

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING DECEMBER 22, 2014 @ 5PM

AGENDA

- CALL TO ORDER
- APPROVAL OF MINUTES *Not APPROVED*
- FINANCIAL STATEMENT *Accepted*
Budget For 2015 *Accepted*
- HAROLD SEWER PROJECT/GEARHEART
- OTHER
- ADJOURN

*Call APP about turning off Buddys
pneve*

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

REGULAR CALLED MEETING, NOVEMBER 24, 2014

Attendance:

Paula Johnson – Chairperson	Bert Layne - Treasurer
Gary Blankenship – Secretary	Hayes Hamilton – Commissioner
Scarlett Stumbo – Commissioner	Jeff Reed – CPA
Mike Mullins – Summitt Engineering	Dean Hall - Manager

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 5:00 P.M.

MOTION FOR APPROVAL OF OCTOBER 27, 2014 MINUTES

MOTION MADE BY: SCARLETT STUMBO

MOTION SECONDED BY: BERT LAYNE

MOTION PASSED

JEFF REED DISCUSSED OCTOBER FINANCIALS

MOTION FOR APPROVAL MADE BY: GARY BLANKENSHIP

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

MARTIN- ALLEN PROJECT: DEAN HALL SAID KEG IS WORKING ON GETTING THE EASEMENTS NEEDED

HAROLD SEWER- GEARHEART PROJECT– DEAN EXPLAINED ABOUT PROGRESS MEETING LAST WEEK, ABOUT A QUARTER OF PROJECT COMPLETE AND HALF TIME HAS ELAPSED BUT PROJECT SHOULD BE COMPLETED BY DECEMBER 15TH.

MIKE MULLINS WAS PRESENT TO REPRESENT SUMMITT ENGINEERING

EMPLOYEE VACATION- BENEFITS – DEAN ASKED BOARD IF EMPLOYEES CAN CARRY OVER VACATION TIME UNTIL NEXT YEAR.

WAS TABLED UNTIL NEXT MEETING, DEAN TO BRING HANDBOOK TO NEXT MEETING.

MOTION TO GO INTO EXECUTIVE SESSION:

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: SCARLETT STUMBO

MOTION PASSED

DEAN EXPLAINED TO THE BOARD THAT HE MET AGAIN TODAY WITH DOW OFFICIALS AND THAT SWSD OPERATOR ANTHONY CASTLE DID NOT SHOW UP. DOW OFFICIALS EXPRESSED DEEP CONCERN THAT

WWTP'S WERE STILL NOT RECEIVING ANY ATTENTION, UPON INSPECTION TODAY ALL PLANTS HAD NO CHEMICALS ON SITE AND PLANTS WERE DISCHARGING RAW SEWAGE. OFFICIALS EXPRESSED THAT ALL PLANTS WILL RECEIVE NOTICE OF VIOLATIONS, AND HIMSELF THE OPERATOR AND BOARD MEMBERS WILL BE CALLED TO HAZARD FOR AN INFORMAL MEETING AND IMMEDIATE ACTION HAD TO BE TAKEN.

DEAN NOTED THAT MR. CASTLE HAD BEEN WARNED SEVERAL TIMES TO GET THE PLANTS IN COMPLIANCE, BUT HAS FAILED TO COMPLY.

DEAN PRESENTED THE BOARD WITH A PROPOSAL FROM C&L CONSULTING (JEFF LEE AND KEITH BEVINS FORMERLY OF KENTUCKY RURAL WATER) TO PROVIDE SERVICES TO GET THE PLANTS BACK INTO COMPLIANCE AND PROVIDE ALL NECESSARY SAMPLING AND TRAINING FOR SWSD EMPLOYEES AT A RATE OF \$3000.00 PER MONTH.

MOTION MADE THAT MR. CASTLE BE DISMISSED FROM ALL DUTIES AT SWSD AS OF MIDNIGHT NOV.30, 2014

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: SCARLETT STUMBO

MOTION PASSED

MOTION TO HIRE C&L CONSULTING IN EMERGENCY SITUATION FOR ONE MONTH BEGINNING DEC. 1, 2014.

DEAN IS TO GET A CLARIFICATION ON WHETHER PROCUREMENT LAWS APPLY.

MOTION MADE BY: HAYES HAMILTON

MOTION SECONDED BY: SCARLETT STUMBO

MOTION PASSED

MOTION TO COME OUT OF EXECUTIVE SESSION

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

MOTION TO ADJOURN: HAYES HAMILTON

MOTION SECONDED BY: BERT LAYNE

With there being no further information to discuss this meeting was adjourned at 6:00 PM

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

MICHAEL R. SPEARS, CPA, PSC
P.O. BOX 1270
PRESTONSBURG, KY 41653

December 22, 2014

Southern Water and Sewer District
Board of Commissioners
Prestonsburg, KY 41653

RE: November 2014 Financial Statements

Dear Commissioner,

Enclosed you will find your financial statements for the period ended November 30, 2014. In this letter I am giving you some pertinent highlights as I see them.

Balance Sheet as of November 30, 2014

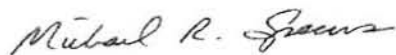
- Cash in Bank is (\$49,502)
- Restricted Cash is \$521,644
- Accounts Receivable is \$1,498,191
- Plant in place is \$24,607,869
- Equity is \$18,769,579
-

Income Statement – for the month ended November 30, 2014

- Operating Revenue is \$401,927
- Operating Expenses \$382,281
- Other Income (Construction Income & Interest) \$75,762
- Other Expense (\$21,928)
- Net Income is \$73,479
- Included in the income is Depreciation of \$71,879

I would ask that you review the financials and if you have questions please feel free to contact me at (606) 424-8040.

Sincerely,



Michael Spears

Financial Reports

Southern Water and Sewer District
BALANCE SHEET
As of November 30, 2014
ASSETS

CURRENT ASSETS

Cash on Hand	\$ 460.00
First Guaranty - New	(55,551.66)
Cash - Community Trust Bank (SV)	2,227.43
First Guaranty - Solid Waste Account	929.64
Accounts Receivable - Water	937,318.47
Accounts Receivable - Garbage	438,580.75
Accounts Receivable - Sewer	122,291.49
AVR - CDBG Grant	5,000.00
Provision for Uncollectible Accounts	(244,049.46)
Materials and Supplies	56,381.00
KIA Escrow - New	113,492.09
KIA R & M Reserve - New	37,487.35
KIA R & M Reserve #3 - New	55,553.83
First Guaranty - RD Account	905.38
RD Depreciation Reserve Acct.	41,089.29
RD Escrow Acct	124,744.53
1st Guaranty - FEMA Reimbursements	24,653.23
FGB - Rural Development Construction	4,549.13
FGB - Floyd County Bond Payment	3,821.91
FGB - RD Sinking Fund (New)	22,595.38
Cash - Pride on the River	1,225.26
Insurance Escrow Account	15,240.03
KIA R & M RESERVE A04-06	23,795.00
Construction Account	4,484.52
FGB - Customer Deposit Account	18,596.81
FGB - Health Care Reimbursement	28,480.95

Total Current Assets 1,784,302.35

PROPERTY AND EQUIPMENT

Utility Plant	33,235,481.79
Utility Plant	1,766,340.49
Utility Plant Sewer	7,844,513.66
Construction in Progress	1,121,916.37
CIP - Pride on the River	31,049.11
Construction in Progress - Sewer	43,921.50
Less: Accumulated Depreciation	<u>(19,435,353.84)</u>

Net Property and Equipment 24,607,869.08

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(31,778.19)</u>

Total Other Assets 66,631.73

TOTAL ASSETS \$ 26,458,803.16

Southern Water and Sewer District
BALANCE SHEET
As of November 30, 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ 102,347.56
A/P - CIP	9,080.38
N/P - FGB LOC	237,000.00
First Guaranty - Office Building	50,197.51
N/P - FIRST GUARANTY (TRUCKS)	40,333.40
N/P - FGB (DEAN'S TRUCK)	24,297.83
Less Current Portion Notes Payable	(463,339.43)
Customer Deposits	173,185.65
Customer Deposits - Sewer	155.00
Accrued Fed WTH	7,249.61
Accrued Ky WTH	3,313.14
Accrued KUI/FUTA	(29.36)
Accrued School Tax	157.68
Accrued Sales Tax	1,730.96
Garnishee	222.05
Accrued 401-k	1,790.86
Accrued Vacation/Sick Pay	62,412.70
Accrued Interest - KIA III	84,690.43
Accrued Interest - Bonds	98,482.50
Accrued Interest - New Bond	8,519.52
Accrued Interest - Sandy Valley Bond	25,469.58
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	411,270.08
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Total Current Liabilities	879,492.50
LONG-TERM LIABILITIES	
Notes Payable Current Portion	463,339.43
Bonds Payable Current Portion	61,535.00
N/P - KIA I	619,486.88
N/P - KIA III	1,586,612.89
Bonds Payable	2,127,250.17
N/P - KIA A-04-06	38,696.61
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	518,789.75
USDA (530,000)	505,000.00
N/P - KIA (A11-16) Harold Sewer	748,555.80
Less Current Portion Bonds Payable	(61,535.00)
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Total Long-Term Liabilities	6,809,731.53
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Total Liabilities	7,689,224.03
CAPITAL	
Invested in Capital Assets	16,206,185.00
Restricted for Capital Projects	26,439.00
Restricted for Maintenance	60,767.00
Restricted for Debt Services	136,874.00
Unrestricted Net Assets	243,408.00
Restricted for Deposits	132,884.00
Current Earnings	216,476.66
Retained Earnings	1,746,545.47
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Southern Water and Sewer District
BALANCE SHEET
As of November 30, 2014

Total Stockholders' Equity	<u>18,769,579.13</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>26,458,803.16</u>

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Sales				
Metered Sales - Residential	\$ 282,011.60	70.16	\$ 3,012,263.21	69.15
Metered Sales - Business	7,126.74	1.77	88,683.20	2.04
Metered Sales - Residential Sewer	15,234.58	3.79	178,033.39	4.09
Metered Sales - Business Sewer	1,597.38	0.40	17,095.00	0.39
Sales for Resale	6,645.56	1.65	59,254.30	1.36
Penalties	7,328.21	1.82	88,655.64	2.04
Meter Service	2,720.00	0.68	29,045.00	0.67
Tap fees	700.00	0.17	10,399.00	0.24
Garbage Sales Revenue	78,562.50	19.55	862,646.48	19.80
Insurance Recovery	0.00	0.00	10,000.00	0.23
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	401,926.57	100.00	4,356,082.63	100.00
Gross Profit	401,926.57	100.00	4,356,082.63	100.00
Operating Expenses				
Solid Waste Payments	76,206.08	18.96	836,767.54	19.21
Water Purchases	47,145.36	11.73	500,741.38	11.50
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	8,547.65	0.20
Operations Labor - Pumping	5,721.90	1.42	68,339.00	1.57
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	1,125.00	0.03
Chemicals	15,715.85	3.91	66,021.00	1.52
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.07
Repairs - Pumping	0.00	0.00	29,302.28	0.67
Telephone & Utilities - Pumping	0.00	0.00	1,176.53	0.03
Lab Services	0.00	0.00	10,256.25	0.24
Chemicals	0.00	0.00	77,520.26	1.78
Fuel	0.00	0.00	15,150.08	0.35
Sewer Supplies	0.00	0.00	2,850.00	0.07
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.27
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.04
Supplies	0.00	0.00	1,540.98	0.04
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	264.05	0.07	5,008.18	0.11
Operations Labor - T & D	47,446.80	11.80	583,558.44	13.40
Wages - Sewer	2,400.00	0.60	28,800.00	0.66
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	2,318.46	0.05
Supplies - T & D	12,223.60	3.04	121,922.64	2.80
Vehicle Repairs - T & D	567.77	0.14	23,464.85	0.54
Utilities - T & D	21,521.68	5.35	304,348.52	6.99
Repairs Pump - T & D	0.00	0.00	50,670.84	1.16
Uniform Rental - T & D	0.00	0.00	1,890.47	0.04

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Vehicle Repairs - T & D	0.00	0.00	27,684.81	0.64
Repairs - T & D	0.00	0.00	11,754.89	0.27
Fuel-Gasoline	11,596.27	2.89	146,878.66	3.37
Lab Services - Distribution	0.00	0.00	19,977.70	0.46
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	3,931.82	0.98	11,153.94	0.26
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,718.86	0.15
Vehicle Repairs	0.00	0.00	14,230.52	0.33
Utilities	0.00	0.00	6,611.81	0.15
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	5,990.00	0.14
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.21
Repairs-Sewer	0.00	0.00	2,200.00	0.05
Safety supplies	0.00	0.00	695.39	0.02
Repairs	0.00	0.00	0.00	0.00
Safety Supplies	0.00	0.00	0.00	0.00
Equipment Rental	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Billing Postage	2,779.57	0.69	29,384.32	0.67
Billing Postage	0.00	0.00	960.45	0.02
BILLING CARDS	0.00	0.00	2,223.80	0.05
Wages - Office	10,620.31	2.64	171,661.40	3.94
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	1,412.52	0.03
Office Supplies	817.43	0.20	10,980.03	0.25
Telephone & Utilities - Office	1,282.70	0.32	11,375.40	0.26
Bank Charges	948.66	0.24	10,062.17	0.23
Health Insurance	15,433.68	3.84	189,093.96	4.34
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	548.14	0.14	7,552.10	0.17
Workers Comp	3,688.73	0.92	50,908.96	1.17
Life Ins.	75.08	0.02	18,346.61	0.42
Contract Labor - Administration	0.00	0.00	1,300.00	0.03
Credit Card Payment Fees	0.00	0.00	952.29	0.02
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.02
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	0.00	0.00	0.00	0.00
Worker's Compensation	0.00	0.00	0.00	0.00
Health Insurance - Sewer	0.00	0.00	0.00	0.00
Property Insurance	11,401.95	2.84	23,231.63	0.53
Legal	1,000.00	0.25	3,125.00	0.07
Accounting	1,800.00	0.45	19,800.00	0.45
Engineering	0.00	0.00	0.00	0.00
Professional Fees	7,500.00	1.87	17,250.00	0.40
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	0.00	0.00	36,803.90	0.84
Commissioners Bond	0.00	0.00	1,425.20	0.03
Bonds	0.00	0.00	2,767.48	0.06
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	1,000.00	0.25	10,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	27,564.98	0.63
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.08
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.10
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	39.43	0.00
Depreciation Expense	63,382.08	15.77	707,512.88	16.24
Depreciation Expense	8,496.82	2.11	93,465.02	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,107.56	1.27	75,926.27	1.74
PSC Taxes	0.00	0.00	3,454.09	0.08
Sales Taxes	0.00	0.00	807.05	0.02
Employer Pension Expense	1,404.09	0.35	18,449.43	0.42
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	253.35	0.06	7,037.05	0.16
Total Operating Expenses	382,281.33	95.11	4,588,250.76	105.33
Operating Income (Loss)	19,645.24	4.89	(232,168.13)	(5.33)
Other Income (Expense)				
Interest Expense - TFB	(1,299.14)	0.32	(6,936.02)	0.16
Interest Expense - LOC	(1,000.00)	0.25	(19,062.50)	0.44
Amortization of Premium	(205.02)	0.05	(2,255.22)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.07
Interest Expense - KIA	(7,332.21)	1.82	(120,211.37)	2.76
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.01	(130,012.51)	2.98
Interest Income - Now	40.33	0.01	376.92	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.09
Grant Income (Dept of Transportation)	75,721.50	18.84	617,627.87	14.18
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	2.37
Total Other Income (Expense)	53,833.99	13.39	442,644.79	10.16
Net Income (Loss) Before Tax	73,479.23	18.28	210,476.66	4.83
Net Income (Loss)	\$ 73,479.23	18.28	\$ 210,476.66	4.83

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Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Sales				
Metered Sales - Residential	\$ 282,011.60	70.16	\$ 3,012,263.21	69.15
Metered Sales - Business	7,126.74	1.77	88,683.20	2.04
Sales for Resale	6,645.56	1.65	59,254.30	1.36
Penalties	7,328.21	1.82	88,655.64	2.04
Meter Service	2,720.00	0.68	29,045.00	0.67
Tap fees	700.00	0.17	10,399.00	0.24
Garbage Sales Revenue	78,562.50	19.55	862,646.48	19.80
Insurance Recovery	0.00	0.00	10,000.00	0.23
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	385,094.61	95.81	4,160,954.24	95.52
Gross Profit	385,094.61	95.81	4,160,954.24	95.52
Operating Expenses				
Solid Waste Payments	76,206.08	18.96	836,767.54	19.21
Water Purchases	47,145.36	11.73	500,741.38	11.50
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	8,547.65	0.20
Operations Labor - Pumping	5,721.90	1.42	68,339.00	1.57
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.07
Repairs - Pumping	0.00	0.00	29,302.28	0.67
Telephone & Utilities - Pumping	0.00	0.00	1,176.53	0.03
Lab Services	0.00	0.00	10,256.25	0.24
Chemicals	0.00	0.00	77,520.26	1.78
Fuel	0.00	0.00	15,150.08	0.35
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.27
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	264.05	0.07	5,008.18	0.11
Operations Labor - T & D	47,446.80	11.80	583,558.44	13.40
Uniform Rental - T & D	0.00	0.00	2,318.46	0.05
Supplies - T & D	12,223.60	3.04	121,922.64	2.80
Vehicle Repairs - T & D	567.77	0.14	23,464.85	0.54
Utilities - T & D	21,521.68	5.35	304,348.52	6.99
Repairs Pump - T & D	0.00	0.00	50,670.84	1.16
Uniform Rental - T & D	0.00	0.00	1,890.47	0.04
Vehicle Repairs - T & D	0.00	0.00	27,684.81	0.64
Repairs - T & D	0.00	0.00	11,754.89	0.27
Fuel-Gasoline	11,596.27	2.89	146,878.66	3.37
Lab Services - Distribution	0.00	0.00	19,977.70	0.46
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.21
Safety supplies	0.00	0.00	695.39	0.02
Billing Postage	2,779.57	0.69	29,384.32	0.67
Billing Postage	0.00	0.00	960.45	0.02
BILLING CARDS	0.00	0.00	2,223.80	0.05
Wages - Office	10,620.31	2.64	171,661.40	3.94

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	1,412.52	0.03
Office Supplies	817.43	0.20	10,980.03	0.25
Telephone & Utilities - Office	1,282.70	0.32	11,375.40	0.26
Bank Charges	948.66	0.24	10,062.17	0.23
Health Insurance	15,433.68	3.84	189,093.96	4.34
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	548.14	0.14	7,552.10	0.17
Workers Comp	3,688.73	0.92	50,908.96	1.17
Life Ins.	75.08	0.02	18,346.61	0.42
Contract Labor - Administration	0.00	0.00	1,300.00	0.03
Credit Card Payment Fees	0.00	0.00	952.29	0.02
Legal	1,000.00	0.25	3,125.00	0.07
Accounting	1,800.00	0.45	19,800.00	0.45
Engineering	0.00	0.00	0.00	0.00
Professional Fees	7,500.00	1.87	17,250.00	0.40
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	0.00	0.00	36,803.90	0.84
Commissioners Bond	0.00	0.00	1,425.20	0.03
Bonds	0.00	0.00	2,767.48	0.06
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	1,000.00	0.25	10,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	27,564.98	0.63
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.08
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.10
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Depreciation Expense	63,382.08	15.77	707,512.88	16.24
Depreciation Expense	8,496.82	2.11	93,465.02	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,107.56	1.27	75,926.27	1.74
PSC Taxes	0.00	0.00	3,454.09	0.08
Sales Taxes	0.00	0.00	807.05	0.02
Employer Pension Expense	1,404.09	0.35	18,449.43	0.42
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	253.35	0.06	7,037.05	0.16
Total Operating Expenses	348,831.71	86.79	4,414,746.79	101.35
Operating Income (Loss)	36,262.90	9.02	(253,792.55)	(5.83)
Other Income (Expense)				

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Interest Expense - TFB	(1,299.14)	0.32	(6,936.02)	0.16
Interest Expense - LOC	(1,000.00)	0.25	(19,062.50)	0.44
Amortization of Premium	(205.02)	0.05	(2,255.22)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.07
Interest Expense - KIA	(7,332.21)	1.82	(120,211.37)	2.76
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.01	(130,012.51)	2.98
Interest Income - Now	40.33	0.01	376.92	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.09
Total Other Income (Expense)	<u>(21,887.51)</u>	<u>(5.45)</u>	<u>(278,153.92)</u>	<u>(6.39)</u>
Net Income (Loss) Before Taxe	<u>14,375.39</u>	<u>3.58</u>	<u>(531,946.47)</u>	<u>(12.21)</u>
Net Income (Loss)	<u>\$ 14,375.39</u>	<u>3.58</u>	<u>\$ (531,946.47)</u>	<u>(12.21)</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 11 Months Ended November 30, 2014

	1 Month Ended November 30, 2014	%	11 Months Ended November 30, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 15,234.58	3.79	\$ 178,033.39	4.09
Metered Sales - Business Sewer	1,597.38	0.40	17,095.00	0.39
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>16,831.96</u>	<u>4.19</u>	<u>195,128.39</u>	<u>4.48</u>
Gross Profit	<u>16,831.96</u>	<u>4.19</u>	<u>195,128.39</u>	<u>4.48</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	1,125.00	0.03
Chemicals	15,715.85	3.91	66,021.00	1.52
Sewer Supplies	0.00	0.00	2,850.00	0.07
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.04
Supplies	0.00	0.00	1,540.98	0.04
Wages - Sewer	2,400.00	0.60	28,800.00	0.66
Utilities - Sewer	3,931.82	0.98	11,153.94	0.26
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,718.86	0.15
Vehicle Repairs	0.00	0.00	14,230.52	0.33
Utilities	0.00	0.00	6,611.81	0.15
Repairs	0.00	0.00	5,990.00	0.14
Repairs-Sewer	0.00	0.00	2,200.00	0.05
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.02
Property Insurance	11,401.95	2.84	23,231.63	0.53
Advertising	0.00	0.00	39.43	0.00
Total Operating Expenses	<u>33,449.62</u>	<u>8.32</u>	<u>173,503.97</u>	<u>3.98</u>
Operating Income (Loss)	<u>(16,617.66)</u>	<u>(4.13)</u>	<u>21,624.42</u>	<u>0.50</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	75,721.50	18.84	617,627.87	14.18
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	2.37
Total Other Income (Expense)	<u>75,721.50</u>	<u>18.84</u>	<u>720,798.71</u>	<u>16.55</u>
Net Income (Loss) Before Tax	<u>59,103.84</u>	<u>14.71</u>	<u>742,423.13</u>	<u>17.04</u>
Net Income (Loss)	<u>\$ 59,103.84</u>	<u>14.71</u>	<u>\$ 742,423.13</u>	<u>17.04</u>

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VACATION AND SICK ACCRUALS AS OF DECEMBER 1, 2014					
NAME	VACATION	SICK	YEARLY	YRS. OF EMPLOYMENT	
CHRIS ADKINS	32	125	80	4 YEARS	
GENE ADKINS	32	213	80	4 YEARS	
RAY ADKINS	72	25	80	1 YEAR	
JUSTIN CONLEY	40	124	80	2 YEARS	
CARTNEY CONN		39			
LOGAN CROWDER	40	48	80	2 YEARS	
CHRIS FRANCIS	57	216	120	8 YEARS	
BRANDON HALL	25	81	80	1 YEAR	
DEAN HALL	240	240	240	21 YEARS	
GEORGE HALL	16	240	120	7 YEARS	
DON HARRISON		226	80	4 YEARS	
DAVID HORNE	24	49	80	1 YEAR	
RAY HUNTER		240	80	4 YEARS	
ETHAN JOHNSON		32	80	2 YEARS	
RICHARD JOHNSON	24	64	80	2 YEARS	
DUSTIN JUSTICE	16	70	80	4 YEARS	
TINA MOSLEY	108	240	160	10 YEARS	
CHRIS ROBINSON	136	240	120	8 YEARS	
BLAKE SALISBURY		25	80	1 YEAR	
REECE SALYER	136	240	240	18 YEARS	
JOE TICE	32	52	80	2 YEARS	
MARIBETH WEBB	224	240	240	28 YEARS	
SHAWN WILKS	8	79	80	3 YEARS	

VACATION AND SICK ACCRUALS AS OF DECEMBER 1, 2014					
NAME	VACATION	SICK	YEARLY	YRS. OF EMPLOYMENT	
CHRIS ADKINS	32	125	80	4 YEARS	
GENE ADKINS	32	213	80	4 YEARS	
RAY ADKINS	72	25	80	1 YEAR	
JUSTIN CONLEY	40	124	80	2 YEARS	
CARTNEY CONN		39			
LOGAN CROWDER	40	48	80	2 YEARS	
CHRIS FRANCIS	57	216	120	8 YEARS	
BRANDON HALL	25	81	80	1 YEAR	
DEAN HALL	240	240	240	21 YEARS	
GEORGE HALL	16	240	120	7 YEARS	
DON HARRISON		226	80	4 YEARS	
DAVID HORNE	24	49	80	1 YEAR	
RAY HUNTER		240	80	4 YEARS	
ETHAN JOHNSON		32	80	2 YEARS	
RICHARD JOHNSON	24	64	80	2 YEARS	
DUSTIN JUSTICE	16	70	80	4 YEARS	
TINA MOSLEY	108	240	160	10 YEARS	
CHRIS ROBINSON	136	240	120	8 YEARS	
BLAKE SALISBURY		25	80	1 YEAR	
REECE SALYER	136	240	240	18 YEARS	
JOE TICE	32	52	80	2 YEARS	
MARIBETH WEBB	224	240	240	28 YEARS	
SHAWN WILKS	8	79	80	3 YEARS	

Budget Summary of Southern Water & Sewer District

Reporting Period from January 1, 2013 through December 31, 2015

	Actual 2013	Budget 2014	Estimate 2015
<u>Utility Operating Income</u>			
Operating Revenues	\$ 4,976,186	\$ 4,910,501	\$ 4,932,979
Operation and Maintenance Expenses	3,985,093	3,854,669	4,011,390
Depreciation Expense	865,210	862,547	865,210
Amortization Expense	2,460	2,460	2,460
Taxes Other Than Income	85,328	91,919	95,243
Income from Utility Plant Leased to Others	0	0	0
Gains (Losses) from Disposition of Utility Property	11,999	11,999	10,000
Net Utility Operating Expenses	4,926,091	4,799,596	4,964,303
Utility Operating Income (Loss)	\$ 50,095	\$ 110,905	\$ (31,324)
<u>Other Income and (Deductions)</u>			
Net Results/Merchandising, Jobbing & Contract Work	\$ 0	\$ 0	\$ 0
Interest and Dividend Income	2,559	5,208	4,097
Allowance for Funds Used During Construction	0	0	0
Nonutility Income	0	0	0
Miscellaneous Nonutility Expenses	0	0	0
Taxes Other Than Income	0	0	0
Interest Expense	263,639	246,726	306,264
Total Other Income and (Deductions)	266,198	251,934	310,361
Income Before Contributions & Extraordinary Items	\$ (210,986)	\$ (130,613)	\$ (333,491)
Proceeds from Capital Contributions	1,957,531	1,345,445	720,799
Net Extraordinary Items	0	0	0
Change in Net Assets	\$ 1,746,545	\$ 1,214,832	\$ 387,308

USoA Acct #		Actual 2013	Budget 2014	Estimate 2015
	<u>Operating Revenues</u>			
	<u>Sales of Water (sub-category)</u>			
460	Unmetered Water Revenue			
461.1	Metered Water Revenue - Residential	3,443,298	\$ 3,488,598	\$ 3,476,302
461.2	Metered Water Revenue - Commercial	90,241	\$ 92,347	\$ 97,868
461.3	Metered Water Revenue - Sewer	162,869	\$ 132,508	\$ 213,956
461.4	Metered Water Revenue - Public Authorities	0	0	\$ -
461.5	Metered Water Revenue - Multiple Family Dwellings	0	0	\$ -
461.6	Metered Water Revenue - Bulk Loading Stations		0	\$ -
462	Fire Protection Revenue	0	0	\$ -
465	Sales to Irrigation Customers		0	\$ -
466	Sales for Resale	59,072	\$ 64,553	\$ 63,130
	Subtotal Sales of Water	3,755,479	3,778,006	3,851,256
	<u>Other Water Revenues (sub-category)</u>			
470	Forfeited Discounts	95,682	\$ 100,602	\$ 97,593
471	Miscellaneous Service Revenues	149,852	\$ 48,456	\$ 43,229
472	Rents from Water Property		0	0
473	Interdepartmental Rents		0	0
474	Garbage Sales Revenues	975,173	\$ 983,437	\$ 940,901
	Subtotal Other Water Revenues	1,220,707	1,132,495	1,081,723
	Total Operating Revenues	4,976,186	4,910,501	4,932,979 *
	<u>Operation and Maintenance Expenses</u>			
601	Salaries and Wages - Employees	799,090	789,435	943,403 *
603	Salaries and Wages - Commissioners	6,200	6,000	6,000
604	Employee Pensions and Benefits		0	0
	Medical/Life Insurance	269,517	243,832	238,722
	Retirement Benefits	7,585	4,717	20,454
	Other	0	0	0
	Subtotal Employee Pensions and Benefits	277,102	248,549	259,176

USoA		Actual	Budget	Estimate
Acct #		2013	2014	2015
610	Purchased Water	483,139	514,635	544,315
615	Purchased Power	433,253	413,880	369,515
616	Lab Services	33,945	29,795	34,370
618	Chemicals	167,911	178,353	153,390
620	Materials and Supplies	318,442	318,905	275,878
631	Contractual Services - Engineering	0	0	0
632	Contractual Services - Accounting	13,000	23,700	21,600
633	Contractual Services - Legal	500	500	500
634	Contractual Services - Management Fees	0	0	0
635	Contractual Services - Testing	0	0	0
636	Contractual Services - Other	15,606	0	15,000
	Solid Waste Payments	945,917	953,934	912,674
642	Rental of Equipment	4,052	3,158	3,200
650	Transportation Expenses	162,595	153,886	258,293 *
656	Insurance - Vehicle	0	0	0
657	Insurance - General Liability	137,942	47,186	44,165
658	Insurance - Workers' Compensation	52,353	43,587	56,664
659	Insurance - Other	0	1,425	1,425
660	Advertising Expense	1,254	1,672	800
665/667	Regulatory Commission Expense	0	0	0
668	Billing Postage	70,545	66,703	37,441
670	Bad Debt Expense	29,796	24,189	29,796
675	Miscellaneous Expenses	32,451	35,177	43,785
	Total Operation and Maintenance Expenses	3,985,093	3,854,669	4,011,390
	<u>Depreciation Expense</u>			
403	Depreciation Expense on Utility Plant	865,210	862,547	865,210
	<u>Amortization Expense</u>			
406	Amortization of Utility Plant Acquisition Adjustments			
407	Amortization Expense	2,460	2,460	2,460
	Total Amortization Expense	2,460	2,460	2,460

USoA Acct #	Actual 2013	Budget 2014	Estimate 2015
<u>Taxes Other Than Income</u>			
408.10			
Utility Regulatory Assessment Fees			
408.11	0	12,757	6,000
Property Taxes			
408.12	73,982	74,073	84,982
Payroll Taxes			
408.13	11,346	5,089	4,261
Other Taxes and Licenses			
	85,328	91,919	95,243
<u>Income from Utility Plant Leased to Others</u>			
413			
Income from Utility Plant Leased to Others			
<u>Gains (Losses) from Disposition of Utility Property</u>			
414	11,999	11,999	10,000
Gains (Losses) from Disposition of Utility Property			
	4,926,091	4,799,596	4,964,303
	50,095	110,905	(31,324)
<u>Other Income and (Deductions)</u>			
<u>Net Results of Merchandising, Jobbing and Contract Work</u>			
415			
Revenues from Merchandising, Jobbing and Contract Work			
416			
Costs & Expenses of Merchandising, Jobbing & Contract Work			
	0	0	0
<u>Interest and Dividend Income</u>			
419	2,559	5,208	4,097
Interest and Dividend Income			
<u>Allowance for Funds Used During Construction</u>			
420	0		
Allowance for Funds Used During Construction			
<u>Nonutility Income</u>			
421	0	0	0
Nonutility Income			
<u>Miscellaneous Nonutility Expenses</u>			

USoA		Actual	Budget	Estimate
Acct #		2013	2014	2015
426	Miscellaneous Nonutility Expenses	0		
	<u>Taxes Other Than Income</u>			
408.20	Taxes Other Than Income (Other Income and Deductions)			
	<u>Interest Expense</u>			
427.1	Interest on Debt to Associated Companies			
427.2	Interest on Short-Term Debt			
427.3	Interest on Long-Term Debt	258,790	246,726	306,264
427.4	Interest on Customer Deposits	0	0	0
427.5	Interest - Other	4,849		
428	Amortization of Debt Discount and Expense			
429	Amortization of Premium on Debt			
	Total Interest Expense	263,639	246,726	306,264
	Income Before Contributions & Extraordinary Items	(210,986)	\$ (130,613)	\$ (333,491)
	<u>Proceeds from Capital Contributions</u>			
432	Proceeds from Capital Contributions			
	Federal Grants	700,000	736,004	0
	State Grants	1,257,531	609,441	720,799
	Bad Debt Recovery	0	0	0
	Customer Contributions	0	0	0
	Subtotal Proceeds from Capital Contributions	1,957,531	1,345,445	720,799
	<u>Net Extraordinary Items</u>			
433	Extraordinary Income			
434	(Extraordinary Deductions)	0		
	Net Extraordinary Items	0	0	0
	Change in Net Assets	1,746,545	\$ 1,214,832	\$ 387,308

Abbreviated Projected Cash Flow

**Estimate
2015**

Income (Loss) Before Contributions & Extraordinary Items	\$	<u>(333,491)</u>
Items in Operations Not Requiring Cash:		
Depreciation		<u>865,210</u>
Amortization		<u>2,460</u>
Others (net changes A/P, A/R, accruals)		<u>(215,000)</u>
Results Projected from Operations	\$	<u>319,179</u>
Cash to be Received from Loans		<u>0</u>
Proceeds from Capital Contributions		<u>720,799</u>
Cash to be Received - Other (define)		<u></u>
Total Cash to be Received Other Than From Operations	\$	<u>720,799</u>
Cash to be Expended for Purchase/Construction of Utility Plant		<u>720,799</u>
Cash to be Expended for Principal Payments		<u>271,677</u>
Cash to be Expended - Other (define)		<u></u>
Total Cash to be Expended Other Than From Operations	\$	<u>992,476</u>
Projected Change in Cash	\$	<u>47,502</u>
Projected Beginning Cash Balance	\$	<u>567,703</u>
Projected Ending Cash Balance	\$	<u><u>615,205</u></u>

SCHEDULE OF LONG-TERM DEBT

Long-Term Debt	Original Issue Amount	Projected Beginning Balance	Projected Principal Payments	Projected Ending Balance
				0
				0
				0
SEE ATTACHED SPREADSHEET				
				0
				0
				0
				0
				0
Total Long-Term Debt		0	0	0

RESERVE FUNDING REQUIREMENTS

	Projected Beginning Balance	Required Funding for Budget Year	Projected Ending Balance
Bond & Interest Sinking Fund			
Depreciation Reserve Fund	94,622	13,980	108,602
R & M Reserve Fund	102,053	17,801	119,854
O & M Reserve Fund	-	-	-
Total Reserve Funding:	196,675	31,781	228,456

The district is in compliance with all reserve funding requirements established by long-term debt agreements as of the date of completion of this form.

YES _____ NO x

WATER STATISTICS

	In Gallons (omit ,000)		
	Actual 2013	Budget 2014	Estimate 2015
Water Produced & Purchased	876,257	1,003,224	1,053,385
Total Water Sales	363,636	504,413	534,678
Other Water Used	135,262	171,133	181,401
Water Loss	359,705	327,678	337,306
Water Loss Percentage	41.05%	32.66%	32.02%

This budget is true and accurate to the best of my knowledge and belief.

Signed _____

District Chief Financial Officer

(Date) _____

Received by _____ County Fiscal Court Clerk

(Signed) _____

(Date) _____

Received by the Governor's Office for Local Development (date) _____

District mailing address:

(Street or P O Box) _____

(City & zip code) _____

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

SPECIAL CALLED MEETING SEPTEMBER 29, 2014 @10 AM

AGENDA

- CALL TO ORDER
- APPROVAL OF SEPTEMBER 22,2014 MINUTES
- APPROVAL OF SEPTEMBER 26,2014 MINUTES
- ADJOURN

MICHAEL R. SPEARS, CPA, PSC
P.O. BOX 1270
PRESTONSBURG, KY 41653

October 27, 2014

Southern Water and Sewer District
Board of Commissioners
Prestonsburg, KY 41653

RE: September 2014 Financial Statements

Dear Commissioner,

Enclosed you will find your financial statements for the period ended September 30, 2014. In this letter I am giving you some pertinent highlights as I see them.

Balance Sheet as of September 30, 2014

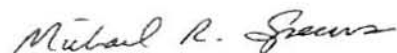
- Cash in Bank is (\$3,876)
- Restricted Cash is \$438,647
- Accounts Receivable is \$1,493,597
- Plant in place is \$24,586,967
- Equity is \$18,700,858
-

Income Statement – for the month ended September 30, 2014

- Operating Revenue is \$431,811
- Operating Expenses \$468,670
- Other Income (Construction Income & Interest) \$118,058
- Other Expense (\$20,189)
- Net Income is \$61,010
- Included in the income is Depreciation of \$71,879

I would ask that you review the financials and if you have questions please feel free to contact me at (606) 424-8040.

Sincerely,



Michael Spears

Financial Reports

Southern Water and Sewer District
BALANCE SHEET
As of September 30, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$	460.00
First Guaranty - New		(10,299.14)
Cash - Community Trust Bank (SV)		3,782.09
First Guaranty - Solid Waste Account		5,192.45
Accounts Receivable - Water		931,433.23
Accounts Receivable - Garbage		438,179.65
Accounts Receivable - Sewer		123,983.80
A/R - CDBG Grant		5,000.00
Provision for Uncollectible Accounts		(244,049.46)
Materials and Supplies		56,381.00
KIA Escrow - New		68,476.09
KIA R & M Reserve - New		34,881.27
KIA R & M Reserve #3 - New		52,944.74
First Guaranty - RD Account		905.23
RD Depreciation Reserve Acct.		33,752.95
RD Escrow Acct		92,726.14
1st Guaranty - FEMA Reimbursements		24,649.11
FGB - Rural Development Construction		4,548.37
FGB - Floyd County Bond Payment		2,640.42
FGB - RD Sinking Fund (New)		19,191.85
Cash - Pride on the River		1,225.26
Insurance Escrow Account		12,256.61
KIA R & M RESERVE A04-06		22,395.00
Construction Account		27,852.33
FGB - Customer Deposit Account		16,939.34
FGB - Health Care Reimbursement		20,710.19
A/R - DIT Transfer		5,000.00

Total Current Assets 1,751,158.52

PROPERTY AND EQUIPMENT

Utility Plant	33,206,821.83
Utility Plant	1,766,340.49
Utility Plant Sewer	7,844,513.66
Construction in Progress	985,916.54
CIP - Pride on the River	31,049.11
Construction in Progress - Sewer	43,921.50
Less: Accumulated Depreciation	<u>(19,291,596.04)</u>

Net Property and Equipment 24,586,967.09

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(31,368.15)</u>

Total Other Assets 67,041.77

Restricted For Management Use Only

Southern Water and Sewer District
BALANCE SHEET
As of September 30, 2014

TOTAL ASSETS	<u>\$ 26,405,167.38</u>
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Southern Water and Sewer District
BALANCE SHEET
As of September 30, 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	169,652.02
A/P - CIP		9,080.38
A/P - First Bank Credit Card (Hubert's)		1.75
A/P - First Bank Credit Card (Gary's)		80.71
A/P - First Bank Credit Card (Dean)		106.62
A/P - First Bank Credit Card (Chris's)		1.75
N/P - FGB LOC		239,000.00
First Guaranty - Office Building		53,374.70
N/P - FIRST GUARANTY (TRUCKS)		43,714.78
Less Current Portion Notes Payable		(463,339.43)
Customer Deposits		170,698.42
Customer Deposits - Sewer		120.00
Accrued Ky WTH		3,585.46
Accrued KUI/FUTA		236.96
Accrued School Tax		165.17
Accrued Sales Tax		1,717.64
Garnishee		320.30
Accrued 401-k		1,912.42
Accrued Vacation/Sick Pay		62,412.70
Accrued Interest - KIA III		70,026.01
Accrued Interest - Bonds		80,460.00
Accrued Interest - New Bond		6,961.18
Accrued Interest - Sandy Valley Bond		20,867.48
Accrued Interest - Build America Bond		954.85
A/P - Solid Waste		<u>422,465.63</u>
Total Current Liabilities		<u>894,577.50</u>

LONG-TERM LIABILITIES

Notes Payable Current Portion	463,339.43
Bonds Payable Current Portion	61,535.00
N/P - KIA I	619,486.88
N/P - KIA III	1,586,612.89
Bonds Payable	2,127,250.17
N/P - KIA A-04-06	38,696.61
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	518,789.75
USDA (530,000)	505,000.00
N/P - KIA (A11-16) Harold Sewer	748,555.80
Less Current Portion Bonds Payable	<u>(61,535.00)</u>
Total Long-Term Liabilities	<u>6,809,731.53</u>

Total Liabilities 7,704,309.03

CAPITAL

Invested in Capital Assets	16,206,185.00
Restricted for Capital Projects	26,439.00

Restricted For Management Use Only

Southern Water and Sewer District
BALANCE SHEET
As of September 30, 2014

Restricted for Maintenance	60,767.00
Restricted for Debt Services	136,874.00
Unrestricted Net Assets	243,408.00
Restricted for Deposits	132,884.00
Current Earnings	147,755.88
Retained Earnings	<u>1,746,545.47</u>
Total Stockholders' Equity	<u><u>18,700,858.35</u></u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 26,405,167.38</u></u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Sales				
Metered Sales - Residential	\$ 296,465.02	68.66	\$ 2,457,060.92	69.05
Metered Sales - Business	6,817.80	1.58	74,218.34	2.09
Metered Sales - Residential Sewer	16,843.46	3.90	148,450.31	4.17
Metered Sales - Business Sewer	2,301.68	0.53	14,281.04	0.40
Sales for Resale	6,214.19	1.44	46,990.77	1.32
Penalties	7,472.13	1.73	72,446.66	2.04
Meter Service	3,255.00	0.75	22,085.00	0.62
Tap fees	3,100.00	0.72	8,199.00	0.23
Garbage Sales Revenue	79,341.25	18.37	704,600.23	19.80
Insurance Recovery	10,000.00	2.32	10,000.00	0.28
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	431,810.53	100.00	3,558,339.68	100.00
Gross Profit	431,810.53	100.00	3,558,339.68	100.00
Operating Expenses				
Solid Waste Payments	64,299.09	14.89	683,462.22	19.21
Water Purchases	60,075.75	13.91	396,660.31	11.15
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	8,347.65	1.93	8,547.65	0.24
Operations Labor - Pumping	5,573.40	1.29	54,131.41	1.52
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	325.00	0.08	1,125.00	0.03
Chemicals	3,832.63	0.89	38,895.68	1.09
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.09
Repairs - Pumping	0.00	0.00	24,302.28	0.68
Telephone & Utilities - Pumping	1,176.53	0.27	1,176.53	0.03
Lab Services	4,692.00	1.09	7,200.75	0.20
Chemicals	11,604.77	2.69	74,156.45	2.08
Fuel	0.00	0.00	15,150.08	0.43
Sewer Supplies	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.33
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.05
Supplies	0.00	0.00	1,540.98	0.04
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	86.15	0.02	4,668.59	0.13
Operations Labor - T & D	52,532.55	12.17	466,516.54	13.11
Wages - Sewer	2,400.00	0.56	22,800.00	0.64
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,073.88	0.03

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Supplies - T & D	8,514.67	1.97	109,573.68	3.08
Vehicle Repairs - T & D	1,085.54	0.25	21,089.85	0.59
Utilities - T & D	53,398.16	12.37	263,901.09	7.42
Repairs Pump - T & D	7,670.84	1.78	50,670.84	1.42
Uniform Rental - T & D	0.00	0.00	1,890.47	0.05
Vehicle Repairs - T & D	4,699.16	1.09	25,290.62	0.71
Repairs - T & D	397.20	0.09	11,692.11	0.33
Fuel-Gasoline	14,418.60	3.34	122,506.67	3.44
Lab Services - Distribution	3,141.00	0.73	19,977.70	0.56
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	7,222.12	0.20
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	445.32	0.10	6,718.86	0.19
Vehicle Repairs	2,359.91	0.55	14,230.52	0.40
Utilities	4,898.09	1.13	6,611.81	0.19
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	5,990.00	0.17
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.25
Repairs-Sewer	0.00	0.00	2,200.00	0.06
Safety supplies	300.00	0.07	695.39	0.02
Repairs	0.00	0.00	0.00	0.00
Safety Supplies	0.00	0.00	0.00	0.00
Equipment Rental	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Billing Postage	4,662.35	1.08	24,679.62	0.69
Billing Postage	0.00	0.00	960.45	0.03
BILLING CARDS	0.00	0.00	2,223.80	0.06
Wages - Office	11,122.64	2.58	145,736.70	4.10
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	479.49	0.01
Office Supplies	536.85	0.12	9,603.43	0.27
Telephone & Utilities - Office	1,903.57	0.44	9,431.90	0.27
Bank Charges	1,215.48	0.28	7,688.02	0.22
Health Insurance	27,281.36	6.32	162,639.16	4.57
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	819.96	0.19	6,271.42	0.18
Workers Comp	3,688.73	0.85	47,220.23	1.33
Life Ins.	5,594.26	1.30	16,570.61	0.47
Contract Labor - Administration	1,300.00	0.30	1,300.00	0.04
Credit Card Payment Fees	44.98	0.01	1,121.39	0.03
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.03
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	0.00	0.00	0.00	0.00
Worker's Compensation	0.00	0.00	0.00	0.00
Health Insurance - Sewer	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	11,829.68	0.33
Legal	0.00	0.00	2,125.00	0.06

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Accounting	1,800.00	0.42	16,200.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	7,500.00	1.74	9,750.00	0.27
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	0.00	0.00	14,000.00	0.39
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	2,767.48	0.08
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	1,500.00	0.35	9,000.00	0.25
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	2,618.18	0.61	27,501.45	0.77
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.10
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.13
Training	0.00	0.00	0.00	0.00
Advertising	414.00	0.10	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Advertising	39.43	0.01	39.43	0.00
Depreciation Expense	63,382.08	14.68	580,748.72	16.32
Depreciation Expense	8,496.82	1.97	76,471.38	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,621.82	1.30	63,290.52	1.78
PSC Taxes	0.00	0.00	3,454.09	0.10
Sales Taxes	0.00	0.00	807.05	0.02
Employer Pension Expense	1,507.88	0.35	15,025.89	0.42
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	1,345.58	0.31	4,807.81	0.14
Total Operating Expenses	468,669.98	108.54	3,783,075.21	106.32
Operating Income (Loss)	(36,859.45)	(8.54)	(224,735.53)	(6.32)
Other Income (Expense)				
Interest Expense - TFB	(559.83)	0.13	(5,636.88)	0.16
Interest Expense - LOC	0.00	0.00	(17,062.50)	0.48
Amortization of Premium	(205.02)	0.05	(1,845.18)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.09
Interest Expense - KIA	(7,332.21)	1.70	(105,546.95)	2.97
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	2.80	(105,829.57)	2.97

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Interest Income - Now	36.11	0.01	296.50	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.10
Grant Income (Dept of Transportation)	118,021.43	27.33	504,998.37	14.19
Grant Income (Dept. of Transportation)	<u>0.00</u>	<u>0.00</u>	<u>103,170.84</u>	<u>2.90</u>
Total Other Income (Expense)	<u>97,869.01</u>	<u>22.66</u>	<u>372,491.41</u>	<u>10.47</u>
Net Income (Loss) Before Taxes	<u>61,009.56</u>	<u>14.13</u>	<u>147,755.88</u>	<u>4.15</u>
Net Income (Loss)	<u>\$ 61,009.56</u>	<u>14.13</u>	<u>\$ 147,755.88</u>	<u>4.15</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Sales				
Metered Sales - Residential	\$ 296,465.02	68.66	\$ 2,457,060.92	69.05
Metered Sales - Business	6,817.80	1.58	74,218.34	2.09
Sales for Resale	6,214.19	1.44	46,990.77	1.32
Penalties	7,472.13	1.73	72,446.66	2.04
Meter Service	3,255.00	0.75	22,085.00	0.62
Tap fees	3,100.00	0.72	8,199.00	0.23
Garbage Sales Revenue	79,341.25	18.37	704,600.23	19.80
Insurance Recovery	10,000.00	2.32	10,000.00	0.28
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	412,665.39	95.57	3,395,608.33	95.43
Gross Profit	412,665.39	95.57	3,395,608.33	95.43
Operating Expenses				
Solid Waste Payments	64,299.09	14.89	683,462.22	19.21
Water Purchases	60,075.75	13.91	396,660.31	11.15
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	8,347.65	1.93	8,547.65	0.24
Operations Labor - Pumping	5,573.40	1.29	54,131.41	1.52
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.09
Repairs - Pumping	0.00	0.00	24,302.28	0.68
Telephone & Utilities - Pumping	1,176.53	0.27	1,176.53	0.03
Lab Services	4,692.00	1.09	7,200.75	0.20
Chemicals	11,604.77	2.69	74,156.45	2.08
Fuel	0.00	0.00	15,150.08	0.43
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.33
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	86.15	0.02	4,668.59	0.13
Operations Labor - T & D	52,532.55	12.17	466,516.54	13.11
Uniform Rental - T & D	0.00	0.00	1,073.88	0.03
Supplies - T & D	8,514.67	1.97	109,573.68	3.08
Vehicle Repairs - T & D	1,085.54	0.25	21,089.85	0.59
Utilities - T & D	53,398.16	12.37	263,901.09	7.42
Repairs Pump - T & D	7,670.84	1.78	50,670.84	1.42
Uniform Rental - T & D	0.00	0.00	1,890.47	0.05
Vehicle Repairs - T & D	4,699.16	1.09	25,290.62	0.71
Repairs - T & D	397.20	0.09	11,692.11	0.33
Fuel-Gasoline	14,418.60	3.34	122,506.67	3.44
Lab Services - Distribution	3,141.00	0.73	19,977.70	0.56
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.25

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Safety supplies	300.00	0.07	695.39	0.02
Billing Postage	4,662.35	1.08	24,679.62	0.69
Billing Postage	0.00	0.00	960.45	0.03
BILLING CARDS	0.00	0.00	2,223.80	0.06
Wages - Office	11,122.64	2.58	145,736.70	4.10
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	479.49	0.01
Office Supplies	536.85	0.12	9,603.43	0.27
Telephone & Utilities - Office	1,903.57	0.44	9,431.90	0.27
Bank Charges	1,215.48	0.28	7,688.02	0.22
Health Insurance	27,281.36	6.32	162,639.16	4.57
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	819.96	0.19	6,271.42	0.18
Workers Comp	3,688.73	0.85	47,220.23	1.33
Life Ins.	5,594.26	1.30	16,570.61	0.47
Contract Labor - Administration	1,300.00	0.30	1,300.00	0.04
Credit Card Payment Fees	44.98	0.01	1,121.39	0.03
Legal	0.00	0.00	2,125.00	0.06
Accounting	1,800.00	0.42	16,200.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	7,500.00	1.74	9,750.00	0.27
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	0.00	0.00	14,000.00	0.39
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	2,767.48	0.08
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	1,500.00	0.35	9,000.00	0.25
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	2,618.18	0.61	27,501.45	0.77
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.10
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.13
Training	0.00	0.00	0.00	0.00
Advertising	414.00	0.10	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Depreciation Expense	63,382.08	14.68	580,748.72	16.32
Depreciation Expense	8,496.82	1.97	76,471.38	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,621.82	1.30	63,290.52	1.78
PSC Taxes	0.00	0.00	3,454.09	0.10
Sales Taxes	0.00	0.00	807.05	0.02

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Employer Pension Expense	1,507.88	0.35	15,025.89	0.42
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	1,345.58	0.31	4,807.81	0.14
Total Operating Expenses	454,369.60	105.22	3,660,880.33	102.88
Operating Income (Loss)	(41,704.21)	(9.66)	(265,272.00)	(7.45)
Other Income (Expense)				
Interest Expense - TFB	(559.83)	0.13	(5,636.88)	0.16
Interest Expense - LOC	0.00	0.00	(17,062.50)	0.48
Amortization of Premium	(205.02)	0.05	(1,845.18)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.09
Interest Expense - KIA	(7,332.21)	1.70	(105,546.95)	2.97
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	2.80	(105,829.57)	2.97
Interest Income - Now	36.11	0.01	296.50	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.10
Total Other Income (Expense)	(20,152.42)	(4.67)	(235,677.80)	(6.62)
Net Income (Loss) Before Taxes	(61,856.63)	(14.32)	(500,949.80)	(14.08)
Net Income (Loss)	\$ (61,856.63)	(14.32)	\$ (500,949.80)	(14.08)

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 9 Months Ended September 30, 2014

	1 Month Ended September 30, 2014	%	9 Months Ended September 30, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 16,843.46	3.90	\$ 148,450.31	4.17
Metered Sales - Business Sewer	2,301.68	0.53	14,281.04	0.40
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>19,145.14</u>	<u>4.43</u>	<u>162,731.35</u>	<u>4.57</u>
Gross Profit	<u>19,145.14</u>	<u>4.43</u>	<u>162,731.35</u>	<u>4.57</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	325.00	0.08	1,125.00	0.03
Chemicals	3,832.63	0.89	38,895.68	1.09
Sewer Supplies	0.00	0.00	0.00	0.00
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.05
Supplies	0.00	0.00	1,540.98	0.04
Wages - Sewer	2,400.00	0.56	22,800.00	0.64
Utilities - Sewer	0.00	0.00	7,222.12	0.20
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	445.32	0.10	6,718.86	0.19
Vehicle Repairs	2,359.91	0.55	14,230.52	0.40
Utilities	4,898.09	1.13	6,611.81	0.19
Repairs	0.00	0.00	5,990.00	0.17
Repairs-Sewer	0.00	0.00	2,200.00	0.06
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.03
Property Insurance	0.00	0.00	11,829.68	0.33
Advertising	39.43	0.01	39.43	0.00
Total Operating Expenses	<u>14,300.38</u>	<u>3.31</u>	<u>122,194.88</u>	<u>3.43</u>
Operating Income (Loss)	<u>4,844.76</u>	<u>1.12</u>	<u>40,536.47</u>	<u>1.14</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	118,021.43	27.33	504,998.37	14.19
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	2.90
Total Other Income (Expense)	<u>118,021.43</u>	<u>27.33</u>	<u>608,169.21</u>	<u>17.09</u>
Net Income (Loss) Before Taxes	<u>122,866.19</u>	<u>28.45</u>	<u>648,705.68</u>	<u>18.23</u>
Net Income (Loss)	<u>\$ 122,866.19</u>	<u>28.45</u>	<u>\$ 648,705.68</u>	<u>18.23</u>

Restricted For Management Use Only

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING October 27, 2014 @5PM

AGENDA

✓ ● CALL TO ORDER

✓ ● APPROVAL OF MINUTES

✓ ● FINANCIAL STATEMENT

✓ ● MCDOWELL CURVE

✓ ● HAROLD SEWER

phase III out for funding

PROJECT/GEARHEART

COMMUNICATION PROJECT

● OTHER

● ADJOURN

Matt - Rd Project

*- Doug Heff
- Physical Court Documents*

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

SPECIAL CALLED BOARD MEETING, SEPTEMBER 26, 2014, 2014

Attendance:

Paula Johnson – Chairperson Bert Layne - Commissioner
Gary Blankenship, Secretary Matt Curtis - KEG
Dean Hall – Manager
Hayes Hamilton – Commissioner

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 10:00 A.M.

Matt Curtis with Kentucky Engineering discussed the new Rural Development Project Funding for the Allen-Martin line and WTP upgrades and explained that Southern Water and Sewer District needed to pass resolutions to go forth with this project.

**Resolution #1 - LOAN RESOLUTION
MOTION MADE BY: BERT LAYNE
MOTION SECONDED BY: HAYES HAMILTON
MOTION PASSED**

**Resolution #2 – ENVIRONMENTAL MITAGATION RESOLUTION
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #3 – RESOLUTION TO ALLOW ANY AND ALL RD ITEMS PERTAINING TO THE LOANS AND PROJECT TO BE EXECUTED BY PAULA JOHNSON OR DEAN HALL.
MOTION MADE: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #4 – RESOLUTION TO ALLOW KENTUCKY ENGINEERING TO ADVERTISE FOR BIDS CONCURRENT WITH FUNDING AGENCY APPROVAL.
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

Resolution #5 – RESOLUTION TO OPEN A NEW ACCOUNT AT FIRST GUSRSNTY BSNK EXCLUSIVELY FOR THE RD PROJECT AND REQUEST THAT THE BANK ISSUE A LETTER STATING THAT THEY CAN COVER ALL MONIES DEPOSITED OVER THE \$250,000 FDIC GUARANTEE.

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

MOTION TO ADJOURN -

MOTION MADE BY: BERT LAYNE

SECONDED BY: HAYES HAMILTON

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 11:00 A.M.

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING MONDAY, September 22, 2014 @5PM

ATTENDANCE

PAULA JOHNSON, CHAIRMAN

TINA MOSLEY, STAFF

BERT LAYNE, ACTING SECRETARY

JEFF REED, MIKE SPEARS CPA

HAYES HAMILTON, COMMISSIONER

RICHARD PAULMANN, AUDITOR

SCARLETT STUMBO, COMMISSIONER

LIBBY RATCLIFF, BSADD

DEAN HALL, STAFF

KEVIN HOWARD, SUMMIT ENG.

Meeting was called to order by Paula Johnson @ 4:51 PM

Richard Paulmann presented the board with the 2012-2013 FY audit.

MOTION TO APPROVE 2012-2013 SOUTHERN WATER AND SEWER DISTRICT AUDIT

MOTION MADE BY: HAYES HAMILTON

SECONDED BY: BERT LAYNE

MOTION PASSED

MOTION TO APPROVE AUGUST 25, 2014 MINUTES

MOTION MADE BY: SCARLETT STUMBO

SECONDED BY: BERT LAYNE

MOTION PASSED

Jeff Reed with Mike Spears CPA presented the board with the August 2014 financial statement for Southern Water and Sewer District.

MOTION TO ACCEPT AUGUST 2014 FINANCIAL STATEMENTS

MOTION MADE BY: HAYES HAMILTON

SECONDED BY: SCARLETT STUMBO

MOTION PASSED

Dean Hall discussed the 8 bids that he had received on the purchase of a new truck. The lowest bid that Mr. Hall received was from Freedom Ford at Ivel for a 2014 Ford F150 for \$34,700.

Mr. Hall stated that we received a \$10,000 check from GEICO for a prior accident that totaled one of our vehicles. The check will be applied toward the purchase of the truck. The remainder of the balance will be financed thru First Guaranty Bank with Gary Blankenship and Paula Johnson authorized to sign bank documents.

MOTION TO APPROVE TO PURCHASE A 2014 FORD F150 FROM FREEDOM FORD AT IVEL FOR \$34,700 AND FINANCE THE BALANCE AT FIRST GUARANTY BANK AUTHORIZING GARY BLANKENSHIP AND PAULA JOHNSON TO SIGN BANK DOCUMENTS FOR THE PURCHASE

MOTION MADE BY: BERT LAYNE

SECONDED BY: HAYES HAMILTON

MOTION PASSED

Mr. Hall updated the board on the Minnie to Harold project which is complete with a few minor things.

Mr. Hall began to discuss the progress of the McDowell Curve project. So far 90% of the lines have been relayed, have been sampled, and pressure tested.

Kevin Howard began discussing the Harold Sewer/ Gearheart Project. The contract has recently been awarded to BOCCA.

Mr. Hall addressed the board with a current situation that has come up regarding the Sewer Treatment Plants. Today Mr. Hall received a visit from DOW in regard to the NOV's that we have received. According to DOW we have been out of compliance with our samples numerous times and they are demanding to know what our plan is on correcting the problem.

DOW informed Mr. Hall that if a corrective plan or any improvement has not been shown at their next visit then the District will be charged up to \$25,000 for each violation per day and the state will take over the treatment plants. They will also have to a meeting with the board members.

The board decided for Mr. Hall to meet with Anthony and if he could not fulfill his duties than a replacement will be needed. They also informed Mr. Hall to go ahead begin looking for a replacement if Mr. Castle states that he is unable to fulfill his job duties for Southern Water and Sewer District.

Mr. Hall informed the board that the bids were opened and awarded for the 3 surplus vehicles. As of today 2 of the vehicles have already been paid for and one has not.

Mr. Hall stated that Harpo was awarded the bid on one of the trucks and is refusing to pay due to a back bill he is saying the district owes for storage of the truck. While the truck was in his care the truck has been stripped of parts. We have tried numerous times to bring the truck to our lot but he has it fenced in and we are unable to get the truck.

The Board suggested that Mr. Hall seek legal counsel with Tyler Green on a solution to the problem.

Mr. Hall also informed the board that there will be a meeting with Doug Hoff with Rural Development to sign documents for the 3.1 million loan/grant that the district has been awarded. The money will be used for Water Treatment Plant upgrade and upgrade to lines from Allen to Martin.

MOTION TO ADJOURN

MOTION MADE BY: SCARLETT STUMBO

SECONDED BY: HAYES HAMILTON

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 6:05 p.m. Passed by the Southern Water & Sewer Commissioners on this _____ day of _____ 2014.

PAULA JOHNSON, CHAIRMAN

BERT LAYNE, ACTING SECRETARY

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

SPECIAL CALLED BOARD MEETING, SEPTEMBER 29, 2014

Attendance:

Paula Johnson – Chairperson Bert Layne - Commissioner
Gary Blankenship, Secretary
Dean Hall – Manager

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 10:00 A.M.

MOTION MADE TO APPROVE SEPT.22, 2014 MEETING MINUTES

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: GARY BLANKENSHIP

MOTION PASSED

MOTION TO APPROVE SEPT.26, 2014 MEETING MINUTES

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: GARY BLANKENSHIP

MOTION PASSED

MOTION TO ADJOURN -

MOTION MADE BY: GARY BLANKENSHIP

SECONDED BY: BERT LAYNE

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 10:30 A.M.

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

SPECIAL CALLED BOARD MEETING, OCTOBER 10, 2014

Attendance:

Paula Johnson – Chairperson Bert Layne - Commissioner
Gary Blankenship, Secretary Hayes Hamilton - Commissioner
Dean Hall – Manager

Scarlett Stumbo – (Absent do to work schedule)

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 10:00 A.M.

Discussion by Dean Hall on needing to appoint someone as Trustee for the 401k since Hubert is not working.

MOTION MADE TO APPOINT DEAN HALL AS TRUSTEE
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED

MOTION TO ADJOURN -
MOTION MADE BY: BERT LAYNE
SECONDED BY: HAYES HAMILTON
MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 10:30 A.M.

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING NOVEMBER 24, 2014 @ 5 PM

AGENDA

- CALL TO ORDER
- APPROVAL OF MINUTES ✓
- FINANCIAL STATEMENT ✓
- MARTIN TO ALLEN RD PROJECT
- HAROLD SEWER/ GEARHEART PROJECT
- EMPLOYEE VACATION BENEFITS Table
- OTHER *Christmas Party 12-17-14 at Gooding
sewer contracts cancelled*
- ADJOURN

Matt
Curtis
Keg

List of
Vac Time
Sick Time

Dec meeting set - 12-~~21~~₂₂-14 at 5:00 PM

MICHAEL R. SPEARS, CPA, PSC
P.O. BOX 1270
PRESTONSBURG, KY 41653

November 24, 2014

Southern Water and Sewer District
Board of Commissioners
Prestonsburg, KY 41653

RE: October 2014 Financial Statements

Dear Commissioner,

Enclosed you will find your financial statements for the period ended October 31, 2014. In this letter I am giving you some pertinent highlights as I see them.

Balance Sheet as of October 31, 2014

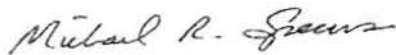
- Cash in Bank is (\$15,869)
- Restricted Cash is \$454,459
- Accounts Receivable is \$1,477,995
- Plant in place is \$24,579,008
- Equity is \$18,686,614
-

Income Statement – for the month ended October 31, 2014

- Operating Revenue is \$395,816 *
- Operating Expenses \$426,380
- Other Income (Construction Income & Interest) \$36,948
- Other Expense (\$20,629)
- Net Income is (\$14,244)
- Included in the income is Depreciation of \$71,879

I would ask that you review the financials and if you have questions please feel free to contact me at (606) 424-8040.

Sincerely,



Michael Spears

Southern Water and Sewer District
BALANCE SHEET
As of October 31, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$ 460.00
First Guaranty - New	(38,749.88)
Cash - Community Trust Bank (SV)	11,899.81
First Guaranty - Solid Waste Account	816.25
Accounts Receivable - Water	921,805.63
Accounts Receivable - Garbage	436,349.01
Accounts Receivable - Sewer	119,840.67
A/R - CDBG Grant	5,000.00
Provision for Uncollectible Accounts	(244,049.46)
Materials and Supplies	56,381.00
KIA Escrow - New	90,983.32
KIA R & M Reserve - New	36,184.30
KIA R & M Reserve #3 - New	54,249.30
First Guaranty - RD Account	905.31
RD Depreciation Reserve Acct.	37,421.00
RD Escrow Acct	108,734.76
1st Guaranty - FEMA Reimbursements	24,651.20
FGB - Rural Development Construction	4,548.76
FGB - Floyd County Bond Payment	10,981.01
FGB - RD Sinking Fund (New)	20,893.56
Cash - Pride on the River	1,225.26
Insurance Escrow Account	4,652.71
KIA R & M RESERVE A04-06	23,095.00
Construction Account	4,483.60
FGB - Customer Deposit Account	17,880.31
FGB - Health Care Reimbursement	<u>23,734.30</u>

Total Current Assets 1,734,376.73

PROPERTY AND EQUIPMENT

Utility Plant	33,210,463.79
Utility Plant	1,766,340.49
Utility Plant Sewer	7,844,513.66
Construction in Progress	1,046,194.87
CIP - Pride on the River	31,049.11
Construction in Progress - Sewer	43,921.50
Less: Accumulated Depreciation	<u>(19,363,474.94)</u>

Net Property and Equipment 24,579,008.48

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(31,573.17)</u>

Total Other Assets 66,836.75

TOTAL ASSETS \$ 26,380,221.96

Restricted For Management Use Only

Southern Water and Sewer District
BALANCE SHEET
As of October 31, 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ 124,592.68
A/P - CIP	9,080.38
N/P - FGB LOC	238,000.00
First Guaranty - Office Building	53,374.70
N/P - FIRST GUARANTY (TRUCKS)	43,714.78
Less Current Portion Notes Payable	(463,339.43)
Customer Deposits	171,630.65
Customer Deposits - Sewer	120.00
Accrued Fed WTH	7,089.24
Accrued Ky WTH	4,649.31
Accrued KUI/FUTA	(129.89)
Accrued School Tax	127.75
Accrued Sales Tax	1,687.62
Garnishee	320.30
Accrued 401-k	3,583.29
Accrued Vacation/Sick Pay	62,412.70
Accrued Interest - KIA III	77,358.22
Accrued Interest - Bonds	89,471.25
Accrued Interest - New Bond	7,740.35
Accrued Interest - Sandy Valley Bond	23,168.53
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>428,269.21</u>
Total Current Liabilities	<u>883,876.49</u>
LONG-TERM LIABILITIES	
Notes Payable Current Portion	463,339.43
Bonds Payable Current Portion	61,535.00
N/P - KIA I	619,486.88
N/P - KIA III	1,586,612.89
Bonds Payable	2,127,250.17
N/P - KIA A-04-06	38,696.61
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	518,789.75
USDA (530,000)	505,000.00
N/P - KIA (A11-16) Harold Sewer	748,555.80
Less Current Portion Bonds Payable	<u>(61,535.00)</u>
Total Long-Term Liabilities	<u>6,809,731.53</u>
Total Liabilities	<u>7,693,608.02</u>
CAPITAL	
Invested in Capital Assets	16,206,185.00
Restricted for Capital Projects	26,439.00
Restricted for Maintenance	60,767.00
Restricted for Debt Services	136,874.00

Restricted For Management Use Only

Southern Water and Sewer District
BALANCE SHEET
As of October 31, 2014

Unrestricted Net Assets	243,408.00
Restricted for Deposits	132,884.00
Current Earnings	133,511.47
Retained Earnings	<u>1,746,545.47</u>
Total Stockholders' Equity	<u>18,686,613.94</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 26,380,221.96</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Sales				
Metered Sales - Residential	\$ 273,190.69	69.02	\$ 2,730,251.61	69.05
Metered Sales - Business	7,338.12	1.85	81,556.46	2.06
Metered Sales - Residential Sewer	14,348.50	3.63	162,798.81	4.12
Metered Sales - Business Sewer	1,216.58	0.31	15,497.62	0.39
Sales for Resale	5,617.97	1.42	52,608.74	1.33
Penalties	8,880.77	2.24	81,327.43	2.06
Meter Service	4,240.00	1.07	26,325.00	0.67
Tap fees	1,500.00	0.38	9,699.00	0.25
Garbage Sales Revenue	79,483.75	20.08	784,083.98	19.83
Insurance Recovery	0.00	0.00	10,000.00	0.25
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	395,816.38	100.00	3,954,156.06	100.00
Gross Profit	395,816.38	100.00	3,954,156.06	100.00
Operating Expenses				
Solid Waste Payments	77,099.24	19.48	760,561.46	19.23
Water Purchases	56,935.71	14.38	453,596.02	11.47
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	8,547.65	0.22
Operations Labor - Pumping	8,485.69	2.14	62,617.10	1.58
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	1,125.00	0.03
Chemicals	11,409.47	2.88	50,305.15	1.27
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.08
Repairs - Pumping	5,000.00	1.26	29,302.28	0.74
Telephone & Utilities - Pumping	0.00	0.00	1,176.53	0.03
Lab Services	3,055.50	0.77	10,256.25	0.26
Chemicals	3,363.81	0.85	77,520.26	1.96
Fuel	0.00	0.00	15,150.08	0.38
Sewer Supplies	2,850.00	0.72	2,850.00	0.07
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.29
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.05
Supplies	0.00	0.00	1,540.98	0.04
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	75.54	0.02	4,744.13	0.12
Operations Labor - T & D	69,595.10	17.58	536,111.64	13.56
Wages - Sewer	3,600.00	0.91	26,400.00	0.67
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	1,244.58	0.31	2,318.46	0.06

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Supplies - T & D	3,611.32	0.91	113,185.00	2.86
Vehicle Repairs - T & D	1,807.23	0.46	22,897.08	0.58
Utilities - T & D	18,925.75	4.78	282,826.84	7.15
Repairs Pump - T & D	0.00	0.00	50,670.84	1.28
Uniform Rental - T & D	0.00	0.00	1,890.47	0.05
Vehicle Repairs - T & D	2,394.19	0.60	27,684.81	0.70
Repairs - T & D	62.78	0.02	11,754.89	0.30
Fuel-Gasoline	12,775.72	3.23	135,282.39	3.42
Lab Services - Distribution	0.00	0.00	19,977.70	0.51
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	7,222.12	0.18
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,718.86	0.17
Vehicle Repairs	0.00	0.00	14,230.52	0.36
Utilities	0.00	0.00	6,611.81	0.17
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	5,990.00	0.15
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.23
Repairs-Sewer	0.00	0.00	2,200.00	0.06
Safety supplies	0.00	0.00	695.39	0.02
Repairs	0.00	0.00	0.00	0.00
Safety Supplies	0.00	0.00	0.00	0.00
Equipment Rental	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Billing Postage	1,925.13	0.49	26,604.75	0.67
Billing Postage	0.00	0.00	960.45	0.02
BILLING CARDS	0.00	0.00	2,223.80	0.06
Wages - Office	15,304.39	3.87	161,041.09	4.07
Rent	0.00	0.00	0.00	0.00
Office Postage	933.03	0.24	1,412.52	0.04
Office Supplies	559.17	0.14	10,162.60	0.26
Telephone & Utilities - Office	396.30	0.10	10,092.70	0.26
Bank Charges	1,425.49	0.36	9,113.51	0.23
Health Insurance	11,021.12	2.78	173,660.28	4.39
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	732.54	0.19	7,003.96	0.18
Workers Comp	0.00	0.00	47,220.23	1.19
Life Ins.	1,700.92	0.43	18,271.53	0.46
Contract Labor - Administration	0.00	0.00	1,300.00	0.03
Credit Card Payment Fees	95.40	0.02	952.29	0.02
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.03
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	0.00	0.00	0.00	0.00
Worker's Compensation	0.00	0.00	0.00	0.00
Health Insurance - Sewer	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	11,829.68	0.30
Legal	0.00	0.00	2,125.00	0.05

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Accounting	1,800.00	0.45	18,000.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	9,750.00	0.25
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	22,803.90	5.76	36,803.90	0.93
Commissioners Bond	1,425.20	0.36	1,425.20	0.04
Bonds	0.00	0.00	2,767.48	0.07
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	500.00	0.13	9,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	63.53	0.02	27,564.98	0.70
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.09
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.11
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	39.43	0.00
Depreciation Expense	63,382.08	16.01	644,130.80	16.29
Depreciation Expense	8,496.82	2.15	84,968.20	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	7,528.19	1.90	70,818.71	1.79
PSC Taxes	0.00	0.00	3,454.09	0.09
Sales Taxes	0.00	0.00	807.05	0.02
Employer Pension Expense	2,019.45	0.51	17,045.34	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	1,975.89	0.50	6,783.70	0.17
Total Operating Expenses	426,380.18	107.72	4,209,455.39	106.46
Operating Income (Loss)	(30,563.80)	(7.72)	(255,299.33)	(6.46)
Other Income (Expense)				
Interest Expense - TFB	0.00	0.00	(5,636.88)	0.14
Interest Expense - LOC	(1,000.00)	0.25	(18,062.50)	0.46
Amortization of Premium	(205.02)	0.05	(2,050.20)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.08
Interest Expense - KIA	(7,332.21)	1.85	(112,879.16)	2.85
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.05	(117,921.04)	2.98

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Interest Income - Now	40.09	0.01	336.59	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.09
Grant Income (Dept of Transportation)	36,908.00	9.32	541,906.37	13.70
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	2.61
Total Other Income (Expense)	16,319.39	4.12	388,810.80	9.83
Net Income (Loss) Before Taxes	(14,244.41)	(3.60)	133,511.47	3.38
Net income (Loss)	\$ (14,244.41)	(3.60)	\$ 133,511.47	3.38

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Sales				
Metered Sales - Residential	\$ 273,190.69	69.02	\$ 2,730,251.61	69.05
Metered Sales - Business	7,338.12	1.85	81,556.46	2.06
Sales for Resale	5,617.97	1.42	52,608.74	1.33
Penalties	8,880.77	2.24	81,327.43	2.06
Meter Service	4,240.00	1.07	26,325.00	0.67
Tap fees	1,500.00	0.38	9,699.00	0.25
Garbage Sales Revenue	79,483.75	20.08	784,083.98	19.83
Insurance Recovery	0.00	0.00	10,000.00	0.25
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	380,251.30	96.07	3,775,859.63	95.49
Gross Profit	380,251.30	96.07	3,775,859.63	95.49
Operating Expenses				
Solid Waste Payments	77,099.24	19.48	760,561.46	19.23
Water Purchases	56,935.71	14.38	453,596.02	11.47
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	8,547.65	0.22
Operations Labor - Pumping	8,485.69	2.14	62,617.10	1.58
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.08
Repairs - Pumping	5,000.00	1.26	29,302.28	0.74
Telephone & Utilities - Pumping	0.00	0.00	1,176.53	0.03
Lab Services	3,055.50	0.77	10,256.25	0.26
Chemicals	3,363.81	0.85	77,520.26	1.96
Fuel	0.00	0.00	15,150.08	0.38
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.29
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	75.54	0.02	4,744.13	0.12
Operations Labor - T & D	69,595.10	17.58	536,111.64	13.56
Uniform Rental - T & D	1,244.58	0.31	2,318.46	0.06
Supplies - T & D	3,611.32	0.91	113,185.00	2.86
Vehicle Repairs - T & D	1,807.23	0.46	22,897.08	0.58
Utilities - T & D	18,925.75	4.78	282,826.84	7.15
Repairs Pump - T & D	0.00	0.00	50,670.84	1.28
Uniform Rental - T & D	0.00	0.00	1,890.47	0.05
Vehicle Repairs - T & D	2,394.19	0.60	27,684.81	0.70
Repairs - T & D	62.78	0.02	11,754.89	0.30
Fuel-Gasoline	12,775.72	3.23	135,282.39	3.42
Lab Services - Distribution	0.00	0.00	19,977.70	0.51
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.23

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Safety supplies	0.00	0.00	695.39	0.02
Billing Postage	1,925.13	0.49	26,604.75	0.67
Billing Postage	0.00	0.00	960.45	0.02
BILLING CARDS	0.00	0.00	2,223.80	0.06
Wages - Office	15,304.39	3.87	161,041.09	4.07
Rent	0.00	0.00	0.00	0.00
Office Postage	933.03	0.24	1,412.52	0.04
Office Supplies	559.17	0.14	10,162.60	0.26
Telephone & Utilities - Office	396.30	0.10	10,092.70	0.26
Bank Charges	1,425.49	0.36	9,113.51	0.23
Health Insurance	11,021.12	2.78	173,660.28	4.39
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	732.54	0.19	7,003.96	0.18
Workers Comp	0.00	0.00	47,220.23	1.19
Life Ins.	1,700.92	0.43	18,271.53	0.46
Contract Labor - Administration	0.00	0.00	1,300.00	0.03
Credit Card Payment Fees	95.40	0.02	952.29	0.02
Legal	0.00	0.00	2,125.00	0.05
Accounting	1,800.00	0.45	18,000.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	9,750.00	0.25
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	0.00	0.00	1,190.00	0.03
Property Insurance	22,803.90	5.76	36,803.90	0.93
Commissioners Bond	1,425.20	0.36	1,425.20	0.04
Bonds	0.00	0.00	2,767.48	0.07
Commissioner's Bond	0.00	0.00	712.60	0.02
Bonds	0.00	0.00	0.00	0.00
Office Repairs	0.00	0.00	0.00	0.00
Commissioner's Fee	500.00	0.13	9,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	63.53	0.02	27,564.98	0.70
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	3,404.82	0.09
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Travel Reimbursement	0.00	0.00	0.00	0.00
Training	0.00	0.00	4,517.71	0.11
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	1,113.68	0.03
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest & Penalty Notices	0.00	0.00	0.00	0.00
Depreciation Expense	63,382.08	16.01	644,130.80	16.29
Depreciation Expense	8,496.82	2.15	84,968.20	2.15
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	7,528.19	1.90	70,818.71	1.79
PSC Taxes	0.00	0.00	3,454.09	0.09
Sales Taxes	0.00	0.00	807.05	0.02

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Employer Pension Expense	2,019.45	0.51	17,045.34	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	1,975.89	0.50	6,783.70	0.17
Total Operating Expenses	408,520.71	103.21	4,069,401.04	102.91
Operating Income (Loss)	(28,269.41)	(7.14)	(293,541.41)	(7.42)
Other Income (Expense)				
Interest Expense - TFB	0.00	0.00	(5,636.88)	0.14
Interest Expense - LOC	(1,000.00)	0.25	(18,062.50)	0.46
Amortization of Premium	(205.02)	0.05	(2,050.20)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.08
Interest Expense - KIA	(7,332.21)	1.85	(112,879.16)	2.85
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.05	(117,921.04)	2.98
Interest Income - Now	40.09	0.01	336.59	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	0.00	0.00	3,721.58	0.09
Total Other Income (Expense)	(20,588.61)	(5.20)	(256,266.41)	(6.48)
Net Income (Loss) Before Taxes	(48,858.02)	(12.34)	(549,807.82)	(13.90)
Net Income (Loss)	\$ (48,858.02)	(12.34)	\$ (549,807.82)	(13.90)

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 10 Months Ended October 31, 2014

	1 Month Ended October 31, 2014	%	10 Months Ended October 31, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 14,348.50	3.63	\$ 162,798.81	4.12
Metered Sales - Business Sewer	1,216.58	0.31	15,497.62	0.39
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>15,565.08</u>	<u>3.93</u>	<u>178,296.43</u>	<u>4.51</u>
Gross Profit	<u>15,565.08</u>	<u>3.93</u>	<u>178,296.43</u>	<u>4.51</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	1,125.00	0.03
Chemicals	11,409.47	2.88	50,305.15	1.27
Sewer Supplies	2,850.00	0.72	2,850.00	0.07
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.05
Supplies	0.00	0.00	1,540.98	0.04
Wages - Sewer	3,600.00	0.91	26,400.00	0.67
Utilities - Sewer	0.00	0.00	7,222.12	0.18
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,718.86	0.17
Vehicle Repairs	0.00	0.00	14,230.52	0.36
Utilities	0.00	0.00	6,611.81	0.17
Repairs	0.00	0.00	5,990.00	0.15
Repairs-Sewer	0.00	0.00	2,200.00	0.06
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	1,058.80	0.03
Property Insurance	0.00	0.00	11,829.68	0.30
Advertising	0.00	0.00	39.43	0.00
Total Operating Expenses	<u>17,859.47</u>	<u>4.51</u>	<u>140,054.35</u>	<u>3.54</u>
Operating Income (Loss)	<u>(2,294.39)</u>	<u>(0.58)</u>	<u>38,242.08</u>	<u>0.97</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	36,908.00	9.32	541,906.37	13.70
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	2.61
Total Other Income (Expense)	<u>36,908.00</u>	<u>9.32</u>	<u>645,077.21</u>	<u>16.31</u>
Net Income (Loss) Before Taxes	<u>34,613.61</u>	<u>8.74</u>	<u>683,319.29</u>	<u>17.28</u>
Net Income (Loss)	<u>\$ 34,613.61</u>	<u>8.74</u>	<u>\$ 683,319.29</u>	<u>17.28</u>

Restricted For Management Use Only

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

REGULAR CALLED BOARD MEETING, OCTOBER 27, 2014

Attendance:

Paula Johnson – Chairperson	Bert Layne - Commissioner
Gary Blankenship, Secretary	Hayes Hamilton - Commissioner
Scarlett Stumbo- Commissioner	Dean Hall – Manager
Kevin Howard – Summitt Engineers	Matt Curtis – KEG
Denise Thomas – Big Sandy ADD	

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 5:00 P.M.

MOTION FOR APPROVAL OF SEPT.29, 2014 AND OCTOBER 10, 2014 MINUTES

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

JEFF REED DISCUSSED SEPTEMBER FINANCIALS

MOTION FOR APPROVAL MADE BY: GARY BLANKENSHIP

MOTION SECONDED BY: BERT LAYNE

SCARLETT STUMBO OPPOSES DUE TO LACK OF TIME TO REVIEW.

MOTION PASSED

McDOWELL CURVE PROJECT -- DEAN SAID IT WAS 98% COMPLETE.

MINNIE-HAROLD – MATT CURTIS SAID FINAL CLOSEOUT WAS BEING DONE

ALLEN- MARTIN – MATT SAID THEY ARE STILL GETTING STUFF TOGETHER FOR RD AND THEY NEED AN EASEMENT FROM THE FISCAL COURT FOR THE LINE.

MOTION TO ALLOW DEAN HALL TO GET JUDGE EXECUTIVE TO PUT ON ADGENDA.

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

HAROLD SEWER/ GEARHEART PROJECT- KEVIN SAID HE HAS BEEN WORKING ON PHASE III FUNDING. JOSH GEORGE WITH DOW WILL CALL TO CLOSEOUT HAROLD I AND II

PAULA / BOARD ASKED DEAN TO SEND FIELD WORKERS TO WORK ON WAYLAND PLANT/SITE

AND SEND A NOTE TO EACH EMPLOYEE TO SIGN STATING THT THEY ARE REQUIRED TO WEAR NECESSARY PROTECTIVE CLOTHING WHILE WORKING AT ANY WWTP, DUE TO THE EBOLA OUTBREAK JUST FOR AWARENESS.

DENISE SAID THAT THE ARC APPLICATION HAD BEEN SENT IN BUT PROBABLY WON'T HEAR FROM IT UNTIL LATER ON.

SHE SAID SWSD NEED SIGN UP FOR THE INTENDED USE PLAN SO THEY WILL HAVE IF NEEDED.

MOTION TO GO ON INTENDED USE PLAN

MOTION MADE BY: SCARLETT STUMBO

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

DEAN TOLD BOARD THAT THE TENATIVE CHRISTMAS PARTY PLANS ARE AT THE PINE BUILDING AT JENNY WILEY AND IS SET FOR FRIDAY DECEMBER 19TH.

MOTION TO ADJOURN -

MOTION MADE BY: GARY BLANKENSHIP

SECONDED BY: SCARLETT STUMBO

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 5:45 P.M.

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

SPECIAL CALLED MEETING OCTOBER 10, 2014 @10 AM

AGENDA

- CALL TO ORDER
- DISCUSSION TO APPOINT 401K TRUSTEE
- ADJOURN

Resolution #5 -- RESOLUTION TO OPEN A NEW ACCOUNT AT FIRST GUSRSNTY BSNK EXCLUSIVELY FOR THE RD PROJECT AND REQUEST THAT THE BANK ISSUE A LETTER STATING THAT THEY CAN COVER ALL MONIES DEPOSITED OVER THE \$250,000 FDIC GUARANTEE.

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

MOTION TO ADJOURN -

MOTION MADE BY: BERT LAYNE

SECONDED BY: HAYES HAMILTON

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 11:00 A.M.

Passed by the Southern Water and Sewer Commissioners on this _____ day of _____ 2014.

Paula Johnson, Chairperson

Gary Blankenship, Secretary

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

SPECIAL CALLED MEETING SEPTEMBER 29, 2014 @10 AM

AGENDA

- CALL TO ORDER
- APPROVAL OF SEPTEMBER 22,2014 MINUTES
- APPROVAL OF SEPTEMBER 26,2014 MINUTES
- ADJOURN

MICHAEL R. SPEARS, CPA, PSC
P.O. BOX 1270
PRESTONSBURG, KY 41653

September 22, 2014

Southern Water and Sewer District
Board of Commissioners
Prestonsburg, KY 41653

RE: August 2014 Financial Statements

Dear Commissioner,

Enclosed you will find your financial statements for the period ended August 31, 2014. In this letter I am giving you some pertinent highlights as I see them.

Balance Sheet as of August 31, 2014

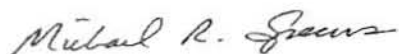
- Cash in Bank is (\$4,706)
- Restricted Cash is \$382,836
- Accounts Receivable is \$1,472,490
- Plant in place is \$24,530,007
- Equity is \$18,639,849
-

Income Statement -- for the month ended August 31, 2014

- Operating Revenue is \$394,775
- Operating Expenses \$443,977
- Other Income (Construction Income & Interest) \$182,472
- Other Expense (\$22,207)
- Net Income is \$111,063
- Included in the income is Depreciation of \$71,879

I would ask that you review the financials and if you have questions please feel free to contact me at (606) 424-8040.

Sincerely,



Michael Spears

Financial Reports

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

SPECIAL CALLED BOARD MEETING, SEPTEMBER 26, 2014, 2014

Attendance:

Paula Johnson – Chairperson Bert Layne - Commissioner
Gary Blankenship, Secretary Matt Curtis - KEG
Dean Hall – Manager
Hayes Hamilton – Commissioner

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 10:00 A.M.

Matt Curtis with Kentucky Engineering discussed the new Rural Development Project Funding for the Allen-Martin line and WTP upgrades and explained that Southern Water and Sewer District needed to pass resolutions to go forth with this project.

**Resolution #1 - LOAN RESOLUTION
MOTION MADE BY: BERT LAYNE
MOTION SECONDED BY: HAYES HAMILTON
MOTION PASSED**

**Resolution #2 – ENVIRONMENTAL MITIGATION RESOLUTION
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #3 – RESOLUTION TO ALLOW ANY AND ALL RD ITEMS PERTAINING TO THE LOANS AND PROJECT TO BE EXECUTED BY PAULA JOHNSON OR DEAN HALL.
MOTION MADE: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #4 – RESOLUTION TO ALLOW KENTUCKY ENGINEERING TO ADVERTISE FOR BIDS CONCURRENT WITH FUNDING AGENCY APPROVAL.
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

Resolution #5 – RESOLUTION TO OPEN A NEW ACCOUNT AT FIRST GUSRSNTY BSNK EXCLUSIVELY FOR THE RD PROJECT AND REQUEST THAT THE BANK ISSUE A LETTER STATING THAT THEY CAN COVER ALL MONIES DEPOSITED OVER THE \$250,000 FDIC GUARANTEE.

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

MOTION TO ADJOURN -

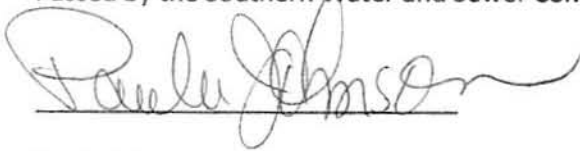
MOTION MADE BY: BERT LAYNE

SECONDED BY: HAYES HAMILTON

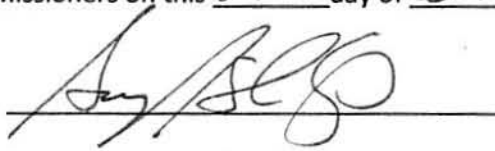
MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 11:00 A.M.

Passed by the Southern Water and Sewer Commissioners on this 29th day of SEPT 2014.



Paula Johnson, Chairperson



Gary Blankenship, Secretary

Southern Water and Sewer District
P.O. Box 610
McDowell, Ky. 41647

SPECIAL CALLED BOARD MEETING, SEPTEMBER 26, 2014, 2014

Attendance:

Paula Johnson – Chairperson Bert Layne - Commissioner
Gary Blankenship, Secretary Matt Curtis - KEG
Dean Hall – Manager
Hayes Hamilton – Commissioner

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 10:00 A.M.

Matt Curtis with Kentucky Engineering discussed the new Rural Development Project Funding for the Allen-Martin line and WTP upgrades and explained that Southern Water and Sewer District needed to pass resolutions to go forth with this project.

**Resolution #1 - LOAN RESOLUTION
MOTION MADE BY: BERT LAYNE
MOTION SECONDED BY: HAYES HAMILTON
MOTION PASSED**

**Resolution #2 – ENVIRONMENTAL MITIGATION RESOLUTION
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #3 – RESOLUTION TO ALLOW ANY AND ALL RD ITEMS PERTAINING TO THE LOANS AND PROJECT TO BE EXECUTED BY PAULA JOHNSON OR DEAN HALL.
MOTION MADE: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

**Resolution #4 – RESOLUTION TO ALLOW KENTUCKY ENGINEERING TO ADVERTISE FOR BIDS CONCURRENT WITH FUNDING AGENCY APPROVAL.
MOTION MADE BY: HAYES HAMILTON
MOTION SECONDED BY: BERT LAYNE
MOTION PASSED**

SPECIAL CALLED MEETING OCT. 10, 2014 10:00 AM

PAULA DEAN - Scarlett (Absent due to work)
GARY BERT
HAYES

CALL TO ORDER :

Discussion on needing to appoint SOMEONE
as Trustee for 401K since Hubert ~~is~~ is not
WORKING.

Motion to appoint Dean Hall as Trustee
Hayes/Bert

Motion ~~for~~ to Adjourn:
BERT/HAYES