1,823,522</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,201,586	6,644,299
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,486,198	3,773,167
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,914,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,643,057</u>	<u>13,584,015</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(527,008)	(645,975)
ADVANCES FOR CONSTRUCTION	5,962,673	8,606,289
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,075,133	5,930,786
Total Equity & Contributions	<u>80,202,202</u>	<u>80,047,317</u>
Total Equity & Liabilities	<u>\$ 94,876,551</u>	<u>\$ 95,454,854</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended March 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 696,968	\$ 2,318,625
Total Revenue	696,968	2,318,625
Operating Expenses		
Administrator Expense	12,185	36,556
General & Administrative	626,426	1,895,557
Total Operating Expenses	638,612	1,932,114
Depreciation Expense	271,779	815,338
General Tax Expense	1,069	3,692
Utility Operating Expense	911,460	2,751,143
Utility Operating Income (Loss)	(214,493)	(432,518)
Other Income & Deductions:		
Interest Income	315	658
Interest Expense	(31,716)	(95,148)
Total Other Income & Deductions	(31,401)	(94,490)
Net Income (Loss) for Period	\$ (245,894)	\$ (527,008)

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS**
For the 1 Month and 3 Months Ended March 31, 2014

	For the Month Ended	For the Period Ended
	<u>March 31, 2014</u>	<u>March 31, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (245,894)	\$ (527,008)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	815,338
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	92,703	(36,220)
Receivable - UMG R and M	39,643	(34,904)
Other assets	9,765	(5,992)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(2,612)	30,107
Accrued Interest	31,716	15,723
Accrued Payroll Liabilities	3,093	6,754
Customer Deposits	2,222	(5,550)
Misc. Accrued Liabilities	2,270	4,836
Total Adjustments	<u>450,578</u>	<u>790,092</u>
Net Cash Provided By (Used in) Operating Activities	204,683	263,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(16,557)	(24,532)
Construction in Progress	(118,118)	(631,637)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	(134,675)	(656,169)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(44,344)	(195,483)
(Increase) decrease in restricted assets	(87,244)	(43,936)
Advances for construction	<u>120,853</u>	<u>584,798</u>
Net Cash Provided By (Used In) Financing Activities	(10,735)	345,379
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,273	(47,706)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>449,816</u>	<u>556,796</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 509,089</u>	<u>\$ 509,089</u>

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of March 31, 2014 and 2013

ASSETS:

	Year-to-Date as of <u>March 31, 2014</u>	Comparative as of <u>March 31, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	605,462	486,442
CTB - SHELBY COAL DEVELOPMENT	61,162	60,979
BB & T - Sinking Fund	194,048	195,846
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,351	1,502
CTB - CUSTOMER DEPOSIT ESCROW	371,792	371,955
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,377	16,069
CTB - O & M RESERVES	16,538	16,521
Community Trust Bank - Misc Line Extension	7,973	7,954
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	599,677	463,070
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	(50)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	656
CTB-Variou Short Line Ext.	91	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	3,904
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	191,081	226,173
Total Cash Reserves - Restricted	\$ 2,357,522	\$ 2,021,520
Operating Cash:		
CTB - DIST. WIDE TAP FEES	219,962	218,594
Petty Cash	320	320
CTB - Operating Account	148,276	299,031
CTB-MWD Payroll Account	8,675	9,348
CTB - Dist Wide WW Tap Fees	38,802	32,816
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	503	(25)
CTB.-M.W.D. Rehab Project	23,550	110
Total Operating Cash	\$ 509,090	\$ 629,196

Accounts Receivable:

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of March 31, 2014 and 2013

RECEIVABLE - WATER SALES	823,639	646,472
RECEIVABLE - RETURNED CHECKS	6,247	4,376
RECEIVABLE - OTHER FEES, ETC..	8,913	46,977
RECEIVABLE - SEWER REVENUE	98,986	88,582
PROVISION FOR UNCOLLECTIBLES	<u>(38,140)</u>	<u>(49,019)</u>
Total Accounts Receivable	\$ 899,645	\$ 737,388
Clearing Accounts:		
MWD INTERCOMPANY TRANSFERS	<u>5,992</u>	<u>368</u>
Total Clearing Accounts	\$ 5,992	\$ 368
Prepaid Expenses:		
Other Current Assets:		
OTHER DEFERRED DEBTS	<u>625</u>	<u>625</u>
Total Other Current Assets	\$ 625	\$ 625

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of March 31, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>March 31, 2014</u>	Comparative as of <u>March 31, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	673,000	688,000
Total Bonds Payable	\$ 3,859,500	\$ 3,914,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,966,517	6,185,879
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
RD Loan 91-40 Water Treatment Upgrade	(8,000)	(8,000)
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	342,109
CTB-FEMA loan 60100599434-N	0	32,226
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	19,216	24,356
Total Long-Term Debt	\$ 9,687,784	\$ 10,417,466
Employee Related Payables:		
FICA TAXES WITHHELD	2,650	(711)
FEDERAL INCOME TAX WITHHELD	3,489	1,279
KY INCOME TAX WITHHELD	556	2,628
ACCRUED SUTA	719	783
ACCRUED FUTA	113	129
Accrued CERS	(234)	7,869
Total Employee Related Payables	\$ 7,293	\$ 11,977
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	2,145	2,175
TAXES COLLECTED ON CUST. BILLS	29,263	26,153
Total Other Current Liabilities	\$ 31,408	\$ 28,328
Contributions in Aid of Construction:		

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of March 31, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	<u>1,883,509</u>	<u>1,883,509</u>
Total Contributions in Aid of Construction \$	99,945,158 \$	94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of March 31, 2014 and 2013

	Year-to-Date as of <u>March 31, 2014</u>	Comparative as of <u>March 31, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING\IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,436,297)	(2,340,802)
Net Cost of Supply Plant	\$ 974,308	\$ 1,065,853
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,637,481)	(1,406,909)
Net Water Treatment Plant	\$ 7,596,873	\$ 7,827,445
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,102,720	5,518,473
WATER METERS & INSTALLATIONS	3,958,032	3,918,833
HYDRANTS	1,215,583	1,211,605
Total Transmission & Distribution Plant	85,156,612	83,182,275
Less: Accumulated Depreciation	(31,999,012)	(29,894,796)
Net Transmission & Distribution Plant	\$ 53,157,600	\$ 53,287,479
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,133,129
SEWER SERVICES	310,614	237,704
SEWER METERS & INSTALLATIONS	127,538	118,988
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,154,492	24,829,015
Less: Accumulated Depreciation	(5,960,109)	(5,031,692)
Net Sewer Plant	\$ 22,194,383	\$ 19,797,323

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of March 31, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	8,545
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,460,950	4,437,931
Less: Accumulated Depreciation		(3,133,985)	(2,900,738)
Net General Plant	\$	1,326,966	\$ 1,537,193
Construction in Progress	\$	5,640,507	\$ 8,358,511
TOTAL PLANT IN SERVICE	\$	90,890,636	\$ 91,873,804

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended March 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 500,606	\$ 1,641,678
METERED SALES - COMMERCIAL	46,925	177,235
METERED SALES - INDUSTRIAL	4,548	12,430
METERED SALES - PUBLIC AUTH.	16,750	49,193
METERED SALES - MULTI FAMILY	19,965	69,030
Total Metered Water Revenue	\$ 588,794	\$ 1,949,566
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 300
CUSTOMER LATE PAYMENT CHARGES	11,062	43,935
OTHER WATER SERVICE REVENUE	19,268	60,763
SERVICE CONNECTION FEES	9,625	39,457
SERVICE CONNECTION FEES FOR WA	390	540
Total Other Water Revenue	\$ 40,445	\$ 144,995
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 50,545	\$ 176,478
SEWER REVENUE - COMMERCIAL	17,184	47,586
Total Sewer Revenue	\$ 67,729	\$ 224,064
Total Operating Revenue	\$ 696,968	\$ 2,318,625

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended March 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 8,639	\$ 13,639
CONTRACT SERVICE - ACCOUNTING	3,982	11,232
CONTRACT SERVICE - LEGAL	4,350	9,881
CONTRACT SERVICE - MANAGEMENT	623,469	1,875,600
CONTRACT MGMNT EXP ASSUMED	(16,557)	(24,532)
ADVERTISING	636	636
EDUCATION, DUES, MEETINGS, ETC.	1,107	7,371
SERVICE FEE EXPENSE	0	(253)
BANK SERVICE FEES EXP	799	1,982
REPAIRS AND MAINTENANCE	\$ 0	\$ 0
Total General & Administrative Expense	\$ 626,425	\$ 1,895,556

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	1,641,678
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	177,235
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	12,430
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	49,193
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	32,510	21,412	0	0	0	69,030
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	300
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	43,935
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	60,763
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	39,457
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	540
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	176,478
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	47,586
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	2,318,625
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	2,318,625
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	615,776
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	199,562
PAYROLL TAXES - FICA &	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	3,692
COMP COMMISSIONERS	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	13,639
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	31,340
CONTRACT SERVICE - A	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	11,232
CONTRACT SERVICE - LE	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	9,881
CONTRACT SERVICE - M	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	1,875,600
CONTRACT MGMNT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(24,532)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	0
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	636
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	7,371
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	0
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	(253)
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	1,982
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	5,216
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expens	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>2,751,142</u>
Operating Income (Los	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(432,517)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	641
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	17
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(87,078)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(8,070)
Total Other Income (Ex	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(94,490)</u>
Net Income (Loss) Befo	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(527,007)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (527,007)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14
Sales												
METERED SALES - RESIDENT	507,965.50	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92	551,967.57	500,605.69
METERED SALES - COMMER	58,264.51	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32	63,421.16	46,924.77
METERED SALES - INDUSTRI	4,043.79	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20	4,280.18	4,547.64
METERED SALES - PUBLIC A	19,528.89	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62	16,956.32	16,750.45
METERED SALES - MULTI FA	20,459.58	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62	23,084.48	19,964.63
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	21,418.71	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35	17,387.30	11,061.72
OTHER WATER SERVICE REV	17,525.38	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67	16,125.31	19,268.12
SERVICE CONNECTION FEES	22,759.38	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28	13,829.33	9,625.00
SERVICE CONNECTION FEES	350.00	90.00	240.00	165.00	60.00	90.00	60.00	60.00	60.00	0.00	150.00	390.00
SEWER REVENUE -RESIDENT	57,961.07	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41	59,456.11	50,545.16
SEWER REVENUE - COMMER	16,730.48	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82	18,808.94	17,184.32
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>-749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>
Gross Profit	<u>747,107.29</u>	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03	1,228.36	1,069.33
COMP COMMISSIONERS - AU	5,521.69	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00	2,500.00	8,639.48
COMPENSATION - ADMINIST	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80	10,446.80	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	2,954.00	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00	3,828.00	3,982.00
CONTRACT SERVICE - LEGAL	4,712.50	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50	2,863.75	4,350.00
CONTRACT SERVICE - MANA	633,733.50	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43	623,509.36	623,469.36
CONTRACT MGMNT EXP ASS	(13,465.79)	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)	(7,266.62)	(16,557.02)
AUTO & TRANSPORTATION E	0.00	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	0.00	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00	0.00	636.40
OTHER LEGAL PSC EXPENSE	3,657.00	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	2,520.80	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49	4,585.68	1,107.12
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	10.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00
SERVICE FEE EXPENSE	0.00	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)	(80.79)	0.00
BANK SERVICE FEES EXP	(188.77)	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03	384.23	798.92

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	4/30/13	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14
Retirement Expense	3,605.03	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	173.90	1,738.68	1,738.68	1,738.68
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.01
General R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Total Operating Expenses	<u>926,115.50</u>	<u>1,237,503.41</u>	<u>600,815.61</u>	<u>919,610.88</u>	<u>926,384.36</u>	<u>927,021.04</u>	<u>942,399.20</u>	<u>910,126.81</u>	<u>1,111,867.79</u>	<u>924,166.20</u>	<u>915,516.79</u>	<u>911,460.45</u>
Operating Income (Loss)	<u>(179,008.21)</u>	<u>(470,290.38)</u>	<u>199,186.84</u>	<u>(159,677.85)</u>	<u>(154,942.13)</u>	<u>(162,991.68)</u>	<u>(193,200.70)</u>	<u>(158,590.64)</u>	<u>(201,430.26)</u>	<u>(88,074.99)</u>	<u>(129,950.09)</u>	<u>(214,492.95)</u>
Other Income (Expense)												
INTEREST INCOME	189.89	194.69	316.39	201.26	196.84	324.01	206.99	197.17	388.20	168.05	158.25	314.60
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.56	15.49	0.00
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(28,441.40)	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)	(27,681.00)	(27,681.00)	(31,716.00)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00	(4,035.00)	(4,035.00)	0.00
Total Other Income (Expense)	<u>(32,286.51)</u>	<u>(32,466.89)</u>	<u>(31,605.60)</u>	<u>(32,011.35)</u>	<u>(32,241.78)</u>	<u>(31,600.60)</u>	<u>(28,986.05)</u>	<u>(41,128.43)</u>	<u>(75,995.03)</u>	<u>(31,546.39)</u>	<u>(31,542.26)</u>	<u>(31,401.40)</u>
Net Income (Loss) Before T	<u>(211,294.72)</u>	<u>(502,757.27)</u>	<u>167,581.24</u>	<u>(191,689.20)</u>	<u>(187,183.91)</u>	<u>(194,592.28)</u>	<u>(222,186.75)</u>	<u>(199,719.07)</u>	<u>(277,425.29)</u>	<u>(119,621.38)</u>	<u>(161,492.35)</u>	<u>(245,894.35)</u>
Net Income (Loss)	<u>\$ (211,294.72)</u>	<u>\$ (502,757.27)</u>	<u>\$ 167,581.24</u>	<u>\$ (191,689.20)</u>	<u>\$ (187,183.91)</u>	<u>\$ (194,592.28)</u>	<u>\$ (222,186.75)</u>	<u>\$ (199,719.07)</u>	<u>\$ (277,425.29)</u>	<u>\$ (119,621.38)</u>	<u>\$ (161,492.35)</u>	<u>\$ (245,894.35)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended March 31, 2014 Actual	1 Month Ended March 31, 2014 Budget	Over / (Under) Budget	3 Months March 31, 2014 Actual	3 Months Ended March 31, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 500,605.69	\$ 0.00	\$ 500,605.69	\$ 1,641,678.18	\$ 0.00	\$ 1,641,678.18
METERED SALES - COMMERCIAL	46,924.77	0.00	46,924.77	177,235.25	0.00	177,235.25
METERED SALES - INDUSTRIAL	4,547.64	0.00	4,547.64	12,430.02	0.00	12,430.02
METERED SALES - PUBLIC AUTH.	16,750.45	0.00	16,750.45	49,193.39	0.00	49,193.39
METERED SALES - MULTI FAMILY	19,964.63	0.00	19,964.63	69,029.73	0.00	69,029.73
FIRE PROTECTION REVENUE	100.00	0.00	100.00	300.00	0.00	300.00
CUSTOMER LATE PAYMENT CHARG	11,061.72	0.00	11,061.72	43,935.37	0.00	43,935.37
OTHER WATER SERVICE REVENUE	19,268.12	0.00	19,268.12	60,763.10	0.00	60,763.10
SERVICE CONNECTION FEES	9,625.00	0.00	9,625.00	39,456.61	0.00	39,456.61
SERVICE CONNECTION FEES FOR	390.00	0.00	390.00	540.00	0.00	540.00
SEWER REVENUE -RESIDENTIAL-	50,545.16	0.00	50,545.16	176,477.68	0.00	176,477.68
SEWER REVENUE - COMMERCIAL	17,184.32	0.00	17,184.32	47,586.08	0.00	47,586.08
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>696,967.50</u>	<u>0.00</u>	<u>696,967.50</u>	<u>2,318,625.41</u>	<u>0.00</u>	<u>2,318,625.41</u>
Gross Profit	<u>696,967.50</u>	<u>0.00</u>	<u>696,967.50</u>	<u>2,318,625.41</u>	<u>0.00</u>	<u>2,318,625.41</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	615,776.13	0.00	615,776.13
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	199,561.92	0.00	199,561.92
PAYROLL TAXES - FICA & U.C.	1,069.33	0.00	1,069.33	3,691.72	0.00	3,691.72
COMP COMMISSIONERS - AUTO DIS	8,639.48	0.00	8,639.48	13,639.48	0.00	13,639.48
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	31,340.40	0.00	31,340.40
CONTRACT SERVICE - ACCOUNTIN	3,982.00	0.00	3,982.00	11,232.00	0.00	11,232.00
CONTRACT SERVICE - LEGAL	4,350.00	0.00	4,350.00	9,881.25	0.00	9,881.25
CONTRACT SERVICE - MANAGEME	623,469.36	0.00	623,469.36	1,875,600.15	0.00	1,875,600.15
CONTRACT MGMNT EXP ASSUMED	(16,557.02)	0.00	(16,557.02)	(24,532.41)	0.00	(24,532.41)
ADVERTISING	636.40	0.00	636.40	636.40	0.00	636.40
EDUCATION, DUES, MEETINGS, ET	1,107.12	0.00	1,107.12	7,371.29	0.00	7,371.29

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended March 31, 2014 Actual	1 Month Ended March 31, 2014 Budget	Over / (Under) Budget	3 Months March 31, 2014 Actual	3 Months Ended March 31, 2014 Budget	Over / (Under) Budget
SERVICE FEE EXPENSE	0.00	0.00	0.00	(253.13)	0.00	(253.13)
BANK SERVICE FEES EXP	798.92	0.00	798.92	1,982.18	0.00	1,982.18
Retirement Expense	1,738.68	0.00	1,738.68	5,216.04	0.00	5,216.04
General R & M	0.01	0.00	0.01	0.00	0.00	0.00
General R & M Sewer	0.02	0.00	0.02	0.02	0.00	0.02
Total Operating Expenses	<u>911,460.45</u>	<u>0.00</u>	<u>911,460.45</u>	<u>2,751,143.44</u>	<u>0.00</u>	<u>2,751,143.44</u>
Operating Income (Loss)	<u>(214,492.95)</u>	<u>0.00</u>	<u>(214,492.95)</u>	<u>(432,518.03)</u>	<u>0.00</u>	<u>(432,518.03)</u>
Other Income (Expense)						
INTEREST INCOME	314.60	0.00	314.60	640.90	0.00	640.90
INTEREST INCOME	0.00	0.00	0.00	17.05	0.00	17.05
INTEREST EXPENSE - TERM DEBT	(31,716.00)	0.00	31,716.00	(87,078.00)	0.00	87,078.00
INTEREST EXPENSE - TERM DEBT	0.00	0.00	0.00	(8,070.00)	0.00	8,070.00
Total Other Income (Expense)	<u>(31,401.40)</u>	<u>0.00</u>	<u>(31,401.40)</u>	<u>(94,490.05)</u>	<u>0.00</u>	<u>(94,490.05)</u>
Net Income (Loss) Before Taxes	<u>(245,894.35)</u>	<u>0.00</u>	<u>(245,894.35)</u>	<u>(527,008.08)</u>	<u>0.00</u>	<u>(527,008.08)</u>
Net Income (Loss)	<u>\$ (245,894.35)</u>	<u>\$ 0.00</u>	<u>\$ (245,894.35)</u>	<u>\$ (527,008.08)</u>	<u>\$ 0.00</u>	<u>\$ (527,008.08)</u>

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**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of April 30, 2014 and 2013**

ASSETS

	<u>Year-to-Date as of April 30, 2014</u>	<u>Comparative as of April 30, 2013</u>
Current Assets		
CASH IN BANK	\$ 407,631	\$ 394,660
CASH IN BANK - RESTRICTED	2,432,464	2,088,198
ACCOUNTS RECEIVABLE	920,973	626,415
CLEARING ACCOUNTS	5,992	(21,505)
RECEIVABLE - UMG R AND M	119,411	100,621
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,901,658</u>	<u>3,203,575</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,429,099	125,106,676
CONSTRUCTION IN PROGRESS	<u>5,715,129</u>	<u>8,637,223</u>
TOTAL PLANT IN SERVICE	136,236,544	133,836,215
LESS:		
ACCUMULATED DEPRECIATION	<u>(45,459,765)</u>	<u>(41,847,591)</u>
Total Other Assets	90,776,779	91,988,624
Total Assets	<u>\$ 94,678,437</u>	<u>\$ 95,192,200</u>

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**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of April 30, 2014 and 2013**

LIABILITIES & EQUITY

	Year-to-Date as of <u>April 30, 2014</u>	Comparative as of <u>April 30, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	584,471	255,809
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	303,504	309,811
ACCRUED PAYROLL & RELATED EXPENSES	4,221	16,827
ACCRUED INTEREST - LONG TERM DEBT	220,045	208,177
OTHER CURRENT LIABILITIES	29,148	27,704
Total Current Liabilities	<u>2,045,616</u>	<u>1,565,934</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,157,241	6,608,809
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,486,198	3,773,167
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,914,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,598,712</u>	<u>13,548,525</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(765,661)	(857,269)
ADVANCES FOR CONSTRUCTION	6,020,033	8,837,186
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,088,333	5,941,608
Total Equity & Contributions	<u>80,034,109</u>	<u>80,077,741</u>
Total Equity & Liabilities	<u>\$ 94,678,437</u>	<u>\$ 95,192,200</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended April 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 706,203	\$ 3,024,828
Total Revenue	706,203	3,024,828
Operating Expenses		
Administrator Expense	12,185	48,742
General & Administrative	628,293	2,523,851
Total Operating Expenses	640,479	2,572,593
Depreciation Expense	271,779	1,087,117
General Tax Expense	1,043	4,735
Utility Operating Expense	913,302	3,664,445
Utility Operating Income (Loss)	(207,099)	(639,617)
Other Income & Deductions:		
Interest Income	162	820
Interest Expense	(31,716)	(126,864)
Total Other Income & Deductions	(31,554)	(126,044)
Net Income (Loss) for Period	\$ (238,653)	\$ (765,661)

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 4 Months Ended April 30, 2014**

	For the Month Ended <u>April 30, 2014</u>	For the Period Ended <u>April 30, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (238,653)	\$ (765,661)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	1,087,117
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(21,329)	(57,548)
Receivable - UMG R and M	7,855	(27,049)
Other assets	0	(5,992)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,078)	21,028
Accrued Interest	31,716	47,439
Accrued Payroll Liabilities	(3,073)	3,681
Customer Deposits	(2,981)	(8,531)
Misc. Accrued Liabilities	(2,260)	2,576
Total Adjustments	272,629	1,062,722
Net Cash Provided By (Used in) Operating Activities	33,977	297,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(12,086)	(36,618)
Construction in Progress	(74,622)	(706,259)
Proceeds From Sale of Fixed Assets	0	0
Net Cash Provided By (Used In) Investing Activities	(86,708)	(742,877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(44,344)	(239,827)
(Increase) decrease in restricted assets	(74,943)	(118,878)
Advances for construction	70,560	655,357
Net Cash Provided By (Used In) Financing Activities	(48,727)	296,652
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,459)	(149,165)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	509,089	556,796
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 407,631	\$ 407,631

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of April 30, 2014 and 2013

ASSETS:

	Year-to-Date as of <u>April 30, 2014</u>	Comparative as of <u>April 30, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	615,369	496,364
CTB - SHELBY COAL DEVELOPMENT	61,177	60,994
BB & T - Sinking Fund	249,048	250,846
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,333	1,485
CTB - CUSTOMER DEPOSIT ESCROW	368,941	376,623
CTB - FEMA Receivables	90	189
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,635	15,997
CTB - O & M RESERVES	16,538	16,521
Community Trust Bank - Misc Line Extension	7,974	7,955
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	611,017	463,070
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	(10)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	656
CTB-Various Short Line Ext.	91	62
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Jonican Project	1,290	0
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	925
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	191,081	226,173
Total Cash Reserves - Restricted	\$ 2,432,464	\$ 2,088,197
Operating Cash:		
CTB - DIST. WIDE TAP FEES	217,881	214,914
Petty Cash	320	320
CTB - Operating Account	48,531	70,714
CTB-MWD Payroll Account	8,629	9,441
CTB - Dist Wide WW Tap Fees	38,625	30,094
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	493	65
CTB.-M.W.D. Rehab Project	24,150	110
Total Operating Cash	\$ 407,631	\$ 394,660

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of April 30, 2014 and 2013

Accounts Receivable:			
RECEIVABLE - WATER SALES		836,965	525,319
RECEIVABLE - RETURNED CHECKS		7,169	5,178
RECEIVABLE - OTHER FEES, ETC..		5,896	62,962
RECEIVABLE - SEWER REVENUE		109,083	81,976
PROVISION FOR UNCOLLECTIBLES		<u>(38,140)</u>	<u>(49,019)</u>
Total Accounts Receivable	\$	920,973	\$ 626,416
Clearing Accounts:			
MWD INTERCOMPANY TRANSFERS		<u>5,992</u>	<u>(21,505)</u>
Total Clearing Accounts	\$	5,992	\$ (21,505)
Prepaid Expenses:			
Other Current Assets:			
OTHER DEFERRED DEBTS		<u>625</u>	<u>625</u>
Total Other Current Assets	\$	625	\$ 625

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of April 30, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>April 30, 2014</u>	Comparative as of <u>April 30, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	673,000	688,000
Total Bonds Payable	\$ 3,859,500	\$ 3,914,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,922,173	6,152,966
KIA LOAN B291-07 MULTI AREA	2,233,980	2,424,010
KIA LOAN B291-01 INDIAN CREEK	147,254	159,709
RD Loan 91-40 Water Treatment Upgrade	(8,000)	(8,000)
KIA LOAN F01-07 WATER PLANT	681,655	740,132
KIA LOAN A03-06 SO WMSN III	106,123	115,206
KIA Shelby III Phase II	325,186	342,109
CTB-FEMA loan 60100599434-N	0	29,649
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	19,216	24,356
Total Long-Term Debt	\$ 9,643,440	\$ 10,381,976
Employee Related Payables:		
FICA TAXES WITHHELD	(1,582)	1,168
FEDERAL INCOME TAX WITHHELD	4,652	2,422
KY INCOME TAX WITHHELD	556	2,620
ACCRUED SUTA	794	858
ACCRUED FUTA	128	144
Accrued CERS	(327)	9,615
Total Employee Related Payables	\$ 4,221	\$ 16,827
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	2,885	2,900
TAXES COLLECTED ON CUST. BILLS	26,263	24,804
Total Other Current Liabilities	\$ 29,148	\$ 27,704
Contributions in Aid of Construction:		

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of April 30, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	<u>1,883,509</u>	<u>1,883,509</u>
Total Contributions in Aid of Construction \$	99,945,158 \$	94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of April 30, 2014 and 2013

	Year-to-Date as of <u>April 30, 2014</u>	Comparative as of <u>April 30, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,450,218)	(2,354,724)
Net Cost of Supply Plant	\$ 960,387	\$ 1,051,931
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,638,736)	(1,408,165)
Net Water Treatment Plant	\$ 7,595,618	\$ 7,826,189
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,110,778	5,527,450
WATER METERS & INSTALLATIONS	3,962,061	3,923,321
HYDRANTS	1,215,583	1,211,605
Total Transmission & Distribution Plant	85,168,699	83,195,740
Less: Accumulated Depreciation	(32,162,645)	(30,058,429)
Net Transmission & Distribution Plant	\$ 53,006,054	\$ 53,137,311
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,133,129
SEWER SERVICES	310,614	237,704
SEWER METERS & INSTALLATIONS	127,538	118,988
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,154,492	24,829,015
Less: Accumulated Depreciation	(6,026,630)	(5,098,213)
Net Sewer Plant	\$ 22,127,862	\$ 19,730,802

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of April 30, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	11,525
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,460,950	4,440,911
Less: Accumulated Depreciation		(3,160,433)	(2,927,187)
Net General Plant	\$	1,300,517	\$ 1,513,724
Construction in Progress	\$	5,715,129	\$ 8,637,223
TOTAL PLANT IN SERVICE	\$	90,705,566	\$ 91,897,181

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended April 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 505,831	\$ 2,147,509
METERED SALES - COMMERCIAL	46,505	223,741
METERED SALES - INDUSTRIAL	4,859	17,289
METERED SALES - PUBLIC AUTH.	16,108	65,302
METERED SALES - MULTI FAMILY	19,929	88,958
	<u>593,232</u>	<u>2,542,799</u>
Total Metered Water Revenue	\$ 593,232	\$ 2,542,799
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 400
CUSTOMER LATE PAYMENT CHARGES	13,493	57,428
OTHER WATER SERVICE REVENUE	16,545	77,308
SERVICE CONNECTION FEES	9,275	48,732
SERVICE CONNECTION FEES FOR WA	90	630
	<u>39,503</u>	<u>184,498</u>
Total Other Water Revenue	\$ 39,503	\$ 184,498
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 55,991	\$ 232,468
SEWER REVENUE - COMMERCIAL	17,478	65,064
	<u>73,469</u>	<u>297,532</u>
Total Sewer Revenue	\$ 73,469	\$ 297,532
Total Operating Revenue	\$ 706,204	\$ 3,024,829

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended April 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ (3,639)	\$ 10,000
CONTRACT SERVICE - ACCOUNTING	2,884	14,116
CONTRACT SERVICE - LEGAL	3,190	13,071
CONTRACT SERVICE - MANAGEMENT	633,955	2,509,555
CONTRACT MGMNT EXP ASSUMED	(12,086)	(36,618)
ADVERTISING	96	733
EDUCATION, DUES, MEETINGS, ETC.	2,397	9,768
SERVICE FEE EXPENSE	0	(253)
BANK SERVICE FEES EXP	1,497	3,479
REPAIRS AND MAINTENANCE	\$ (0)	\$ 0
Total General & Administrative Expense	\$ 628,294	\$ 2,523,851

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	2,147,509
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	223,741
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	17,289
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	65,302
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	19,929	21,412	0	0	0	88,958
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	400
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	57,428
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	77,308
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	48,732
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	630
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	232,468
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	65,064
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	3,024,829
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	3,024,829
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	821,035
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	266,083
PAYROLL TAXES - FICA & COMP COMMISSIONERS	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	4,735
COMPENSATION - ADMIN	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	10,000
CONTRACT SERVICE - A	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	41,787
CONTRACT SERVICE - LE	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	14,116
CONTRACT SERVICE - M	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	13,071
CONTRACT MGMT EXP	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	2,509,555
CONTRACT MGMT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(36,618)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	0
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	733
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	9,768
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	0
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	(253)
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	3,479
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	6,955
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expens	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>3,664,446</u>
Operating Income (Los	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(639,617)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	803
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	17
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(114,759)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(12,105)
Total Other Income (Ex	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(126,044)</u>
Net Income (Loss) Befo	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(765,661)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (765,661)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14
Sales												
METERED SALES - RESIDENT	535,869.31	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92	551,967.57	500,605.69	505,830.53
METERED SALES - COMMER	51,528.53	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32	63,421.16	46,924.77	46,505.45
METERED SALES - INDUSTRI	4,095.56	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20	4,280.18	4,547.64	4,858.64
METERED SALES - PUBLIC A	24,737.73	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62	16,956.32	16,750.45	16,108.40
METERED SALES - MULTI FA	20,916.51	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62	23,084.48	19,964.63	19,928.59
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,693.97	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35	17,387.30	11,061.72	13,492.73
OTHER WATER SERVICE REV	15,852.75	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67	16,125.31	19,268.12	16,545.02
SERVICE CONNECTION FEES	15,195.00	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28	13,829.33	9,625.00	9,275.00
SERVICE CONNECTION FEES	90.00	240.00	165.00	60.00	90.00	60.00	60.00	60.00	0.00	150.00	390.00	90.00
SEWER REVENUE - RESIDENT	60,380.01	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41	59,456.11	50,545.16	55,990.58
SEWER REVENUE - COMMER	18,753.66	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82	18,808.94	17,184.32	17,477.77
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>	<u>706,202.71</u>
Gross Profit	<u>767,213.03</u>	<u>800,002.45</u>	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>	<u>706,202.71</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03	1,228.36	1,069.33	1,043.35
COMP COMMISSIONERS - AU	2,500.00	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00	2,500.00	8,639.48	(3,639.48)
COMPENSATION - ADMINIST	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80	10,446.80	10,446.80	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	2,940.00	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00	3,828.00	3,982.00	2,884.00
CONTRACT SERVICE - LEGAL	3,733.75	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50	2,863.75	4,350.00	3,190.00
CONTRACT SERVICE - MANA	950,600.25	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43	623,509.36	623,469.36	633,954.51
CONTRACT MGMNT EXP ASS	(17,044.97)	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)	(7,266.62)	(16,557.02)	(12,085.65)
AUTO & TRANSPORTATION E	5,773.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	159.10	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00	0.00	636.40	96.20
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	6,195.26	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49	4,585.68	1,107.12	2,396.73
SETTLEMENT EXPENSES	0.00	0.00	0.00	10.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00
SERVICE FEE EXPENSE	3,966.21	0.00	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)	(80.79)	0.00	0.00
BANK SERVICE FEES EXP	1,175.24	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03	384.23	798.92	1,497.08

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	5/31/13	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14
Retirement Expense	(5,560.06)	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	173.90	1,738.68	1,738.68	1,738.68	1,738.68
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.01	0.00
General R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	(0.02)
Total Operating Expenses	1,237,503.41	600,815.61	919,610.88	926,384.36	927,021.04	942,399.20	910,126.81	1,111,867.79	924,166.20	915,516.79	911,460.45	913,301.55
Operating Income (Loss)	(470,290.38)	199,186.84	(159,677.85)	(154,942.13)	(162,991.68)	(193,200.70)	(158,590.64)	(201,430.26)	(88,074.99)	(129,950.09)	(214,492.95)	(207,098.84)
Other Income (Expense)												
INTEREST INCOME	194.69	316.39	201.26	196.84	324.01	206.99	197.17	388.20	168.05	158.25	314.60	162.10
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.56	15.49	0.00	0.00
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(28,626.58)	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)	(27,681.00)	(27,681.00)	(31,716.00)	(27,681.00)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00	(4,035.00)	(4,035.00)	0.00	(4,035.00)
Total Other Income (Expens	(32,466.89)	(31,605.60)	(32,011.35)	(32,241.78)	(31,600.60)	(28,986.05)	(41,128.43)	(75,995.03)	(31,546.39)	(31,542.26)	(31,401.40)	(31,553.90)
Net Income (Loss) Before T	(502,757.27)	167,581.24	(191,689.20)	(187,183.91)	(194,592.28)	(222,186.75)	(199,719.07)	(277,425.29)	(119,621.38)	(161,492.35)	(245,894.35)	(238,652.74)
Net Income (Loss)	\$ (502,757.27)	\$ 167,581.24	\$(191,689.20)	\$(187,183.91)	\$(194,592.28)	\$(222,186.75)	\$(199,719.07)	\$(277,425.29)	\$(119,621.38)	\$161,492.35	\$(245,894.35)	\$(238,652.74)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended April 30, 2014 Actual	1 Month Ended April 30, 2014 Budget	Over / (Under) Budget	4 Months April 30, 2014 Actual	4 Months Ended April 30, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 505,830.53	\$ 0.00	\$ 505,830.53	\$ 2,147,508.71	\$ 0.00	\$ 2,147,508.71
METERED SALES - COMMERCIAL	46,505.45	0.00	46,505.45	223,740.70	0.00	223,740.70
METERED SALES - INDUSTRIAL	4,858.64	0.00	4,858.64	17,288.66	0.00	17,288.66
METERED SALES - PUBLIC AUTH.	16,108.40	0.00	16,108.40	65,301.79	0.00	65,301.79
METERED SALES - MULTI FAMILY	19,928.59	0.00	19,928.59	88,958.32	0.00	88,958.32
FIRE PROTECTION REVENUE	100.00	0.00	100.00	400.00	0.00	400.00
CUSTOMER LATE PAYMENT CHARG	13,492.73	0.00	13,492.73	57,428.10	0.00	57,428.10
OTHER WATER SERVICE REVENUE	16,545.02	0.00	16,545.02	77,308.12	0.00	77,308.12
SERVICE CONNECTION FEES	9,275.00	0.00	9,275.00	48,731.61	0.00	48,731.61
SERVICE CONNECTION FEES FOR	90.00	0.00	90.00	630.00	0.00	630.00
SEWER REVENUE -RESIDENTIAL	55,990.58	0.00	55,990.58	232,468.26	0.00	232,468.26
SEWER REVENUE - COMMERCIAL	-17,477.77	0.00	17,477.77	65,063.85	0.00	65,063.85
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	706,202.71	0.00	706,202.71	3,024,828.12	0.00	3,024,828.12
Gross Profit	706,202.71	0.00	706,202.71	3,024,828.12	0.00	3,024,828.12
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	821,034.84	0.00	821,034.84
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	266,082.56	0.00	266,082.56
PAYROLL TAXES - FICA & U.C.	1,043.35	0.00	1,043.35	4,735.07	0.00	4,735.07
COMP COMMISSIONERS - AUTO DIS	(3,639.48)	0.00	(3,639.48)	10,000.00	0.00	10,000.00
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	41,787.20	0.00	41,787.20
CONTRACT SERVICE - ACCOUNTIN	2,884.00	0.00	2,884.00	14,116.00	0.00	14,116.00
CONTRACT SERVICE - LEGAL	3,190.00	0.00	3,190.00	13,071.25	0.00	13,071.25
CONTRACT SERVICE - MANAGEME	633,954.51	0.00	633,954.51	2,509,554.66	0.00	2,509,554.66
CONTRACT MGMNT EXP ASSUMED	(12,085.65)	0.00	(12,085.65)	(36,618.06)	0.00	(36,618.06)
ADVERTISING	96.20	0.00	96.20	732.60	0.00	732.60
EDUCATION, DUES, MEETINGS, ET	2,396.73	0.00	2,396.73	9,768.02	0.00	9,768.02

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended April 30, 2014 Actual	1 Month Ended April 30, 2014 Budget	Over / (Under) Budget	4 Months April 30, 2014 Actual	4 Months Ended April 30, 2014 Budget	Over / (Under) Budget
SERVICE FEE EXPENSE	0.00	0.00	0.00	(253.13)	0.00	(253.13)
BANK SERVICE FEES EXP	1,497.08	0.00	1,497.08	3,479.26	0.00	3,479.26
Retirement Expense	1,738.68	0.00	1,738.68	6,954.72	0.00	6,954.72
General R & M Sewer	(0.02)	0.00	(0.02)	0.00	0.00	0.00
Total Operating Expenses	<u>913,301.55</u>	<u>0.00</u>	<u>913,301.55</u>	<u>3,664,444.99</u>	<u>0.00</u>	<u>3,664,444.99</u>
Operating Income (Loss)	<u>(207,098.84)</u>	<u>0.00</u>	<u>(207,098.84)</u>	<u>(639,616.87)</u>	<u>0.00</u>	<u>(639,616.87)</u>
Other Income (Expense)						
INTEREST INCOME	162.10	0.00	162.10	803.00	0.00	803.00
INTEREST INCOME	0.00	0.00	0.00	17.05	0.00	17.05
INTEREST EXPENSE - TERM DEBT	(27,681.00)	0.00	27,681.00	(114,759.00)	0.00	(114,759.00)
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(12,105.00)	0.00	(12,105.00)
Total Other Income (Expense)	<u>(31,553.90)</u>	<u>0.00</u>	<u>(31,553.90)</u>	<u>(126,043.95)</u>	<u>0.00</u>	<u>(126,043.95)</u>
Net Income (Loss) Before Taxes	<u>(238,652.74)</u>	<u>0.00</u>	<u>(238,652.74)</u>	<u>(765,660.82)</u>	<u>0.00</u>	<u>(765,660.82)</u>
Net Income (Loss)	<u>\$ (238,652.74)</u>	<u>\$ 0.00</u>	<u>\$ (238,652.74)</u>	<u>\$ (765,660.82)</u>	<u>\$ 0.00</u>	<u>\$ (765,660.82)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of May 31, 2014 and 2013**

ASSETS

	Year-to-Date as of <u>May 31, 2014</u>	Comparative as of <u>May 31, 2013</u>
Current Assets		
CASH IN BANK	\$ 382,214	\$ 469,681
CASH IN BANK - RESTRICTED	2,534,573	1,988,500
ACCOUNTS RECEIVABLE	904,773	626,947
CLEARING ACCOUNTS	(5,377)	(35,386)
RECEIVABLE - UMG R AND M	98,214	90,437
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>3,929,584</u>	<u>3,155,366</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,448,152	125,125,141
CONSTRUCTION IN PROGRESS	<u>5,802,855</u>	<u>8,935,469</u>
TOTAL PLANT IN SERVICE	136,343,323	134,152,926
LESS:		
ACCUMULATED DEPRECIATION	<u>(45,731,544)</u>	<u>(42,119,370)</u>
Total Other Assets	90,611,779	92,033,556
Total Assets	<u>\$ 94,541,362</u>	<u>\$ 95,188,922</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of May 31, 2014 and 2013**

LIABILITIES & EQUITY

	<u>Year-to-Date as of May 31, 2014</u>	<u>Comparative as of May 31, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	572,222	525,797
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	308,996	311,369
ACCRUED PAYROLL & RELATED EXPENSES	4,217	12,520
ACCRUED INTEREST - LONG TERM DEBT	208,868	193,401
OTHER CURRENT LIABILITIES	32,377	26,956
Total Current Liabilities	<u>2,030,907</u>	<u>1,817,649</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,112,897	6,573,300
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,340,008	3,638,576
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,906,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,408,179</u>	<u>13,370,425</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(993,633)	(1,360,027)
ADVANCES FOR CONSTRUCTION	6,299,423	9,242,190
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,105,083	5,962,468
Total Equity & Contributions	<u>80,102,277</u>	<u>80,000,848</u>
Total Equity & Liabilities	<u>\$ 94,541,362</u>	<u>\$ 95,188,922</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended May 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 729,532	\$ 3,754,360
Total Revenue	729,532	3,754,360
Operating Expenses		
Transmission & Distribution Expense	100	100
Administrator Expense	12,185	60,927
General & Administrative	640,856	3,164,707
Total Operating Expenses	653,141	3,225,734
Depreciation Expense	271,779	1,358,897
General Tax Expense	1,043	5,778
Utility Operating Expense	925,964	4,590,409
Utility Operating Income (Loss)	(196,432)	(836,049)
Other Income & Deductions:		
Interest Income	175	995
Interest Expense	(31,716)	(158,580)
Total Other Income & Deductions	(31,541)	(157,585)
Net Income (Loss) for Period	\$ (227,973)	\$ (993,633)

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 5 Months Ended May 31, 2014**

	For the Month Ended	For the Period Ended
	<u>May 31, 2014</u>	<u>May 31, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (227,973)	\$ (993,633)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	1,358,897
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	16,200	(41,348)
Receivable - UMG R and M	21,197	(5,852)
Other assets	11,369	5,377
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(12,249)	8,779
Accrued Interest	(11,177)	36,262
Accrued Payroll Liabilities	(3)	3,678
Customer Deposits	5,492	(3,039)
Misc. Accrued Liabilities	3,228	5,804
Total Adjustments	<u>305,836</u>	<u>1,368,558</u>
Net Cash Provided By (Used in) Operating Activities	77,864	374,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(19,053)	(55,671)
Construction in Progress	(87,726)	(793,985)
Proceeds From Sale of Fixed Assets	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	(106,779)	(849,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(190,534)	(430,361)
(Increase) decrease in restricted assets	(102,109)	(220,988)
Advances for construction	<u>296,141</u>	<u>951,498</u>
Net Cash Provided By (Used In) Financing Activities	3,498	300,150
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,417)	(174,582)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>407,631</u>	<u>556,796</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 382,214</u>	<u>\$ 382,214</u>

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of May 31, 2014 and 2013

ASSETS:

	Year-to-Date as of <u>May 31, 2014</u>	Comparative as of <u>May 31, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	625,276	506,287
CTB - SHELBY COAL DEVELOPMENT	61,193	61,009
BB & T - Sinking Fund	111,301	112,798
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,330	1,483
CTB - CUSTOMER DEPOSIT ESCROW	372,717	381,749
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,879	16,703
CTB - O & M RESERVES	16,538	16,521
Community Trust Bank - Misc Line Extension	212,472	7,956
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	622,357	485,750
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TEATMENT PLANT UPGRADE	1	(10)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB- Majestic Sewer Project	11,368	0
CTB-LMI Service Connection 08-09	656	656
CTB-Various Short Line Ext.	91	62
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- Recycling Revenue Acct.	1,262	925
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	191,081	226,173
Total Cash Reserves - Restricted	\$ 2,534,573	\$ 1,988,499
Operating Cash:		
CTB - DIST. WIDE TAP FEES	218,987	220,025
Petty Cash	320	320
CTB - Operating Account	17,662	45,719
CTB-MWD Payroll Account	8,584	9,542
CTB - Dist Wide WW Tap Fees	43,626	39,812
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	483	55
CTB.-M.W.D. Rehab Project	23,550	85,206
Total Operating Cash	\$ 382,214	\$ 469,681

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of May 31, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>May 31, 2014</u>	Comparative as of <u>May 31, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	<u>673,000</u>	<u>680,000</u>
Total Bonds Payable	\$ 3,859,500	\$ 3,906,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,877,829	6,120,053
KIA LOAN B291-07 MULTI AREA	2,136,893	2,329,679
KIA LOAN B291-01 INDIAN CREEK	140,886	153,528
RD Loan 91-40 Water Treatment Upgrade	(8,000)	0
KIA LOAN F01-07 WATER PLANT	652,020	711,024
KIA LOAN A03-06 SO WMSN III	101,548	110,676
KIA Shelby III Phase II	316,661	333,669
CTB-FEMA loan 60100599434-N	0	27,053
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	113,367
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	<u>19,216</u>	<u>24,356</u>
Total Long-Term Debt	\$ 9,452,906	\$ 10,211,877
Employee Related Payables:		
FICA TAXES WITHHELD	(2,746)	3,047
FEDERAL INCOME TAX WITHHELD	5,815	3,565
KY INCOME TAX WITHHELD	556	2,620
ACCRUED SUTA	869	933
ACCRUED FUTA	143	159
Accrued CERS	<u>(420)</u>	<u>2,196</u>
Total Employee Related Payables	\$ 4,217	\$ 12,520
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	3,610	3,625
TAXES COLLECTED ON CUST. BILLS	<u>28,766</u>	<u>23,330</u>
Total Other Current Liabilities	\$ 32,376	\$ 26,955
Contributions in Aid of Construction:		

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of May 31, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	1,883,509	1,883,509
Total Contributions in Aid of Construction	\$ 99,945,158	\$ 94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of May 31, 2014 and 2013

	Year-to-Date as of <u>May 31, 2014</u>	Comparative as of <u>May 31, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,464,140)	(2,368,645)
Net Cost of Supply Plant	\$ 946,465	\$ 1,038,010
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,639,992)	(1,409,420)
Net Water Treatment Plant	\$ 7,594,362	\$ 7,824,934
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,118,703	5,534,604
WATER METERS & INSTALLATIONS	3,966,023	3,926,898
HYDRANTS	1,218,629	1,211,605
Total Transmission & Distribution Plant	85,183,632	83,206,471
Less: Accumulated Depreciation	(32,326,277)	(30,222,062)
Net Transmission & Distribution Plant	\$ 52,857,355	\$ 52,984,409
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,134,549
SEWER SERVICES	313,361	241,914
SEWER METERS & INSTALLATIONS	128,912	121,093
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,158,613	24,836,750
Less: Accumulated Depreciation	(6,093,151)	(5,164,733)
Net Sewer Plant	\$ 22,065,462	\$ 19,672,017

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of May 31, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	11,525
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		<u>1,967,969</u>	<u>1,967,969</u>
Total General Plant		4,460,950	4,440,911
Less: Accumulated Depreciation		<u>(3,186,882)</u>	<u>(2,953,636)</u>
Net General Plant	\$	<u>1,274,068</u>	\$ <u>1,487,275</u>
Construction in Progress	\$	<u>5,802,855</u>	\$ <u>8,935,469</u>
TOTAL PLANT IN SERVICE	\$	<u>90,540,567</u>	\$ <u>91,942,114</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended May 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 526,881	\$ 2,674,390
METERED SALES - COMMERCIAL	47,887	271,628
METERED SALES - INDUSTRIAL	2,823	20,112
METERED SALES - PUBLIC AUTH.	17,321	82,623
METERED SALES - MULTI FAMILY	20,139	109,097
Total Metered Water Revenue	\$ 615,051	\$ 3,157,850
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 500
CUSTOMER LATE PAYMENT CHARGES	13,694	71,123
OTHER WATER SERVICE REVENUE	19,149	96,457
SERVICE CONNECTION FEES	13,415	62,147
SERVICE CONNECTION FEES FOR WA	0	630
Total Other Water Revenue	\$ 46,358	\$ 230,857
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 49,417	\$ 281,886
SEWER REVENUE - COMMERCIAL	18,705	83,768
Total Sewer Revenue	\$ 68,122	\$ 365,654
Total Operating Revenue	\$ 729,531	\$ 3,754,361

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended May 31, 2014

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 12,500
CONTRACT SERVICE - ACCOUNTING	2,521	16,637
CONTRACT SERVICE - LEGAL	2,936	16,008
CONTRACT SERVICE - MANAGEMENT	644,440	3,153,994
CONTRACT MGMNT EXP ASSUMED	(19,053)	(55,671)
ADVERTISING	0	733
EDUCATION, DUES, MEETINGS, ETC.	1,387	11,155
SETTLEMENT EXPENSES	2,500	2,500
SERVICE FEE EXPENSE	3,665	3,412
BANK SERVICE FEES EXP	(39)	3,440
	<hr/>	<hr/>
Total General & Administrative Expense	\$ 640,857	\$ 3,164,708

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	2,674,390
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	271,628
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	20,112
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	82,623
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	32,510	21,412	0	0	0	109,097
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	500
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	71,123
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	96,457
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	62,147
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	630
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	281,886
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	83,768
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	3,754,361
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	3,754,361
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	1,026,294
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	332,603
PAYROLL TAXES - FICA &	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	5,778
COMP COMMISSIONERS	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	12,500
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	52,234
CONTRACT SERVICE - A	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	16,637
CONTRACT SERVICE - LE	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	16,008
CONTRACT SERVICE - M	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	3,153,994
CONTRACT MGMNT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(55,671)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	100
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	733
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	11,155
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	2,500
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	3,412
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	3,440
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	8,693
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expenditures	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>4,590,410</u>
Operating Income (Loss)	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(836,049)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	978
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	17
Gain (Loss) on Sale of Fixed Assets	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(142,440)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(16,140)
Total Other Income (Expense)	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(157,585)</u>
Net Income (Loss) Before Income Taxes	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(993,634)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (993,634)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14
Sales												
METERED SALES - RESIDENT	564,208.04	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92	551,967.57	500,605.69	505,830.53	526,881.17
METERED SALES - COMMER	58,019.60	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32	63,421.16	46,924.77	46,505.45	47,886.96
METERED SALES - INDUSTRI	3,838.35	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20	4,280.18	4,547.64	4,858.64	2,823.15
METERED SALES - PUBLIC A	24,022.48	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62	16,956.32	16,750.45	16,108.40	17,321.23
METERED SALES - MULTI FA	20,686.04	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62	23,084.48	19,964.63	19,928.59	20,138.86
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,661.36	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35	17,387.30	11,061.72	13,492.73	13,694.48
OTHER WATER SERVICE REV	16,043.48	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67	16,125.31	19,268.12	16,545.02	19,149.24
SERVICE CONNECTION FEES	13,605.00	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28	13,829.33	9,625.00	9,275.00	13,415.20
SERVICE CONNECTION FEES	240.00	165.00	60.00	90.00	60.00	60.00	60.00	0.00	150.00	390.00	90.00	0.00
SEWER REVENUE -RESIDENT	60,233.31	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41	59,456.11	50,545.16	55,990.58	49,417.32
SEWER REVENUE - COMMER	19,344.79	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82	18,808.94	17,184.32	17,477.77	18,704.58
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50	751,536.17	910,437.53	836,091.21	785,566.70	696,967.50	706,202.71	729,532.19
Gross Profit	800,002.45	759,933.03	771,442.23	764,029.36	749,198.50	751,536.17	910,437.53	836,091.21	785,566.70	696,967.50	706,202.71	729,532.19
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	1,029.53	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03	1,228.36	1,069.33	1,043.35	1,043.35
COMP COMMISSIONERS - AU	8,543.36	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00	2,500.00	8,639.48	(3,639.48)	2,500.00
COMPENSATION - ADMINIST	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80	10,446.80	10,446.80	10,446.80	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	3,576.00	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00	3,828.00	3,982.00	2,884.00	2,521.00
CONTRACT SERVICE - LEGAL	2,247.50	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50	2,863.75	4,350.00	3,190.00	2,936.25
CONTRACT SERVICE - MANA	316,866.75	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43	623,509.36	623,469.36	633,954.51	644,439.66
CONTRACT MGMNT EXP ASS	(20,584.04)	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)	(7,266.62)	(16,557.02)	(12,085.65)	(19,052.86)
RENTAL OF BLDG - REAL PR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
ADVERTISING	2,497.50	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00	0.00	636.40	96.20	0.00
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	1,895.02	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49	4,585.68	1,107.12	2,396.73	1,386.68
SETTLEMENT EXPENSES	0.00	0.00	10.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	2,500.00
SERVICE FEE EXPENSE	0.00	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)	(80.79)	0.00	0.00	3,664.63
BANK SERVICE FEES EXP	986.92	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03	384.23	798.92	1,497.08	(39.39)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14
Retirement Expense	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	173.90	1,738.68	1,738.68	1,738.68	1,738.68	1,738.68
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.01	0.00	0.00
General R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	(0.02)	0.00
Total Operating Expenses	600,815.61	919,610.88	926,384.36	927,021.04	942,399.20	910,126.81	1,111,867.79	924,166.20	915,516.79	911,460.45	913,301.55	925,964.15
Operating Income (Loss)	199,186.84	(159,677.85)	(154,942.13)	(162,991.68)	(193,200.70)	(158,590.64)	(201,430.26)	(88,074.99)	(129,950.09)	(214,492.95)	(207,098.84)	(196,431.96)
Other Income (Expense)												
INTEREST INCOME	316.39	201.26	196.84	324.01	206.99	197.17	388.20	168.05	158.25	314.60	162.10	175.43
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.56	15.49	0.00	0.00	0.00
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(27,886.99)	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)	(27,681.00)	(27,681.00)	(31,716.00)	(27,681.00)	(27,681.00)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00	(4,035.00)	(4,035.00)	0.00	(4,035.00)	(4,035.00)
Total Other Income (Expense)	(31,605.60)	(32,011.35)	(32,241.78)	(31,600.60)	(28,986.05)	(41,128.43)	(75,995.03)	(31,546.39)	(31,542.26)	(31,401.40)	(31,553.90)	(31,540.57)
Net Income (Loss) Before T	167,581.24	(191,689.20)	(187,183.91)	(194,592.28)	(222,186.75)	(199,719.07)	(277,425.29)	(119,621.38)	(161,492.35)	(245,894.35)	(238,652.74)	(227,972.53)
Net Income (Loss)	\$ -167,581.24	\$(191,689.20)	\$(187,183.91)	\$(194,592.28)	\$(222,186.75)	\$(199,719.07)	\$(277,425.29)	\$(119,621.38)	\$(161,492.35)	\$(245,894.35)	\$(238,652.74)	\$(227,972.53)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended May 31, 2014 Actual	1 Month Ended May 31, 2014 Budget	Over / (Under) Budget	5 Months May 31, 2014 Actual	5 Months Ended May 31, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 526,881.17	\$ 0.00	\$ 526,881.17	\$ 2,674,389.88	\$ 0.00	\$ 2,674,389.88
METERED SALES - COMMERCIAL	47,886.96	0.00	47,886.96	271,627.66	0.00	271,627.66
METERED SALES - INDUSTRIAL	2,823.15	0.00	2,823.15	20,111.81	0.00	20,111.81
METERED SALES - PUBLIC AUTH.	17,321.23	0.00	17,321.23	82,623.02	0.00	82,623.02
METERED SALES - MULTI FAMILY	20,138.86	0.00	20,138.86	109,097.18	0.00	109,097.18
FIRE PROTECTION REVENUE	100.00	0.00	100.00	500.00	0.00	500.00
CUSTOMER LATE PAYMENT CHARG	13,694.48	0.00	13,694.48	71,122.58	0.00	71,122.58
OTHER WATER SERVICE REVENUE	19,149.24	0.00	19,149.24	96,457.36	0.00	96,457.36
SERVICE CONNECTION FEES	13,415.20	0.00	13,415.20	62,146.81	0.00	62,146.81
SERVICE CONNECTION FEES FOR	0.00	0.00	0.00	630.00	0.00	630.00
SEWER REVENUE -RESIDENTIAL	49,417.32	0.00	49,417.32	281,885.58	0.00	281,885.58
SEWER REVENUE - COMMERCIAL	18,704.58	0.00	18,704.58	83,768.43	0.00	83,768.43
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>729,532.19</u>	<u>0.00</u>	<u>729,532.19</u>	<u>3,754,360.31</u>	<u>0.00</u>	<u>3,754,360.31</u>
Gross Profit	<u>729,532.19</u>	<u>0.00</u>	<u>729,532.19</u>	<u>3,754,360.31</u>	<u>0.00</u>	<u>3,754,360.31</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	1,026,293.55	0.00	1,026,293.55
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	332,603.20	0.00	332,603.20
PAYROLL TAXES - FICA & U.C.	1,043.35	0.00	1,043.35	5,778.42	0.00	5,778.42
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	12,500.00	0.00	12,500.00
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	52,234.00	0.00	52,234.00
CONTRACT SERVICE - ACCOUNTIN	2,521.00	0.00	2,521.00	16,637.00	0.00	16,637.00
CONTRACT SERVICE - LEGAL	2,936.25	0.00	2,936.25	16,007.50	0.00	16,007.50
CONTRACT SERVICE - MANAGEME	644,439.66	0.00	644,439.66	3,153,994.32	0.00	3,153,994.32
CONTRACT MGMNT EXP ASSUMED	(19,052.86)	0.00	(19,052.86)	(55,670.92)	0.00	(55,670.92)
RENTAL OF BLDG - REAL PROPERT	100.00	0.00	100.00	100.00	0.00	100.00
ADVERTISING	0.00	0.00	0.00	732.60	0.00	732.60

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended May 31, 2014 Actual	1 Month Ended May 31, 2014 Budget	Over / (Under) Budget	5 Months May 31, 2014 Actual	5 Months Ended May 31, 2014 Budget	Over / (Under) Budget
EDUCATION, DUES, MEETINGS, ET	1,386.68	0.00	1,386.68	11,154.70	0.00	11,154.70
SETTLEMENT EXPENSES	2,500.00	0.00	2,500.00	2,500.00	0.00	2,500.00
SERVICE FEE EXPENSE	3,664.63	0.00	3,664.63	3,411.50	0.00	3,411.50
BANK SERVICE FEES EXP	(39.39)	0.00	(39.39)	3,439.87	0.00	3,439.87
Retirement Expense	1,738.68	0.00	1,738.68	8,693.40	0.00	8,693.40
Total Operating Expenses	<u>925,964.15</u>	<u>0.00</u>	<u>925,964.15</u>	<u>4,590,409.14</u>	<u>0.00</u>	<u>4,590,409.14</u>
Operating Income (Loss)	<u>(196,431.96)</u>	<u>0.00</u>	<u>(196,431.96)</u>	<u>(836,048.83)</u>	<u>0.00</u>	<u>(836,048.83)</u>
Other Income (Expense)						
INTEREST INCOME	175.43	0.00	175.43	978.43	0.00	978.43
INTEREST INCOME	0.00	0.00	0.00	17.05	0.00	17.05
INTEREST EXPENSE - TERM DEBT	(27,681.00)	0.00	27,681.00	(142,440.00)	0.00	142,440.00
INTEREST EXPENSE - TERM DEBT	(4,035.00)	0.00	4,035.00	(16,140.00)	0.00	16,140.00
Total Other Income (Expense)	<u>(31,540.57)</u>	<u>0.00</u>	<u>(31,540.57)</u>	<u>(157,584.52)</u>	<u>0.00</u>	<u>(157,584.52)</u>
Net Income (Loss) Before Taxes	<u>(227,972.53)</u>	<u>0.00</u>	<u>(227,972.53)</u>	<u>(993,633.35)</u>	<u>0.00</u>	<u>(993,633.35)</u>
Net Income (Loss)	<u>\$ (227,972.53)</u>	<u>\$ 0.00</u>	<u>\$ (227,972.53)</u>	<u>\$ (993,633.35)</u>	<u>\$ 0.00</u>	<u>\$ (993,633.35)</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of June 30, 2014 and 2013**

ASSETS

	Year-to-Date as of <u>June 30, 2014</u>	Comparative as of <u>June 30, 2013</u>
Current Assets		
CASH IN BANK	\$ 353,287	\$ 679,312
CASH IN BANK - RESTRICTED	2,377,061	2,070,378
ACCOUNTS RECEIVABLE	949,809	758,182
CLEARING ACCOUNTS	12,792	(35,386)
RECEIVABLE - UMG R AND M	94,703	113,075
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	625	625
Total Current Assets	<u>3,802,839</u>	<u>3,600,747</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	130,464,465	125,145,725
CONSTRUCTION IN PROGRESS	6,191,026	9,206,835
TOTAL PLANT IN SERVICE	<u>136,747,807</u>	<u>134,444,876</u>
LESS:		
ACCUMULATED DEPRECIATION	<u>(45,957,574)</u>	<u>(42,391,150)</u>
Total Other Assets	90,790,233	92,053,727
Total Assets	<u>\$ 94,593,073</u>	<u>\$ 95,654,474</u>

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of June 30, 2014 and 2013**

LIABILITIES & EQUITY

	<u>Year-to-Date as of June 30, 2014</u>	<u>Comparative as of June 30, 2013</u>
Current Liabilities:		
ACCOUNTS PAYABLE	575,560	559,887
CURRENT PORTION DUE - NOTES PAYABLE	904,227	747,605
CUSTOMER DEPOSITS	309,111	318,186
ACCRUED PAYROLL & RELATED EXPENSES	4,214	15,494
ACCRUED INTEREST - LONG TERM DEBT	240,584	225,117
OTHER CURRENT LIABILITIES	35,224	30,514
Total Current Liabilities	<u>2,068,920</u>	<u>1,896,804</u>
Long-Term Liabilities:		
NOTES PAYABLE	6,068,553	6,534,887
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	3,340,008	3,638,576
BONDS PAYABLE - RURAL DEVELOPMENT	3,859,500	3,906,154
LESS: CURRENT PORTION DUE	(904,227)	(747,605)
Total Long-Term Liabilities	<u>12,363,834</u>	<u>13,332,012</u>
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(31,253,754)	(28,788,512)
CURRENT YEAR NET INCOME (LOSS)	(1,156,251)	(1,192,445)
ADVANCES FOR CONSTRUCTION	6,511,832	9,478,544
CONTRIBUTIONS IN AID OF CONSTRUCTION	99,945,158	94,944,729
TAP-ON-FEES	6,113,333	5,983,343
Total Equity & Contributions	<u>80,160,318</u>	<u>80,425,659</u>
Total Equity & Liabilities	<u>\$ 94,593,073</u>	<u>\$ 95,654,474</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Combined Operating Statement for the Period Ended June 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 794,906	\$ 4,549,267
Total Revenue	<u>794,906</u>	<u>4,549,267</u>
Operating Expenses		
Transmission & Distribution Expense	0	100
Administrator Expense	12,185	73,113
General & Administrative	<u>641,140</u>	<u>3,805,847</u>
Total Operating Expenses	653,326	3,879,060
Depreciation Expense	271,779	1,630,676
General Tax Expense	<u>1,043</u>	<u>6,822</u>
Utility Operating Expense	926,148	5,516,558
Utility Operating Income (Loss)	(131,242)	(967,291)
Other Income & Deductions:		
Interest Income	340	1,336
Interest Expense	<u>(31,716)</u>	<u>(190,296)</u>
Total Other Income & Deductions	<u>(31,376)</u>	<u>(188,960)</u>
Net Income (Loss) for Period	\$ <u>(162,618)</u>	\$ <u>(1,156,251)</u>

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MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 6 Months Ended June 30, 2014

	For the Month Ended	For the Period Ended
	<u>June 30, 2014</u>	<u>June 30, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (162,618)	\$ (1,156,251)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	1,630,676
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(45,036)	(86,384)
Receivable - UMG R and M	3,511	(2,341)
Other assets	(18,169)	(12,792)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,338	12,117
Accrued Interest	31,716	67,978
Accrued Payroll Liabilities	(3)	3,675
Customer Deposits	115	(2,924)
Misc. Accrued Liabilities	2,848	8,652
Total Adjustments	250,099	1,618,657
Net Cash Provided By (Used in) Operating Activities	87,481	462,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(16,313)	(71,984)
Construction in Progress	(388,171)	(1,182,156)
Proceeds From Sale of Fixed Assets	0	0
Net Cash Provided By (Used In) Investing Activities	(404,484)	(1,254,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Repayments	(44,344)	(474,705)
(Increase) decrease in restricted assets	157,512	(63,476)
Advances for construction	220,659	1,172,157
Net Cash Provided By (Used In) Financing Activities	333,826	633,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,823	(157,759)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	382,214	556,796
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 399,037	\$ 399,037

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of June 30, 2014 and 2013

ASSETS:

	Year-to-Date as of <u>June 30, 2014</u>	Comparative as of <u>June 30, 2013</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,574	\$ 151,060
BB & T - DEPRECIATION RESERVE	635,183	516,210
CTB - SHELBY COAL DEVELOPMENT	61,208	61,024
BB & T - Sinking Fund	131,301	167,798
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	1,327	1,466
CTB - CUSTOMER DEPOSIT ESCROW	374,632	386,977
CTB - FEMA Receivables	90	90
CTB-SEWER CUSTOMER DEPOSIT ACCT.	18,662	16,985
CTB - O & M RESERVES	16,542	16,525
Community Trust Bank - Misc Line Extension	23,264	7,961
CTB - PHELPS SEWER PROJECT	14,636	14,636
CTB - R & M RESERVE	633,850	497,209
CTB - Phelps Water Line Extension	0	(100)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	(10)
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	656
CTB-Variou Short Line Ext.	91	62
CTB-Variou Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	100	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Jonican Project	0	(20)
M.W.D. Belfry Pond Sewer	100	100
M.W.D. 2nd Magistrial-Variou	(50)	0
CTB- Recycling Revenue Acct.	1,262	925
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	191,081	226,173
Total Cash Reserves - Restricted	\$ 2,377,061	\$ 2,070,378
Operating Cash:		
CTB - DIST. WIDE TAP FEES	214,872	224,355
Petty Cash	320	320
CTB - Operating Account	1,206	276,415
CTB-MWD Payroll Account	8,238	8,643
CTB - Dist Wide WW Tap Fees	35,625	43,179
BIG CREEK SEWER-COAL SETTLEMENT	24,134	24,134
Penny Rd Water and Sewer	44,868	44,868
CTB - R & M REIMBURSEMENT ACCT.	473	45
CTB.-M.W.D. Rehab Project	23,550	57,353

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of June 30, 2014 and 2013

Total Operating Cash	\$	353,286	\$	679,312
Accounts Receivable:				
RECEIVABLE - WATER SALES		877,136		610,059
RECEIVABLE - RETURNED CHECKS		9,937		7,127
RECEIVABLE - OTHER FEES, ETC..		(15,876)		87,963
RECEIVABLE - SEWER REVENUE		113,255		102,052
PROVISION FOR UNCOLLECTIBLES		<u>(34,643)</u>		<u>(49,019)</u>
Total Accounts Receivable	\$	949,809	\$	758,182
Clearing Accounts:				
MWD INTERCOMPANY TRANSFERS		(5,377)		(35,386)
CLEARING - TRANSPORTATION		<u>18,169</u>		<u>0</u>
Total Clearing Accounts	\$	12,792	\$	(35,386)
Prepaid Expenses:				
Other Current Assets:				
OTHER DEFERRED DEBTS		<u>625</u>		<u>625</u>
Total Other Current Assets	\$	625	\$	625

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of June 30, 2014 and 2013

LIABILITIES:

	Year-to-Date as of <u>June 30, 2014</u>	Comparative as of <u>June 30, 2013</u>
Bonds Payable:		
RD Loan -WTP	\$ 629,000	\$ 629,000
RD Bond 91-33	1,512,000	1,534,654
RD Bond - Shelby Sewer Project	668,000	678,500
RD Bond - 91-01 Phelps Sewer	377,500	384,000
RD BOND 91-24 RUSSELL FK WTP	673,000	680,000
Total Bonds Payable	\$ 3,859,500	\$ 3,906,154
Long-Term Debt:		
Note Payable Ky. Rural Water	5,833,484	6,087,140
KIA LOAN B291-07 MULTI AREA	2,136,893	2,329,679
KIA LOAN B291-01 INDIAN CREEK	140,886	153,528
RD Loan 91-40 Water Treatment Upgrade	(8,000)	0
KIA LOAN F01-07 WATER PLANT	652,020	711,024
KIA LOAN A03-06 SO WMSN III	101,548	110,676
KIA Shelby III Phase II	316,661	333,669
CTB-FEMA loan 60100599434-N	0	27,053
Note (500,000) paid from UMG 2009	37,353	145,754
CTB- WTP line of credit	90,953	107,867
N/P - CTB VEH.#124	0	6,926
N/P - CTB VEH. #125	0	6,926
2011 Silberado 388340	11,909	19,478
#135 2011 Nissan	5,960	13,644
#136 2011 Silverado	11,905	19,482
#137 2012 Colorado	10,301	15,462
N/P - CTB VEH.#138 2012 SILVERADO	23,838	30,400
N/P - CTB VEH. # 139 2012 SILVERADO	23,634	30,400
N/P - CTB VEH.#140 2012 SILVERADO	19,216	24,356
Total Long-Term Debt	\$ 9,408,561	\$ 10,173,464
Employee Related Payables:		
FICA TAXES WITHHELD	(3,909)	4,926
FEDERAL INCOME TAX WITHHELD	6,978	4,707
KY INCOME TAX WITHHELD	556	2,620
ACCRUED SUTA	944	1,008
ACCRUED FUTA	158	174
Accrued CERS	(514)	2,059
Total Employee Related Payables	\$ 4,213	\$ 15,494
Other Current Liabilities:		
SPECIAL CHG COLLECTED - S.W.D.	4,320	4,350
TAXES COLLECTED ON CUST. BILLS	30,904	26,163
Total Other Current Liabilities	\$ 35,224	\$ 30,513
Contributions in Aid of Construction:		

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of June 30, 2014 and 2013

CONTRIBUTIONS - GOVT GRANTS	66,222,055	64,471,625
CONTRIBUTIONS IN AID - SEWER	23,374,605	20,124,605
CONTRIBUTIONS - OTHER AID	8,464,989	8,464,989
CONTRIBUTION IN AID - SEWER	<u>1,883,509</u>	<u>1,883,509</u>
Total Contributions in Aid of Construction \$	99,945,158 \$	94,944,728

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of June 30, 2014 and 2013

	Year-to-Date as of <u>June 30, 2014</u>	Comparative as of <u>June 30, 2013</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	204,309
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	3,105,266	3,105,266
Total Cost of Supply Plant	3,410,605	3,406,655
Less: Accumulated Depreciation	(2,478,062)	(2,382,567)
Net Cost of Supply Plant	\$ 932,543	\$ 1,024,088
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	9,114,957	9,114,957
Total Water Treatment Plant	9,234,354	9,234,354
Less: Accumulated Depreciation	(1,641,248)	(1,410,676)
Net Water Treatment Plant	\$ 7,593,106	\$ 7,823,678
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	7,875,173	7,875,173
TRANSMISSION/DISTRIBUTION MAINS	65,623,910	64,276,997
WATER SERVICES	6,127,744	5,544,062
WATER METERS & INSTALLATIONS	3,970,544	3,931,627
HYDRANTS	1,221,380	1,211,605
Total Transmission & Distribution Plant	85,199,945	83,220,658
Less: Accumulated Depreciation	(32,489,910)	(30,385,694)
Net Transmission & Distribution Plant	\$ 52,710,035	\$ 52,834,964
Sewer Plant:		
COLLECTION SEWERS	\$ 23,204,926	\$ 20,269,026
TREATMENT AND DISPOSAL EQUIP.	4,392,746	4,134,549
SEWER SERVICES	313,361	246,178
SEWER METERS & INSTALLATIONS	128,912	123,225
OFFICE FURNITURE & EQUIPMENT	54,507	31,007
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	51,581	26,581
Total Sewer Plant	28,158,613	24,843,146
Less: Accumulated Depreciation	(6,159,671)	(5,231,254)
Net Sewer Plant	\$ 21,998,942	\$ 19,611,892

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of June 30, 2014 and 2013

General Plant in Service:			
LAND AND LAND RIGHTS	\$	113,339	\$ 113,339
STRUCTURES AND IMPROVEMENTS		390,299	390,299
PUMPING EQUIPMENT		26,000	26,000
OFFICE FURNITURE & EQUIPMENT		271,082	271,082
TRANSPORTATION EQUIPMENT		1,160,980	1,140,941
TOOLS, SHOP & GARAGE EQUIPMENT		136,207	136,207
LABORATORY EQUIPMENT		11,525	11,525
POWER OPERATED EQUIPMENT		383,549	383,549
COMMUNICATION EQUIPMENT		1,967,969	1,967,969
Total General Plant		4,460,950	4,440,911
Less: Accumulated Depreciation		(3,167,581)	(2,980,084)
Net General Plant	\$	1,293,369	\$ 1,460,827
Construction in Progress	\$	6,191,026	\$ 9,206,835
TOTAL PLANT IN SERVICE	\$	90,719,021	\$ 91,962,284

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended June 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 563,830	\$ 3,238,220
METERED SALES - COMMERCIAL	49,645	321,273
METERED SALES - INDUSTRIAL	4,485	24,597
METERED SALES - PUBLIC AUTH.	19,326	101,949
METERED SALES - MULTI FAMILY	22,794	131,892
Total Metered Water Revenue	\$ 660,080	\$ 3,817,931
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 600
CUSTOMER LATE PAYMENT CHARGES	14,870	85,992
OTHER WATER SERVICE REVENUE	28,357	124,814
SERVICE CONNECTION FEES	11,655	73,802
SERVICE CONNECTION FEES FOR WA	120	750
Total Other Water Revenue	\$ 55,102	\$ 285,958
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 60,681	\$ 342,567
SEWER REVENUE - COMMERCIAL	19,043	102,811
Total Sewer Revenue	\$ 79,724	\$ 445,378
Total Operating Revenue	\$ 794,906	\$ 4,549,267

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended June 30, 2014

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 15,000
CONTRACT SERVICE - ACCOUNTING	3,450	20,087
CONTRACT SERVICE - LEGAL	2,848	18,855
CONTRACT SERVICE - MANAGEMENT	644,440	3,798,434
CONTRACT MGMNT EXP ASSUMED	(16,313)	(71,984)
ADVERTISING	729	1,462
EDUCATION, DUES, MEETINGS, ETC.	2,044	13,198
SETTLEMENT EXPENSES	0	2,500
SERVICE FEE EXPENSE	0	3,412
BANK SERVICE FEES EXP	1,444	4,884
	<hr/>	<hr/>
Total General & Administrative Expense	\$ 641,142	\$ 3,805,848

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MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2014

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Sales													
METERED SALES - RESID	589,105	551,968	500,606	505,831	526,881	563,830	545,696	509,744	503,596	0	0	0	3,238,220
METERED SALES - COM	66,889	63,421	46,925	46,505	47,887	49,645	49,152	49,857	50,641	0	0	0	321,273
METERED SALES - INDUS	3,602	4,280	4,548	4,859	2,823	4,485	4,610	4,100	3,951	0	0	0	24,597
METERED SALES - PUBLI	15,487	16,956	16,750	16,108	17,321	19,326	19,564	17,376	31,798	0	0	0	101,949
METERED SALES - MULTI	25,981	23,084	19,965	19,929	20,139	22,794	24,545	32,510	21,412	0	0	0	131,892
FIRE PROTECTION REVE	100	100	100	100	100	100	100	100	100	0	0	0	600
CUSTOMER LATE PAYME	15,486	17,387	11,062	13,493	13,694	14,870	17,243	14,933	14,464	0	0	0	85,992
OTHER WATER SERVICE	25,370	16,125	19,268	16,545	19,149	28,357	27,998	15,046	14,996	0	0	0	124,814
SERVICE CONNECTION F	16,002	13,829	9,625	9,275	13,415	11,655	10,840	12,055	12,136	0	0	0	73,802
SERVICE CONNECTION F	0	150	390	90	0	120	0	0	0	0	0	0	750
SEWER REVENUE -RESID	66,476	59,456	50,545	55,991	49,417	60,681	60,853	59,107	57,639	0	0	0	342,567
SEWER REVENUE - COM	11,593	18,809	17,184	17,478	18,705	19,043	19,959	15,889	18,733	0	0	0	102,811
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	4,549,267
Gross Profit	836,091	785,565	696,968	706,204	729,531	794,906	780,560	730,717	729,466	0	0	0	4,549,267
Operating Expenses													
DEPRECIATION-EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	0	0	0	1,231,552
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	0	0	0	399,124
PAYROLL TAXES - FICA &	1,394	1,228	1,069	1,043	1,043	1,043	1,043	1,043	1,043	1,043	0	0	6,822
COMP COMMISSIONERS	2,500	2,500	8,639	(3,639)	2,500	2,500	2,500	2,500	2,500	2,500	0	0	15,000
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	10,447	0	0	62,681
CONTRACT SERVICE - A	3,422	3,828	3,982	2,884	2,521	3,450	3,886	6,811	10,200	0	0	0	20,087
CONTRACT SERVICE - LE	2,668	2,864	4,350	3,190	2,936	2,848	2,284	3,806	2,103	0	0	0	18,855
CONTRACT SERVICE - M	628,621	623,509	623,469	633,955	644,440	644,440	644,440	644,440	644,440	0	0	0	3,798,434
CONTRACT MGMNT EXP	(709)	(7,267)	(16,557)	(12,086)	(19,053)	(16,313)	(17,442)	(13,262)	(12,794)	0	0	0	(71,984)
RENTAL OF BLDG - REAL	0	0	0	0	100	0	0	0	0	0	0	0	100
ADVERTISING	0	0	636	96	0	729	0	0	707	0	0	0	1,462
EDUCATION, DUES, MEE	1,678	4,586	1,107	2,397	1,387	2,044	21,322	2,902	8,791	0	0	0	13,198
SETTLEMENT EXPENSES	0	0	0	0	2,500	0	0	0	0	0	0	0	2,500
SERVICE FEE EXPENSE	(172)	(81)	0	0	3,665	0	0	0	0	0	0	0	3,412
BANK SERVICE FEES EX	799	384	799	1,497	(39)	1,444	(120)	1,133	1,172	0	0	0	4,884
Retirement Expense	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	0	0	10,432
Rate Study Expense	0	0	0	0	0	0	0	0	7,500	0	0	0	0
General R & M Sewer	0	0	0	(0)	0	0	0	998	(998)	0	0	0	0

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2014**

	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	YTD Total
Total Operating Expenses	<u>924,167</u>	<u>915,517</u>	<u>911,460</u>	<u>913,303</u>	<u>925,966</u>	<u>926,151</u>	<u>941,879</u>	<u>934,337</u>	<u>948,630</u>	<u>15,729</u>	<u>0</u>	<u>0</u>	<u>5,516,559</u>
Operating Income (Loss)	<u>(88,076)</u>	<u>(129,952)</u>	<u>(214,492)</u>	<u>(207,099)</u>	<u>(196,435)</u>	<u>(131,245)</u>	<u>(161,319)</u>	<u>(203,620)</u>	<u>(219,164)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(967,292)</u>
Other Income (Expense)													
INTEREST INCOME	168	158	315	162	175	340	181	173	337	0	0	0	1,319
INTEREST INCOME	2	15	0	0	0	0	0	0	0	0	0	0	17
Gain (Loss) on Sale of Fixe	0	0	0	0	0	0	0	0	802	0	0	0	0
INTEREST EXPENSE - TE	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(31,716)	(27,681)	(27,681)	(27,686)	0	0	0	(174,156)
INTEREST EXPENSE - TE	(4,035)	(4,035)	0	(4,035)	(4,035)	0	(4,035)	(4,035)	(4,035)	0	0	0	(16,140)
Total Other Income (Expense)	<u>(31,546)</u>	<u>(31,543)</u>	<u>(31,401)</u>	<u>(31,554)</u>	<u>(31,541)</u>	<u>(31,376)</u>	<u>(31,535)</u>	<u>(31,543)</u>	<u>(30,582)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(188,960)</u>
Net Income (Loss) Before	<u>(119,622)</u>	<u>(161,495)</u>	<u>(245,893)</u>	<u>(238,653)</u>	<u>(227,976)</u>	<u>(162,621)</u>	<u>(192,854)</u>	<u>(235,163)</u>	<u>(249,746)</u>	<u>(15,729)</u>	<u>0</u>	<u>0</u>	<u>(1,156,252)</u>
Net Income (Loss)	<u>\$ (119,622)</u>	<u>\$ (161,495)</u>	<u>\$ (245,893)</u>	<u>\$ (238,653)</u>	<u>\$ (227,976)</u>	<u>\$ (162,621)</u>	<u>\$ (192,854)</u>	<u>\$ (235,163)</u>	<u>\$ (249,746)</u>	<u>\$ (15,729)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,156,252)</u>

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14
Sales												
METERED SALES - RESIDENT	547,512.74	534,302.40	529,762.17	510,446.73	523,434.32	770,364.32	589,104.92	551,967.57	500,605.69	505,830.53	526,881.17	563,829.85
METERED SALES - COMMER	52,220.18	60,460.74	62,085.10	61,465.76	59,613.92	58,994.01	66,889.32	63,421.16	46,924.77	46,505.45	47,886.96	49,644.93
METERED SALES - INDUSTRI	3,023.74	3,396.94	3,160.58	3,117.04	3,931.86	3,137.57	3,602.20	4,280.18	4,547.64	4,858.64	2,823.15	4,485.44
METERED SALES - PUBLIC A	19,868.69	25,574.72	26,261.63	28,308.27	22,887.62	14,190.01	15,486.62	16,956.32	16,750.45	16,108.40	17,321.23	19,325.89
METERED SALES - MULTI FA	20,607.95	22,011.61	20,259.21	20,943.60	25,659.21	23,591.54	25,980.62	23,084.48	19,964.63	19,928.59	20,138.86	22,794.43
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	13,720.11	15,204.36	13,106.45	13,319.31	11,712.77	12,099.26	15,486.35	17,387.30	11,061.72	13,492.73	13,694.48	14,869.90
OTHER WATER SERVICE REV	12,627.29	14,904.13	14,395.47	19,352.59	12,437.71	(35,816.58)	25,369.67	16,125.31	19,268.12	16,545.02	19,149.24	28,356.94
SERVICE CONNECTION FEES	12,448.85	14,825.00	12,335.00	13,640.00	9,840.00	9,810.00	16,002.28	13,829.33	9,625.00	9,275.00	13,415.20	11,655.00
SERVICE CONNECTION FEES	165.00	60.00	90.00	60.00	60.00	60.00	0.00	150.00	390.00	90.00	0.00	120.00
SEWER REVENUE -RESIDENT	59,188.06	59,974.52	62,077.55	61,721.44	61,728.92	37,205.58	66,476.41	59,456.11	50,545.16	55,990.58	49,417.32	60,681.27
SEWER REVENUE - COMMER	18,450.42	20,627.81	20,396.20	16,723.76	20,129.84	16,701.82	11,592.82	18,808.94	17,184.32	17,477.77	18,704.58	19,042.70
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>- 836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>	<u>706,202.71</u>	<u>729,532.19</u>	<u>794,906.35</u>
Gross Profit	<u>759,933.03</u>	<u>771,442.23</u>	<u>764,029.36</u>	<u>749,198.50</u>	<u>751,536.17</u>	<u>910,437.53</u>	<u>836,091.21</u>	<u>785,566.70</u>	<u>696,967.50</u>	<u>706,202.71</u>	<u>729,532.19</u>	<u>794,906.35</u>
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	405,682.99	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
AMORTIZATION EXPENSE	0.00	0.00	0.00	0.00	0.00	3,440.35	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	213,477.99	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U.C	1,029.53	1,029.53	1,029.53	1,029.53	461.32	(2,773.23)	1,394.03	1,228.36	1,069.33	1,043.35	1,043.35	1,043.35
COMP COMMISSIONERS - AU	2,500.00	8,543.36	5,521.68	5,521.68	(18,651.77)	2,500.00	2,500.00	2,500.00	8,639.48	(3,639.48)	2,500.00	2,500.00
COMPENSATION - ADMINIST	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,256.66	10,446.80	10,446.80	10,446.80	10,446.80	10,446.80	10,446.80
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	18,014.89	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE - ACCO	8,325.00	6,285.00	3,980.00	26,621.49	4,212.00	3,040.00	3,422.00	3,828.00	3,982.00	2,884.00	2,521.00	3,450.00
CONTRACT SERVICE - LEGAL	3,842.50	3,211.75	2,030.00	1,993.75	6,706.25	2,392.50	2,667.50	2,863.75	4,350.00	3,190.00	2,936.25	2,847.50
CONTRACT SERVICE - MANA	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	633,733.50	628,621.43	623,509.36	623,469.36	633,954.51	644,439.66	644,439.66
CONTRACT MGMNT EXP ASS	(16,247.36)	(14,304.25)	(8,810.84)	(16,281.71)	(9,321.41)	(194,660.58)	(708.77)	(7,266.62)	(16,557.02)	(12,085.65)	(19,052.86)	(16,313.38)
RENTAL OF BLDG - REAL PR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00
ADVERTISING	0.00	236.80	1,028.60	351.50	0.00	884.30	0.00	0.00	636.40	96.20	0.00	728.90
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	0.00	4,917.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATION, DUES, MEETING	2,285.23	3,269.85	3,084.19	5,694.97	2,564.48	1,300.47	1,678.49	4,585.68	1,107.12	2,396.73	1,386.68	2,043.67
SETTLEMENT EXPENSES	0.00	10.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	2,500.00	0.00
SERVICE FEE EXPENSE	0.00	315.32	0.00	0.00	0.00	0.00	(172.34)	(80.79)	0.00	0.00	3,664.63	0.00
BANK SERVICE FEES EXP	385.41	296.43	1,667.31	(22.58)	1,247.87	14,404.05	799.03	384.23	798.92	1,497.08	(39.39)	1,443.87

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14
Retirement Expense	1,721.06	1,721.06	1,721.06	1,721.06	1,721.06	173.90	1,738.68	1,738.68	1,738.68	1,738.68	1,738.68	1,738.68
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	0.01	0.00	0.00	0.00
General R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	(0.02)	0.00	0.00
Total Operating Expenses	919,610.88	926,384.36	927,021.04	942,399.20	910,126.81	1,111,867.79	924,166.20	915,516.79	911,460.45	913,301.55	925,964.15	926,148.40
Operating Income (Loss)	(159,677.85)	(154,942.13)	(162,991.68)	(193,200.70)	(158,590.64)	(201,430.26)	(88,074.99)	(129,950.09)	(214,492.95)	(207,098.84)	(196,431.96)	(131,242.05)
Other Income (Expense)												
INTEREST INCOME	201.26	196.84	324.01	206.99	197.17	388.20	168.05	158.25	314.60	162.10	175.43	340.22
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	1.61	1.56	15.49	0.00	0.00	0.00	0.00
Gain (Loss) on Sale of Fixed As	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE - TERM	(28,177.61)	(28,403.62)	(27,889.61)	(27,958.04)	(28,000.60)	(80,289.84)	(27,681.00)	(27,681.00)	(31,716.00)	(27,681.00)	(27,681.00)	(31,716.00)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(13,325.00)	3,905.00	(4,035.00)	(4,035.00)	0.00	(4,035.00)	(4,035.00)	0.00
Total Other Income (Expense)	(32,011.35)	(32,241.78)	(31,600.60)	(28,986.05)	(41,128.43)	(75,995.03)	(31,546.39)	(31,542.26)	(31,401.40)	(31,553.90)	(31,540.57)	(31,375.78)
Net Income (Loss) Before T	(191,689.20)	(187,183.91)	(194,592.28)	(222,186.75)	(199,719.07)	(277,425.29)	(119,621.38)	(161,492.35)	(245,894.35)	(238,652.74)	(227,972.53)	(162,617.83)
Net Income (Loss)	\$ (191,689.20)	\$ (187,183.91)	\$ (194,592.28)	\$ (222,186.75)	\$ (199,719.07)	\$ (277,425.29)	\$ (119,621.38)	\$ (161,492.35)	\$ (245,894.35)	\$ (238,652.74)	\$ (227,972.53)	\$ (162,617.83)

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended June 30, 2014 Actual	1 Month Ended June 30, 2014 Budget	Over / (Under) Budget	6 Months June 30, 2014 Actual	6 Months Ended June 30, 2014 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 563,829.85	\$ 0.00	\$ 563,829.85	\$ 3,238,219.73	\$ 0.00	\$ 3,238,219.73
METERED SALES - COMMERCIAL	49,644.93	0.00	49,644.93	321,272.59	0.00	321,272.59
METERED SALES - INDUSTRIAL	4,485.44	0.00	4,485.44	24,597.25	0.00	24,597.25
METERED SALES - PUBLIC AUTH.	19,325.89	0.00	19,325.89	101,948.91	0.00	101,948.91
METERED SALES - MULTI FAMILY	22,794.43	0.00	22,794.43	131,891.61	0.00	131,891.61
FIRE PROTECTION REVENUE	100.00	0.00	100.00	600.00	0.00	600.00
CUSTOMER LATE PAYMENT CHARG	14,869.90	0.00	14,869.90	85,992.48	0.00	85,992.48
OTHER WATER SERVICE REVENUE	28,356.94	0.00	28,356.94	124,814.30	0.00	124,814.30
SERVICE CONNECTION FEES	11,655.00	0.00	11,655.00	73,801.81	0.00	73,801.81
SERVICE CONNECTION FEES FOR	120.00	0.00	120.00	750.00	0.00	750.00
SEWER REVENUE -RESIDENTIAL	60,681.27	0.00	60,681.27	342,566.85	0.00	342,566.85
SEWER REVENUE - COMMERCIAL	19,042.70	0.00	19,042.70	102,811.13	0.00	102,811.13
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	<u>794,906.35</u>	<u>0.00</u>	<u>794,906.35</u>	<u>4,549,266.66</u>	<u>0.00</u>	<u>4,549,266.66</u>
Gross Profit	<u>794,906.35</u>	<u>0.00</u>	<u>794,906.35</u>	<u>4,549,266.66</u>	<u>0.00</u>	<u>4,549,266.66</u>
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	1,231,552.26	0.00	1,231,552.26
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	399,123.84	0.00	399,123.84
PAYROLL TAXES - FICA & U.C.	1,043.35	0.00	1,043.35	6,821.77	0.00	6,821.77
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	15,000.00	0.00	15,000.00
COMPENSATION - ADMINISTRATOR	10,446.80	0.00	10,446.80	62,680.80	0.00	62,680.80
CONTRACT SERVICE - ACCOUNTIN	3,450.00	0.00	3,450.00	20,087.00	0.00	20,087.00
CONTRACT SERVICE - LEGAL	2,847.50	0.00	2,847.50	18,855.00	0.00	18,855.00
CONTRACT SERVICE - MANAGEME	644,439.66	0.00	644,439.66	3,798,433.98	0.00	3,798,433.98
CONTRACT MGMNT EXP ASSUMED	(16,313.38)	0.00	(16,313.38)	(71,984.30)	0.00	(71,984.30)
RENTAL OF BLDG - REAL PROPERT	0.00	0.00	0.00	100.00	0.00	100.00
ADVERTISING	728.90	0.00	728.90	1,461.50	0.00	1,461.50

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended June 30, 2014 Actual	1 Month Ended June 30, 2014 Budget	Over / (Under) Budget	6 Months June 30, 2014 Actual	6 Months Ended June 30, 2014 Budget	Over / (Under) Budget
EDUCATION, DUES, MEETINGS, ET	2,043.67	0.00	2,043.67	13,198.37	0.00	13,198.37
SETTLEMENT EXPENSES	0.00	0.00	0.00	2,500.00	0.00	2,500.00
SERVICE FEE EXPENSE	0.00	0.00	0.00	3,411.50	0.00	3,411.50
BANK SERVICE FEES EXP	1,443.87	0.00	1,443.87	4,883.74	0.00	4,883.74
Retirement Expense	1,738.68	0.00	1,738.68	10,432.08	0.00	10,432.08
Total Operating Expenses	<u>926,148.40</u>	<u>0.00</u>	<u>926,148.40</u>	<u>5,516,557.54</u>	<u>0.00</u>	<u>5,516,557.54</u>
Operating Income (Loss)	<u>(131,242.05)</u>	<u>0.00</u>	<u>(131,242.05)</u>	<u>(967,290.88)</u>	<u>0.00</u>	<u>(967,290.88)</u>
Other Income (Expense)						
INTEREST INCOME	340.22	0.00	340.22	1,318.65	0.00	1,318.65
INTEREST INCOME	0.00	0.00	0.00	17.05	0.00	17.05
INTEREST EXPENSE - TERM DEBT	(31,716.00)	0.00	31,716.00	(174,156.00)	0.00	174,156.00
INTEREST EXPENSE - TERM DEBT	0.00	0.00	0.00	(16,140.00)	0.00	16,140.00
Total Other Income (Expense)	<u>(31,375.78)</u>	<u>0.00</u>	<u>(31,375.78)</u>	<u>(188,960.30)</u>	<u>0.00</u>	<u>(188,960.30)</u>
Net Income (Loss) Before Taxes	<u>(162,617.83)</u>	<u>0.00</u>	<u>(162,617.83)</u>	<u>(1,156,251.18)</u>	<u>0.00</u>	<u>(1,156,251.18)</u>
Net Income (Loss)	<u>\$ (162,617.83)</u>	<u>\$ 0.00</u>	<u>\$ (162,617.83)</u>	<u>\$ (1,156,251.18)</u>	<u>\$ 0.00</u>	<u>\$ (1,156,251.18)</u>

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MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

JULY 31, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$3,366.01. See List.

Construction Report:

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. Engineer has completed the ARC Application. The Engineer is currently in the preliminary design phase of the plans and specifications.

- Phelps/Freeburn WWTP Upgrades & Rehabilitation -
Design for this project is complete. Engineer has received approval from the Division of Water and they anticipate bidding the project once the revised electrical drawings and specifications are received.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

Project is approximately 87% complete. Contractor has the main line along Ridgeline Road and Jonican installed and is now working on meter sets.

3. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – Project has been awarded and a pre-construction meeting was held last month. The groundbreaking**

ceremony is scheduled for today at 2:30 pm at the mouth of Bad Fork.

**Update by Doug Griffin, Kenvirons, Inc. & Greg Dotson -
Inspector**

1. Route 199 DOT Line Relocation Project –

The contractor's operator has not been able to work due to a back injury. The two main lines have been pressure tested and they are waiting on the samples to come back. Two other short lines are still to be tested. Engineer is working on providing clarifications to KDOT on the lines at Barney Hollow.

2. Huddy McVeigh DOT Relocation Project –

This project should begin next week as the engineer has a meeting with the contractor to get the contracts signed and have the shop drawings by then.

Update by Tim Campoy, Environmental Design Consultants

1. Kevin Prater/Buckley's Creek Issue –

Mr. Prater has installed the flush hydrant and has now completed the pressure test that meets MWD standards for pressure and allowable leakage. In addition, the line has been flushed and disinfected, and the bacteriological test passes the requirements of the Ky DOW. The tie-in cutting/capping of the existing line are tentatively planned for August 1 with approval from Roy Sawyers. The project is approximately 95% complete.

2. Henry Clay Sewer Project –

Engineer is continuing to hold on this project until a meeting can be held between DOW and EDC/V&M on the Majestic Sewer Project.

3. Shop Branch DOT Relocation Project –

The Division of Water and KDOT plans were both submitted the first week of June. The project was awarded to H2O Construction who began work on July 10th. The contractor installed the casing pipe across the highway bed and the waterline was installed to the tie-in location in Shop Branch before Bizzack suspended the work to complete the fill work in the vicinity of the crossing. Once completed, H2O will re-enter the site and begin installing the balance of the water line and other appurtenances.

4. Various Short Line Extensions Project -

In accordance with Dan Stratton's correspondence to Roy Sawyers and the engineer on June 27th, the engineer has prepared contracts for the Board's approval and signature at today's meeting. They have begun the design process for both the Norman Cook Road and Old Shelbiana Road projects and should have them submitted

to the KDOW in August. In addition, a KDOT permit will be required for the Norman Cook Road Project.

5. Anderson Branch Water Line Extension –

Property issue that was delaying this project is now resolved.

Project is now ready to move forward with construction.

Update by Dan'l Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Plans have been forwarded to the Transportation Cabinet-District 12 and they plan to bid the work by Fall of 2013 if the Right of Way is complete.

2. Majestic Alternative Sewer Project –

Engineer discussed preliminary actions with the Division of Water in May. Site inspections and customer surveys are to begin August, 2013.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The plans and specifications for the line portion of the project are complete. The plans and specifications for the tank portion of the project are complete pending incorporation of information related to the actual tank site. KTC has concurred with the property purchase of the tank site and will pay this cost. The geotechnical engineer and the property owner have been coordinating so the proposed tank site can be drilled.

Project Draws:

DESKINS CURVE DOT PROJECT

Bell Engineering	DOT Funds	\$ 9,351.80
\$9,351.80	Engineering Services	

BELFRY POND SEWER PROJECT

The Solution Group	Coal Severance Funds	\$ 3,500.00
\$3,500.00	Surveys	

WWTP REHABILITATION PROJECT

Hayes Pipe	Coal Severance Funds	\$ 1,020.00
\$1,020.00	Stainless Pipe	

RGB Plumbing Supply	Coal Severance Funds	\$ 130.86
\$130.86	Fittings	

Trivaco	Coal Severance Funds	\$ 900.95
\$900.95	Gate Valves	

Terra Cotta Rehab	Coal Severance Funds	\$ 8,300.00
\$8,300.00	Rehab Lift Stations	

RIDGELINE ROAD WATER SUPPLY PROJECT

Summit Engineering	Coal Severance Funds	\$ 7,189.20
\$7,189.20	Engineering Services	

H2O Construction	Coal Severance Funds	\$ 148,284.90
\$148,284.90	Contract Construction	

PHELPS/FREEBURN WWTP UPGRADES

Summit Engineering	Coal Severance Funds	\$ 31,076.15
\$31,076.15	Engineering Services	

MAJESTIC ALTERNATIVE SEWER PROJECT

Vaughn & Melton	Coal Severance Funds	\$ 5,655.00
\$5,655.00	Engineering Services	

DOUGLAS WWTP UPGRADE PROJECT

The Solution Group	Coal Severance Funds	\$ 5,000.00
\$5,000.00	Block Grant Application	

FOREST HILLS SEWER PROJECT

Summit Engineering	Coal Severance Funds	\$ 9,840.43
\$9,840.43	Engineering Services	

TANK REHABILITATION PROJECT

York Smith Trucking Co.	Coal Severance Funds	\$ 425.00
\$425.00	Dozer Work to Tank	

WATER TREATMENT PLANT UPGRADES

Wascon	Line of Credit	\$ 1,611.07
\$1,611.07	Chemical Feed Pump	

VARIOUS SHORT LINE EXTENSIONS (WX21195737)

EDC, Inc.	Coal Severance Funds	\$ 2,562.10
\$2,562.10	Engineering Services	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Russell Fork WTP Repairs/Upgrades**
- **Forest Hills Sewer Project – Odor Control**
- **Southern Corrosion Update**
- **Adoption of Distribution Optimization Plan**
- **Lift Station Rehab. – Turkey Creek & Rogers Park**
- **Surplus Vehicles**
- **Authorization to Begin RFQ/P for Engineering/Inspection for Water Line Extension Projects – District 2**

18 Paid taps were completed in June.

61 Paid taps have been completed since January 1, 2013.

In the month of June, 65 meters were changed out due to the following: 5 meters were stuck, 2 were damaged, 4 meters were tampered with, 52 for testing as part of the meter testing program and 2 due to flooding/storms in the work order system.

The District sold 83,272,170 gallons of water in June and the total billed for water in June was \$689,447.04. This is a 5.02% increase since May.

The District treated 11,137,490 gallons of sewage in June and billed \$82,540.25; an increase of 3.20% since May.

Total water and sewer revenue billed for June was \$771,987.29; an increase of 4.82% since May.

Total WATER revenue received for the month of June was \$618,736.17.

Total SEWER revenue received for the month of June was \$61,889.71.

During the month of June: 2,422 payments were made in the office, 8,726 payments were processed through the mail, 65 payments were made by credit card in the office, 2,192 payments were made by credit card over the phone, 537 were paid by the bank bill pay option and 1,614 payments were made by credit card over the internet for a total of 15,556 payments processed in June.

52 Total Bacteriological samples were taken during the month of June.

0- Special Bacteriological samples

3 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. McCoy vs. MWD (PSC Suit)**
- 2. Calloway Branch Sewer Customer**
- 3. Larry Fleming (Fall In Base)**
- 4. Southern Corrosion Contract**

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
JULY 2013

214 Field maintenance work orders issued during the month of JULY.

187 Field maintenance work orders completed during the month of JULY.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	398	242	315	258	1213

11 New PAID service tap work orders issued during the month of JULY.

15 New PAID service tap work orders completed during the month of JULY.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	25	15	13	23	76

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

14 Hydrant work orders were completed during the month of JULY.

WATER

- 143 Customer Work Orders completed during the month of JULY.
- 2,641 Delinquent Notices Mailed during the month of JULY.
- 419 Delinquent Work Orders Written Up during the month of JULY.
- 151 Delinquent Accounts Disconnected during the month of JULY.
- 12.7% Decrease in Delinquent Accounts Disconnected since the month of JUNE.

SEWER

- 8 Delinquent Work Orders Written Up during the month of JULY.
- 2 Delinquent Work Orders Disconnected during the month of JULY.

- 23 Vehicle & equipment maintenance work orders issued during the month of JULY.
- 21 Vehicle & equipment maintenance work orders completed during the month of JULY.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

JULY 2013 WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,955	78,947,620	\$661,864.19	-4.00
SEWER	2,390	10,698,700	\$80,111.84	-2.94
TOTAL BILLED			\$741,976.03	-3.89

2 Sewer taps were completed during the month of JULY.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **JULY** was **23,382,000** gallons.

WATERLOSS due to leaks and breaks was **1,790,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **18,685,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,255,000** gallons.

WATERLOSS due to storage tank overflow was **7,000** gallons.

WATERLOSS due to customer usage/other was **1,645,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **JULY** was **47,693,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

20 Work Orders completed for Booster Pump Stations during the month of JULY.

WATER STORAGE TANK MAINTENANCE:

5 Work Orders completed for Water Storage Tanks during the month of JULY.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of JULY.

PRESSURE REGULATOR STATIONS MAINTENANCE:

5 Work Orders completed for Pressure Regulator Stations during the month of JULY.

TELEMETRY MAINTENANCE:

6 Work Orders completed for Telemetry during the month of JULY.

RUSSELL FORK WATERPLANT MAINTENANCE:

5 Work Order completed for the Russell Fork Water Plant during the month of JULY.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of JULY.

- **13** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

4 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of JULY.

LIFT STATION MAINTENANCE:

2 Work Orders completed for Lift Stations excluding regular maintenance during the month of JULY.

COLLECTION SYSTEM MAINTENANCE:

102 Work Orders completed for Collection Systems during the month of JULY.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS SPECIAL MEETING

AUGUST 21, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$5,089.66. See List.

Construction Report:

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application and is submitting the ARC application also. Engineer is currently in the preliminary design phase of the plans and specifications and are working with material suppliers on the plans and specs.

- Phelps/Freeburn WWTP Upgrades & Rehabilitation -
Design for this project is complete and the Engineer has received approval from DOW. They plan to bid the project once the revised electrical drawings and specifications are

received. A final plan review was completed last Friday by Mr. Sawyers and Mr. Potter.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation. Checked with BSADD Director, Sandy Runyon, as to funding availability. Director stated MWD was still on WRIS Funding list.

- **Ridgeline Road – Jonican Water Supply Project –**

Project is approximately 95% complete. Contractor has the main line along Ridgeline Road and Jonican installed and is now working on meter sets. Engineer will issue the extension change order once the plans are approved by the DOW.

- **FEMA BPS Mitigation Project – Easement Allocation Request**

- **Forest Hills Odor Control Project – Engineer is in the design phase of the project and are working with the manufacturer on the specifications for the technology. The design is 80% complete and the new drawings from ANUE Technologies have been received.**

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – The ground breaking ceremony was a success and the contractor is starting work this week.**

Update by Doug Griffin, Kenvirons, Inc. & Greg Dotson -
Inspector

1. Route 199 DOT Line Relocation Project –

The system is complete up to the Stone WWTP with the customers tied in and providing service. The Change Order for the reconstruction of the lift station at the WWTP at Stone has been approved and as soon as the land question is resolved, this construction will be started. The Change Order at Barney Hollow has been approved and the directional bore will be started next week. When this is finished, the other big stretch of line can then be completed and put into service. There are two other short sections to be tested and released to complete the project.

2. Huddy McVeigh DOT Relocation Project –

The 8” directional bore has been completed and the highway bore and case is planned to be done next week. This is a small project and should be completed before the end of September.

Update by Tim Campoy, Environmental Design Consultants

1. Kevin Prater/Buckley’s Creek Issue –

Mr. Prater has completed the tie-in and cutting/capping of the existing line to abandon the old section that UMG was unable to maintain due to its location. The project is 100% complete and servicing the customers. On behalf of Mr. Prater, the engineer formally requests that the District formally adopt this water line into the MWD system.

2. Shop Branch DOT Relocation Project –

Bizzack awarded the project to H2O Construction and they began construction on July 10th. The contractor completed all work available before work was suspended for Bizzack to complete the fill work in the vicinity of the crossing. Once completed, H2O will re-enter the site and begin installing the balance of the water line and other appurtenances. The project is approximately 30% complete.

3. Various Short Line Extensions Project -

The KDOW design and the KDOT Permit are completed for the Norman Cook Road project. The KDOW design for the Old Shelbiana Road project is approximately 50% complete and both will be submitted by the end of August.

4. **Anderson Branch Water Line Extension –**
Property issue that was delaying this project is now resolved.
Project is now ready to move forward with construction.

5. **Cabin Knoll/Scott Fork DOT Relocation Project –**

Update by Dan'l Hall, Vaughn & Melton

1. **Millard Curve Water Line Relocation – DOT Project**

Plans have been forwarded to the Transportation Cabinet-District 12 and they plan to bid the work by Fall of 2013 if the Right of Way is complete.

2. Majestic Alternative Sewer Project –

Engineer discussed preliminary actions with the Division of Water in May. Site inspections and customer surveys began the week of August 12, 2013.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The plans and specifications for the line portion of the project as originally scoped are complete. Engineering is waiting to receive the revised roadway plans so the water line at the eastern end of the project can be relocated to accommodate the additional roadway construction. The plans and specifications for the tank portion of the project are complete pending incorporation of information related to the tank site. The geotechnical engineers have been on-site and the geotechnical investigation is proceeding.

Project Draws:

DESKINS BR CURVE DOT PROJECT

Bell Engineering	DOT Funds	\$ 7,920.50
\$7,920.50	Engineering Services	

JONICAN/RIDGELINE ROAD WATER SUPPLY PROJECT

Summit Engineering	Coal Severance Funds	\$ 1,797.30
\$1,797.30	Engineering Services	

H2O Construction	Coal Severance Funds	\$ 41,172.30
\$41,172.30	Contract Construction	

FOREST HILL SEWER PROJECT

Summit Engineering	Coal Severance Funds	\$ 1,405.77
\$1,405.77	Engineering Services	

KY 199 KDOT RELOCATION (12-298.40)

Wrights Construction	DOT Funds	\$ 8,262.18
\$8,262.18	Contract Construction	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Russell Fork WTP Repairs/Upgrades**
- **Southern Corrosion Update - KY 292 tank's interior is complete. Pending weather, the exterior will be completed and then will start Shelbiana tank.**
- **Lift Station Rehab. – Pounding Mill LS, Billy Dotson LS, Lick Branch LS – Advertised for bid in the 8/16/13 edition of the News Express.**

15 Paid taps were completed in July.

76 Paid taps have been completed since January 1, 2013.

In the month of July, 171 meters were changed out due to the following: 3 meters were stuck, 2 were damaged, 8 meters were tampered with, 157 for testing as part of the meter testing program and 1 due to flooding/storms in the work order system.

The District sold 78,947,620 gallons of water in July and the total billed for water in July was \$661,864.19. This is a 4% decrease since June.

The District treated 10,698,700 gallons of sewage in July and billed \$80,111.84; a decrease of 2.94% since June.

Total water and sewer revenue billed for July was \$741,976.03; a decrease of 3.89% since June.

Total WATER revenue received for the month of July was \$753,913.98.

Total SEWER revenue received for the month of June was \$79,999.36.

During the month of July: 2,584 payments were made in the office, 10,233 payments were processed through the mail, 102 payments were made by credit card in the office, 2,401 payments were made by credit card over the phone, 647 were paid by the bank bill pay option and 1,617 payments were made by credit card over the internet for a total of 17,584 payments processed in July.

52 Total Bacteriological samples were taken during the month of June.

13- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Water Line Extension Projects – Magisterial District #2

2. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. McCoy vs. MWD (PSC Suit)**
- 2. Larry Fleming (Fall In Base)**
- 3. Southern Corrosion Contract**
- 4. Williamson Wastewater Contract**
- 5. Kimper Residents Issue**

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
AUGUST 2013

- 186** Field maintenance work orders issued during the month of AUGUST.
169 Field maintenance work orders completed during the month of AUGUST.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST	49	30	43	47	169
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	447	272	358	305	1382

- 14** New PAID service tap work orders issued during the month of AUGUST.
13 New PAID service tap work orders completed during the month of AUGUST.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST	8	0	1	4	13
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	33	15	14	27	89

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

14 Hydrant work orders were completed during the month of AUGUST.

WATER

- 84 Customer Work Orders completed during the month of AUGUST.
- 2,807 Delinquent Notices Mailed during the month of AUGUST.
- 428 Delinquent Work Orders Written Up during the month of AUGUST.
- 181 Delinquent Accounts Disconnected during the month of AUGUST.
- 17% Increase in Delinquent Accounts Disconnected since the month of JULY.

SEWER

- 5 Delinquent Work Orders Written Up during the month of AUGUST.
- 2 Delinquent Work Orders Disconnected during the month of AUGUST.

- 44 Vehicle & equipment maintenance work orders issued during the month of AUGUST.
- 31 Vehicle & equipment maintenance work orders completed during the month of AUGUST.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	18,022 (17,248 + 774 Multi-Users)
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	2398
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

AUGUST 2013 WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	18,022	81,790,930	\$678,835.71	2.56
SEWER	2,398	11,593,120	\$85,236.12	6.40
TOTAL BILLED			\$764,071.83	2.98

1 Sewer taps were completed during the month of AUGUST.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **AUGUST** was **20,199,000** gallons.

WATERLOSS due to leaks and breaks was **2,455,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **13,377,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,242,000** gallons.

WATERLOSS due to storage tank overflow was **1,610,000** gallons.

WATERLOSS due to customer usage/other was **1,515,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **AUGUST** was **23,909,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

21 Work Orders completed for Booster Pump Stations during the month of AUGUST.

WATER STORAGE TANK MAINTENANCE:

7 Work Orders completed for Water Storage Tanks during the month of AUGUST.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of AUGUST.

PRESSURE REGULATOR STATIONS MAINTENANCE:

6 Work Orders completed for Pressure Regulator Stations during the month of AUGUST.

TELEMETRY MAINTENANCE:

5 Work Orders completed for Telemetry during the month of AUGUST.

RUSSELL FORK WATERPLANT MAINTENANCE:

6 Work Order completed for the Russell Fork Water Plant during the month of AUGUST.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of AUGUST.

- 3 - Special Bacteriological Samples
- 2- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

3 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of AUGUST.

LIFT STATION MAINTENANCE:

9 Work Orders completed for Lift Stations excluding regular maintenance during the month of AUGUST.

COLLECTION SYSTEM MAINTENANCE:

134 Work Orders completed for Collection Systems during the month of AUGUST.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

SEPTEMBER 25th, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

- **Audit Presentation – Griffith, Delany, Hillman & Company**

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$4,258.41. See List.

Construction Report:

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project** – The RD funding application for this project has been approved. BSADD submitted the CDBG application and is submitting the ARC application also. Engineer is currently in the preliminary design phase of the plans and specifications and are working with material suppliers on the plans and specs.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation** - Design for this project is complete and the Engineer has received approval from DOW. The project is out to bid and

the pre-bid meeting is scheduled for September 26th, 2013.

Bids will be opened in early October, 2013.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation. Checked with BSADD Director, Sandy Runyon, as to funding availability. Director stated MWD was still on WRIS Funding list.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is nearing completion and the Engineer is working with the contractor to have the line put into service ASAP for the customers who have already received a meter set. The contractor has the main line along Ridgeline Road and Jonican installed and is now working

on meter sets. The extension change order will be issued once the plans are approved by the DOW.

- **FEMA BPS Mitigation Project –**

No update for this month's meeting.

- **Forest Hills Odor Control Project –**

The design for this project is complete, the project was bid, and bids were received on September 24th, 2013.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – The contractor has started work on installation of the Bad Fork main line and has approximately 2,000 LF installed so far.**

**Update by Doug Griffin, Kenvirons, Inc. & Greg Dotson -
Inspector**

1. Route 199 DOT Line Relocation Project –

This project should be completed within the next two weeks with the exception of the lift station. All of the materials have been ordered and should start arriving within two weeks and the construction should begin at that time.

2. Huddy McVeigh DOT Relocation Project –

This is a small project that should be completed within the next two weeks.

Update by Tim Campoy, Environmental Design Consultants

1. Kevin Prater Water Line Replacement –

To date, Mr. Prater has nearly completed the punch list described at the August Board meeting and engineer will continue to monitor the progress until all punch list items are completed.

2. Shop Branch DOT Relocation Project –

There has been no activity on this project since the August Board meeting. Bizzack awarded the project to H2O Construction and they began construction on July 10th. The contractor completed all work available before work was suspended for Bizzack to complete the fill work in the vicinity of the crossing. Once completed, H2O will re-enter the site and begin installing the balance of the water line and other appurtenances. The project remains approximately 30% complete.

3. Various Short Line Extensions Project -

All permits for the Norman Cook Road Project and the Old Shelbiana Road Project were submitted to the KDOW and the KDOT the last week of August. The permits are still in review by those agencies. Engineer has begun to assemble the bid package for this project.

4. Anderson Branch Water Line Extension –

The contractor, US Rentals and Construction, has ordered the booster pump station, with an expected delivery in about 6 weeks. Engineer expects the contractor to begin construction of the water line in about 4 weeks.

5. Cabin Knoll/Scott Fork DOT Relocation Project –

This project is in the preliminary design stage for these relocations. Engineer plans to have these permits submitted by the end of October.

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Plans have been forwarded to the Transportation Cabinet-District 12 and they plan to bid the work by Fall of 2013 if the Right of Way is complete.

2. Majestic Alternative Sewer Project –

Site inspections and customer surveys began the week of August 12, 2013 and are complete. Data input and Mapping Plan data is 50% completed.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The plans and specifications for the line portion of the project as originally scoped are complete. Engineering is waiting to receive the revised roadway plans so the water line at the eastern end of the project can be relocated to accommodate the additional roadway construction. The geotechnical engineers have been at the tank site multiple times and the geotechnical investigation is proceeding. The proposed tank site is scheduled to be drilled on October 7, 2013. Engineer anticipates a fall 2013 advertisement date for the waterline/tank relocation projects.

Project Draws:

DESKINS BR CURVE DOT PROJECT

Bell Engineering	DOT Funds	\$ 1,525.00
\$1,525.00	Engineering Services	

FOREST HILLS SEWER PROJECT

Summit Engineering	Coal Severance Funds	\$ 4,819.80
\$4,819.80	Engineering Services	

KY 199 KDOT RELOCATION (12-298.40)

Wrights Construction	DOT Funds	\$ 22,800.00
\$22,800.00	Contract Construction	
Kenvirons, Inc.	DOT Funds	\$ 8,400.85
\$8,400.85	Engineering Services	

MAJESTIC ALTERNATIVE SEWER PROJECT

Vaughn & Melton	Coal Severance Funds	\$ 33,345.00
\$33,345.00	Engineering Services	

WW LIFT STATION REHABILITATION

Terra Cotta Rehab	Coal Severance Funds	\$ 20,417.00
\$20,417.00	Contract Construction	
Northside Plumbing	Coal Severance Funds	\$ 76.25
\$76.25	Materials	
Northside Plumbing	Coal Severance Funds	\$ 64.45
\$64.45	Materials	
J.D. Westcotts	Coal Severance Funds	\$ 66.24
\$66.24	Materials	

WTP UPGRADES/REHABILITATION

I. Kruger	Line of Credit	\$27,474.25
\$27,474.25	VFD Purchase	
Elliott Supply	Line of Credit	\$ 176.76
\$176.76	VFD Fittings	
State Electric	Line of Credit	\$ 1,012.56
\$1,012.56	VFD Fittings & Wire	

PHELPS/FREEBURN WWTP

Summit Engineering	Coal Severance Funds	\$ 8,878.90
\$8,878.90	Engineering Services	

MCVEIGH HUDDY ROAD DOT PROJECT

US Rentals & Const.	DOT Funds	\$ 13,699.00
\$13,699.00	Contract Construction	
Kenvirons, Inc,	DOT Funds	\$ 2,915.40
\$2,915.40	Engineering Services	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Russell Fork WTP Repairs/Upgrades**
- **Southern Corrosion Update - KY 292 tank's interior is complete. Pending weather, the exterior will be completed and then will start Shelbiana tank.**
- **Lift Station Rehab. – Pounding Mill LS, Billy Dotson LS, Lick Branch LS – Advertised for bid in the 8/16/13 edition of the News Express.**
- **Wastewater – Residential Grinder Report**
- **South Side Mall Request**
- **Waiver for Kentucky Fuels at Brushy tank**
- **Award Surplus Vehicle Bids**

13 Paid taps were completed in August.

89 Paid taps have been completed since January 1, 2013.

In the month of August, 70 meters were changed out due to the following: 5 meters were stuck, 2 were damaged, 16 meters were tampered with, 44 for testing as part of the meter testing program and 3 due to flooding/storms in the work order system.

The District sold 81,790,930 gallons of water in August and the total billed for water in August was \$678,835.71. This is a 2.56% increase since July.

The District treated 11,593,120 gallons of sewage in August and billed \$85,235.12; an increase of 4.17% since July.

Total water and sewer revenue billed for August was \$764,071.83; an increase of 2.98% since July.

Total WATER revenue received for the month of August was \$722,878.83.

Total SEWER revenue received for the month of August was \$78,809.19.

During the month of August: 2,548 payments were made in the office, 8,612 payments were processed through the mail, 68 payments were made by credit card in the office, 2,453 payments were made by credit card over the phone, 625 were paid by the bank bill pay option and 1,684 payments were made by credit card over the internet for a total of 15,990 payments processed in August.

52 Total Bacteriological samples were taken during the month of August.

3- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Water Line Extension Projects – Magisterial District #2 Engineering

Firm Selection

2. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential

Litigation

1. McCoy vs. MWD (PSC Suit)

2. Williamson Wastewater Contract

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
SEPTEMBER 2013

- 162** Field maintenance work orders issued during the month of SEPTEMBER.
153 Field maintenance work orders completed during the month of SEPTEMBER.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST	49	30	43	47	169
SEPTEMBER	47	43	29	34	153
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	494	316	387	339	1535

- 17** New PAID service tap work orders issued during the month of SEPTEMBER.
11 New PAID service tap work orders completed during the month of SEPTEMBER.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST	8	0	1	4	13
SEPTEMBER	4	1	1	5	11
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	37	16	15	32	100

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

7 Hydrant work orders were completed during the month of SEPTEMBER.

WATER

- 81 Customer Work Orders completed during the month of SEPTEMBER.
- 2,391 Delinquent Notices Mailed during the month of SEPTEMBER.
- 472 Delinquent Work Orders Written Up during the month of SEPTEMBER.
- 242 Delinquent Accounts Disconnected during the month of SEPTEMBER.
- 33% Increase in Delinquent Accounts Disconnected since the month of AUGUST.

SEWER

- 6 Delinquent Work Orders Written Up during the month of SEPTEMBER.
- 1 Delinquent Work Orders Disconnected during the month of SEPTEMBER.

- 22 Vehicle & equipment maintenance work orders issued during the month of SEPTEMBER.
- 15 Vehicle & equipment maintenance work orders completed during the month of SEPTEMBER.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	18,022 (17,248 + 774 Multi-Users)
SEPTEMBER	18,020 (17,245 + 775 Multi-Users)
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	2398
SEPTEMBER	2,400
OCTOBER	
NOVEMBER	
DECEMBER	

SEPTEMBER 2013

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	18,020	79,989,710	\$663,091.03	-2.32
SEWER	2,400	11,341,480	\$84,026.60	-1.42
TOTAL BILLED			\$747,117.63	-2.22

0 Sewer taps were completed during the month of SEPTEMBER.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **SEPTEMBER** was **22,705,000** gallons.

WATERLOSS due to leaks and breaks was **1,593,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **15,449,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,226,000** gallons.

WATERLOSS due to storage tank overflow was **2,700,000** gallons.

WATERLOSS due to customer usage/other was **1,737,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **SEPTEMBER** was **31,581,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

23 Work Orders completed for Booster Pump Stations during the month of **SEPTEMBER**.

WATER STORAGE TANK MAINTENANCE:

1 Work Orders completed for Water Storage Tanks during the month of **SEPTEMBER**.

MASTER METER MAINTENANCE:

1 Work Orders completed for Master Meters during the month of **SEPTEMBER**.

PRESSURE REGULATOR STATIONS MAINTENANCE:

3 Work Orders completed for Pressure Regulator Stations during the month of **SEPTEMBER**.

TELEMETRY MAINTENANCE:

2 Work Orders completed for Telemetry during the month of **SEPTEMBER**.

RUSSELL FORK WATERPLANT MAINTENANCE:

8 Work Order completed for the Russell Fork Water Plant during the month of **SEPTEMBER**.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of **SEPTEMBER**.

- **12** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

2 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of SEPTEMBER.

LIFT STATION MAINTENANCE:

4 Work Orders completed for Lift Stations excluding regular maintenance during the month of SEPTEMBER.

COLLECTION SYSTEM MAINTENANCE:

102 Work Orders completed for Collection Systems during the month of SEPTEMBER.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

OCTOBER 30TH, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$5,046.24. See List.

Construction Report:

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer is waiting to receive the revised roadway plans from KTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The proposed tank site has been drilled and investigated by the geotechnical engineers and is acceptable for the placement of the tank. Final topographic surveying of the tank site is scheduled for October 28, 2013.

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date of 11/22/13.

2. Majestic Alternative Sewer Project –

Site surveys have been completed and the majority of site specific features confirmed. Temporary groupings have been identified.

Ownership records are currently being checked on chosen preliminary sites.

Update by Tim Campoy, Environmental Design Consultants

1. Shop Branch DOT Relocation Project –

H2O Construction completed the project on October 23rd and placed it in service. Engineering is organizing a final walk out with Roy Sawyers, Grondall Potter, the KDOT and Bizzack and will be requesting that the Board adopt this project into its system pending results of the walk out.

2. Various Short Line Extensions Project -

All permits for the Norman Cook Road Project and the Old Shelbiana Road Project were approved by the Division of Water and the KDOT in October. The projects were advertised on October 25th and a mandatory pre-bid conference is scheduled for November 5th with the bids due November 12th.

3. Anderson Branch Water Line Extension –

The contractor, US Rentals and Construction, has begun work on the project and is approximately 20% complete. The booster pump station should be delivered in about 2 weeks. By that time, all the line should be installed and the concrete poured for the station.

4. Cabin Knoll/Scott Fork DOT Relocation Project –

A meeting regarding the bridge design was held with the KDOT on October 23rd. Though other options were discussed, it was determined that the original preliminary plans were suitable.

Engineer is currently preparing cost estimates and contracts for the KDOT. Once approved, final design plans will be prepared.

**Update by Doug Griffin, Kenvirons, Inc. & Greg Dotson -
Inspector**

1. Route 199 DOT Line Relocation Project –

The contractor is waiting on the lift station to come and has not made any further progress this month on this project. Lift station is supposed to be in Thursday, November 5th.

2. Huddy McVeigh DOT Relocation Project –

The contractor has already pressure tested the line. There are two tie-ins left and this project will be complete. Closing paperwork should be ready by the November meeting.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application and is submitting the ARC application also. Engineer is currently in the preliminary design phase of the plans and specifications and**

anticipates advertising for proposals from MBR vendors and going through the selection process. The draft of the advertisement is completed and they will coordinate a review with MWD.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

Bids were opened for this project on October 10th and H2O Construction was the apparent low bidder. The bids exceeded the project budget.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension change order will be issued once the plans are approved by the Division of Water.

- **FEMA BPS Mitigation Project –**

A verbal agreement has been reached on one easement site and the Engineer is still working on the other site.

- **Forest Hills Odor Control Project –**

The design for this project is complete. The project was bid and they are currently in negotiations with the contractor and have a meeting scheduled for Thursday.

- **Various Short Line Extension Project – Magisterial District #2 – Engineer met with the Magistrate last week to help determine which areas were his priority to be completed first.**

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – The contractor has installed 6200 LF of main line on Bad Fork. A change order is needed for directional drilling due to crossing at Damron Ratliff Road.**

Project Draws:

DOUGLAS WWTP

Summit Engineering	Coal Severance Funds	\$ 8,927.62
\$8,927.62	Engineering Services	

BAD FORK AML PROJECT

Summit Engineering	Coal Severance Funds	\$ 3,548.69
\$3,548.69	Engineering Services	
Wrights Construction	Coal Severance Funds	\$ 183,614.40
\$183,614.40	Contract Construction	

STONE/HUDDY MCVEIGH DOT PROJECT

US Rentals & Const.	DOT Funds	\$ 31,283.50
\$31,283.50	Contract Construction	

WTP UPGRADES/REHABILITATION

State Electric	Line of Credit	\$ 779.04
\$779.04	Materials	
Kruger	Line of Credit	\$ 3,200.00
\$3,200.00	Field Service	

VARIOUS SHORT LINE EXTENSIONS

EDC	Coal Severance	\$ 6,790.04
\$6,790.04	Engineering Services	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Russell Fork WTP Repairs/Upgrades**
- **Southern Corrosion Update - Shelbiana water storage tank is complete. Also completed since last board meeting is Douglas water storage tank, the final tank to complete the contract to date.**
- **Hydraulic Study – Phelps Area**
- **Division of Water Sanitary Survey**
- **AML Relocation (Keathley Fork)**

11 Paid taps were completed in September.

100 Paid taps have been completed since January 1, 2013.

In the month of September, 87 meters were changed out due to the following: 6 meters were stuck, 2 were damaged, 16 meters were

tampered with, 62 for testing as part of the meter testing program and 1 due to flooding/storms in the work order system.

The District sold 79,989,710 gallons of water in September and the total billed for water in September was \$663,091.03. This is a 2.32% decrease since August.

The District treated 11,341,480 gallons of sewage in September and billed \$84,026.60; a decrease of 1.42% since August.

Total water and sewer revenue billed for September was \$747,117.63; a decrease of 2.22% since August.

Total WATER revenue received for the month of September was \$667,763.64.

Total SEWER revenue received for the month of September was \$74,211.26.

During the month of September: 2,416 payments were made in the office, 9,439 payments were processed through the mail, 70 payments were made by credit card in the office, 2,190 payments were made by credit card over the phone, 570 were paid by the bank bill pay option and 1,603 payments were made by credit card over the internet for a total of 16,288 payments processed in September.

52 Total Bacteriological samples were taken during the month of September.

12- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. McCoy vs. MWD (PSC Suit)**
 - 2. Williamson Wastewater Contract**
 - 3. Big Creek Sewer Customer Issue – Possible Litigation**
-
- ### **2. Meeting Schedule for the Holidays, 2013**

Commissioner Comments

Adjourn

**MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
OCTOBER 2013**

- 178** Field maintenance work orders issued during the month of OCTOBER.
171 Field maintenance work orders completed during the month of OCTOBER.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST	49	30	43	47	169
SEPTEMBER	47	43	29	34	153
OCTOBER	37	57	31	46	171
NOVEMBER					
DECEMBER					
YTD TOTALS	531	373	418	385	1706

- 13** New PAID service tap work orders issued during the month of OCTOBER.
15 New PAID service tap work orders completed during the month of OCTOBER.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST	8	0	1	4	13
SEPTEMBER	4	1	1	5	11
OCTOBER	5	2	1	7	15
NOVEMBER					
DECEMBER					
YTD TOTALS	42	18	16	39	115

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER	0	0	0	0	0
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

20 Hydrant work orders were completed during the month of OCTOBER.

WATER

114 Customer Work Orders completed during the month of OCTOBER.

2,313 Delinquent Notices Mailed during the month of OCTOBER.

413 Delinquent Work Orders Written Up during the month of OCTOBER.

208 Delinquent Accounts Disconnected during the month of OCTOBER.

14% Decrease in Delinquent Accounts Disconnected since the month of SEPTEMBER.

SEWER

8 Delinquent Work Orders Written Up during the month of OCTOBER.

2 Delinquent Work Orders Disconnected during the month of OCTOBER.

11 Vehicle & equipment maintenance work orders issued during the month of OCTOBER.

12 Vehicle & equipment maintenance work orders completed during the month of OCTOBER.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	18,022 (17,248 + 774 Multi-Users)
SEPTEMBER	18,020 (17,245 + 775 Multi-Users)
OCTOBER	17,994 (17,223 + 771 Multi-Users)
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	2398
SEPTEMBER	2,400
OCTOBER	2,403
NOVEMBER	
DECEMBER	

OCTOBER 2013

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,994	77,818,710	\$652,672.65	-1.57
SEWER	2,403	10,941,860	\$81,813.44	-2.63
TOTAL BILLED			\$734,486.09	-1.69

1 Sewer taps were completed during the month of OCTOBER.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **OCTOBER** was **20,166,000** gallons.

WATERLOSS due to leaks and breaks was **2,303,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **13,837,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,320,000** gallons.

WATERLOSS due to storage tank overflow was **1,100,000** gallons.

WATERLOSS due to customer usage/other was **1,606,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **OCTOBER** was **40,942,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

29 Work Orders completed for Booster Pump Stations during the month of OCTOBER.

WATER STORAGE TANK MAINTENANCE:

2 Work Orders completed for Water Storage Tanks during the month of OCTOBER.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of OCTOBER.

PRESSURE REGULATOR STATIONS MAINTENANCE:

5 Work Orders completed for Pressure Regulator Stations during the month of OCTOBER.

TELEMETRY MAINTENANCE:

1 Work Orders completed for Telemetry during the month of OCTOBER.

RUSSELL FORK WATERPLANT MAINTENANCE:

6 Work Order completed for the Russell Fork Water Plant during the month of OCTOBER.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of OCTOBER.

- 6 - Special Bacteriological Samples
- 2 - Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

1 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of OCTOBER.

LIFT STATION MAINTENANCE:

6 Work Orders completed for Lift Stations excluding regular maintenance during the month of OCTOBER.

COLLECTION SYSTEM MAINTENANCE:

92 Work Orders completed for Collection Systems during the month of OCTOBER.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

NOVEMBER 27TH, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

- **Approval of KIA Bond Payments**

Customer Adjustments – Adjusted amount is \$8,232.80. See List.

Construction Report:

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now Spring, 2014.

2. Majestic Alternative Sewer Project –

Site surveys have been completed and the majority of site specific features confirmed. Temporary groupings have been identified. Ownership records are currently being checked on chosen preliminary sites. Data input and site mapping is ongoing. Grouping plans of sites to commence in December, 2013.

Update by Tim Campoy, Environmental Design Consultants

1. Shop Branch DOT Relocation Project –

A final walk out was held with Roy Sawyers and Grondall Potter on November 21, resulting in a very short punch list. H2O

Construction has indicated that these items will be completed by mid-December.

2. Various Short Line Extensions Project -

All permits for the Norman Cook Road Project and the Old Shelbiana Road Project were approved by the Division of Water and the KDOT in October. The bids were opened on November 12th at Dan Stratton's office and came in over budget. The District Administrator and Engineer request authorization to reject all bids, negotiate with the apparent low bidder, and to execute the contract contingent upon successful negotiation within budget constraints.

3. Anderson Branch Water Line Extension –

The contractor, US Rentals and Construction, has begun work on the project and is approximately 80% complete. The entire amount of the line has been installed, as well as the concrete pad for the

BPS. Delivery of the BPS has been delayed and anticipate it to be on site the first week of December.

4. Cabin Knoll/Scott Fork DOT Relocation Project –
Engineer is working with DOT on contracts. Once approved, final design plans will be prepared and submitted.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer is waiting to receive the revised roadway plans from KTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The proposed tank site has been drilled and investigated by the geotechnical engineers and is acceptable for the placement of the tank. Final topographic surveying of the tank site is complete and has been incorporated into the project plans. Engineer will incorporate proposed KTC modifications into the waterline portion of the project when received and will submit to the DOW and KTC for final review.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

The contractor is waiting on the lift station to come in. The rest of the project is complete.

2. Huddy McVeigh DOT Relocation Project –

This project is complete and a final close out change order, a balancing change order and other final paperwork will be complete as soon as final materials information is submitted to the engineer.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD**

submitted the CDBG application and is submitting the ARC application also. Engineering is currently in the preliminary design phase of the plans and specifications. Advertisement for proposals for MBR system suppliers will be done this week.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**
Engineer is in the negotiation process with the contractor at this time.

- **Belfry/Pond Sewer Project Update -**
Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension has been approved by the Division of Water. The change order will be issued to the contractor to perform the work.

- **FEMA BPS Mitigation Project –**

An agreement has been reached on one easement site and the other site will be on right of way.

- **Forest Hills Odor Control Project –**

Engineer is in the negotiation process with the contractor at this time.

- Various Short Line Extension Project – Magisterial District #2 – Project is in the preliminary design phase. Preliminary estimates are being done along with preliminary line layouts.

2. AML Projects

- Bad Fork/Damron Ratliff Road Water Line Extension Project – The contractor has installed 8400 LF of main line on Bad Fork. Testing the line will begin in the near future.

Project Draws:

DOUGLAS WWTP

Summit Engineering	Coal Severance Funds	\$ 8,927.62
\$8,927.62	Engineering Services	

BAD FORK AML PROJECT

Summit Engineering	AML Funds	\$ 6,672.20
\$6,672.20	Engineering Services	
Wrights Construction	AML Funds	\$ 65,637.00
\$65,637.00	Contract Construction	

ROUTE 199 DOT PROJECT

Wright Constrtuction	DOT Funds	\$ 3,803.80
\$3,803.80	Contract Construction	

MAJESTIC SEWER PROJECT

Vaughn & Melton	Coal Severance Funds	\$ 9,910.00
\$9,910.00	Engineering Services	

VARIOUS SHORT LINE EXTENSIONS

EDC	Coal Severance	\$ 970.00
\$970.00	Engineering Services	

WTP REHAB PROJECT

State Electric	Line of Credit	\$ 2,797.80
\$2,797.80	Materials	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**
 - **Russell Fork WTP Repairs/Upgrades**
 - **Hydraulic Study – Phelps Area**

- **AML Relocation (Keathley Fork)**

- **November Billing Issue – Cycle 10**

15 Paid taps were completed in October.

115 Paid taps have been completed since January 1, 2013.

In the month of October, 114 meters were changed out due to the following: 13 meters were stuck, 3 were damaged, 9 meters were tampered with, 89 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 77,818,710 gallons of water in October and the total billed for water in October was \$652,672.65. This is a 1.57% decrease since September.

The District treated 10,941,860 gallons of sewage in October and billed \$81,813.44; a decrease of 2.63% since September.

Total water and sewer revenue billed for October was \$734,486.09; a decrease of 1.69% since September.

Total WATER revenue received for the month of October was \$728,675.08.

Total SEWER revenue received for the month of October was \$85,084.13.

During the month of October: 2,634 payments were made in the office, 10,195 payments were processed through the mail, 46 payments were made by credit card in the office, 2,448 payments were made by credit card over the phone, 694 were paid by the bank bill pay option and 1,640 payments were made by credit card over the internet for a total of 17,657 payments processed in October.

52 Total Bacteriological samples were taken during the month of September.

6- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

1. McCoy vs. MWD (PSC Suit)
2. Williamson Wastewater Contract
3. Joe Smith – Alleged Property Damage

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
NOVEMBER 2013

143 Field maintenance work orders issued during the month of NOVEMBER.

142 Field maintenance work orders completed during the month of NOVEMBER.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST	49	30	43	47	169
SEPTEMBER	47	43	29	34	153
OCTOBER	37	57	31	46	171
NOVEMBER	40	42	29	31	142
DECEMBER					
YTD TOTALS	571	414	447	416	1848

8 New PAID service tap work orders issued during the month of NOVEMBER.

10 New PAID service tap work orders completed during the month of NOVEMBER.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST	8	0	1	4	13
SEPTEMBER	4	1	1	5	11
OCTOBER	5	2	1	7	15
NOVEMBER	6	1	1	2	10
DECEMBER					
YTD TOTALS	48	19	17	41	125

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER	0	0	0	0	0
NOVEMBER	0	0	0	0	0
DECEMBER					
YTD TOTALS	0	0	0	0	0

6 Hydrant work orders were completed during the month of NOVEMBER.

WATER

- 84 Customer Work Orders completed during the month of NOVEMBER.
- 2,625 Delinquent Notices Mailed during the month of NOVEMBER.
- 339 Delinquent Work Orders Written Up during the month of NOVEMBER.
- 121 Delinquent Accounts Disconnected during the month of NOVEMBER.
- 42% Decrease in Delinquent Accounts Disconnected since the month of OCTOBER.

SEWER

- 5 Delinquent Work Orders Written Up during the month of NOVEMBER.
- 0 Delinquent Work Orders Disconnected during the month of NOVEMBER.

- 22 Vehicle & equipment maintenance work orders issued during the month of NOVEMBER.
- 22 Vehicle & equipment maintenance work orders completed during the month of NOVEMBER.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	18,022 (17,248 + 774 Multi-Users)
SEPTEMBER	18,020 (17,245 + 775 Multi-Users)
OCTOBER	17,994 (17,223 + 771 Multi-Users)
NOVEMBER	17,983 (17,209 + 774 Multi-Users)
DECEMBER	

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	2398
SEPTEMBER	2400
OCTOBER	2403
NOVEMBER	2383
DECEMBER	

NOVEMBER 2013

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,983	77,502,880	\$652,958.81	0.04
SEWER	2,383	11,130,110	\$82,612.07	0.98
TOTAL BILLED			\$735,570.88	0.15

1 Sewer taps were completed during the month of NOVEMBER.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **NOVEMBER** was **19,835,000** gallons.

WATERLOSS due to leaks and breaks was **3,295,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **14,289,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,071,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **1,180,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **NOVEMBER** was **36,835,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

26 Work Orders completed for Booster Pump Stations during the month of NOVEMBER.

WATER STORAGE TANK MAINTENANCE:

0 Work Orders completed for Water Storage Tanks during the month of NOVEMBER.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of NOVEMBER.

PRESSURE REGULATOR STATIONS MAINTENANCE:

2 Work Orders completed for Pressure Regulator Stations during the month of NOVEMBER.

TELEMETRY MAINTENANCE:

4 Work Orders completed for Telemetry during the month of NOVEMBER.

RUSSELL FORK WATERPLANT MAINTENANCE:

2 Work Order completed for the Russell Fork Water Plant during the month of NOVEMBER.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of NOVEMBER.

- 9 - Special Bacteriological Samples
- 2- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

4 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of NOVEMBER.

LIFT STATION MAINTENANCE:

6 Work Orders completed for Lift Stations excluding regular maintenance during the month of NOVEMBER.

COLLECTION SYSTEM MAINTENANCE:

63 Work Orders completed for Collection Systems during the month of NOVEMBER.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS SPECIAL MEETING

DECEMBER 20TH, 2013

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

- **Approval of RD Bond Payments**

Customer Adjustments – Adjusted amount is \$4,340.01. See List.

Construction Report:

Update by Dan'l Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now Spring, 2014.

2. Majestic Alternative Sewer Project –

Site surveys have been completed and the majority of site specific features confirmed. Temporary groupings have been identified.

Ownership records are currently being checked on chosen preliminary sites. Data input and site mapping is ongoing. Grouping plans of sites to commence in December, 2013. Identification of clusters appropriate for treatment being analyzed. Adjacent coal property owners are being consulted for partnership in land area delineation for treatment zones.

Update by Tim Campoy, Environmental Design Consultants

1. Shop Branch DOT Relocation Project –

The punch list items were completed by the contractor, H2O, in early December.

2. Various Short Line Extensions Project -

US Rentals and Construction began the Norman Cook Road project on December 3rd and all line is in place. The line has been sanitized and the contractor is awaiting the bacterial testing results before tapping the line for meters. The pressure test is also being completed this week. The contractor began work on the Old Shelbiana Road project on December 16th laying the 4" PVC pipe.

3. Anderson Branch Water Line Extension –

The booster pump station has arrived on site and will be installed this week. Once installed, US Rentals and Construction will pressure test and flush the line the following week.

4. **Cabin Knoll/Scott Fork DOT Relocation Project –**
Engineer is working with DOT on contracts. Once approved, final design plans will be prepared and submitted.

Update by Stephen Caudill, Bell Engineering

1. **Deskens Curve Water Line Relocation – DOT Project**

The engineer is waiting to receive the revised roadway plans from KTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The geotechnical report is complete and the recommendations contained therein have been incorporated into the project design. Design of the tank is essentially complete. Engineer anticipates incorporating KTC modifications in the waterline portion of the project and reviewing with MWD personnel before submitting to DOW and KTC for final review.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

All materials for the lift station have arrived and contractor will begin installation next week.

2. Huddy McVeigh DOT Relocation Project –

This project is complete. Change order #2 needs approved and the project can be wrapped up.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application and is submitting the ARC

application also. Engineer is currently in the preliminary design phase of the plans and specifications. Advertisement for proposals for MBR system suppliers has been done and submittals are due January 10th, 2014. Once submittals have been reviewed, a selection can be made by the Board.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

Negotiations with the contractor were successful in bringing the project back within budget. Engineer anticipates moving forward with construction in early Spring.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension has been approved by the Division of Water. The change order and addendum to serve the remaining customers needs executed.

- **FEMA BPS Mitigation Project –**

Engineer has responded to FEMA's RFI and need a commitment letter from MWD for the 13% match in funds.

- **Forest Hills Odor Control Project –**

Negotiations with the contractor were successful in bringing the project back within budget. Engineer

anticipates moving forward with construction in the upcoming months.

- **Various Short Line Extension Project – Magisterial District #2 – Project is in the preliminary design phase. Engineer is currently laying out the line locations and field locating existing utilities.**

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – The contractor has installed the main line on Bad Fork and on Damron Ratliff Road. The contractor is currently working on testing of the main line prior to installation of meters.**

Project Draws:

DEBT SERVICE PROJECT

Community Trust Bank	Coal Severance Funds	\$ 86,457.00
\$86,457.00	Payment on Loan	

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$ 8,680.00
\$8,680.00	Engineering Services	

MAJESTIC SEWER PROJECT

Vaughn & Melton	Coal Severance Funds	\$ 5,845.00
\$5,845.00	Engineering Services	

WTP REHAB PROJECT

CI Thornburg	Line of Credit	\$ 4,514.10
\$4,514.10	Materials	

WW REHAB PROJECT

State Electric	Coal Severance Funds	\$ 33.02
\$33.02	Materials	

Brandeis	Coal Severance Funds	\$ 875.89
\$875.89	Materials	

Southern Sales	Coal Severance Funds	\$ 1,995.00
\$1,995.00	Materials	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Russell Fork WTP Repairs/Upgrades**

- **Hydraulic Study – Phelps Area**

- **AML Relocation (Keathley Fork)**

- **Mountain Comp Project**

- **Upper Pompey Water Project (Ridgeline Road Phase III)**

- **Proposed 2014 Capital Asset Plan**

- **2013 End of Year Inventory**

- **2013 DOW Sanitary Survey**

- **Stone Heights WWTP NOV**

10 Paid taps were completed in November.

120 Paid taps have been completed since January 1, 2013.

In the month of November, 87 meters were changed out due to the following: 9 meters were stuck, 4 were damaged, 5 meters were tampered with, 68 for testing as part of the meter testing program and 1 due to flooding/storms in the work order system.

The District sold 77,502,880 gallons of water in November and the total billed for water in November was \$652,958.81. This is a .04% increase since October.

The District treated 11,130,110 gallons of sewage in November and billed \$82,612.07; an increase of 1.72% since October.

Total water and sewer revenue billed for November was \$735,570.88; an increase of .15% since October.

Total WATER revenue received for the month of November was \$558,846.05.

Total SEWER revenue received for the month of November was \$62,129.89.

During the month of November: 2,257 payments were made in the office, 7,753 payments were processed through the mail, 40 payments were made by credit card in the office, 2,230 payments were made by

credit card over the phone, 546 were paid by the bank bill pay option and 1,568 payments were made by credit card over the internet for a total of 14,394 payments processed in November.

52 Total Bacteriological samples were taken during the month of September.

9- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. McCoy vs. MWD (PSC Suit)**
- 2. Williamson Wastewater Contract**
- 3. Personnel**

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
DECEMBER 2013

144 Field maintenance work orders issued during the month of DECEMBER.

160 Field maintenance work orders completed during the month of DECEMBER.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	97	34	38	19	188
FEBRUARY	43	33	30	31	137
MARCH	49	29	50	13	141
APRIL	56	36	56	37	185
MAY	57	32	52	61	202
JUNE	39	40	44	50	173
JULY	57	38	45	47	187
AUGUST	49	30	43	47	169
SEPTEMBER	47	43	29	34	153
OCTOBER	37	57	31	46	171
NOVEMBER	40	42	29	31	142
DECEMBER	66	29	39	26	160
YTD TOTALS	637	443	486	442	2008

4 New PAID service tap work orders issued during the month of DECEMBER.

6 New PAID service tap work orders completed during the month of DECEMBER.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	2	1	3	1	7
FEBRUARY	3	4	1	2	10
MARCH	1	1	2	3	7
APRIL	4	0	2	3	9
MAY	1	1	3	5	10
JUNE	7	4	1	6	18
JULY	7	4	1	3	15
AUGUST	8	0	1	4	13
SEPTEMBER	4	1	1	5	11
OCTOBER	5	2	1	7	15
NOVEMBER	6	1	1	2	10
DECEMBER	3	1	0	2	6
YTD TOTALS	51	20	17	43	131

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY	0	0	0	0	0
AUGUST	0	0	0	0	0
SEPTEMBER	0	0	0	0	0
OCTOBER	0	0	0	0	0
NOVEMBER	0	0	0	0	0
DECEMBER	0	0	0	0	0
YTD TOTALS	0	0	0	0	0

6 Hydrant work orders were completed during the month of DECEMBER.

WATER

- 94 Customer Work Orders completed during the month of DECEMBER.
- 3,168 Delinquent Notices Mailed during the month of DECEMBER.
- 368 Delinquent Work Orders Written Up during the month of DECEMBER.
- 178 Delinquent Accounts Disconnected during the month of DECEMBER.
- 32% Increase in Delinquent Accounts Disconnected since the month of NOVEMBER.

SEWER

- 6 Delinquent Work Orders Written Up during the month of DECEMBER.
- 0 Delinquent Work Orders Disconnected during the month of DECEMBER.

- 26 Vehicle & equipment maintenance work orders issued during the month of DECEMBER.
- 17 Vehicle & equipment maintenance work orders completed during the month of DECEMBER.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,946 (17,174 + 772 Multi-Users)
FEBRUARY	17,911 (17,135 + 776 Multi-Users)
MARCH	17,914 (17,143 + 771 Multi-Users)
APRIL	17,910 (17,145 + 765 Multi-Users)
MAY	17,880 (17,117 + 763 Multi-Users)
JUNE	17,938 (17,175 + 763 Multi-Users)
JULY	17,955 (17,214 + 741 Multi-Users)
AUGUST	18,022 (17,248 + 774 Multi-Users)
SEPTEMBER	18,020 (17,245 + 775 Multi-Users)
OCTOBER	17,994 (17,223 + 771 Multi-Users)
NOVEMBER	17,983 (17,209 + 774 Multi-Users)
DECEMBER	17,913 (17,145 + 768 Multi-Users)

SEWER CUSTOMERS

JANUARY	2393
FEBRUARY	2384
MARCH	2382
APRIL	2370
MAY	2374
JUNE	2382
JULY	2390
AUGUST	2398
SEPTEMBER	2400
OCTOBER	2403
NOVEMBER	2383
DECEMBER	2372

DECEMBER 2013

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17913	74,435,640	\$629,708.42	-3.56
SEWER	2,372	9,935,180	\$75,825.18	-8.22
TOTAL BILLED			\$705,533.60	-4.08

0 Sewer taps were completed during the month of DECEMBER.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **DECEMBER** was **20,085,000** gallons.

WATERLOSS due to leaks and breaks was **1,665,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **14,154,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **974,000** gallons.

WATERLOSS due to storage tank overflow was **650,000** gallons.

WATERLOSS due to customer usage/other was **2,642,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **DECEMBER** was **54,626,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

19 Work Orders completed for Booster Pump Stations during the month of DECEMBER.

WATER STORAGE TANK MAINTENANCE:

0 Work Orders completed for Water Storage Tanks during the month of DECEMBER.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of DECEMBER.

PRESSURE REGULATOR STATIONS MAINTENANCE:

4 Work Orders completed for Pressure Regulator Stations during the month of DECEMBER.

TELEMETRY MAINTENANCE:

0 Work Orders completed for Telemetry during the month of DECEMBER.

RUSSELL FORK WATERPLANT MAINTENANCE:

0 Work Order completed for the Russell Fork Water Plant during the month of DECEMBER.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of DECEMBER.

- 6 - Special Bacteriological Samples
- 2- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

3 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of DECEMBER.

LIFT STATION MAINTENANCE:

7 Work Orders completed for Lift Stations excluding regular maintenance during the month of DECEMBER.

COLLECTION SYSTEM MAINTENANCE:

70 Work Orders completed for Collection Systems during the month of DECEMBER.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

JANUARY 29TH, 2014

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$9,708.47. See List.

Construction Report:

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now Spring, 2014.

2. Majestic Alternative Sewer Project –

Site surveys have been completed and the majority of site specific features confirmed. Temporary groupings have been identified. Ownership records are currently being checked on chosen preliminary sites. Data input and site mapping is ongoing. Grouping plans of sites commenced in December, 2013. Identification of clusters appropriate for treatment are being analyzed. Adjacent coal property owners are being consulted for partnership in land area delineation for treatment zones. Flow from each residence is being analyzed for location of best treatment centers.

Update by Tim Campoy, Environmental Design Consultants

- 1. Shop Branch DOT Relocation Project –
Project is complete and in service.**

- 2. Various Short Line Extensions Project -
US Rentals and Construction has completed construction work and testing requirements for the Norman Cook Road and the Old Shelbiana Road projects. The pressure test for each project met the required criteria. The bacteriological testing was also successful. A walk-out was scheduled for January 27th with Mr. Sawyers and Mr. Potter. Any punch list items will be handled shortly thereafter.**

- 3. Anderson Branch Water Line Extension –
The booster pump station has been installed by US Rentals and Construction and a start-up performed with the Wascon**

representative. The pressure test and bacteriological testing have both been completed and have met the required standards. A walk-out was scheduled for January 27th with Mr. Sawyers and Mr. Potter. In anticipation of positive results from the walk-out, Mr. Campoy requests on behalf of CAM Mining, that the Board of Commissioners adopt this project into its system and accept the assignment of easement for the booster pump station site.

4. Cabin Knoll/Scott Fork DOT Relocation Project – Engineer is working with DOT on contracts. Once approved, final design plans will be prepared and submitted.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer is waiting to receive the revised roadway plans from KTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The geotechnical report is complete and the recommendations contained

therein have been incorporated into the project design. Design of the tank is essentially complete. Engineer anticipates incorporating KTC modifications in the waterline portion if the project and reviewing with MWD personnel before submitting to DOW and KTC for final review.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

All materials for the lift station have arrived and contractor will begin installation as soon as the weather cooperates and the ground dries up some.

2. Huddy McVeigh DOT Relocation Project –

This project is complete. Final paperwork is to be submitted by Kenvirons for Board approval.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. **Awarded Projects:**

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application. Engineer is currently in the preliminary design phase of the plans and specifications. Proposals for MBR system suppliers have been received and are being evaluated. Engineer anticipates making a recommendation to the board at the next meeting.**

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**
The contract has been awarded and the contractor is currently getting his bonds and insurance. Anticipated Spring start due to equipment delivery.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension has been approved by the Division of Water. The contractor has installed 2000 LF of the 3000 LF of main line. Currently waiting on the pump station to arrive.

- **FEMA BPS Mitigation Project –**

Engineer is coordinating with FEMA to put the project back through the clearinghouse.

- **Forest Hills Odor Control Project –**

The contract has been awarded and the contractor is currently getting his bonds and insurance. Contractor will start as soon as equipment is delivered.

- **Various Short Line Extension Project – Magisterial District #2 –**
Project is in the preliminary design phase. The preliminary field layout is complete. They are currently working on the hydraulic calculations and final plan set and calculation brief.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project –** The contractor is working on pressure testing of the lines. Once complete, they will pull bacteriological samples and begin setting meters.

Project Draws:

VARIOUS WATER LINE EXTENSION PROJECT – MAGISTERIAL DISTRICT #2

Summit Engineering	Coal Severance Funds	\$ 6,315.80
\$6,315.80	Engineering Services	

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$ 9,075.68
\$9,075.68	Engineering Services	

H2O Construction	Coal Severance Funds	\$ 93,113.10
\$93,113.10	Contract Construction	

Spears Management	Coal Severance Funds	\$ 3,800.00
\$3,800.00	Administration Services	

MAJESTIC SEWER PROJECT

Vaughn & Melton	Coal Severance Funds	\$ 2,355.00
\$2,355.00	Engineering Services	

DESKINS CURVE DOT RELOCATION PROJECT

Bell Engineering	DOT Funds	\$ 14,696.00
\$14,696.00	Engineering Services	

WW REHAB PROJECT

Service Specialties	Coal Severance Funds	\$ 4,435.00
\$4,435.00	Repair of Flow Meter	

VARIOUS SHORT LINE EXTENSION PROJECT

US Rentals & Construction Coal Severance Funds	\$ 63,031.00	
\$63,031.00	Contract Construction	
US Rentals & Construction Coal Severance Funds	\$ 26,646.90	
\$26,646.90	Contract Construction	
US Rentals & Construction PCFC Funds	\$ 21,253.10	
\$21,253.10	Contract Construction	
EDC, Inc.	PCFC Funds	\$ 9,240.00
\$9,240.00	Engineering Services	

MANAGER / ADMINISTRATOR REPORT:

- 1. Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**
 - Proposed 2014 Capital Asset Plan**
 - 2013 End of Year Inventory**
 - DOW Sanitary Survey**
 - Lagoons at WTP**
 - Re-Invest to Infrastructure**
 - Caney/US 23 Low Pressure Issue**

- Telemetry Relay – Southside Mall to Williamson
- Winter Weather Issues
- Williamson WTP Issues

6 Paid taps were completed in December.

124 Paid taps have been completed since January 1, 2013.

In the month of December, 32 meters were changed out due to the following: 9 meters were stuck, 2 were damaged, 2 meters were tampered with, 17 for testing as part of the meter testing program and 2 due to flooding/storms in the work order system.

The District sold 74,435,640 gallons of water in December and the total billed for water in December was \$629,708.42. This is a 3.56% decrease since November.

The District treated 9,935,180 gallons of sewage in December and billed \$75,825.18; a decrease of 8.22% since November.

Total water and sewer revenue billed for December was \$705,533.60; a decrease of 4.08% since November.

Total WATER revenue received for the month of December was \$738,532.04.

Total SEWER revenue received for the month of December was \$80,739.19.

During the month of December: 2,582 payments were made in the office, 10,827 payments were processed through the mail, 37 payments were made by credit card in the office, 2,535 payments were made by credit card over the phone, 706 were paid by the bank bill pay option and 1,642 payments were made by credit card over the internet for a total of 18,329 payments processed in December.

52 Total Bacteriological samples were taken during the month of September.

6- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

1. McCoy vs. MWD (PSC Suit)
2. Williamson Wastewater Contract
3. Customer Issue

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
JANUARY 2014

- 545** Field maintenance work orders issued during the month of JANUARY.
517 Field maintenance work orders completed during the month of JANUARY.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	161	134	116	134	545

- 4** New PAID service tap work orders issued during the month of JANUARY.
1 New PAID service tap work orders completed during the month of JANUARY.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	1	0	0	1

LMI TAPS BY AREA

Grapevine Marrowbone Pond Creek Shelby TOTALS

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

5 Hydrant work orders were completed during the month of JANUARY.

WATER

405 Customer Work Orders completed during the month of JANUARY.

3,409 Delinquent Notices Mailed during the month of JANUARY.

353 Delinquent Work Orders Written Up during the month of JANUARY.

160 Delinquent Accounts Disconnected during the month of JANUARY.

10% Decrease in Delinquent Accounts Disconnected since the month of DECEMBER.

SEWER

24 Delinquent Work Orders Written Up during the month of JANUARY.

0 Delinquent Work Orders Disconnected during the month of JANUARY.

14 Vehicle & equipment maintenance work orders issued during the month of JANUARY.

16 Vehicle & equipment maintenance work orders completed during the month of JANUARY.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	
MARCH	
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	
MARCH	
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

JANUARY 2014

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,884	90,353,820	\$722,709.98	14.77
SEWER	2,382	12,688,860	\$91,478.77	20.64
TOTAL BILLED			\$814,188.75	15.40

0 Sewer taps were completed during the month of JANUARY.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **JANUARY** was **24,582,000** gallons.

WATERLOSS due to leaks and breaks was **3,018,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **16,894,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,096,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **3,574,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **JANUARY** was **50,132,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

19 Work Orders completed for Booster Pump Stations during the month of JANUARY.

WATER STORAGE TANK MAINTENANCE:

4 Work Orders completed for Water Storage Tanks during the month of JANUARY.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of JANUARY.

PRESSURE REGULATOR STATIONS MAINTENANCE:

4 Work Orders completed for Pressure Regulator Stations during the month of JANUARY.

TELEMETRY MAINTENANCE:

1 Work Orders completed for Telemetry during the month of JANUARY.

RUSSELL FORK WATERPLANT MAINTENANCE:

7 Work Order completed for the Russell Fork Water Plant during the month of JANUARY.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of JANUARY.

- 43 - Special Bacteriological Samples
- 2- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

0 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of JANUARY.

LIFT STATION MAINTENANCE:

1 Work Orders completed for Lift Stations excluding regular maintenance during the month of JANUARY.

COLLECTION SYSTEM MAINTENANCE:

73 Work Orders completed for Collection Systems during the month of JANUARY.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

FEBRUARY 26, 2014

10:00 AM

Call to order

- Need retroactive resolution appointing Commissioner Prentis Adkins as Acting Secretary for the January 29th, 2014 regular Board Meeting.

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$17,943.98. See List.

Construction Report:

Update by Dan'l Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now Spring, 2014.

2. Majestic Alternative Sewer Project –

Site surveys have been completed and the majority of site specific features confirmed. Temporary groupings have been identified. Ownership records are currently being checked on chosen preliminary sites. Data input and site mapping is ongoing. Grouping plans of sites commenced in December, 2013. Identification of clusters appropriate for treatment are being analyzed. Adjacent coal property owners are being consulted for partnership in land area delineation for treatment zones. Flow from each residence is being analyzed for location of best treatment centers. A report is being drafted to outline the results of the surveys, flow studies for a meeting with KYDOW and Pike County DOH in April, 2014.

Update by Tim Campoy, Environmental Design Consultants

1. Various Short Line Extensions Project -

US Rentals and Construction has completed the punch list items and the as-built plans and inspection books have been submitted. The project is ready for customer connections.

2. Anderson Branch Water Line Extension –

Punch list items are complete and the as-built plans and inspection books have been submitted. The project is ready for customer connections. Dan Stratton has modified the assignment of easement proposal by CAM Mining as provided at the January meeting and CAM has indicated that they are ready to sign that version. Engineering is requesting, on behalf of CAM Mining, that the BOC adopt this project into its system and accept the

assignment of easement, as modified by Dan Stratton, for the booster pump station site.

3. Cabin Knoll/Scott Fork DOT Relocation Project –

Engineer has been working with DOT to finalize contracts for each of these projects. They have been sent to Frankfort for approval and the Engineer expects to hear something back in couple of weeks. Preliminary design work has begun.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer is waiting to receive the revised roadway plans from KTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The geotechnical report is complete and the recommendations contained therein have been incorporated into the project design. Design of the tank is essentially complete. Engineer anticipates incorporating KTC modifications in the waterline portion of the project and reviewing

with MWD personnel before submitting to DOW and KTC for final review. KTC has requested that Bell Engineering attend a meeting with affected residents to explain the water line relocation. Once KTC advises of possible meeting dates, Bell will also advise Mountain Water District personnel.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

All materials for the lift station have arrived and contractor will begin installation as soon as the weather cooperates and the ground dries up some.

2. Huddy McVeigh DOT Relocation Project – Final paperwork has been submitted by Kenvirons for Board approval.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. **Awarded Projects:**

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application. Engineer is currently in the preliminary design phase of the plans and specifications. Proposals for MBR system suppliers have been received and are being evaluated. They have sent out a clarification request to the suppliers and anticipate interviewing and possible visiting some additional plants prior to making the final recommendation.**

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**
The contract has been executed and the contractor is currently getting his submittals ready for review. Anticipated Spring start due to equipment delivery.

- **Belfry/Pond Sewer Project Update -**

Engineer has no new update for this project. Project is on hold as per Dan Stratton's recommendation.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension has been approved by the Division of Water. The contractor is preparing for the arrival of the pump station.

- **FEMA BPS Mitigation Project –**

The project has been placed back through the clearing house and coordinated through Mike Spears and the Engineer. Currently waiting on notification of funding.

- **Forest Hills Odor Control Project –**

The contract has been executed and the contractor is currently getting his bonds and insurance together to submit for review. Contractor will start as soon as equipment is delivered.

- **Various Short Line Extension Project – Magisterial District #2 –**
Project is in the preliminary design phase. The preliminary field layout is complete. They are currently working on the hydraulic calculations and final plan set and calculation brief.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project –** The contractor is working on meter sets and the main line is in place.

Project Draws:

VARIOUS WATER LINE EXTENSION PROJECT – MAGISTERIAL DISTRICT #2

Summit Engineering	Coal Severance Funds	\$ 3,789.47
\$3,789.47	Engineering Services	

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$ 8,308.00
\$8,308.00	Engineering Services	

H2O Construction	Coal Severance	\$ 93,786.00
\$93,786.00	Contract Construction	

PHELPS/FREEBURN WW PROJECT

Summit Engineering	Coal Severance Funds	\$ 1,775.78
\$1,775.78	Engineering Services	

BAD FORK AML PROJECT

Summit Engineering	AML Funds	\$ 1,774.35
\$1,774.35	Engineering Services	

Wrights Construction	AML Funds	\$ 20,043.00
\$17,991.00	Contract Construction	

DEBT SERVICE FUNDS

Community Trust Bank	Coal Severance Funds	\$ 5,433.18
\$5,433.18	Pay off line of credit for WTP	

WST- Water Storage Tank
BPS- Booster Pumping Station
MOA-Memorandum of Agreement
DLG-Department of Local Government
CDBG-Community Development Block Grant
EDA-Economic Development Administration

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Proposed 2014 Capital Asset Plan**
- **Caney/US 23 Low Pressure Issue**
- **Telemetry Relay – Southside Mall to Williamson**
- **Winter Weather Issues**
- **Williamson WTP Issues**
- **Tank Proposal**
- **Policy Clarification Regarding Customer Adjustments in the Event of a House Fire**

1 Paid taps were completed in January.

1 Paid tap has been completed since January 1, 2014.

In the month of January, 97 meters were changed out due to the following: 1 meter was stuck, 91 were damaged, 3 meters were tampered with, 2 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 90,353,820 gallons of water in January and the total billed for water in January was \$722,709.98. This is a 14.77% increase since December.

The District treated 12,688,860 gallons of sewage in January and billed \$91,478.77; an increase of 20.64% since December.

Total water and sewer revenue billed for January was \$722,709.98; an increase of 14.77% since December.

Total WATER revenue received for the month of January was \$744,031.38.

Total SEWER revenue received for the month of January was \$78,295.01.

During the month of January: 2,308 payments were made in the office, 10,273 payments were processed through the mail, 40 payments were made by credit card in the office, 2,545 payments were made by credit card over the phone, 631 were paid by the bank bill pay option and 1,722 payments were made by credit card over the internet for a total of 17,519 payments processed in January.

52 Total Bacteriological samples were taken during the month of January.

43- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. McCoy vs. MWD (PSC Suit)**
- 2. Williamson Wastewater Contract**
- 3. Customer Issue/Potential Litigation**
- 4. Property Acquisition**

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
FEBRUARY 2014

- 225** Field maintenance work orders issued during the month of FEBRUARY.
216 Field maintenance work orders completed during the month of FEBRUARY.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY	49	48	66	53	216
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	210	182	182	187	761

- 2** New PAID service tap work orders issued during the month of FEBRUARY.
4 New PAID service tap work orders completed during the month of FEBRUARY.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY	0	1	0	3	4
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	2	0	3	5

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

11 Hydrant work orders were completed during the month of FEBRUARY.

WATER

178 Customer Work Orders completed during the month of FEBRUARY.

2,949 Delinquent Notices Mailed during the month of FEBRUARY.

335 Delinquent Work Orders Written Up during the month of FEBRUARY.

151 Delinquent Accounts Disconnected during the month of FEBRUARY.

5% Decrease in Delinquent Accounts Disconnected since the month of JANUARY.

SEWER

8 Delinquent Work Orders Written Up during the month of FEBRUARY.

3 Delinquent Work Orders Disconnected during the month of FEBRUARY.

11 Vehicle & equipment maintenance work orders issued during the month of FEBRUARY.

10 Vehicle & equipment maintenance work orders completed during the month of FEBRUARY.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	17,904 (17,118 + 786 Multi-Users)
MARCH	
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	2,380
MARCH	
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

FEBRUARY 2014

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,904	86,855,580	\$714,454.79	-1.14
SEWER	2,380	10,977,410	\$81,735.94	-10.65
TOTAL BILLED			\$796,190.73	-2.21

0 Sewer taps were completed during the month of FEBRUARY.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for FEBRUARY was **24,538,000** gallons.

WATERLOSS due to leaks and breaks was **1,523,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **17,125,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,004,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **4,886,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for FEBRUARY was **28,764,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

5 Work Orders completed for Booster Pump Stations during the month of FEBRUARY.

WATER STORAGE TANK MAINTENANCE:

1 Work Orders completed for Water Storage Tanks during the month of FEBRUARY.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of FEBRUARY.

PRESSURE REGULATOR STATIONS MAINTENANCE:

0 Work Orders completed for Pressure Regulator Stations during the month of FEBRUARY.

TELEMETRY MAINTENANCE:

2 Work Orders completed for Telemetry during the month of FEBRUARY.

RUSSELL FORK WATERPLANT MAINTENANCE:

1 Work Order completed for the Russell Fork Water Plant during the month of FEBRUARY.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of FEBRUARY.

- **36** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

0 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of FEBRUARY.

LIFT STATION MAINTENANCE:

0 Work Orders completed for Lift Stations excluding regular maintenance during the month of FEBRUARY.

COLLECTION SYSTEM MAINTENANCE:

46 Work Orders completed for Collection Systems during the month of FEBRUARY.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

MARCH 26, 2014

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$13,582.50. See List.

Construction Report:

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now May 30th, 2014.

2. Majestic Alternative Sewer Project –

Flow from each residence is being analyzed for location of best treatment centers. A report is being drafted to outline the results of the surveys, flow studies are being done for a meeting with KYDOW and Pike County DOH in April, 2014. The facilities planning report is 70% complete and have identified some preliminary treatment, collection and disposal alternatives and will now ask whether or not they will be acceptable to KYDOW. MOA needs to be executed for the additional funding for this project.

1. Various Short Line Extensions Project -

The District received a complaint from the Magistrate regarding the general condition of Norman Cook Road. The job had already been approved by MWD, Pike County Road Department, and the KDOT. Engineer states that he traveled the road on 3/20/14 with the contractor and observed no changes in the conditions and grass was beginning to grown in the disturbed areas.

2. Anderson Branch Water Line Extension –

Engineer was informed of a complaint by one of the local residents regarding two culverts. The contractor repaired on 3/20/14 and the issue on the second culvert involved additional work beyond the contractor's scope. Engineer met with CAM Mining on 3/21/14 and they have agreed to pay the contractor to provide the work requested by the resident. Work is being scheduled.

3. Cabin Knoll/Scott Fork DOT Relocation Project –

On 3/19/14 Engineer was informed that Frankfort has approved the engineering services agreement. Engineer is working on the design, final cost estimate and other items required by the KYTC and will be complete in April. Engineering fees for the Scott Fork project have been approved by the KYTC and engineer requests that the Board approve the execution of the engineering services agreement between the District and EDC, as well as the agreement between the District and the KYTC.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer is waiting to receive the revised roadway plans from KYTC so the waterline at the eastern end of the project can be relocated to accommodate the additional roadway construction. The geotechnical report is complete and the recommendations contained therein have been incorporated into the project design. Design of the

tank is essentially complete. Engineer anticipates incorporating KYTC modifications in the waterline portion of the project and reviewing with MWD personnel before submitting to DOW and KTC for final review. KYTC has requested that Bell Engineering attend a meeting with affected residents to explain the water line relocation. Once KYTC advises of possible meeting dates, Bell will also advise Mountain Water District personnel.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

Same report as last month as we have had no update from Kenvirons on this project. All materials for the lift station have arrived and contractor will begin installation as soon as the weather cooperates and the ground dries up some.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. **Awarded Projects:**

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application. Engineer is currently in the preliminary design phase of the plans and specifications. Proposals for MBR system suppliers have been received and are being evaluated. They have conducted two meetings to review the proposals and have been interviewing suppliers and operators to further evaluate the systems.**

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

The contract has been executed and the contractor is currently getting his submittals ready for review. Anticipated Spring start due to equipment delivery.

- **Belfry/Pond Sewer Project Update -**

Engineer states we are in the early process of obtaining the property for the plant. MOA needs to be executed for the additional funding for this project.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the extension has been approved by the Division of Water. The contractor is preparing for the arrival of the pump station.

- **FEMA BPS Mitigation Project –**

The project has been placed back through the clearing house and coordinated through Mike Spears and the Engineer. Currently waiting on notification of funding.

- **Forest Hills Odor Control Project –**

The contract has been executed and the contractor is currently getting his bonds and insurance together to submit for review. Contractor will start as soon as equipment is delivered.

- **Various Short Line Extension Project – Magisterial District #2 –**

Engineer anticipates submitting the plans for DOW review this week. MOA needs to be executed for the funding for this project.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – A final walkout on the project was conducted Friday. The contractor is currently working on the punch list items.**

Project Draws:

VARIOUS WATER LINE EXTENSION PROJECT – MAGISTERIAL DISTRICT #2

Summit Engineering	Coal Severance Funds	\$ 7,578.96
\$7,578.96	Engineering Services	

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$ 1,289.60
\$1,289.60	Engineering Services	

REHAB LIFT STATION PROJECT

Spears Management	Coal Severance Funds	\$ 600.00
\$600.00	Administration Services	

BAD FORK AML PROJECT

Summit Engineering	AML Funds	\$ 7,203.03
\$7,203.03	Engineering Services	
Wright Construction	AML Funds	\$ 21,083.40
\$21,083.40	Contract Construction	

LONG FORK (DOUGLAS FUNDS)

Summit Engineering	Coal Severance Funds	\$ 400.50
\$400.50	Engineering Services	

RT 199 DOT RELOCATION PROJECT

Wright Construction	DOT Funds	\$ 15,459.90
\$15,459.90	Stored Materials	

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**
 - **Proposed 2014 Capital Asset Plan – MWD Items**
 - **Caney/US 23 Low Pressure Issue**
 - **Winter Weather Issues**

- Tank Proposal
- Policy Clarification Regarding Customer Adjustments in the Event of a House Fire

4 Paid taps were completed in February.

5 Paid tap has been completed since January 1, 2014.

In the month of February, 50 meters were changed out due to the following: 10 meters were stuck, 31 were damaged, 8 meters were tampered with, 1 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 86,855,580 gallons of water in February and the total billed for water in February was \$714,454.79. This is a 1.14% decrease since January.

The District treated 10,977,410 gallons of sewage in February and billed \$81,735.94; a decrease of 10.65% since January.

Total water and sewer revenue billed for February was \$796,190.73; a decrease of 2.21% since January.

Total WATER revenue received for the month of February was \$641,582.60.

Total SEWER revenue received for the month of February was \$63,779.67.

During the month of February: 2,440 payments were made in the office, 7,807 payments were processed through the mail, 57 payments were made by credit card in the office, 2,402 payments were made by credit card over the phone, 562 were paid by the bank bill pay option and 1,650 payments were made by credit card over the internet for a total of 14,918 payments processed in February.

52 Total Bacteriological samples were taken during the month of February.

36- Special Bacteriological samples

2 - Fluoride samples

New Business

1. UMG Contract

2. Vehicle Bids

3. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential

Litigation

1. Williamson Wastewater Contract
2. Property Acquisition

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT

MONTHLY OPERATING REPORT

MARCH 2014

- 111** Field maintenance work orders issued during the month of MARCH.
190 Field maintenance work orders completed during the month of MARCH.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY	49	48	66	53	216
MARCH	28	24	31	107	190
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	238	206	213	294	951

- 5** New PAID service tap work orders issued during the month of MARCH.
17 New PAID service tap work orders completed during the month of MARCH.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY	0	1	0	3	4
MARCH	2	3	4	8	17
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	2	5	4	11	22

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

10 Hydrant work orders were completed during the month of MARCH.

WATER

- 72 Customer Work Orders completed during the month of MARCH.
- 3,095 Delinquent Notices Mailed during the month of MARCH.
- 375 Delinquent Work Orders Written Up during the month of MARCH.
- 201 Delinquent Accounts Disconnected during the month of MARCH.
- 33% Increase in Delinquent Accounts Disconnected since the month of February.

SEWER

- 10 Delinquent Work Orders Written Up during the month of MARCH.
- 3 Delinquent Work Orders Disconnected during the month of MARCH.

- 2 Vehicle & equipment maintenance work orders issued during the month of MARCH.
- 4 Vehicle & equipment maintenance work orders completed during the month of MARCH.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	17,904 (17,118 + 786 Multi-Users)
MARCH	17,871 (17,093 + 778 Multi-Users)
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	2,380
MARCH	2,371
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

MARCH 2014 WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,871	74,534,110	\$632,251.60	-11.51
SEWER	2,371	9,655,010	\$74,237.80	-9.17
TOTAL BILLED			\$706,489.40	-11.27

1 Sewer taps were completed during the month of MARCH.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **MARCH** was **24,056,000** gallons.

WATERLOSS due to leaks and breaks was **2,757,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **14,004,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,224,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **6,071,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **MARCH** was **42,322,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

5 Work Orders completed for Booster Pump Stations during the month of MARCH.

WATER STORAGE TANK MAINTENANCE:

0 Work Orders completed for Water Storage Tanks during the month of MARCH.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of MARCH.

PRESSURE REGULATOR STATIONS MAINTENANCE:

3 Work Orders completed for Pressure Regulator Stations during the month of MARCH.

TELEMETRY MAINTENANCE:

3 Work Orders completed for Telemetry during the month of MARCH.

RUSSELL FORK WATERPLANT MAINTENANCE:

7 Work Order completed for the Russell Fork Water Plant during the month of MARCH.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of MARCH.

- 12 - Special Bacteriological Samples
- 2 - Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

0 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of MARCH.

LIFT STATION MAINTENANCE:

3 Work Orders completed for Lift Stations excluding regular maintenance during the month of MARCH.

COLLECTION SYSTEM MAINTENANCE:

59 Work Orders completed for Collection Systems during the month of MARCH.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

APRIL 30TH, 2014

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

Customer Adjustments – Adjusted amount is \$25,766.12. See List.

Construction Report:

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is now May 30th, 2014.

2. Majestic Alternative Sewer Project –

Flow from each residence is being analyzed for location of best treatment centers. A report is being drafted to outline the results of the surveys, flow studies are being done for a meeting with KYDOW and Pike County DOH in April, 2014. The facilities planning report is 70% complete and have identified some preliminary treatment, collection and disposal alternatives and will now ask whether or not they will be acceptable to KYDOW.

Update by Tim Campoy, Environmental Design Consultants

1. Cabin Knoll/Scott Fork DOT Relocation Project –

Cabin Knoll: The design has been completed and submitted to the KDOW. The final construction cost estimate has been completed and the construction documents should be finished by mid-May.

Scott Fork: Work has begun on the preliminary design phase of the project. Engineer expects to have the design submitted to the KDOW in May and the construction documents prepared shortly thereafter.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer received revised roadway plan sheets associated with the extension of the KTC roadway project on April 21st. Bell is currently revising the utility plans so the waterline at the eastern end of the project can be relocated to accommodate the additional

roadway construction. The property owner of the proposed tank site is in agreement with the tank location and design as currently shown on the plans. Engineer will attend a meeting with KTC personnel at the site on May 6th.

Update by Doug Griffin, Kenvirons, Inc.

1. Route 199 DOT Line Relocation Project –

All materials for the lift station have arrived and contractor will begin installation as soon as the weather cooperates and the ground dries up some.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD**

submitted the CDBG application and it was not approved for funding. Engineer is currently in the preliminary design phase of the plans and specifications. Proposals for MBR system suppliers have been received and are being evaluated. They have conducted two meetings to review the proposals and have been interviewing suppliers and operators to further evaluate the systems.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

The contract has been executed and the contractor is sending in his submittals for review. The contractor has ordered some components and once the equipment is received, the contractor will begin.

- **Belfry/Pond Sewer Project Update -**

Engineer states we are in the process of obtaining the property for the plant.

- **Ridgeline Road – Jonican Water Supply Project –**

The original project is substantially complete and the contractor is currently testing the line and installing the pump station on the extension.

- **FEMA BPS Mitigation Project –**

The project has been placed back through the clearing house and coordinated through Mike Spears and the Engineer. Currently waiting on notification of funding.

- **Forest Hills Odor Control Project –**

The contract has been executed and the contractor is waiting on equipment to be delivered to begin installation.

- **Various Short Line Extension Project – Magisterial District #2 –**

Engineer has submitted the plans to the DOW for review.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project – A final AML Project walk out is scheduled for Monday. The project is complete.**

Project Draws:

PHELPS WWTP REHAB PROJECT

Summit Engineering	Coal Severance Funds	\$ 887.89
\$887.89	Engineering Services	
H2O Construction	Coal Severance Funds	\$ 17,887.50
\$17,887.50	Contract Construction	

FOREST HILLS WW PROJECT

Summit Engineering	Coal Severance Funds	\$ 21,702.50
\$21,702.50	Engineering Services	
H2O Construction	Coal Severance Funds	\$183,187.37
\$183,187.37	Contract Construction	

REHAB LIFT STATION PROJECT

Southern Sales	Coal Severance Funds	\$	610.50
\$610.50	Multitrode Sensor		

BAD FORK AML PROJECT

Summit Engineering	AML Funds	\$	3,743.52
\$3,743.52	Engineering Services		

Wright's Construction	AML Funds	\$	67,610.45
\$67,610.45	Contract Construction		

CABIN KNOLL DOT RELOCATION PROJECT

Environmental Design	DOT Funds	\$	22,080.32
\$22,080.32	Engineering Services		

MANAGER / ADMINISTRATOR REPORT:

- 1. Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**
 - Proposed 2014 Capital Asset Plan – MWD Items**
 - Authorization to Bid Crane Truck and Wastewater Jetter**

WST- Water Storage Tank
BPS- Booster Pumping Station
MOA-Memorandum of Agreement
DLG-Department of Local Government
CDBG-Community Development Block Grant
EDA-Economic Development Administration

- Tank Proposal
- Policy Clarification Regarding Customer Adjustments in the Event of a House Fire
- Approval of Adjustment Authorization
- Lagoons at the Russell Fork WTP

17 Paid taps were completed in March.

22 Paid tap has been completed since January 1, 2014.

In the month of March, 80 meters were changed out due to the following: 10 meters were stuck, 14 were damaged, 14 meters were tampered with, 42 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 74,534,110 gallons of water in March and the total billed for water in March was \$632,251.60. This is a 11.51% decrease since February.

The District treated 9,655,010 gallons of sewage in March and billed \$74,237.80; a decrease of 9.17% since February.

Total water and sewer revenue billed for March was \$706,489.40; a decrease of 11.27% since February.

Total WATER revenue received for the month of March was \$723,264.79.

Total SEWER revenue received for the month of March was \$76,643.83.

During the month of March: 2,688 payments were made in the office, 9,737 payments were processed through the mail, 96 payments were made by credit card in the office, 2,366 payments were made by credit card over the phone, 668 were paid by the bank bill pay option and 1,803 payments were made by credit card over the internet for a total of 17,358 payments processed in March.

52 Total Bacteriological samples were taken during the month of March.

12- Special Bacteriological samples

2 - Fluoride samples

New Business

1. FEMA Extension Agreements from 2010 Flooding

2. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

1. Williamson Wastewater Contract
2. Property Acquisition
3. Customer Issues

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT

MONTHLY OPERATING REPORT

APRIL 2014

- 119** Field maintenance work orders issued during the month of APRIL.
115 Field maintenance work orders completed during the month of APRIL.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY	49	48	66	53	216
MARCH	28	24	31	107	190
APRIL	30	26	36	23	115
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	268	232	249	317	1066

- 15** New PAID service tap work orders issued during the month of APRIL.
14 New PAID service tap work orders completed during the month of APRIL.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY	0	1	0	3	4
MARCH	2	3	4	8	17
APRIL	4	3	2	5	14
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	6	8	6	16	36

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

17 Hydrant work orders were completed during the month of APRIL.

WATER

- 92 Customer Work Orders completed during the month of APRIL.
- 3,164 Delinquent Notices Mailed during the month of APRIL.
- 361 Delinquent Work Orders Written Up during the month of APRIL.
- 177 Delinquent Accounts Disconnected during the month of APRIL.
- 12% Decrease in Delinquent Accounts Disconnected since the month of March.

SEWER

- 7 Delinquent Work Orders Written Up during the month of APRIL.
- 2 Delinquent Work Orders Disconnected during the month of APRIL.

- 56 Vehicle & equipment maintenance work orders issued during the month of APRIL.
- 40 Vehicle & equipment maintenance work orders completed during the month of APRIL.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	17,904 (17,118 + 786 Multi-Users)
MARCH	17,871 (17,093 + 778 Multi-Users)
APRIL	17,904 (17,111 + 793 Multi-Users)
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	2,380
MARCH	2,371
APRIL	2,372
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

APRIL 2014

WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,904	75,717,710	\$631,714.72	-.08
SEWER	2,372	9,940,511	\$75,648.52	1.90
TOTAL BILLED			\$707,363.24	.12

0 Sewer taps were completed during the month of APRIL.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **APRIL** was **17,145,000** gallons.

WATERLOSS due to leaks and breaks was **84,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **13,784,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,123,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **2,154,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **APRIL** was **22,716,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

15 Work Orders completed for Booster Pump Stations during the month of APRIL.

WATER STORAGE TANK MAINTENANCE:

0 Work Orders completed for Water Storage Tanks during the month of APRIL.

MASTER METER MAINTENANCE:

1 Work Orders completed for Master Meters during the month of APRIL.

PRESSURE REGULATOR STATIONS MAINTENANCE:

0 Work Orders completed for Pressure Regulator Stations during the month of APRIL.

TELEMETRY MAINTENANCE:

0 Work Orders completed for Telemetry during the month of APRIL.

RUSSELL FORK WATERPLANT MAINTENANCE:

5 Work Order completed for the Russell Fork Water Plant during the month of APRIL.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of APRIL.

- **12** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

0 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of APRIL.

LIFT STATION MAINTENANCE:

2 Work Orders completed for Lift Stations excluding regular maintenance during the month of APRIL.

COLLECTION SYSTEM MAINTENANCE:

63 Work Orders completed for Collection Systems during the month of APRIL.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

MAY 28TH, 2014

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

- **Authorization needed to pay the KIA bond payments due June 1, 2014**

Customer Adjustments – Adjusted amount is \$8,309.17. See List.

Construction Report:

Update by Dan'l Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is December, 2014. Project to be included in road contract.

2. Majestic Alternative Sewer Project –

A positive and productive meeting was held on May 16th, 2014 with representatives of the Pike County Health Dept. The purpose of the meeting was to establish a better understanding of the scope of work that would be covered under the Sewer Alternatives Study for the town of Majestic and explain the current project holdup with the health department. The process of identifying the landowners of the preliminary sites and coordinating sample efforts with the MWD and the health department is ongoing.

Need resolution to amend MOA to reduce awarded amount for this project.

Update by Tim Campoy, Environmental Design Consultants

1. Cabin Knoll/Scott Fork DOT Relocation Project –

Cabin Knoll: The design has been completed and submitted to the KDOW. The final construction cost estimate has been completed and the construction documents sent to the KDOT on May 12, 2014. The KDOT had concerns about the location of the newly installed gas line on the north side of the bridge. Those concerns were alleviated after additional field location work and mapping were completed. The project is scheduled to be bid out in mid to late June, 2014.

Scott Fork: The preliminary design phase of the project is complete. Though work has been performed on the design plans, they have not yet been completed due to additional work on the Cabin Knoll project. Engineer expects to have the design submitted to the KDOW in May and the construction documents prepared shortly thereafter.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer and MWD met with representatives of the KTC on May 6th to discuss the water line associated with the extension of the KTC roadway project. A field visit has been made and a proposed alignment for the additional waterline has been prepared. An opinion of probably cost for the additional waterline has been prepared. At the request of the KTC to better facilitate right-of-way acquisition, a portion of the line previously designed has been revised.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application and it was not approved for funding. Engineer is currently in the preliminary design**

phase of the plans and specifications. Proposals for MBR system suppliers have been received and are being evaluated. They have conducted several meetings to review the proposals and have been interviewing suppliers and operators to further evaluate the systems.

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

The contract has been executed and the contractor is sending in his submittals for review. The contractor has ordered some components and once the equipment is received, the contractor will begin.

- **Belfry/Pond Sewer Project Update -**

Engineer states we are in the process of obtaining the property for the plant. Revised estimates have been submitted to Mr. Sawyers so he can pursue additional funding.

- **Ridgeline Road – Jonican Water Supply Project –**

This project is complete. Engineer will schedule a walkout as soon as possible to close out the project.

- **FEMA BPS Mitigation Project –**

The project has been placed back through the clearing house and coordinated through Mike Spears and the Engineer. Currently waiting on notification of funding.

- **Forest Hills Odor Control Project –**

The contract has been executed and the contractor is waiting on equipment to be delivered to begin installation. Work is to begin June 2nd, 2014.

- **Various Short Line Extension Project – Magisterial District #2 –**

Engineer has submitted the plans to the DOW for review.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project –The project is complete and meters are ready to be installed.**

Project Draws:

RIDGELINE ROAD – JONICAN WATER PROJECT

Summit Engineering	Coal Severance Funds	\$	322.40
\$322.40	Engineering Services		

H2O Construction	Coal Severance Funds	\$	41,876.86
\$41,876.86	Contract Construction		

DOUGLAS WWTP UPGRADE PROJECT

Summit Engineering	Coal Severance Funds	\$	8,927.62
\$8,927.62	Engineering Services		

VARIOUS WATER LINE EXTENSION PROJECT – MAGISTERIAL DISTRICT #2

Summit Engineering	Coal Severance Funds	\$	5,052.63
\$5,052.63	Engineering Services		

CABIN KNOLL DOT RELOCATION PROJECT

EDC, Inc.	DOT Funds	\$	5,560.00
\$5,560.00	Engineering Services		

SCOTT FORK DOT RELOCATION PROJECT

EDC, Inc.	DOT Funds	\$	6,645.00
\$6,645.00	Engineering Services		

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**

- **Proposed 2014 Capital Asset Plan – MWD Items**
 - **Authorization to accept low bid for Wastewater Jetter**
- **Authorization to Secure Debt Service Loan**
- **Authorization to Review and Evaluate Bids for Crane Truck. If No Acceptable Bid, Then Purchase on Board's Behalf**
- **Identity Theft Prevention Program Certification for 2013**

14 Paid taps were completed in April.

36 Paid tap has been completed since January 1, 2014.

In the month of April, 133 meters were changed out due to the following: 9 meters were stuck, 9 were damaged, 8 meters were

tampered with, 107 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 75,717,710 gallons of water in April and the total billed for water in April was \$631,714.72. This is a .08% decrease since March.

The District treated 9,940,511 gallons of sewage in April and billed \$75,648.52; an increase of 1.90% since March.

Total water and sewer revenue billed for April was \$707,363.24; an increase of .12% since March.

Total WATER revenue received for the month of April was \$632,281.98.

Total SEWER revenue received for the month of April was \$63,371.44.

During the month of April: 2,452 payments were made in the office, 8,947 payments were processed through the mail, 95 payments were made by credit card in the office, 2,363 payments were made by credit card over the phone, 630 were paid by the bank bill pay option and 1,697 payments were made by credit card over the internet for a total of 16,184 payments processed in April.

52 Total Bacteriological samples were taken during the month of April.

12- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Rate Review by PSC

2. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. Williamson Wastewater Contract**
- 2. Property Acquisition**
- 3. Possible Litigation Issues**

Commissioner Comments

Adjourn

MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
MAY 2014

- 146** Field maintenance work orders issued during the month of MAY.
- 171** Field maintenance work orders completed during the month of MAY.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY	49	48	66	53	216
MARCH	28	24	31	107	190
APRIL	30	26	36	23	115
MAY	49	49	38	35	171
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	317	281	287	352	1237

- 15** New PAID service tap work orders issued during the month of MAY.
- 13** New PAID service tap work orders completed during the month of MAY.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY	0	1	0	3	4
MARCH	2	3	4	8	17
APRIL	4	3	2	5	14
MAY	2	4	1	6	13
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	8	12	7	22	49

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

8 Hydrant work orders were completed during the month of MAY.

WATER

- 119 Customer Work Orders completed during the month of MAY.
- 3,325 Delinquent Notices Mailed during the month of MAY.
- 393 Delinquent Work Orders Written Up during the month of MAY.
- 230 Delinquent Accounts Disconnected during the month of MAY.
- 23% Increase in Delinquent Accounts Disconnected since the month of April.

SEWER

- 4 Delinquent Work Orders Written Up during the month of MAY.
- 0 Delinquent Work Orders Disconnected during the month of MAY.

- 30 Vehicle & equipment maintenance work orders issued during the month of MAY.
- 26 Vehicle & equipment maintenance work orders completed during the month of MAY.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	17,904 (17,118 + 786 Multi-Users)
MARCH	17,871 (17,093 + 778 Multi-Users)
APRIL	17,904 (17,111 + 793 Multi-Users)
MAY	17,890 (17,113 + 777 Multi-Users)
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	2,380
MARCH	2,371
APRIL	2,372
MAY	2,373
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

MAY 2014 WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,890	78,482,890	\$647,775.47	2.54
SEWER	2,373	10,327,731	\$77,899.52	2.98
TOTAL BILLED			\$725,674.99	2.59

2 Sewer taps were completed during the month of MAY.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **MAY** was **17,793,000** gallons.

WATERLOSS due to leaks and breaks was **641,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **13,948,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,056,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **2,148,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **MAY** was **51,427,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

18 Work Orders completed for Booster Pump Stations during the month of MAY.

WATER STORAGE TANK MAINTENANCE:

2 Work Orders completed for Water Storage Tanks during the month of MAY.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of MAY.

PRESSURE REGULATOR STATIONS MAINTENANCE:

3 Work Orders completed for Pressure Regulator Stations during the month of MAY.

TELEMETRY MAINTENANCE:

3 Work Orders completed for Telemetry during the month of MAY.

RUSSELL FORK WATERPLANT MAINTENANCE:

3 Work Order completed for the Russell Fork Water Plant during the month of MAY.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of MAY.

- **4** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

5 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of MAY.

LIFT STATION MAINTENANCE:

5 Work Orders completed for Lift Stations excluding regular maintenance during the month of MAY.

COLLECTION SYSTEM MAINTENANCE:

79 Work Orders completed for Collection Systems during the month of MAY.

MOUNTAIN WATER DISTRICT

SUMMARY OF AGENDA

BOARD OF COMMISSIONERS REGULAR MEETING

JUNE 25TH, 2014

10:00 AM

Call to order

Visitors

Approval of Minutes

Financial Report – Mike Spears, CPA

Payment of Bills – See list and cash in bank statement

- **Authorization needed to pay the RD bond payments due July 1, 2014**

Customer Adjustments – Adjusted amount is \$6,020.26. See List.

Construction Report:

Update by Dan'I Hall, Vaughn & Melton

1. Millard Curve Water Line Relocation – DOT Project

Project is at KYTC District 12 ready for bid. Anticipated bid date is December, 2014. Construction will most likely be delayed until the spring of 2015 to accommodate school.

2. Majestic Alternative Sewer Project –

A positive and productive meeting was held on May 16th, 2014 with representatives of the Pike County Health Dept. The purpose of the meeting was to establish a better understanding of the scope of work that would be covered under the Sewer Alternatives Study for the town of Majestic and explain the current project holdup with the health department. The process of identifying the landowners of the preliminary sites and coordinating sample efforts with the MWD and the health department is ongoing.

Engineer is still working on securing permission/waivers from landowners to perform soil testing.

Update by Tim Campoy, Environmental Design Consultants

1. Cabin Knoll/Scott Fork DOT Relocation Project –

Cabin Knoll: The design has been completed and submitted to the KDOW and was approved on June 16th. The construction documents are out to potential contractors and the project is scheduled to be let on June 27th. The waterline relocation is being bid as part of the bridge construction.

Scott Fork: The final designs, cost estimate and construction documents were accepted by the KDOT. Designs are into the KDOW and have been assigned a reviewer. The project is scheduled to be let in November, 2014 with the waterline relocation being a part of the bridge construction.

Update by Stephen Caudill, Bell Engineering

1. Deskins Curve Water Line Relocation – DOT Project

The engineer has rerouted and extended the water line alignment per KTC's request. A final opinion of probable cost for the water lines has been prepared. The property corners for the proposed tank site are ready to be set. The engineer plans complete incorporation of the proposed KTC modifications into the waterline portion of the project.

Update by Summit Engineering – Jody Hunt, P.E. – on the following projects:

1. Awarded Projects:

- **Douglas WWTP Upgrade Project – The RD funding application for this project has been approved. BSADD submitted the CDBG application and it was not approved for funding. Last meeting the Board voted to reject all proposals and re-advertise for two systems, one for Douglas and one for the Belfry WWTP. Engineer is currently working on the re-advertisement documents.**

- **Phelps/Freeburn WWTP Upgrades & Rehabilitation -**

The contract has been executed and the contractor is sending in his submittals for review. The contractor has ordered some components and once the equipment is received, the contractor will begin.

- **Belfry/Pond Sewer Project Update -**

The District is in the process of obtaining the property for the plant. Revised estimates have been submitted to Mr. Sawyers so he can pursue additional funding. Engineer is in the process of advertising for proposals for MBR technologies in conjunction with the Douglas WWTP.

- **Ridgeline Road – Jonican Water Supply Project –**

This project is complete. Engineer will schedule a walkout as soon as possible to close out the project.

- **FEMA BPS Mitigation Project –**

The project has been placed back through the clearing house and coordinated through Mike Spears and the Engineer. Currently waiting on notification of funding.

- **Forest Hills Odor Control Project –**

The project is complete and the engineer will schedule a final walk out with Mr. Sawyers and Mr. Potter in the near future.

- **Various Short Line Extension Project – Magisterial District #2 –**

The plans have been approved by the Division of Water and the engineer is preparing to bid the project.

2. AML Projects

- **Bad Fork/Damron Ratliff Road Water Line Extension Project** –The project is complete and meters are ready to be installed.

Project Draws:

RIDGELINE ROAD – JONICAN WATER PROJECT

Mike Spears, Spears Mgt.	Coal Severance Funds	\$ 400.00
\$400.00	Administration	

SCOTT FORK DOT RELOCATION PROJECT

EDC, Inc.	DOT Funds	\$ 7,884.74
\$7,884.74	Engineering Services	

DOUGLAS WWTP UPGRADE PROJECT

Summit Engineering, Inc.	Coal Severance Funds	\$ 16,500.00
\$16,500.00	Amendment to Engineering Agrmt, MBR Re-Adv. & Review	

BELFRY/POND SEWER PROJECT

Summit Engineering, Inc.	Coal Severance Funds	\$ 3,500.00
\$3,500.00	Amendment to Engineering Agrmt, MBR Adv. & Review	

DEBT SERVICE

Community Trust Bank

Coal Severance Funds

\$67,750.00

\$67,750.00

Pay off Debt Service Loan

MANAGER / ADMINISTRATOR REPORT:

1. **Monthly Operating Report by UMG: Review, comment, change or approve as submitted. Questions, comments.**
 - **Proposed 2014 Capital Asset Plan – Crane/Boom Truck – No Response**
 - **Researching availability and pricing**
 - **Storm (Week of June 9th) Issues**
 - **Capital Infrastructure Improvements**
 - **2014 KRWA Annual Conference**
 - **Water Storage Tank Proposal**
 - **South Williamson Sewer Issue**

13 Paid taps were completed in May.

49 Paid taps have been completed since January 1, 2014.

In the month of May, 91 meters were changed out due to the following: 8 meters were stuck, 9 were damaged, 6 meters were tampered with, 68 for testing as part of the meter testing program and 0 due to flooding/storms in the work order system.

The District sold 78,482,890 gallons of water in May and the total billed for water in May was \$647,775.47. This is a 2.54% increase since April.

The District treated 10,327,731 gallons of sewage in May and billed \$77,899.52; an increase of 2.98% since April.

Total water and sewer revenue billed for May was \$725,674.99; an increase of 2.59% since April.

Total WATER revenue received for the month of May was \$984,609.24.

Total SEWER revenue received for the month of May was \$74,892.63.

During the month of May: 2,739 payments were made in the office, 9,006 payments were processed through the mail, 94 payments were made by credit card in the office, 2,651 payments were made by credit card over the phone, 628 were paid by the bank bill pay option and 1,726 payments were made by credit card over the internet for a total of 16,844 payments processed in May.

52 Total Bacteriological samples were taken during the month of May.

4- Special Bacteriological samples

2 - Fluoride samples

New Business

1. Rate Review by PSC

2. Legal Issues

Executive Session to Discuss Outstanding Litigation and Potential Litigation

- 1. Williamson Wastewater Contract**
- 2. Property Acquisition**
- 3. Possible Litigation Issues**
- 4. Employee Contract Issue**

Commissioner Comments

Adjourn

**MOUNTAIN WATER DISTRICT
MONTHLY OPERATING REPORT
JUNE 2014**

158 Field maintenance work orders issued during the month of JUNE.

168 Field maintenance work orders completed during the month of JUNE.

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	161	134	116	134	545
FEBRUARY	49	48	66	53	216
MARCH	28	24	31	107	190
APRIL	30	26	36	23	115
MAY	49	49	38	35	171
JUNE	55	31	43	39	168
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	372	312	373	391	1405

10 New PAID service tap work orders issued during the month of JUNE.

13 New PAID service tap work orders completed during the month of JUNE.

NEW SERVICE CONNECTIONS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	1	0	0	1
FEBRUARY	0	1	0	3	4
MARCH	2	3	4	8	17
APRIL	4	3	2	5	14
MAY	2	4	1	6	13
JUNE	4	2	2	5	13
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	12	14	9	27	62

LMI TAPS BY AREA

	<i>Grapevine</i>	<i>Marrowbone</i>	<i>Pond Creek</i>	<i>Shelby</i>	<i>TOTALS</i>
JANUARY	0	0	0	0	0
FEBRUARY	0	0	0	0	0
MARCH	0	0	0	0	0
APRIL	0	0	0	0	0
MAY	0	0	0	0	0
JUNE	0	0	0	0	0
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					
YTD TOTALS	0	0	0	0	0

12 Hydrant work orders were completed during the month of JUNE.

WATER

- 130 Customer Work Orders completed during the month of JUNE.
- 3,238 Delinquent Notices Mailed during the month of JUNE.
- 392 Delinquent Work Orders Written Up during the month of JUNE.
- 254 Delinquent Accounts Disconnected during the month of JUNE.
- 10% Increase in Delinquent Accounts Disconnected since the month of May.

SEWER

- 10 Delinquent Work Orders Written Up during the month of JUNE.
- 1 Delinquent Work Orders Disconnected during the month of JUNE.

- 35 Vehicle & equipment maintenance work orders issued during the month of JUNE.
- 29 Vehicle & equipment maintenance work orders completed during the month of JUNE.

TOTAL MOUNTAIN WATER DISTRICT CUSTOMERS:

WATER CUSTOMERS

JANUARY	17,884 (17,102 + 782 Multi-Users)
FEBRUARY	17,904 (17,118 + 786 Multi-Users)
MARCH	17,871 (17,093 + 778 Multi-Users)
APRIL	17,904 (17,111 + 793 Multi-Users)
MAY	17,890 (17,113 + 777 Multi-Users)
JUNE	17,893 (17,115 + 778 Multi-Users)
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

SEWER CUSTOMERS

JANUARY	2,382
FEBRUARY	2,380
MARCH	2,371
APRIL	2,372
MAY	2,373
JUNE	2,357
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	

JUNE 2014 WATER & SEWER TRENDS

	# CUSTOMERS	GALLONS SOLD	\$ BILLED	\$ TREND/CHANGE %
WATER	17,893	84,598,490	\$681,960.57	5.28
SEWER	2,357	10,836,781	\$80,671.71	3.56
TOTAL BILLED			\$762,632.28	5.09

0 Sewer taps were completed during the month of JUNE.

WATERLOSS SUMMARY:

TOTAL ACCOUNTED WATER LOSS for **JUNE** was **24,458,000** gallons.

WATERLOSS due to leaks and breaks was **6,339,000** gallons.

WATERLOSS due to flushing, fire department usage, etc. was **14,814,000** gallons.

WATERLOSS due to Water Treatment Plant Use was **1,320,000** gallons.

WATERLOSS due to storage tank overflow was **0** gallons.

WATERLOSS due to customer usage/other was **1,985,000** gallons.

TOTAL UNACCOUNTED FOR WATER LOSS for **JUNE** was **27,249,000** gallons.

WATER DEPARTMENT:

BOOSTER PUMP STATION MAINTENANCE:

11 Work Orders completed for Booster Pump Stations during the month of JUNE.

WATER STORAGE TANK MAINTENANCE:

1 Work Orders completed for Water Storage Tanks during the month of JUNE.

MASTER METER MAINTENANCE:

0 Work Orders completed for Master Meters during the month of JUNE.

PRESSURE REGULATOR STATIONS MAINTENANCE:

3 Work Orders completed for Pressure Regulator Stations during the month of JUNE.

TELEMETRY MAINTENANCE:

2 Work Orders completed for Telemetry during the month of JUNE.

RUSSELL FORK WATERPLANT MAINTENANCE:

3 Work Order completed for the Russell Fork Water Plant during the month of JUNE.

WATER QUALITY:

52 Total Bacteriological samples were taken during the month of JUNE.

- **22** - Special Bacteriological Samples
- **2**- Fluoride Samples

SEWER DEPARTMENT:

WASTEWATER PLANT MAINTENANCE:

3 Work Orders completed for Wastewater Plants excluding regular maintenance during the month of JUNE.

LIFT STATION MAINTENANCE:

11 Work Orders completed for Lift Stations excluding regular maintenance during the month of JUNE.

COLLECTION SYSTEM MAINTENANCE:

89 Work Orders completed for Collection Systems during the month of JUNE.

Michael R. Spears, CPA, PSC

Certified Public Accountant

MOUNTAIN WATER DISTRICT

June 30, 2014

PROFORMA FINANCIAL STATEMENTS AND ACCOUNTANTS' REPORT

Michael R. Spears, C.P.A., P.S.C.

Certified Public Accountant
To the Board of Commissioners

Mountain Water District
Pikeville, KY 41501

We have compiled the accompanying pro form balance Sheet of Mountain Water District as of June 30, 2014, and the related statement of pro forma income for the fiscal year then ended, with the application of Public Service Commission's required Exhibit B, under PSC regulations. We have not audited or reviewed the accompanying pro forma financial information and, accordingly, do not express an opinion or provide any assurance about whether the pro forma financial information is in accordance with accounting principles generally accepted in the United States of America.

The accompanying presentation and this report were prepared for the Water District's application to the Commonwealth of Kentucky before the Public Service Commission to increase rates to fund improvements to existing facilities.

Management is responsible for the preparation and fair presentation of the pro forma financial information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the pro forma financial information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of pro forma financial information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the pro forma financial information.

The objective of this pro forma financial information is to show what the significant effects on the historical information might have been had the application of Exhibit B occurred at an earlier date. However, the pro forma financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned transaction actually occurred earlier.

Management has elected to omit the statements of retained earnings, cash flows and a complete summary of significant accounting policies. If the omitted pro forma financial statements and disclosures were included in the pro forma presentation, they might influence the user's conclusions about the District's results of operations for the period... Accordingly, this pro forma is not designed for those who are not informed about such matters.

We have also compiled the Statement of Income Pro Forma –Water and compiled the Statement of Income Pro Forma – Sewer and, accordingly do not express an opinion, or any other form of assurance, on such information.

We are not independent with respect to Mountain Water District because we perform certain monthly accounting services that impaired our independence.

Michael R. Spears, CPA

Prestonsburg, KY
October 30, 2014

MOUNTAIN WATER DISTRICT
BALANCE SHEET- Pro Forma
June 30, 2014

ASSETS

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Current Assets			
Cash in Bank	\$ 353,287	\$ (485,028)	\$ (131,741)
Cash in Bank - Restricted	2,549,677		2,549,677
Accounts Receivable	703,801		703,801
Receivable UMG Repair and Maintenance	103,367		103,367
FEMA Receivable - 2010 Flood	14,562		14,562
Other Current Assets	625		625
Total Current Assets	3,725,319	(485,028)	\$ 3,240,291
Non Current Assets			
Plant in Service	130,591,674		130,591,674
Less: Accumulated Depreciation	(46,190,486)		(46,190,486)
Net Plant in Service	84,401,188	-	84,401,188
Bond Refinancing costs - net	92,316		92,316
Construction in Progress	6,008,417		6,008,417
Total Non Current Assets	90,501,921		90,501,921
Total Assets	\$ 94,227,240	\$ (485,028)	\$ 93,742,212

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
BALANCE SHEET- Pro Forma
June 30, 2014

LIABILITIES & EQUITY

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Current Liabilities:			
Accounts Payable	\$ 613,931		\$ 613,931
Current Portion Due - Notes Payable	747,605		747,605
Customer Deposits	309,252		309,252
Accrued Payroll and Related Expenses	4,935		4,935
Accrued Interest on Long Term Debt	171,278		171,278
Other Current Liabilities	21,616		21,616
Total Current Liabilities	<u>1,868,617</u>	<u>-</u>	<u>1,868,617</u>
Long-Term Liabilities:			
Notes Payable	6,259,524		6,259,524
Notes Payable - Ky Infrastructure Authority	3,348,008		3,348,008
Bonds Payable - Rural Development	3,851,500		3,851,500
Less: Current Portion Due	(747,605)		(747,605)
Total Long-Term Liabilities	<u>12,711,427</u>	<u>-</u>	<u>12,711,427</u>
Net Assets	<u>79,647,196</u>	<u>(485,028)</u>	<u>79,162,168</u>
Total Equity & Liabilities	<u>\$ 94,227,240</u>	<u>\$ (485,028)</u>	<u>\$ 93,742,212</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Combined)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Metered Sales - Residential Water	\$ 6,396,413	\$ -	\$ 6,396,413
Metered Sales - Commercial Water	676,112		676,112
Metered Sales - Industrial Water	44,366		44,366
Metered Sales - Public Authority Water	239,040		239,040
Metered Sales - Multi Family Water	264,966		264,966
Fire Protection Revenue	1,200		1,200
Customer Late Payment Charges	165,153		165,153
Other Water Service Revenue	244,741		244,741
Service Connection Fees Water	146,700		146,700
Sewer Revenues - Residential	672,652		672,652
Sewer Revenues - Commercial	215,842		215,842
Service Connection Fees Waste Water	1,245		1,245
Total Operating Revenue	<u>9,068,430</u>	<u>-</u>	<u>9,068,430</u>
Operating Expenses			
Depreciation Expense	2,673,688		2,673,688
Amortization Expense	3,444		3,444
Depreciation Expense - Sewer	970,013		970,013
Payroll Taxes	11,816		11,816
Commissioners Salaries	30,000		30,000
Salaries	124,224		124,224
Materials and Supplies	20,077		20,077
Accounting	72,550		72,550
Legal	39,034		39,034
Contract Service- UMG Management	5,812,428	58,124	5,870,552
Contract Service- UMG Electric		29,762	29,762
Contract Service- Repair and Maintenance	465,864	4,659	470,523
Contract Service- Expenses Assumed by UMG	(350,460)		(350,460)
Rate Case Expense		41,500	41,500
Sewer Contract Services - UMG Management	1,224,409	12,245	1,236,654
Sewer Contract Services - UMG Electric		3,526	3,526
Sewer Contract Services - Repair and Maintenance	98,136	981	99,117
Sewer Contract Service - Expenses Assumed by UMG	(73,830)		(73,830)
Rental of Building - Real Property	100		100
Advertising	3,963		3,963
Other Legal PSC Expense	4,918		4,918
Education, Dues and Meetings	31,397		31,397
Settlement Expense	3,010		3,010
Service Fee Expense	3,730		3,730
Bank Service Fees	23,857		23,857
Retirement Expense	20,760		20,760
Tank Painting and Repair Contract		334,231	334,231
R & M Overage (Underage) Water	(40,056)		(40,056)
R & M Overage (Underage) Sewer	213,168		213,168
Total Operating Expenses	<u>11,386,240</u>	<u>485,028</u>	<u>11,871,268</u>
Operating Income (Loss)	<u>(2,317,810)</u>	<u>(485,028)</u>	<u>(2,802,838)</u>
Other Income (Expense)			
Interest Income Water	3,040		3,040
Interest Income Sewer	19		19
Gain(Loss) on Sale of Fixed Assets	2,800		2,800
Interest Expense Water	(375,237)		(375,237)
Interest Expense Sewer	(52,296)		(52,296)
Total Other Income (Expense)	<u>(421,674)</u>	<u>-</u>	<u>(421,674)</u>
Changes in Net Assets	<u>\$ (2,739,484)</u>	<u>\$ (485,028)</u>	<u>\$ (3,224,512)</u>

See Summary of Significant Assumptions and Accountants' Report

Mountain Water District
Notes to the Pro Forma Financial Statements
As of June 30, 2014

Note 1 – Summary of Significant Assumptions Underlying the Pro Forma

The June 30, 2014 pro forma financial information is based upon actual income and expenses for the fiscal year ended June 30, 2014 and financial information extracted from Exhibit B, stated on the pro forma basis.

- **Contract Services- UMG Management** is adjusted for a 1% increase as per the current management contract in the amount of \$58,124, which represents approximately 83% of the increase allocated to the Water Department. The 1% increase is the amount the district is currently contractually obligated to under the last contract signed in 2014.
- **Contract Services- UMG Electric** is adjusted by 3%, the lowest rate increase available per AEP to be adjusted January of 2015. The amount adjusted is \$29,762, which represents approximately 83% of the increase allocated to the Water Department.
- **Contract Services- Repair and Maintenance** is adjusted for a 1% increase as per the current management contract for repair and maintenance in the amount of \$4,659, which represents approximately 83% of the increase allocated to the Water Department.
- **Rate Case Expense** is adjusted for the estimated amount of \$41,500, the expenses associated with the filing of this Rate application to the PSC.
- **Sewer Contract Services- UMG Management** is adjusted for a 1% increase as per the current management contract in the amount of \$12,245, which represents approximately 17% of the increase allocated to the Sewer Department. The 1% increase is the amount the district is currently contractually obligated to under the last contract signed in 2014.
- **Sewer Contract Services - UMG Electric** is adjusted by 3%, the lowest rate increase available per AEP to be adjusted January of 2015. The amount adjusted is \$3,526, which represents approximately 17% of the increase allocated to the Sewer Department.
- **Sewer Contract Services- Repair and Maintenance** is adjusted for a 1% increase as per the current management contract for repair and maintenance in

Mountain Water District
Notes to the Pro Forma Financial Statements
As of June 30, 2014

**Note 1 – Summary of Significant Assumptions Underlying the Pro Forma
(continued)**

the amount of \$981, which represents approximately 17% of the increase allocated to the Sewer Department

- **Tank Painting and Repair Contract** is adjusted by \$334, 231, which is the annual payment on the Southern Corrosion contract which is currently on hold due to financial constraints as agreed upon. The contract is to be continued as soon as the cash flow will allow. The repair and maintenance of these tanks is vital to the ongoing ability to provide water to the customers of Mountain Water District. This amount is allocated to the Water Department.

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Water)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Metered Sales - Residential Water	\$ 6,396,413	\$ -	\$ 6,396,413
Metered Sales - Commercial Water	676,112		676,112
Metered Sales - Industrial Water	44,366		44,366
Metered Sales - Public Authority Water	239,040		239,040
Metered Sales - Multi Family Water	264,966		264,966
Fire Protection Revenue	1,200		1,200
Customer Late Payment Charges	165,153		165,153
Other Water Service Revenue	244,741		244,741
Service Connection Fees Water	146,700		146,700
Total Operating Revenue	<u>8,178,691</u>	<u>-</u>	<u>8,178,691</u>
Operating Expenses			
Depreciation Expense	2,673,688		\$ 2,673,688
Amortization Expense	3,444		3,444
Payroll Taxes	11,816		11,816
Commissioners Salaries	30,000		30,000
Salaries	124,224		124,224
Materials and Supplies	20,077		20,077
Accounting	72,550		72,550
Legal	39,034		39,034
Contract Service- UMG Management	5,812,428	58,124	5,870,552
Contract Service- UMG Electric		29,762	29,762
Contract Service- Repair and Maintenance	465,864	4,659	470,523
Contract Service- Expenses Assumed by UMG	(350,460)		(350,460)
Rate Case Expense		41,500	41,500
Rental of Building - Real Property	100		100
Advertising	3,963		3,963
Other Legal PSC Expense	4,918		4,918
Education, Dues and Meetings	31,397		31,397
Settlement Expense	3,010		3,010
Service Fee Expense	3,730		3,730
Bank Service Fees	23,857		23,857
Retirement Expense	20,760		20,760
Tank Painting and Repair Contract		334,231	334,231
R & M Overage (Underage) Water	(40,056)		(40,056)
Total Operating Expenses	<u>8,954,344</u>	<u>468,276</u>	<u>9,422,620</u>
Operating Income (Loss)	(775,653)	(468,276)	(1,243,929)
Other Income (Expense)			
Interest Income Water	3,040		3,040
Gain(Loss) on Sale of Fixed Assets	2,800		2,800
Interest Expense Water	(375,237)		(375,237)
Total Other Income (Expense)	<u>(369,397)</u>	<u>-</u>	<u>(369,397)</u>
Changes in Net Assets	<u>\$ (1,145,050)</u>	<u>\$ (468,276)</u>	<u>\$ (1,613,326)</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN WATER DISTRICT
Statement of Income - Pro Forma (Sewer)
Fiscal year ended June 30, 2014

	Pro Forma 30-Jun-14	Application of Exhibit B	Extension after Application of Exhibit B
Operating Revenue			
Sewer Revenues - Residential	\$ 672,652	\$ -	\$ 672,652
Sewer Revenues - Commercial	215,842		215,842
Service Connection Fees Waste Water	1,245		1,245
Total Operating Revenue	<u>889,739</u>	<u>-</u>	<u>889,739</u>
Operating Expenses			
Depreciation Expense - Sewer	970,013		970,013
Sewer Contract Services - UMG Management	1,224,409	12,245	1,236,654
Sewer Contract Services - UMG Electric		3,526	3,526
Sewer Contract Services - Repair and Maintenance	98,136	981	99,117
Sewer Contract Service - Expenses Assumed by UMG	(73,830)		(73,830)
R & M Overage (Underage) Sewer	213,168		213,168
Total Operating Expenses	<u>2,431,896</u>	<u>16,752</u>	<u>2,448,648</u>
Operating Income (Loss)	(1,542,157)	(16,752)	(1,558,909)
Other Income (Expense)			
Interest Income Sewer	19		19
Interest Expense Sewer	(52,296)		(52,296)
Total Other Income (Expense)	<u>(52,277)</u>	<u>-</u>	<u>(52,277)</u>
Changes in Net Assets	<u>\$ (1,594,434)</u>	<u>\$ (16,752)</u>	<u>\$ (1,611,186)</u>

See Summary of Significant Assumptions and Accountants' Report

MOUNTAIN VIEW DISTRICT
OPERATING BUDGET FOR EACH MONTH WITH PRO FORMA ADJUSTMENTS - WATER
HISTORICAL TEST YEAR

	7/31/2013	8/31/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	Total
Sales													
METERED SALES - RESIDENTIAL	\$ 547,513	\$ 534,302	\$ 529,762	\$ 510,447	\$ 523,434	\$ 499,667	\$ 589,105	\$ 551,968	\$ 500,606	\$ 505,831	\$ 526,881	\$ 576,897	\$ 6,396,413
METERED SALES - COMMERCIAL	52,220	60,461	62,085	61,466	59,614	58,994	66,889	63,421	46,925	46,505	47,887	49,645	676,112
METERED SALES - INDUSTRIAL	3,024	3,397	3,161	3,117	3,932	3,138	3,602	4,280	4,548	4,859	2,823	4,485	44,366
METERED SALES - PUBLIC AUTH.	19,869	25,575	26,262	28,308	22,888	14,190	15,487	16,956	16,750	16,108	17,321	19,326	239,040
METERED SALES - MULTI FAMILY	20,608	22,012	20,259	20,944	25,659	23,592	25,981	23,084	19,965	19,929	20,139	22,794	264,966
FIRE PROTECTION REVENUE	100	100	100	100	100	100	100	100	100	100	100	100	1,200
CUSTOMER LATE PAYMENT CHARGES	13,720	15,204	13,106	13,319	11,713	12,099	15,486	17,387	11,062	13,493	13,694	14,870	165,153
OTHER WATER SERVICE REVENUE	12,627	14,904	14,395	19,353	12,438	14,506	25,370	16,125	19,268	16,545	19,149	60,061	244,741
SERVICE CONNECTION FEES	12,449	14,825	12,335	13,640	9,840	9,810	16,002	13,829	9,625	9,275	13,415	11,655	146,700
Total Sales	682,130	690,780	681,465	670,694	669,618	636,096	758,022	707,150	628,849	632,645	661,409	759,833	8,178,691
Operating Expenses													
DEPRECIATION EXPENSE	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,807	222,811	2,673,688
AMORTIZATION EXPENSE	287	287	287	287	287	287	287	287	287	287	287	287	3,444
PAYROLL TAXES - FICA & U.C.	975	975	975	975	975	975	994	994	994	994	994	996	11,816
COMP COMMISSIONERS - AUTO DIST	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
COMPENSATION - ADMINISTRATOR	10,257	10,257	10,257	10,257	10,257	10,257	10,447	10,447	10,447	10,447	10,447	10,447	124,224
MATERIALS AND SUPPLIES USED	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,674	20,077
ACCOUNTING	8,325	6,285	3,980	26,621	4,212	3,040	3,422	3,828	3,982	2,884	2,521	3,450	72,550
LEGAL	3,843	3,212	2,030	1,994	6,706	2,393	2,668	2,864	4,350	3,190	2,936	2,848	39,034
CONTRACT SERVICE - UMG MANAGEME	489,212	489,212	489,212	489,212	489,213	489,213	489,213	489,213	489,213	489,213	489,213	489,213	5,870,552
CONTRACT SERVICE - UMG ELECTRIC	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,481	2,481	29,762
CONTRACT SERVICES - R & M	39,210	39,210	39,210	39,210	39,210	39,210	39,210	39,210	39,210	39,211	39,211	39,211	470,523
CONTRACT MGMNT EXP ASSUMED	(15,237)	(13,294)	(7,801)	(15,272)	(8,311)	(122,652)	301	(6,257)	(15,547)	(11,076)	(18,043)	(117,271)	(350,460)
RATE CASE EXPENSE	3,458	3,458	3,458	3,458	3,458	3,458	3,458	3,458	3,459	3,459	3,459	3,459	41,500
RENTAL OF BLDG - REAL PROPERTY	-	-	-	-	-	-	-	-	-	-	100	-	100
ADVERTISING	-	237	1,029	352	-	884	-	-	636	96	-	729	3,963
OTHER LEGAL PSC EXPENSE	-	-	-	-	4,918	-	-	-	-	-	-	-	4,918
EDUCATION, DUES, MEETINGS, ETC.	2,285	3,270	3,084	5,695	2,564	1,300	1,678	4,586	1,107	2,397	1,387	2,044	31,397
SETTLEMENT EXPENSES	-	10	-	-	500	-	-	-	-	-	2,500	-	3,010
SERVICE FEE EXPENSE	311	311	311	311	311	311	310	311	311	311	310	311	3,730
BANK SERVICE FEES EXP	1,680	1,556	2,927	1,237	2,507	1,334	2,058	1,644	2,058	2,756	1,220	2,880	23,857
RETIREMENT EXPENSE	1,721	1,721	1,721	1,721	1,721	1,721	1,739	1,739	1,739	1,739	1,739	1,739	20,760
TANK PAINTING AND REPAIR CONTRAC	27,852	27,852	27,852	27,852	27,852	27,853	27,853	27,853	27,853	27,853	27,853	27,853	334,231
R & M OVERAGE/UNDERAGE	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(3,338)	(40,056)
Total Operating Expenses	800,301	800,681	804,654	820,032	812,502	685,706	809,760	806,299	796,221	799,883	792,257	694,324	9,422,620
Operating Income (Loss)	(118,171)	(109,901)	(123,189)	(149,338)	(142,884)	(49,610)	(51,738)	(99,149)	(167,372)	(167,238)	(130,848)	65,509	(1,243,929)
Other Income (Expense)													
INTEREST INCOME	201	197	324	207	197	313	168	158	315	162	175	623	3,040
Gain (Loss) on Sale of Fixed Assets	-	-	-	2,800	-	-	-	-	-	-	-	-	2,800
INTEREST EXPENSE - TERM DEBT	(31,269.00)	(31,269.00)	(31,269.00)	(31,270.00)	(31,269.00)	(31,270.00)	(31,270.00)	(31,270.00)	(31,270.00)	(31,270.00)	(31,270.00)	(31,271.00)	(375,237.00)
Total Other Income (Expense)	(31,068)	(31,072)	(30,945)	(28,263)	(31,072)	(30,957)	(31,102)	(31,112)	(30,955)	(31,108)	(31,095)	(30,648)	(369,397)
Net Income (Loss)	\$ (149,239)	\$ (140,973)	\$ (154,134)	\$ (177,601)	\$ (173,956)	\$ (80,567)	\$ (82,840)	\$ (130,261)	\$ (198,327)	\$ (198,346)	\$ (161,943)	\$ 34,861	\$ (1,613,326)

MOUNTAIN VIEW DISTRICT
OPERATING BUDGET FOR EACH MONTH WITH PRO FORMA ADJUSTMENTS - SEWER
HISTORICAL TEST YEAR

	7/31/2013	8/31/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	Total
Sales													
SEWER REVENUE -RESIDENTIAL	59,188	59,975	62,078	61,721	61,729	53,859	66,476	59,456	50,545	55,991	49,417	32,217	672,652
SEWER REVENUE - COMMERCIAL	18,450	20,628	20,396	16,724	20,130	16,702	11,593	18,809	17,184	17,478	18,705	19,043	215,842
SERVICE CONNECTION FEES FOR WASTE W	165	60	90	60	60	60	-	150	390	90	-	120	1,245
Total Sales	77,803	80,663	82,564	78,505	81,919	70,621	78,069	78,415	68,119	73,559	68,122	51,380	889,739
Operating Expenses													
DEPRECIATION EXPENSE - SEWER	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,834	80,839	970,013
CONTRACT SERVICES - UMG MANAGEMENT	103,054	103,054	103,054	103,054	103,054	103,054	103,055	103,055	103,055	103,055	103,055	103,055	1,236,654
CONTRACT SERVICE - UMG ELECTRIC	294	294	294	294	294	294	294	294	294	294	293	293	3,526
CONTRACT SERVICES - R & M	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,259	8,259	8,259	99,117
CONTRACT MANAGEMENT - EXP ASSUMED	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,152)	(6,158)	(73,830)
R & M OVERAGE SEWER	17,764	17,764	17,764	17,764	17,764	17,764	17,764	17,764	17,764	17,764	17,764	17,764	213,168
Total Operating Expenses	204,054	204,054	204,054	204,054	204,054	204,054	204,055	204,055	204,055	204,054	204,053	204,052	2,448,648
Operating Income (Loss)	(126,251)	(123,391)	(121,490)	(125,549)	(122,135)	(133,433)	(125,986)	(125,640)	(135,936)	(130,495)	(135,931)	(152,672)	(1,558,909)
Other Income (Expense)													
INTEREST INCOME	-	-	-	-	-	2	2	15	-	-	-	-	19
INTEREST EXPENSE - TERM DEBT	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(52,296)
Total Other Income (Expense)	(4,358)	(4,358)	(4,358)	(4,358)	(4,358)	(4,356)	(4,356)	(4,343)	(4,358)	(4,358)	(4,358)	(4,358)	(52,277)
Net Income (Loss)	\$ (130,609)	\$ (127,749)	\$ (125,848)	\$ (129,907)	\$ (126,493)	\$ (137,789)	\$ (130,342)	\$ (129,983)	\$ (140,294)	\$ (134,853)	\$ (140,289)	\$ (157,030)	\$ (1,611,186)

**Agreement for Operations,
Maintenance and Management Services**

THIS AGREEMENT is entered into this 27th day of March, 2014, effective the 1st day of January, 2014, by and between:

Mountain Water District, with its principal address at 6332 Highway, P.O. Box 3157, Pikeville, Kentucky 41502 (hereinafter "DISTRICT")

AND

UTILITY MANAGEMENT GROUP LLC, with its principal address at 500 Summit Drive, P.O. Box 663, Corbin, Kentucky 40702 (hereinafter "UMG").

WHEREAS, DISTRICT owns and provides for the operation of water, wastewater and related treatment, collection and distribution facilities described on Appendix B; and

WHEREAS, DISTRICT desires to employ the services of UMG in the operation, maintenance and management of these facilities and UMG desires to perform such services for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements

1. **GENERAL**

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently or hereinafter acquired or owned by DISTRICT shall remain the exclusive property of DISTRICT unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.
- 1.4 Neither this Agreement, nor any of the rights or obligations hereunder, may be assigned by UMG without the prior written consent of the DISTRICT.
- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed effectively given

when delivered, if delivered personally or by courier mail service, i.e., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage prepaid, if mailed certified or registered U.S. mail, return receipt required; or received by the party for which notice is intended if given in any other manner.

- 1.6 This Agreement, including its Appendices, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "UMG" and "DISTRICT" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of UMG to DISTRICT is that of independent contractor and nothing in this Agreement shall create the relationship of partnership or joint venture. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services and nothing herein is intended to imply that UMG is to supply professional engineering services to DISTRICT unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party, the party determined not to be in default or in breach of the Agreement shall be entitled to its cost and reasonable attorney fees which are directly attributed to such litigation in addition to other relief to which it may be entitled. If both sides are found to have defaulted or be in breach each will pay their own cost, and attorney fees.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).

- 1.11 This agreement sets forth the entire agreement between the parties and fully supersedes all prior and/or verbal agreements or understanding between the parties which pertain to the subject matter hereof. However, the DISTRICT shall remain liable for any outstanding debt and any other accrued liabilities due UMG, except as otherwise provided in Section 7.6.
- 1.12 This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same documents.

2.1 **UMG's SERVICES - GENERAL**

- 2.1 UMG will staff the Project with employees who have met appropriate licensing and certification requirements of the Commonwealth of Kentucky. UMG warrants that it will maintain the necessary licensed and certified personnel as may be required by the Commonwealth of Kentucky for operation of the Project.
- 2.2 UMG shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and/or wastewater process control, operations, maintenance, safety, and supervisory skills.
- 2.3 UMG shall develop and/or supply and utilize computerized programs for maintenance, process monitoring and financial control. In the event this agreement is terminated for any reason, UMG shall provide the DISTRICT within thirty (30) days of notice all computerized programs, codes, records, maps, instruction manuals, and any other items necessary for DISTRICT to execute a complete transfer of their records and the operating systems necessary to access and maintain the same. The DISTRICT agrees to apply and pay for any and all software licenses necessary to transfer the same to the DISTRICT.
- 2.4 Within forty-five (45) days after the Commencement Date, UMG will provide a physical inventory of DISTRICT's vehicles, equipment and tools in use at the Project and a general statement as to the condition of each vehicle or piece of equipment. In the event this Agreement is terminated for any reason, UMG will provide to the DISTRICT, a physical inventory of DISTRICT's vehicles and equipment, and a general statement as to the condition of each vehicle and piece of equipment within ninety (90) days of the end of the contract. If UMG fails to do so, then the DISTRICT may take its own inventory.

- 2.5 Within forty five (45) days after the Commencement Date, UMG will provide DISTRICT with a physical inventory of chemicals and other consumables on hand when UMG begins services under this Agreement. Such chemicals and consumables will be made available to UMG in connection with its performance under this Agreement. UMG will provide DISTRICT with the same quantity of chemicals or equivalent upon termination of this Agreement. If UMG fails to do so, then the DISTRICT may take its own inventory.
- 2.6 UMG shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by DISTRICT and shall assist DISTRICT in enforcing existing equipment warranties and guarantees. UMG shall keep a record of all such warranties for the DISTRICT.
- 2.7 On or before October 1st of each year UMG shall provide the DISTRICT an annual schedule for preventive maintenance, along with an estimated budget for the DISTRICT owned equipment. They shall report to the DISTRICT on a monthly basis what preventive maintenance is being performed on DISTRICT owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by the DISTRICT. Such a maintenance program shall include documentation of corrective and preventive maintenance.
- 2.8 UMG shall operate, maintain and/or monitor the Project on a 24 hour per day, seven-day per week schedule.
- 2.9 Visits may be made at a reasonable time by DISTRICT's employees, board members or designated DISTRICT's representative. UMG shall provide keys for the Project to the DISTRICT's Administrator. The Administrator shall sign a receipt for any keys received. All visitors to the Project shall comply with UMG's operating and safety procedures.
- 2.10 UMG shall provide a 24 hour/day 7 days per week customer service phone number.
- 2.11 UMG will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to DISTRICT regarding the need, if any, for DISTRICT to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to UMG's

operations hereunder and with federal regulations promulgated pursuant to the Americans With Disability Act ("ADA").

- 2.12 UMG may modify the process and/or facilities to achieve the objectives of this Agreement; provided, however, no modification shall be made without DISTRICT's prior written approval.
- 2.13 In any emergency affecting the safety of persons or property, UMG may act without written amendment or change order, at UMG's discretion, to prevent threatened damage, injury or loss. UMG shall be compensated by DISTRICT for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include UMG's reasonable costs for the emergency. Such cost and the basis for which they were incurred shall be detailed to the Board in any request for additional compensation.
- 2.14 As required by law, permit or court order, UMG will prepare plant performance reports and submit them to DISTRICT for signature and transmittal to appropriate authorities on a timely basis.
- 2.15 UMG will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements or judicial and regulatory orders and decrees.
- 2.16 UMG will provide for the collection, hauling and disposal of solid waste, screening, grit, sludge and scum ("Waste") to DISTRICT's existing or approved disposal sites. It shall be the sole right and responsibility of DISTRICT to designate, approve or select disposal sites to be used by UMG for DISTRICT's Waste. All Waste and/or byproduct treated and/or generated during UMG's performance of services is not and will not be considered property of UMG.
- 2.17 UMG shall provide all the administrative and financial functions necessary to effectively operate the business affairs of the DISTRICT, except as designated by the DISTRICT. Those exceptions are those duties assigned to the DISTRICT's Administrator, financial officer and CPA. UMG shall submit a monthly report to the DISTRICT that illustrates in summary, how much of the current month and year to date invoices submitted by UMG to the DISTRICT, are related to water services and how much are related to waste water services. The summary shall also report

the direct operating costs for water services and waste water services on a monthly and year to date basis.

- 2.18 UMG shall consult with the DISTRICT's Commissioners prior to replacement of the Project Manager.
- 2.19 UMG shall comply with all of the DISTRICT's policies and procedures in operating the DISTRICT, and UMG's Project Manager shall certify monthly to the DISTRICT's Board that all operations and activities under their control have been in compliance with the Board's policies and procedures.

UMG shall submit to the DISTRICT monthly, all reports of project activities in accordance with the DISTRICT's policies and formats.
- 2.20 UMG shall provide for monthly meter reading and billing. All amounts billed and received on behalf of DISTRICT are the property of DISTRICT and shall be promptly deposited into a bank account designated by the DISTRICT. Customer Service offices shall be maintained at locations approved by the DISTRICT.
- 2.21 UMG shall provide its reasonable business efforts in controlling unaccounted for water loss. A monthly report of system accounted for/unaccounted for water loss shall be submitted to the DISTRICT.
- 2.22 UMG shall comply with all applicable federal, state and local laws, regulations and rules as they may be applicable to the operation of the DISTRICT's water and waste water systems and the DISTRICT's operations.
- 2.23 UMG will seek sources of government grants and loans for consideration by the DISTRICT. The DISTRICT must approve in advance all application for such funding.
- 2.24 To protect the DISTRICT and allow for continuity of service UMG will post a surety bond or other surety in the amount of \$1,000,000 to ensure faithful performance of its contract obligations. Such surety shall be released upon termination of this Agreement and compliance by UMG with its obligations hereunder.
- 2.25 Notwithstanding anything herein to the contrary, UMG agrees to replace the DISTRICT's capital assets (excluding real property and improvements thereon) that are not an integral part of the DISTRICT's water/sewer production, treatment, and distribution and/or collection systems. If UMG determines that replacement of

capital assets is not essential for their continuing performance under this agreement, they shall notify the DISTRICT that they do not wish to replace an asset, with an explanation as to why. If the DISTRICT agrees, the asset will be removed from the DISTRICT's asset list. If the DISTRICT does not agree, UMG will be required to replace the asset. UMG shall submit to the DISTRICT at the November DISTRICT meeting a capital budget request for the next calendar year for approval by the DISTRICT. UMG may make subsequent request for a capital asset by petitioning the DISTRICT.

For those capital assets that cost less than \$1,500, UMG will purchase and pay for the same. For those that cost more than \$1,500, they may also be purchased and paid for by UMG or at UMG's option may be financed in the DISTRICT's name, subject to prior approval by the DISTRICT, and all such loan payments shall be made by UMG as long as this contract remains in effect. At the end of the contract term, or upon early termination, if there are any outstanding loans that have been approved by the DISTRICT, which are due and owing, the DISTRICT agrees to pay the balance of the same.

All assets acquired under this paragraph, except as hereinafter provided, will be titled in the DISTRICT's name. Any capital assets that UMG acquires, at its discretion, that is not replacements of the DISTRICT's assets, and/or which are not solely dedicated for use at the DISTRICT's project, shall be titled in the name of UMG and paid for by UMG.

Notwithstanding the above, any individual tool purchased for UMG's use in the operation of the DISTRICT that cost more than \$250 shall be paid for by the DISTRICT, and charged to its repair and maintenance budget. Any tool purchased for UMG's use in the operation of the DISTRICT that cost less than \$250 shall be paid for by UMG. All such tools shall be the property of the DISTRICT.

- 2.26 Routine repair and maintenance of any real property utilized by UMG in the performance of its duties under this contract will be done and paid for by UMG. If such improvements require financing, it will be done pursuant to the capital acquisition procedure outline above. This excludes any major renovation or expansion directed by the DISTRICT, which will be paid by the DISTRICT.

- 2.27 UMG will submit to the DISTRICT by no later than October 1st of each year, a repair and maintenance budget and capital budget for the next fiscal year. It shall include any item already under contract, but not yet paid. The R&M Budget shall include an allowance for any unforeseen repairs based on the DISTRICT's actual experience for such items over the last three (3) years.
- 2.28 UMG shall submit a monthly accounting to the DISTRICT detailing all repair and maintenance expenditures, including a brief explanation of the work done and why it was necessary.
- 2.29 All purchases made by UMG using the DISTRICT's Tax Identification Number shall only be for those items utilized in the operation of the DISTRICT. UMG shall not co-mingle, store or have delivered, parts, materials, chemicals or supplies used for any other customer on the DISTRICT's property, nor will the DISTRICT's parts, materials, chemicals and supplies be stored on any other customer's property without the express prior written consent of the DISTRICT.

3. **UMG'S SCOPE OF SERVICES - WASTEWATER**

- 3.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT's wastewater systems.
- 3.2 Within the design capacity and capabilities of the Waste Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that effluent discharged from the Plant(s) outfalls meets the requirements specified in Appendix C-1.
- 3.3 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT detailing all expenditures incurred, along with a brief explanation of the work done and why it was necessary
- 3.4 UMG will pay all Costs incurred in normal wastewater utility operations. Any cost determined to be abnormal, for which additional compensation is sought, shall be submitted to the DISTRICT for approval along with an explanation of why it was determined to be abnormal.

4. **UMG'S SCOPE OF SERVICES - WATER**

- 4.1 This Article shall apply to UMG's operations, maintenance and management services for the DISTRICT's drinking water treatment system.

- 4.2 Within the design capacity and capabilities of the Water Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that water produced from the Plant(s) meets the requirements specified in Appendix C-2.
- 4.3 UMG shall operate the water treatment plant(s), pump station(s), and provide for all laboratory testing requirements.
- 4.4 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT.
- 4.5 UMG will pay all Costs incurred in normal Water operations. Any cost determined to be abnormal, for which additional compensation is sought, will be submitted to the DISTRICT for approval along with an explanation of why it was determined to be abnormal.
- 4.6 UMG will perform all maintenance and repairs for the project, and submit a monthly accounting to the DISTRICT detailing all expenditures incurred, along with a brief explanation of the work done and why it was necessary.

5. **UMG's SCOPE OF SERVICES - WASTEWATER COLLECTION SYSTEM AND WATER DISTRIBUTION SYSTEM**

- 5.1 This Article shall apply to UMG's services for the DISTRICT's wastewater collection system and potable water distribution system.
- 5.2 The scope of UMG's services for the Maintenance and Repair of the collection system and the distribution system are set forth in Appendices C-3 and C-4, respectively.
- 5.3 UMG shall provide for all daily operation and maintenance functions such as line Repairs, customer connections, line and tank maintenance, meter replacement, leak detection, line flushing, valve exercise, system inspection, line locations, and emergency call-outs, etc.

6. **DISTRICTS DUTIES**

- 6.1 The DISTRICT shall fund all necessary Capital Expenditures, except as otherwise provided herein. Such funding shall be provided either (i) in advance from the DISTRICT to UMG if the

DISTRICT requests that UMG contract for such Capital Expenditure or (ii) the DISTRICT shall contract for such Capital Expenditure directly. Priorities shall be given to safety and the ADA related expenses described in Section 2.12. Any loss, damage, or injury resulting from the DISTRICT's failure to provide capital as reasonably required by UMG shall be the sole responsibility of the DISTRICT provided that UMG has timely notified the DISTRICT of the need for the capital expenditure and has provided sufficient lead time for acquisition and utilization of the same. Otherwise any such loss damage or injury shall be the sole responsibility of UMG.

- 6.2 The DISTRICT shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to DISTRICT and are not transferred to UMG under this Agreement. UMG shall keep in force all Project warranties, guarantees, easements and license transferred to them under this Agreement.
- 6.3 The DISTRICT shall pay all ad valorem, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon UMG's net income and/or payroll taxes for UMG employees.

In the event UMG is required to pay any sales tax or use taxes on the value of the services provided by UMG hereunder such payments shall be reimbursed by the DISTRICT unless the DISTRICT furnishes a valid and properly executed exemption certificate relieving the DISTRICT and UMG of the obligation for such taxes. Any items purchased by the DISTRICT to save sales tax for a purchase UMG is required to make on behalf of the DISTRICT, shall be reimbursed by UMG within fifteen (15) days from the date of invoice to UMG. UMG shall make all such invoices on behalf of the DISTRICT to UMG on the next business date after the DISTRICT has made any purchase referenced above.

- 6.4 The DISTRICT shall provide UMG with full use of any and all pieces of DISTRICT's heavy equipment that are available so that UMG may discharge its obligations under this Agreement in the most cost-effective manner.
- 6.5 DISTRICT shall provide all registration and licenses for DISTRICT's vehicles used in connection with the Project.
- 6.6 DISTRICT shall provide for UMG's exclusive use of all vehicles and equipment presently in full time use at the Project except as may be otherwise designated from time to time by Agreement.

6.7 DISTRICT shall provide for UMG access to all easements, right-of-ways, and access to discharge UMG's obligation under this Agreement.

6.8 The DISTRICT may hire an Administrator to assist the DISTRICT in the oversight of its operations and business affairs. The Administrator's office shall be located in the DISTRICT headquarters and the Administrator shall have full access to all of the DISTRICT's operating and financial records.

UMG agrees to provide administrative assistance to the Administrator, which shall not exceed fifteen (15) hours per week.

6.9 DISTRICT shall promptly review and consider any request by UMG for any additional Capital Expenditures or Costs incurred by UMG.

6.10 The DISTRICT will be responsible for the purchase of all capital assets (additions and replacements) that are an integral part of the DISTRICT's Water/Sewer production, treatment, distribution and/or collection systems.

7. **COMPENSATION**

7.1 UMG's compensation under this Agreement shall consist of an Annual Fee as set forth herein. The Annual Fee for 2014 shall be \$7,680,850 (\$640,070.83 per month), to be effective January 1, 2014. That portion of the increased fee for 2014, due from January 1, 2014, until the first full bi-monthly payment made under this agreement shall be spread over the balance of payments for the 2014 term. The annual fee for 2015 and 2016, shall be \$7,757,660 (\$646,471.66 per month).

7.2 UMG shall provide the DISTRICT a summarized expenditure report monthly, and an annual detailed report on or before April 1st of each year. Such reports shall allocate expenses between water and sewer operations.

7.3 In the event the DISTRICT should make application to PSC for a rate increase in any of its services, UMG agrees to provide the DISTRICT a copy of any and all necessary information required by the PSC for such application.

If the DISTRICT elects to verify any information which is required by the PSC, or to conduct rate study, UMG agrees to allow the

DISTRICT's duly authorized agents' access to its records to verify the information provided by UMG.

- 7.4 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement Year, UMG will rebate the entire difference to the DISTRICT in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, the DISTRICT shall pay the excess to UMG (to the extent UMG has paid the same) in accordance with Section 8.2. UMG will notify the DISTRICT when actual Maintenance and Repair expenditures equal eighty percent (80%) of the Maintenance and Repair Limit in each Agreement Year throughout the term.
- 7.5 Any additional expenses, reasonably incurred by UMG, including overtime wages as a result of severe weather, a natural disaster or other unplanned events outside of the normal course of operations, will be invoiced by UMG to the DISTRICT for reimbursement in accordance with Section 8.2.

Any additional expense, reasonably incurred by UMG as set forth in the above paragraph, for which the DISTRICT is eligible for reimbursement by a third party (i.e., FEMA), UMG agrees to defer payment from the DISTRICT for such expenses until the DISTRICT receives approval for reimbursement from the third party.

The DISTRICT agrees to pay UMG interest on any expenses paid by UMG described in the above paragraph at the then prime rate of interest charged by Community Trust Bank of Pikeville, Kentucky. Interest would start to accrue six months after the third party has approved the DISTRICT's application for reimbursement and run on the outstanding balance until paid in full. Approval shall be defined as that date when the third party accepts the DISTRICT's application for reimbursement. If the DISTRICT's application does not receive final approval, or final approval is delayed due to UMG's failure to properly process the application or the information therein correctly, then the time table for starting the accrual of interest will not start until the necessary corrections are approved.

- 7.6 UMG agrees to forgive \$118,932 of the District's R & M overage due UMG upon execution of this agreement.

8. **PAYMENT OF COMPENSATION**

- 8.1 One twenty-fourth (1/24) of the Annual Fee for each Agreement Year shall be due and payable on the 1st and the 15th of each month during such Agreement Year for service provided in accordance to Articles 7.1 of this Agreement.
- 8.2 All other compensation to UMG is due upon receipt of UMG's invoice and payable within fifteen (15) days, except as provided in Article 7.6. Any and all request for additional compensation will be supported by a detailed cost analysis evidenced by appropriate invoices to be attached to the request.
- 8.3 DISTRICT shall pay interest at an annual rate equal to the DISTRICT's designated financial institution's prime rate on payments not paid and received by UMG within thirty (30) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

9. **SCOPE CHANGES**

- 9.1 A Change in Scope of services shall occur when and as UMG's Costs of providing services under this Agreement significantly change as a result of one of the following:
 - 9.1.1 Any change in Project operations, personnel qualifications or staffing or other cost which is mandated or otherwise required, by a change in law, rule or regulation or an action or forbearance of any governmental body having jurisdiction to order, dictate or require such change.
 - 9.1.2 The DISTRICT's request of UMG and UMG's consent to provide additional services beyond what is provided in this agreement and routine growth of current services.
- 9.2 For Changes in Scope described in Sections 9.1.1 and 9.1.2, the Annual Fee shall be increased (or decreased) in an amount equal to UMG's additional (or reduced) Cost associated with the Change in Scope.

10. **INDEMNITY AND LIABILITY INSURANCE**

- 10.1 UMG agrees to indemnify and hold DISTRICT harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and

against all liability, losses and damage of any nature whatever that DISTRICT shall or may at any time sustain arising from the operation of this Agreement other than those arising from the DISTRICT's negligence or willful misconduct.

10.2 DISTRICT agrees to indemnify and hold UMG harmless against any and all claims, suits, actions, deeds, damages, cost, charge and expenses, including court cost and reasonable attorney fees, and against all liability, losses and damage of any nature whatever that UMG shall or may at any time sustain as a result of DISTRICT's negligence or willful misconduct.

10.3 UMG shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Commencement Date, of the effluent quality requirements provided for in Appendices C-1 and C-2 that are a result of UMG's negligence. DISTRICT will assist UMG in contesting any such fines in administrative proceedings and/or in court prior to any payment by UMG. UMG shall pay the cost of any such contest.

10.4 UMG shall be liable for all fines or civil penalties imposed by any regulatory or enforcement agencies on DISTRICT and/or UMG that are not a result of DISTRICT's negligence or are otherwise directly related to the operation of the Project and shall indemnify and hold DISTRICT harmless from the payment of any such fines and/or penalties.

10.5 Indemnity agreements provided for in this Agreement shall survive the termination of the Agreement.

10.6 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix E. Each party shall provide the other party with satisfactory proof of insurance.

11. **TERM, TERMINATION AND DEFAULT**

11.1 The term of this Agreement shall be three (3) years-commencing on January 1, 2014, and ending on December 31, 2016. Each period during the term commencing January 1 and ending the following December 31 shall be referred to as an "Agreement Year." Either party shall have the right, without cause, to terminate this Agreement at the end of the second Agreement Year. Notice of termination shall be given in writing no less than one hundred eighty (180) days in advance of the effective date of termination, and notice cannot be given prior to January 1, 2016.

- 11.2 A party may terminate this Agreement only for a material breach of the Agreement by the other party, except as provided in Section 11.1 only after giving written notice of breach; and, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.
- 11.3 In the event this agreement is terminated by the DISTRICT prior to the DISTRICT's payoff of UMG'S loan dated April 1, 2009, which is being forgiven over time, the DISTRICT agrees to pay UMG the unamortized balance of the note as of the date of termination as set out in Appendix E.
- 11.4 Upon notice of termination by DISTRICT, or the contract is not renewed, UMG shall assist DISTRICT in assuming or transferring operation of the Project, for a period up to six (6) months from the date of notice of termination or non-renewal. UMG's compensation for such services shall be its costs not otherwise uncured in operation of the Project. If additional Cost is incurred by UMG at request of DISTRICT, DISTRICT shall pay UMG such Cost within thirty (30) days receipt of invoice.
- 11.5 Upon termination of this Agreement and all renewals and extensions of it, UMG will return the Project to DISTRICT in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by UMG for use in the operation or maintenance of the Project shall remain the property of UMG upon termination of this Agreement unless the property was directly paid for by DISTRICT or DISTRICT specifically reimbursed UMG for the cost incurred to purchase the property or this Agreement provides to the contrary. This provision is subordinated to the terms set out in Section 2.25.

12. **DISPUTES AND FORCE MAJEURE**

- 12.1 In the event activities by employee groups or unions unrelated to UMG cause a disruption in UMG's ability to perform at the Project, DISTRICT, with UMG's assistance or UMG at its own option, may seek appropriate injunctive court orders. During any such disruption, UMG shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 12.2 Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

MOUNTAIN WATER DISTRICT

By: Rhonda James

Name: Rhonda James

Title: Chair person

Date: 3-2-2014

UTILITY MANAGEMENT GROUP, LLC.

By: Greg May

Name: GREG MAY

Title: COO

Date: 3-27-14

Exhibit P

Customer listing
 number of customers per class
 average water consumption per class

Waste Water Plant	Rated Capacity	No. of Customers	Comments
South Williamson	1,038,000	355	Wholesale Treatment Agreement with Williamson, WV
Phelps/Freeburn	250,000	854	
Douglas	200,000	723	
Buskirk McCarr		108	Wholesale Treatment Agreement with Matewan, WV
Stone	10,000	16	Package treatment plant
Modern Mobile Home Park	10,000	25	Package treatment plant
Maple Lane	3,000	7	Package treatment plant
Keene Village	10,000	20	Package treatment plant
Big Creek-Traditional/Aerator		41	Package treatment plant
Dry Fork of Shelby		15	Package treatment plant
Branham Heights	10,000	4	Package treatment plant
T & N Mobile Home Park		7	Package treatment plant
Central Avenue		255	

Customer Class	Number of Bills	Number of Customers	Usage (1,000 Gal)	Avg. Usage
Metered	25,177	2,098	128,313	61.16 (1000 gal)
Multi-Meter	224	40	1,715	42.88 (1000 gal)
Flat Rate	3,504	292	N/A	
Total	28,905	2,430	130,028	