

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 29th day of SEPT. 2014.



PAULA JOHNSON, CHAIRMAN



BERT LAYNE, ACTING SECRETARY

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

REGULAR CALLED BOARD MEETING, AUGUST 25, 2014

Attendance:

Paula Johnson, Chairperson
Gary Blankenship, Secretary
Jeff Reed – CPA
Hayes Hamilton, Commissioner
Kevin Howard – Summitt Engineering
Warren Jarrell - Magistrate

Scarlett Stumbo – Commissioner
Bert Layne– Commissioner
Dean Hall – Manager
Matt Curtis - KEG
Derek Motsch – Summitt Engineering

MEETING WAS CALLED TO ORDER BY PAULA JOHNSON @ 5:20 P.M.

MOTION TO APPROVE JULY 28, 2014 MINUTES

MOTION MADE BY : BERT LAYNE
SECONDED BY: GARY BLANKENSHIP
MOTION PASSED

JULY FINANCIALS DISCUSSED BY JEFF REED

MOTION TO APPROVE FINANCIALS
MOTION MADE BY: GARY BLANKENSHIP
SECONDED BY: HAYES HAMILTON
MOTION PASSED

HAROLD SEWER PROJECT:

MOTION TO ALLOW DEAN TO ACT FOR BOARD ON THE GEARHEART SEWER PROJECT AND MEET WITH SUMMITT AND GEARHEART FOR PRECONSTRUCTION MEETING AND BID AWARD AND SIGNING.

MOTION MADE BY:SCARLETT STUMBO
SECONDED BY: BERT LAYNE
MOTION PASSED

MINNIE HAROLD :

MATT CURTIS EXPLAINED THAT EVERYTHING WAS DONE AND AWAITING ON FRANKFORT FOR FINAL COMPLETION.

McDOWELL CURVE:

DEAN EXPLAINED THAT CONTRACTORS WERE CURRENTLY WORKING ON THE PROJECT.

DEAN EXPLAINED TO THE BOARD THAT THE CREWS WORKED EXTENSIVELY THROUGH THE WEEKEND ON WASHOUTS FROM THE BAD STORMS ON FRIDAY.

DEAN ASKED BOARD TO DECLARE THREE TRUCKS CURRENTLY NOT USED BY THE DISTRICT AS SURPLUS AND ADVERTISE TO DISPOSE OF. 2002 CHEVROLET S10, 2002 CHEVROLET 1500, 2003 FORD F-150

MOTION MADE BY: SCARLETT STUMBO

SECONDED BY: BERT LAYNE

DEAN EXPLAINED THAT SWSD NEEDED A RESOLUTION TO EXECUTE A INTERLOCAL COOPERATION AGREEMENT BETWEEN SWSD AND KLC INSURANCE SERVICES.

MOTION MADE BY: SCARLETT STUMBO

SECONDED BY: GARY BLANKENSHIP

MOTION PASSED

DEAN ASKED THE BOARD TO ALLOW HIM TO START THE PROCESS TO PURCHASE A NEW TRUCK AND ACCEPT BIDS ACCORDINGLY.

MOTION MADE BY: BERT LAYNE

MOTION SECONDED BY: HAYES HAMILTON

MOTION PASSED

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 6:00 P.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
BALANCE SHEET
As of August 31, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$ 460.00
First Guaranty - New	(28,384.66)
Cash - Community Trust Bank (SV)	10,379.53
First Guaranty - Solid Waste Account	1,890.02
Accounts Receivable - Water	909,643.50
Accounts Receivable - Garbage	442,068.85
Accounts Receivable - Sewer	120,777.48
A/R - CDBG Grant	5,000.00
Provision for Uncollectible Accounts	(244,049.46)
Materials and Supplies	56,381.00
KIA Escrow - New	45,971.02
KIA R & M Reserve - New	33,578.43
KIA R & M Reserve #3 - New	51,640.42
First Guaranty - RD Account	905.16
RD Depreciation Reserve Acct.	30,085.26
RD Escrow Acct	76,718.87
1st Guaranty - FEMA Reimbursements	24,647.08
FGB - Rural Development Construction	4,547.89
FGB - Floyd County Bond Payment	13,298.92
FGB - RD Sinking Fund (New)	17,490.31
Cash - Pride on the River	1,225.26
Insurance Escrow Account	12,158.56
KIA R & M RESERVE A04-06	21,695.00
Construction Account	28,666.80
FGB - Customer Deposit Account	15,077.98
FGB - Health Care Reimbursement	16,537.77
Total Current Assets	<u>1,668,410.99</u>

PROPERTY AND EQUIPMENT

Utility Plant	33,196,821.83
Utility Plant	1,766,340.49
Utility Plant Sewer	7,844,513.66
Construction in Progress	867,077.59
CIP - Pride on the River	31,049.11
Construction in Progress - Sewer	43,921.50
Less: Accumulated Depreciation	<u>(19,219,717.14)</u>
Net Property and Equipment	<u>24,530,007.04</u>

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(31,163.13)</u>
Total Other Assets	<u>67,246.79</u>

TOTAL ASSETS \$ 26,265,664.82

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

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 98,394.76
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	54,952.44
N/P - FIRST GUARANTY (TRUCKS)	45,383.63
Less Current Portion Notes Payable	(463,339.43)
Customer Deposits	168,878.42
Customer Deposits - Sewer	120.00
Accrued Ky WTH	3,288.50
Accrued KUI/FUTA	76.40
Accrued School Tax	152.83
Accrued Sales Tax	1,690.36
Garnishee	320.30
Accrued 401-k	1,722.13
Accrued Vacation/Sick Pay	62,412.70
Accrued Interest - KIA III	62,693.80
Accrued Interest - Bonds	71,448.75
Accrued Interest - New Bond	6,182.01
Accrued Interest - Sandy Valley Bond	18,566.43
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>433,914.41</u>
Total Current Liabilities	<u>816,084.50</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	<u>7,625,816.03</u>

CAPITAL

Invested in Capital Assets	16,206,185.00
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Southern Water and Sewer District
BALANCE SHEET
As of August 31, 2014

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	86,746.32
Retained Earnings	<u>1,746,545.47</u>
Total Stockholders' Equity	<u>18,639,848.79</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 26,265,664.82</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Sales				
Metered Sales - Residential	\$ 289,633.58	73.37	\$ 2,160,595.90	69.11
Metered Sales - Business	7,964.13	2.02	67,400.54	2.16
Metered Sales - Residential Sewer	15,119.98	3.83	131,606.85	4.21
Metered Sales - Business Sewer	1,854.42	0.47	11,979.36	0.38
Sales for Resale	5,790.55	1.47	40,776.58	1.30
Penalties	7,142.29	1.81	64,974.53	2.08
Meter Service	2,840.00	0.72	18,830.00	0.60
Tap fees	5,099.00	1.29	5,099.00	0.16
Other Income	(6,975.32)	(1.77)	0.00	0.00
Garbage Sales Revenue	66,306.48	16.80	625,258.98	20.00
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	394,775.11	100.00	3,126,529.15	100.00
Gross Profit	394,775.11	100.00	3,126,529.15	100.00
Operating Expenses				
Solid Waste Payments	76,979.20	19.50	619,163.13	19.80
Water Purchases	34,900.82	8.84	336,584.56	10.77
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	200.00	0.05	200.00	0.01
Operations Labor - Pumping	5,705.40	1.45	48,558.01	1.55
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	500.00	0.13	800.00	0.03
Chemicals	5,757.92	1.46	35,063.05	1.12
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.10
Repairs - Pumping	5,000.00	1.27	24,302.28	0.78
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	2,508.75	0.08
Chemicals	9,225.98	2.34	62,551.68	2.00
Fuel	0.00	0.00	15,150.08	0.48
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	0.37
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.06
Supplies	178.00	0.05	1,540.98	0.05
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	0.00	0.00	4,582.44	0.15
Operations Labor - T & D	45,676.62	11.57	413,983.99	13.24
Wages - Sewer	2,400.00	0.61	20,400.00	0.65
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,073.88	0.03

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Supplies - T & D	23,288.67	5.90	101,059.01	3.23
Vehicle Repairs - T & D	7,163.17	1.81	20,004.31	0.64
Utilities - T & D	37,646.60	9.54	210,502.93	6.73
Repairs Pump - T & D	10,000.00	2.53	43,000.00	1.38
Uniform Rental - T & D	0.00	0.00	1,890.47	0.06
Vehicle Repairs - T & D	4,036.29	1.02	20,591.46	0.66
Repairs - T & D	0.00	0.00	11,294.91	0.36
Fuel-Gasoline	15,923.68	4.03	108,088.07	3.46
Lab Services - Distribution	0.00	0.00	16,836.70	0.54
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	7,222.12	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,273.54	0.20
Vehicle Repairs	0.00	0.00	11,870.61	0.38
Utilities	0.00	0.00	1,713.72	0.05
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	5,990.00	0.19
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	9,000.00	0.29
Repairs-Sewer	0.00	0.00	2,200.00	0.07
Safety supplies	0.00	0.00	395.39	0.01
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	832.04	0.21	20,017.27	0.64
Billing Postage	0.00	0.00	960.45	0.03
BILLING CARDS	0.00	0.00	2,223.80	0.07
Wages - Office	13,564.51	3.44	134,614.06	4.31
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	479.49	0.02
Office Supplies	751.48	0.19	9,066.58	0.29
Telephone & Utilities - Office	0.00	0.00	7,528.33	0.24
Bank Charges	1,417.50	0.36	6,472.54	0.21
Health Insurance	16,309.11	4.13	135,357.80	4.33
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	703.80	0.18	5,451.46	0.17
Workers Comp	11,057.37	2.80	43,531.50	1.39
Life Ins.	130.71	0.03	10,976.35	0.35
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	0.00	0.00	1,076.41	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	11,117.08	2.82	11,829.68	0.38
Legal	0.00	0.00	2,125.00	0.07

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Accounting	1,800.00	0.46	14,400.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	1,300.00	0.33	2,250.00	0.07
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	1,190.00	0.30	1,190.00	0.04
Property Insurance	14,000.00	3.55	14,000.00	0.45
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	2,767.48	0.09
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	7,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	1,525.03	0.39	24,883.27	0.80
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	0.11
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	1,841.04	0.47	4,517.71	0.14
Training	0.00	0.00	0.00	0.00
Advertising	699.68	0.18	699.68	0.02
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	0.00	0.00
Depreciation Expense	63,382.08	16.06	517,366.64	16.55
Depreciation Expense	8,496.82	2.15	67,974.56	2.17
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,324.23	1.35	57,668.70	1.84
PSC Taxes	0.00	0.00	3,454.09	0.11
Sales Taxes	0.00	0.00	807.05	0.03
Employer Pension Expense	1,391.19	0.35	13,518.01	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	1,560.66	0.40	3,462.23	0.11
Total Operating Expenses	443,976.68	112.46	3,314,405.23	106.01
Operating Income (Loss)	(49,201.57)	(12.46)	(187,876.08)	(6.01)
Other Income (Expense)				
Interest Expense - TFB	(578.28)	0.15	(5,077.05)	0.16
Interest Expense - LOC	(2,000.00)	0.51	(17,062.50)	0.55
Amortization of Premium	(205.02)	0.05	(1,640.16)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.10
Interest Expense - KIA	(7,332.21)	1.86	(98,214.74)	3.14
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.06	(93,738.10)	3.00

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Interest Income - Now	33.94	0.01	260.39	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	1,876.32	0.48	3,721.58	0.12
Grant Income (Dept of Transportation)	180,561.35	45.74	386,976.94	12.38
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	3.30
Total Other Income (Expense)	<u>160,264.63</u>	<u>40.60</u>	<u>274,622.40</u>	<u>8.78</u>
Net Income (Loss) Before Taxes	<u>111,063.06</u>	<u>28.13</u>	<u>86,746.32</u>	<u>2.77</u>
Net Income (Loss)	<u>\$ 111,063.06</u>	<u>28.13</u>	<u>\$ 86,746.32</u>	<u>2.77</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Sales				
Metered Sales - Residential	\$ 289,633.58	73.37	\$ 2,160,595.90	69.11
Metered Sales - Business	7,964.13	2.02	67,400.54	2.16
Sales for Resale	5,790.55	1.47	40,776.58	1.30
Penalties	7,142.29	1.81	64,974.53	2.08
Meter Service	2,840.00	0.72	18,830.00	0.60
Tap fees	5,099.00	1.29	5,099.00	0.16
Other Income	(6,975.32)	(1.77)	0.00	0.00
Garbage Sales Revenue	66,306.48	16.80	625,258.98	20.00
Miscellaneous Income	0.00	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	377,800.71	95.70	2,982,942.94	95.41
Gross Profit	377,800.71	95.70	2,982,942.94	95.41
Operating Expenses				
Solid Waste Payments	76,979.20	19.50	619,163.13	19.80
Water Purchases	34,900.82	8.84	336,584.56	10.77
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	200.00	0.05	200.00	0.01
Operations Labor - Pumping	5,705.40	1.45	48,558.01	1.55
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	3,127.20	0.10
Repairs - Pumping	5,000.00	1.27	24,302.28	0.78
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	2,508.75	0.08
Chemicals	9,225.98	2.34	62,551.68	2.00
Fuel	0.00	0.00	15,150.08	0.48
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	11,603.60	0.37
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	0.00	0.00	4,582.44	0.15
Operations Labor - T & D	45,676.62	11.57	413,983.99	13.24
Uniform Rental - T & D	0.00	0.00	1,073.88	0.03
Supplies - T & D	23,288.67	5.90	101,059.01	3.23
Vehicle Repairs - T & D	7,163.17	1.81	20,004.31	0.64
Utilities - T & D	37,646.60	9.54	210,502.93	6.73
Repairs Pump - T & D	10,000.00	2.53	43,000.00	1.38
Uniform Rental - T & D	0.00	0.00	1,890.47	0.06
Vehicle Repairs - T & D	4,036.29	1.02	20,591.46	0.66
Repairs - T & D	0.00	0.00	11,294.91	0.36
Fuel-Gasoline	15,923.68	4.03	108,088.07	3.46
Lab Services - Distribution	0.00	0.00	16,836.70	0.54
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	0.29

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Safety supplies	0.00	0.00	395.39	0.01
Billing Postage	832.04	0.21	20,017.27	0.64
Billing Postage	0.00	0.00	960.45	0.03
BILLING CARDS	0.00	0.00	2,223.80	0.07
Wages - Office	13,564.51	3.44	134,614.06	4.31
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	479.49	0.02
Office Supplies	751.48	0.19	9,066.58	0.29
Telephone & Utilities - Office	0.00	0.00	7,528.33	0.24
Bank Charges	1,417.50	0.36	6,472.54	0.21
Health Insurance	16,309.11	4.13	135,357.80	4.33
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	703.80	0.18	5,451.46	0.17
Workers Comp	11,057.37	2.80	43,531.50	1.39
Life Ins.	130.71	0.03	10,976.35	0.35
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	0.00	0.00	1,076.41	0.03
Legal	0.00	0.00	2,125.00	0.07
Accounting	1,800.00	0.46	14,400.00	0.46
Engineering	0.00	0.00	0.00	0.00
Professional Fees	1,300.00	0.33	2,250.00	0.07
Legal	0.00	0.00	0.00	0.00
Admin. Fee - Health Insurance Reimb.	1,190.00	0.30	1,190.00	0.04
Property Insurance	14,000.00	3.55	14,000.00	0.45
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	2,767.48	0.09
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	7,500.00	0.24
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	1,525.03	0.39	24,883.27	0.80
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	0.11
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	1,841.04	0.47	4,517.71	0.14
Training	0.00	0.00	0.00	0.00
Advertising	699.68	0.18	699.68	0.02
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	16.06	517,366.64	16.55
Depreciation Expense	8,496.82	2.15	67,974.56	2.17
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	5,324.23	1.35	57,668.70	1.84
PSC Taxes	0.00	0.00	3,454.09	0.11
Sales Taxes	0.00	0.00	807.05	0.03

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Employer Pension Expense	1,391.19	0.35	13,518.01	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	<u>1,560.66</u>	<u>0.40</u>	<u>3,462.23</u>	<u>0.11</u>
Total Operating Expenses	<u>424,023.68</u>	<u>107.41</u>	<u>3,206,510.73</u>	<u>102.56</u>
Operating Income (Loss)	<u>(46,222.97)</u>	<u>(11.71)</u>	<u>(223,567.79)</u>	<u>(7.15)</u>
Other Income (Expense)				
Interest Expense - TFB	(578.28)	0.15	(5,077.05)	0.16
Interest Expense - LOC	(2,000.00)	0.51	(17,062.50)	0.55
Amortization of Premium	(205.02)	0.05	(1,640.16)	0.05
KIA Service Fees	0.00	0.00	(3,085.10)	0.10
Interest Expense - KIA	(7,332.21)	1.86	(98,214.74)	3.14
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.02
Interest Expense - Bonds	(12,091.47)	3.06	(93,738.10)	3.00
Interest Income - Now	33.94	0.01	260.39	0.01
Interest Income	0.00	0.00	31.71	0.00
Bond Interest Credit Income	<u>1,876.32</u>	<u>0.48</u>	<u>3,721.58</u>	<u>0.12</u>
Total Other Income (Expense)	<u>(20,296.72)</u>	<u>(5.14)</u>	<u>(215,525.38)</u>	<u>(6.89)</u>
Net Income (Loss) Before Taxes	<u>(66,519.69)</u>	<u>(16.85)</u>	<u>(439,093.17)</u>	<u>(14.04)</u>
Net Income (Loss)	<u>\$ (66,519.69)</u>	<u>(16.85)</u>	<u>\$ (439,093.17)</u>	<u>(14.04)</u>

Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 8 Months Ended August 31, 2014

	1 Month Ended August 31, 2014	%	8 Months Ended August 31, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 15,119.98	3.83	\$ 131,606.85	4.21
Metered Sales - Business Sewer	1,854.42	0.47	11,979.36	0.38
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>16,974.40</u>	<u>4.30</u>	<u>143,586.21</u>	<u>4.59</u>
Gross Profit	<u>16,974.40</u>	<u>4.30</u>	<u>143,586.21</u>	<u>4.59</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	500.00	0.13	800.00	0.03
Chemicals	5,757.92	1.46	35,063.05	1.12
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	0.06
Supplies	178.00	0.05	1,540.98	0.05
Wages - Sewer	2,400.00	0.61	20,400.00	0.65
Utilities - Sewer	0.00	0.00	7,222.12	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	6,273.54	0.20
Vehicle Repairs	0.00	0.00	11,870.61	0.38
Utilities	0.00	0.00	1,713.72	0.05
Repairs	0.00	0.00	5,990.00	0.19
Repairs-Sewer	0.00	0.00	2,200.00	0.07
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	11,117.08	2.82	11,829.68	0.38
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>19,953.00</u>	<u>5.05</u>	<u>107,894.50</u>	<u>3.45</u>
Operating Income (Loss)	<u>(2,978.60)</u>	<u>(0.75)</u>	<u>35,691.71</u>	<u>1.14</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	180,561.35	45.74	386,976.94	12.38
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	3.30
Total Other Income (Expense)	<u>180,561.35</u>	<u>45.74</u>	<u>490,147.78</u>	<u>15.68</u>
Net Income (Loss) Before Taxes	<u>177,582.75</u>	<u>44.98</u>	<u>525,839.49</u>	<u>16.82</u>
Net Income (Loss)	<u>\$ 177,582.75</u>	<u>44.98</u>	<u>\$ 525,839.49</u>	<u>16.82</u>

Restricted For Management Use Only

July 15, 2014

10:00AM

Special Meeting

Paula

HAYES

GARY

DEAN

Hubert

CALL TO ORDER - 10:00

Hubert & Dean explained that we have a raw water pump at the WTP at Alken and several pump stations with one pump not working.

Hubert & Dean recommended that we get started on raw water pump and check on line of credit at Bank -

Get Jeff to check with bank

and - get repaired pumps & motors repaired and pay Frasure Elec. what is owed.

Motion to allow Jeff to check with
Bank on line of credit and get started
on repairs -

Hayes

Gary - 2nd

Motion Passed

Motion to Adjourn. -

Gary

Hayes

June 20, 2014

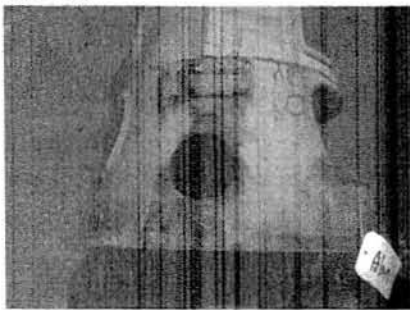
Southern Water & Sewer
PO Box 610
McDowell, KY 41647

Attention: Chris Francis
Subject: Raw Water Pump Inspection Report

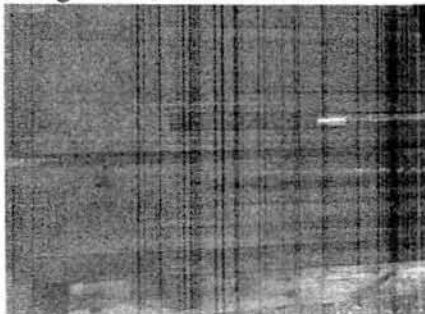
Dear Mr. Francis,

Layne has disassembled and inspected subject unit and we report the following:

Motor: 100hp – Electrically ran ok, bearings were very noisy and vibration levels exceeded critical levels. Need to bore and bush bottom endbell, replace bearings, replace sight glass and oil. Need to top nut and lock washer for bearing mount. Shop labor and material to make recommended repairs\$2,516.00
Head Assembly: 10" Worthington – Recommend sand blast and painting, can be reused.

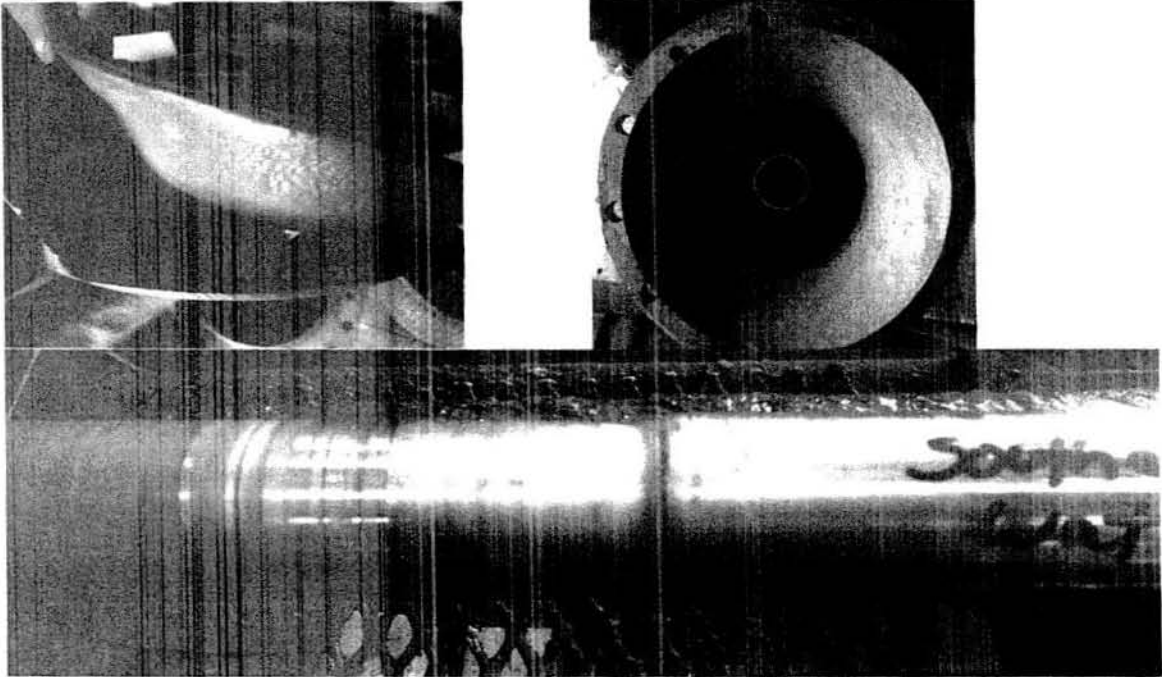


Column Assembly: 10" flanged column pipe with 2" tube and 1-1/4" lineshaft – Flanged column can be reused with exception of bottom piece, will need new to adapt to new bowl assembly. Recommend sand blast and painting. 2" tube, all needs to be replaced due to severe pitting and face damage. Lineshaft, needs to be cleaned and straightened, can be reused.



WATER RESOURCES

Bowl Assembly: Floway 14DOL 3-stage – Impellers have holes, bowls are worn and grooved at impeller seat, shaft is grooved and pitted at bearing journals. Recommend replacing with new assembly.



Shop labor and material to make recommended repairs\$24,968.00

Field labor and equipment to pull and set subject unit\$14,365.00
plus per diems and fuel surcharge.

Total price\$41,849.00
plus per diems and fuel surcharge.

We appreciate this opportunity and welcome any questions or comments you may have.

Respectfully submitted,
Layne Christensen

Emily Miesner
Account Manager



SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING JUNE 23, 2014 @ 5:00

Scarlett Bert
Hayes Gary
Hubert Kevin
JEFF Dan

AGENDA

CALL TO ORDER - By Bert LAYNE - @ 5:00

APPROVAL OF MINUTES - Scarlett/GARY
5/29 & 6/11

FINANCIAL STATEMENT - Scarlett/HAYES

HAROLD SEWER - Kevin - Focused on getting updated Funding application
Gearheart has said Escrow Account is Funded. ~~AGREED~~ For Phase III -
MINNIE/HAROLD - JEFF to check & see.

About one week to complete

MCDOWELL CURVE-

Bids were opened 6/17 - Boca Const. (Low bid)

OTHER

ADJOURN Hayes, Scarlett

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

June 23, 2014

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

RE: May 2014 Financial Statements

Dear Commissioner,

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

Balance Sheet as of May 31, 2014

- Cash in Bank is (\$8,399)
- Restricted Cash is \$501,711
- Accounts Receivable is \$1,451,841
- Plant in place is \$23,884,771
- Equity is \$18,664,192
-

Income Statement – for the month ended May 31, 2014

- Operating Revenue is \$438,445
- Operating Expenses \$445,951
- Other Income (Construction Income & Interest) \$34,084
- Other Expense (\$20,250)
- Net Income is \$6,327
- 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 May 31, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$ 460.00
First Guaranty - New	(14,281.53)
Cash - Community Trust Bank (SV)	5,882.28
First Guaranty - Solid Waste Account	11,408.01
Accounts Receivable - Water	901,321.58
Accounts Receivable - Garbage	433,937.31
Accounts Receivable - Sewer	116,581.99
A/R - CDBG Grant	5,000.00
Provision for Uncollectible Accounts	(214,253.65)
Materials and Supplies	60,018.00
KIA Escrow - New	133,579.62
KIA R & M Reserve - New	49,667.15
KIA R & M Reserve #3 - New	21,728.18
First Guaranty - RD Account	904.93
RD Depreciation Reserve Acct.	54,075.48
RD Escrow Acct	94,449.53
1st Guaranty - FEMA Reimbursements	24,640.87
FGB - Rural Development Construction	24,420.27
FGB - Floyd County Bond Payment	6,275.49
FGB - RD Sinking Fund (New)	16,222.02
Cash - Pride on the River	1,725.26
Insurance Escrow Account	303.60
KIA R & M RESERVE A04-06	19,595.00
Construction Account	27,633.29
FGB - Customer Deposit Account	11,385.14
FGB - Health Care Reimbursement	<u>3,699.43</u>
Total Current Assets	<u>1,796,379.25</u>

PROPERTY AND EQUIPMENT

Utility Plant	32,609,522.18
Utility Plant	1,766,340.49
Utility Plant Sewer	4,094,426.86
Construction in Progress	1,179,310.40
CIP - Pride on the River	3,236,588.13
Less: Accumulated Depreciation	<u>(19,001,417.50)</u>
Net Property and Equipment	<u>23,884,770.56</u>

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(30,548.07)</u>
Total Other Assets	<u>67,861.85</u>

TOTAL ASSETS	<u>\$ 25,749,011.66</u>
---------------------	-------------------------

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

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 132,170.54
A/P - CIP	9,080.38
Unearned Tap Fees	11,205.00
A/P - First Bank Credit Card (Dean)	2,505.32
Unearned Tap Fees - Sewer	90,795.00
N/P - FGB LOC	241,000.00
First Guaranty - Office Building	59,642.59
N/P - FIRST GUARANTY (TRUCKS)	50,333.50
Customer Deposits	162,138.96
PRIDE ON THE RIVER TAP FEE	250.00
Customer Deposits - Sewer	70.00
Accrued Fed WTH	7,881.72
Accrued Ky WTH	4,640.32
Accrued KUI/FUTA	1,459.16
Accrued School Tax	150.10
Accrued Sales Tax	792.18
Gamishee	320.30
Accrued 401-k	2,146.10
Accrued Vacation/Sick Pay	69,958.41
Accrued Interest - KIA III	40,697.17
Accrued Interest - Bonds	44,415.00
Accrued Interest - New Bond	3,844.50
Accrued Interest - Sandy Valley Bond	11,663.28
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>393,025.43</u>

Total Current Liabilities 1,341,139.81

LONG-TERM LIABILITIES

N/P - KIA I	644,428.40
N/P - KIA III	1,634,000.67
Bonds Payable	2,193,000.00
N/P - KIA A-04-06	40,779.34
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	524,471.00
USDA (530,000)	<u>505,000.00</u>

Total Long-Term Liabilities 5,743,679.41

Total Liabilities 7,084,819.22

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	231,689.16
Restricted for Deposits	132,884.00

Restricted For Management Use Only

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

Current Earnings	16,475.93
Retained Earnings	<u>1,852,878.35</u>
Total Stockholders' Equity	<u>18,664,192.44</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,749,011.66</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Sales				
Metered Sales - Residential	\$ 311,956.02	71.15	\$ 1,365,554.92	68.94
Metered Sales - Business	9,020.91	2.06	42,609.55	2.15
Metered Sales - Residential Sewer	19,516.60	4.45	84,632.29	4.27
Metered Sales - Business Sewer	1,740.00	0.40	7,291.04	0.37
Sales for Resale	5,696.44	1.30	24,238.82	1.22
Penalties	6,052.38	1.38	39,218.89	1.98
Meter Service	2,840.00	0.65	10,710.00	0.54
Other Income	2,050.00	0.47	6,975.32	0.35
Garbage Sales Revenue	79,565.42	18.15	399,587.92	20.17
Miscellaneous Income	7.41	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	438,445.18	100.00	1,980,826.16	100.00
Gross Profit	438,445.18	100.00	1,980,826.16	100.00
Operating Expenses				
Solid Waste Payments	77,178.45	17.60	387,600.28	19.57
Water Purchases	48,462.77	11.05	225,988.52	11.41
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	8,797.35	2.01	31,909.31	1.61
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00
Chemicals	0.00	0.00	18,511.23	0.93
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	17.00	0.00
Repairs - Pumping	5,000.00	1.14	9,302.28	0.47
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	15,493.52	3.53	33,348.38	1.68
Fuel	0.00	0.00	0.00	0.00
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	0.59
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	1,932.00	0.10
Supplies	0.00	0.00	1,362.98	0.07
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	0.00	0.00	3,867.06	0.20
Operations Labor - T & D	65,034.74	14.83	277,670.02	14.02
Wages - Sewer	3,600.00	0.82	13,200.00	0.67
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,000.00	0.05
Supplies - T & D	14,155.31	3.23	64,535.44	3.26

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Vehicle Repairs - T & D	224.72	0.05	7,549.89	0.38
Utilities - T & D	29,690.82	6.77	140,601.37	7.10
Repairs Pump - T & D	5,000.00	1.14	33,000.00	1.67
Uniform Rental - T & D	0.00	0.00	1,890.47	0.10
Vehicle Repairs - T & D	2,909.84	0.66	9,835.93	0.50
Repairs - T & D	0.00	0.00	6,288.28	0.32
Fuel-Gasoline	15,566.38	3.55	75,492.37	3.81
Lab Services - Distribution	0.00	0.00	13,461.70	0.68
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	2,864.15	0.14
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	3,226.28	0.74	5,926.73	0.30
Vehicle Repairs	0.00	0.00	9,247.78	0.47
Utilities	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Repairs	500.00	0.11	3,740.00	0.19
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.46	8,000.00	0.40
Repairs-Sewer	0.00	0.00	2,200.00	0.11
Safety supplies	0.00	0.00	395.39	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	2,691.12	0.61	11,609.64	0.59
Billing Postage	0.00	0.00	960.45	0.05
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	23,140.59	5.28	87,912.94	4.44
Rent	0.00	0.00	0.00	0.00
Office Postage	185.86	0.04	241.48	0.01
Office Supplies	1,212.67	0.28	7,378.57	0.37
Telephone & Utilities - Office	0.00	0.00	7,350.35	0.37
Bank Charges	1,171.16	0.27	3,355.70	0.17
Health Insurance	21,821.40	4.98	91,356.05	4.61
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	693.82	0.16	3,340.06	0.17
Workers Comp	5,412.36	1.23	21,649.44	1.09
Life Ins.	1.28	0.00	7,757.32	0.39
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	0.00	0.00	147.00	0.01
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.06	794.10	0.04
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	712.60	0.16	712.60	0.04
Legal	125.00	0.03	2,125.00	0.11
Accounting	3,600.00	0.82	9,000.00	0.45

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Engineering	0.00	0.00	0.00	0.00
Professional Fees	450.00	0.10	450.00	0.02
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	1,876.73	0.43	2,767.48	0.14
Commissioner's Bond	0.00	0.00	712.60	0.04
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	0.23	4,500.00	0.23
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	813.79	0.19	16,643.33	0.84
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	1,223.06	0.28	3,404.82	0.17
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	1,841.67	0.09
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	0.00	0.00
Depreciation Expense	63,382.08	14.46	327,220.40	16.52
Depreciation Expense	8,496.82	1.94	42,484.10	2.14
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	8,404.79	1.92	41,259.93	2.08
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	2,203.23	0.50	9,040.47	0.46
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	228.00	0.05	1,300.57	0.07
Total Operating Expenses	445,951.24	101.71	2,109,658.23	106.50
Operating Income (Loss)	(7,506.06)	(1.71)	(128,832.07)	(6.50)
Other Income (Expense)				
Interest Expense - TFB	(621.76)	0.14	(3,297.81)	0.17
Amortization of Premium	(205.02)	0.05	(1,025.10)	0.05
Interest Expense - KIA	(7,332.21)	1.67	(38,040.02)	1.92
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.04
Interest Expense - Bonds	(12,091.47)	2.76	(57,463.69)	2.90
Interest Income - Now	35.10	0.01	155.50	0.01
Interest Income	0.00	0.00	28.81	0.00
Grant Income (Dept of Transportation)	34,048.90	7.77	142,500.88	7.19
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	5.21

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Total Other Income (Expense)	13,833.54	3.16	145,308.00	7.34
Net Income (Loss) Before Taxes	6,327.48	1.44	16,475.93	0.83
Net Income (Loss)	\$ 6,327.48	1.44	\$ 16,475.93	0.83

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Sales				
Metered Sales - Residential	\$ 311,956.02	71.15	\$ 1,365,554.92	68.94
Metered Sales - Business	9,020.91	2.06	42,609.55	2.15
Sales for Resale	5,696.44	1.30	24,238.82	1.22
Penalties	6,052.38	1.38	39,218.89	1.98
Meter Service	2,840.00	0.65	10,710.00	0.54
Other Income	2,050.00	0.47	6,975.32	0.35
Garbage Sales Revenue	79,565.42	18.15	399,587.92	20.17
Miscellaneous Income	7.41	0.00	7.41	0.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	417,188.58	95.15	1,888,902.83	95.36
Gross Profit	417,188.58	95.15	1,888,902.83	95.36
Operating Expenses				
Solid Waste Payments	77,178.45	17.60	387,600.28	19.57
Water Purchases	48,462.77	11.05	225,988.52	11.41
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	8,797.35	2.01	31,909.31	1.61
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	17.00	0.00
Repairs - Pumping	5,000.00	1.14	9,302.28	0.47
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	15,493.52	3.53	33,348.38	1.68
Fuel	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	0.59
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	0.00	0.00	3,867.06	0.20
Operations Labor - T & D	65,034.74	14.83	277,670.02	14.02
Uniform Rental - T & D	0.00	0.00	1,000.00	0.05
Supplies - T & D	14,155.31	3.23	64,535.44	3.26
Vehicle Repairs - T & D	224.72	0.05	7,549.89	0.38
Utilities - T & D	29,690.82	6.77	140,601.37	7.10
Repairs Pump - T & D	5,000.00	1.14	33,000.00	1.67
Uniform Rental - T & D	0.00	0.00	1,890.47	0.10
Vehicle Repairs - T & D	2,909.84	0.66	9,835.93	0.50
Repairs - T & D	0.00	0.00	6,288.28	0.32
Fuel-Gasoline	15,566.38	3.55	75,492.37	3.81
Lab Services - Distribution	0.00	0.00	13,461.70	0.68
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.46	8,000.00	0.40
Safety supplies	0.00	0.00	395.39	0.02

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Billing Postage	2,691.12	0.61	11,609.64	0.59
Billing Postage	0.00	0.00	960.45	0.05
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	23,140.59	5.28	87,912.94	4.44
Rent	0.00	0.00	0.00	0.00
Office Postage	185.86	0.04	241.48	0.01
Office Supplies	1,212.67	0.28	7,378.57	0.37
Telephone & Utilities - Office	0.00	0.00	7,350.35	0.37
Bank Charges	1,171.16	0.27	3,355.70	0.17
Health Insurance	21,821.40	4.98	91,356.05	4.61
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	693.82	0.16	3,340.06	0.17
Workers Comp	5,412.36	1.23	21,649.44	1.09
Life Ins.	1.28	0.00	7,757.32	0.39
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	0.00	0.00	147.00	0.01
Legal	125.00	0.03	2,125.00	0.11
Accounting	3,600.00	0.82	9,000.00	0.45
Engineering	0.00	0.00	0.00	0.00
Professional Fees	450.00	0.10	450.00	0.02
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	1,876.73	0.43	2,767.48	0.14
Commissioner's Bond	0.00	0.00	712.60	0.04
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	0.23	4,500.00	0.23
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	813.79	0.19	16,643.33	0.84
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	1,223.06	0.28	3,404.82	0.17
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	1,841.67	0.09
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	14.46	327,220.40	16.52
Depreciation Expense	8,496.82	1.94	42,484.10	2.14
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	8,404.79	1.92	41,259.93	2.08
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	2,203.23	0.50	9,040.47	0.46
Pass Through Payment	0.00	0.00	0.00	0.00

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Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	<u>228.00</u>	<u>0.05</u>	<u>1,300.57</u>	<u>0.07</u>
Total Operating Expenses	<u>437,647.66</u>	<u>99.82</u>	<u>2,049,166.66</u>	<u>103.45</u>
Operating Income (Loss)	<u>(20,459.08)</u>	<u>(4.67)</u>	<u>(160,263.83)</u>	<u>(8.09)</u>
Other Income (Expense)				
Interest Expense - TFB	(621.76)	0.14	(3,297.81)	0.17
Amortization of Premium	(205.02)	0.05	(1,025.10)	0.05
Interest Expense - KIA	(7,332.21)	1.67	(38,040.02)	1.92
Interest Expense - Credit Cards	0.00	0.00	(721.41)	0.04
Interest Expense - Bonds	(12,091.47)	2.76	(57,463.69)	2.90
Interest Income - Now	35.10	0.01	155.50	0.01
Interest Income	<u>0.00</u>	<u>0.00</u>	<u>28.81</u>	<u>0.00</u>
Total Other Income (Expense)	<u>(20,215.36)</u>	<u>(4.61)</u>	<u>(100,363.72)</u>	<u>(5.07)</u>
Net Income (Loss) Before Taxes	<u>(40,674.44)</u>	<u>(9.28)</u>	<u>(260,627.55)</u>	<u>(13.16)</u>
Net Income (Loss)	<u>\$ (40,674.44)</u>	<u>(9.28)</u>	<u>\$ (260,627.55)</u>	<u>(13.16)</u>

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Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 5 Months Ended May 31, 2014

	1 Month Ended May 31, 2014	%	5 Months Ended May 31, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 19,516.60	4.45	\$ 84,632.29	4.27
Metered Sales - Business Sewer	1,740.00	0.40	7,291.04	0.37
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>21,256.60</u>	<u>4.85</u>	<u>91,923.33</u>	<u>4.64</u>
Gross Profit	<u>21,256.60</u>	<u>4.85</u>	<u>91,923.33</u>	<u>4.64</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Chemicals	0.00	0.00	18,511.23	0.93
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	0.10
Supplies	0.00	0.00	1,362.98	0.07
Wages - Sewer	3,600.00	0.82	13,200.00	0.67
Utilities - Sewer	0.00	0.00	2,864.15	0.14
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	3,226.28	0.74	5,926.73	0.30
Vehicle Repairs	0.00	0.00	9,247.78	0.47
Utilities	0.00	0.00	0.00	0.00
Repairs	500.00	0.11	3,740.00	0.19
Repairs-Sewer	0.00	0.00	2,200.00	0.11
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.06	794.10	0.04
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>7,590.98</u>	<u>1.73</u>	<u>59,778.97</u>	<u>3.02</u>
Operating Income (Loss)	<u>13,665.62</u>	<u>3.12</u>	<u>32,144.36</u>	<u>1.62</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	34,048.90	7.77	142,500.88	7.19
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	5.21
Total Other Income (Expense)	<u>34,048.90</u>	<u>7.77</u>	<u>245,671.72</u>	<u>12.40</u>
Net Income (Loss) Before Taxes	<u>47,714.52</u>	<u>10.88</u>	<u>277,816.08</u>	<u>14.03</u>
Net Income (Loss)	<u>\$ 47,714.52</u>	<u>10.88</u>	<u>\$ 277,816.08</u>	<u>14.03</u>

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SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

SPECIAL CALLED MEETING MAY 29TH, 2014 @ 5PM

PAULA, SCARLETT, GARY, Hubert Dean
JEFF, KEVIN, LARRY, DON

AGENDA Denise-ADD

- CALL TO ORDER - 5pm-
- APPROVAL OF MINUTES Scarlett, GARY
- FINANCIAL STATEMENT - Gary, Scarlett
- HAROLD SEWER PROJECT -
- MINNIE TO HAROLD
- ADJOURN - Gary, Scarlett

Motion to Renew line of Credit 1st Guaranty
Kevin - GARY, Scarlett

Phase III - Pending Did not go -

Denise - need to get County to resubmit CDBG Application

Gearheart - has submitted their MOA Back -
Tyler Green to go over

Financial Reports



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

ASSETS

CURRENT ASSETS

Cash on Hand	\$	460.00
First Guaranty - New		(83.66)
Cash - Community Trust Bank (SV)		16,320.93
First Guaranty - Solid Waste Account		11,307.32
Accounts Receivable - Water		815,089.69
Accounts Receivable - Garbage		431,455.52
Accounts Receivable - Sewer		110,313.11
A/R - CDBG Grant		5,000.00
Provision for Uncollectible Accounts		(214,253.65)
Materials and Supplies		60,018.00
KIA Escrow - New		74,071.71
KIA R & M Reserve - New		48,362.96
KIA R & M Reserve #3 - New		46,424.37
First Guaranty - RD Account		904.85
RD Depreciation Reserve Acct.		50,405.97
RD Escrow Acct		78,442.12
1st Guaranty - FEMA Reimbursements		24,638.78
FGB - Rural Development Construction		20,928.63
FGB - Floyd County Bond Payment		72,931.18
FGB - RD Sinking Fund (New)		14,520.68
Cash - Pride on the River		1,725.26
FEMA - 1976 - DR - KY		4,022.87
Insurance Escrow Account		308.60
KIA R & M RESERVE A04-06		18,895.00
Construction Account		79.11
FGB - Customer Deposit Account		9,884.23
FGB - Health Care Reimbursement		3,927.43

Total Current Assets 1,706,101.01

PROPERTY AND EQUIPMENT

Utility Plant	32,613,567.09
Utility Plant	1,766,340.49
Utility Plant Sewer	4,094,426.86
Construction in Progress	1,176,304.83
CIP - Pride on the River	3,236,588.13
Less: Accumulated Depreciation	<u>(18,929,538.60)</u>

Net Property and Equipment 23,957,688.80

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(30,343.05)</u>

Total Other Assets 68,066.87

TOTAL ASSETS \$ 25,731,856.68

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

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ 143,386.32
A/P - CIP	9,080.38
Unearned Tap Fees	11,205.00
A/P - First Bank Credit Card (Dean)	5,005.32
Unearned Tap Fees - Sewer	90,795.00
N/P - FGB LOC	241,000.00
First Guaranty - Office Building	61,191.72
N/P - FIRST GUARANTY (TRUCKS)	51,969.03
Customer Deposits	159,078.96
PRIDE ON THE RIVER TAP FEE	250.00
Customer Deposits - Sewer	70.00
Accrued Fica	(562.15)
Accrued Ky WTH	3,266.53
Accrued KUI/FUTA	881.35
Accrued School Tax	99.34
Accrued Sales Tax	575.19
Garnishee	160.15
Accrued 401-k	(72.24)
Accrued Vacation/Sick Pay	69,958.41
Accrued Interest - KIA III	33,364.96
Accrued Interest - Bonds	35,403.75
Accrued Interest - New Bond	3,065.33
Accrued Interest - Sandy Valley Bond	9,362.23
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>400,822.88</u>
Total Current Liabilities	<u>1,330,312.31</u>
LONG-TERM LIABILITIES	
N/P - KIA I	644,428.40
N/P - KIA III	1,634,000.67
Bonds Payable	2,193,000.00
N/P - KIA A-04-06	40,779.34
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	524,471.00
USDA (530,000)	<u>505,000.00</u>
Total Long-Term Liabilities	<u>5,743,679.41</u>
Total Liabilities	<u>7,073,991.72</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
Unrestricted Net Assets	231,689.16

Restricted For Management Use Only

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

Restricted for Deposits	132,884.00
Current Earnings	10,148.45
Retained Earnings	<u>1,852,878.35</u>
Total Stockholders' Equity	<u>18,657,864.96</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,731,856.68</u>

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Sales				
Metered Sales - Residential	\$ 205,058.03	63.73	\$ 1,053,598.90	68.31
Metered Sales - Business	6,573.78	2.04	33,588.64	2.18
Metered Sales - Residential Sewer	13,336.86	4.14	65,115.69	4.22
Metered Sales - Business Sewer	997.44	0.31	5,551.04	0.36
Sales for Resale	4,073.36	1.27	18,542.38	1.20
Penalties	7,494.95	2.33	33,166.51	2.15
Meter Service	3,110.00	0.97	7,870.00	0.51
Other Income	1,300.00	0.40	4,925.32	0.32
Garbage Sales Revenue	79,815.00	24.81	320,022.50	20.75
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	321,759.42	100.00	1,542,380.98	100.00
Gross Profit	321,759.42	100.00	1,542,380.98	100.00
Operating Expenses				
Solid Waste Payments	77,420.55	24.06	310,421.83	20.13
Water Purchases	60,242.86	18.72	177,525.75	11.51
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,408.40	1.68	23,111.96	1.50
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00
Chemicals	0.00	0.00	18,511.23	1.20
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	17.00	0.00
Repairs - Pumping	0.00	0.00	4,302.28	0.28
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	5,453.90	1.70	17,854.86	1.16
Fuel	0.00	0.00	0.00	0.00
Sewer Supplies	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	11,603.60	3.61	11,603.60	0.75
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	1,932.00	0.60	1,932.00	0.13
Supplies	0.00	0.00	1,362.98	0.09
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,211.77	0.38	3,867.06	0.25
Operations Labor - T & D	48,032.07	14.93	212,635.28	13.79
Wages - Sewer	2,400.00	0.75	9,600.00	0.62
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,000.00	0.06
Supplies - T & D	11,488.63	3.57	50,380.13	3.27
Vehicle Repairs - T & D	543.09	0.17	7,325.17	0.47

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Utilities - T & D	32,174.34	10.00	110,910.55	7.19
Repairs Pump - T & D	0.00	0.00	28,000.00	1.82
Uniform Rental - T & D	0.00	0.00	1,890.47	0.12
Vehicle Repairs - T & D	0.00	0.00	6,926.09	0.45
Repairs - T & D	3,546.76	1.10	6,288.28	0.41
Fuel-Gasoline	15,160.43	4.71	59,925.99	3.89
Lab Services - Distribution	1,141.55	0.35	13,461.70	0.87
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	2,864.15	0.19
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	2,700.45	0.18
Vehicle Repairs	6,553.54	2.04	9,247.78	0.60
Utilities	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.21
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	0.00	0.00	6,000.00	0.39
Repairs-Sewer	2,200.00	0.68	2,200.00	0.14
Safety supplies	0.00	0.00	395.39	0.03
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	900.86	0.28	8,918.52	0.58
Billing Postage	0.00	0.00	960.45	0.06
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,127.14	5.01	64,772.35	4.20
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	3,010.01	0.94	6,165.90	0.40
Telephone & Utilities - Office	3,216.91	1.00	7,350.35	0.48
Bank Charges	403.44	0.13	2,184.54	0.14
Health Insurance	17,298.53	5.38	69,534.65	4.51
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	766.65	0.24	2,646.24	0.17
Workers Comp	0.00	0.00	16,237.08	1.05
Life Ins.	3,256.42	1.01	7,756.04	0.50
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	39.00	0.01	147.00	0.01
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	529.40	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	0.00	0.00
Legal	1,000.00	0.31	2,000.00	0.13
Accounting	0.00	0.00	5,400.00	0.35
Engineering	0.00	0.00	0.00	0.00

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	890.75	0.28	890.75	0.06
Commissioner's Bond	0.00	0.00	712.60	0.05
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	0.31	3,500.00	0.23
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	5,878.89	1.83	15,829.54	1.03
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	1,217.13	0.38	2,181.76	0.14
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	1,721.67	0.54	1,841.67	0.12
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	0.00	0.00
Depreciation Expense	63,382.08	19.70	263,838.32	17.11
Depreciation Expense	8,496.82	2.64	33,987.28	2.20
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,687.16	2.08	32,855.14	2.13
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,586.80	0.49	6,837.24	0.44
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Health Care Reimbursements	1,072.57	0.33	1,072.57	0.07
Total Operating Expenses	424,466.32	131.92	1,663,706.99	107.87
Operating Income (Loss)	(102,706.90)	(31.92)	(121,326.01)	(7.87)
Other Income (Expense)				
Interest Expense - TFB	(651.12)	0.20	(2,676.05)	0.17
Amortization of Premium	(205.02)	0.06	(820.08)	0.05
Interest Expense - KIA	(7,332.21)	2.28	(30,707.81)	1.99
Interest Expense - Credit Cards	(75.33)	0.02	(721.41)	0.05
Interest Expense - Bonds	(12,091.47)	3.76	(45,372.22)	2.94
Interest Income - Now	42.03	0.01	120.40	0.01
Interest Income	0.00	0.00	28.81	0.00
Grant Income (Dept of Transportation)	37,910.47	11.78	108,451.98	7.03
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	6.69

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Total Other Income (Expense)	17,597.35	5.47	131,474.46	8.52
Net Income (Loss) Before Taxes	(85,109.55)	(26.45)	10,148.45	0.66
Net Income (Loss)	\$ (85,109.55)	(26.45)	\$ 10,148.45	0.66

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Sales				
Metered Sales - Residential	\$ 205,058.03	63.73	\$ 1,053,598.90	68.31
Metered Sales - Business	6,573.78	2.04	33,588.64	2.18
Sales for Resale	4,073.36	1.27	18,542.38	1.20
Penalties	7,494.95	2.33	33,166.51	2.15
Meter Service	3,110.00	0.97	7,870.00	0.51
Other Income	1,300.00	0.40	4,925.32	0.32
Garbage Sales Revenue	79,815.00	24.81	320,022.50	20.75
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>307,425.12</u>	<u>95.55</u>	<u>1,471,714.25</u>	<u>95.42</u>
Gross Profit	<u>307,425.12</u>	<u>95.55</u>	<u>1,471,714.25</u>	<u>95.42</u>
Operating Expenses				
Solid Waste Payments	77,420.55	24.06	310,421.83	20.13
Water Purchases	60,242.86	18.72	177,525.75	11.51
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,408.40	1.68	23,111.96	1.50
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	17.00	0.00
Repairs - Pumping	0.00	0.00	4,302.28	0.28
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	5,453.90	1.70	17,854.86	1.16
Fuel	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	11,603.60	3.61	11,603.60	0.75
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,211.77	0.38	3,867.06	0.25
Operations Labor - T & D	48,032.07	14.93	212,635.28	13.79
Uniform Rental - T & D	0.00	0.00	1,000.00	0.06
Supplies - T & D	11,488.63	3.57	50,380.13	3.27
Vehicle Repairs - T & D	543.09	0.17	7,325.17	0.47
Utilities - T & D	32,174.34	10.00	110,910.55	7.19
Repairs Pump - T & D	0.00	0.00	28,000.00	1.82
Uniform Rental - T & D	0.00	0.00	1,890.47	0.12
Vehicle Repairs - T & D	0.00	0.00	6,926.09	0.45
Repairs - T & D	3,546.76	1.10	6,288.28	0.41
Fuel-Gasoline	15,160.43	4.71	59,925.99	3.89
Lab Services - Distribution	1,141.55	0.35	13,461.70	0.87
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	6,000.00	0.39
Safety supplies	0.00	0.00	395.39	0.03
Billing Postage	900.86	0.28	8,918.52	0.58

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Billing Postage	0.00	0.00	960.45	0.06
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,127.14	5.01	64,772.35	4.20
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	3,010.01	0.94	6,165.90	0.40
Telephone & Utilities - Office	3,216.91	1.00	7,350.35	0.48
Bank Charges	403.44	0.13	2,184.54	0.14
Health Insurance	17,298.53	5.38	69,534.65	4.51
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	766.65	0.24	2,646.24	0.17
Workers Comp	0.00	0.00	16,237.08	1.05
Life Ins.	3,256.42	1.01	7,756.04	0.50
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	39.00	0.01	147.00	0.01
Legal	1,000.00	0.31	2,000.00	0.13
Accounting	0.00	0.00	5,400.00	0.35
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	890.75	0.28	890.75	0.06
Commissioner's Bond	0.00	0.00	712.60	0.05
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	0.31	3,500.00	0.23
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	5,878.89	1.83	15,829.54	1.03
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	1,217.13	0.38	2,181.76	0.14
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	1,721.67	0.54	1,841.67	0.12
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	19.70	263,838.32	17.11
Depreciation Expense	8,496.82	2.64	33,987.28	2.20
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,687.16	2.08	32,855.14	2.13
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,586.80	0.49	6,837.24	0.44
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Health Care Reimbursements	1,072.57	0.33	1,072.57	0.07
Total Operating Expenses	411,380.78	127.85	1,611,519.00	104.48
Operating Income (Loss)	(103,955.66)	(32.31)	(139,804.75)	(9.06)
Other Income (Expense)				
Interest Expense - TFB	(651.12)	0.20	(2,676.05)	0.17
Amortization of Premium	(205.02)	0.06	(820.08)	0.05
Interest Expense - KIA	(7,332.21)	2.28	(30,707.81)	1.99
Interest Expense - Credit Cards	(75.33)	0.02	(721.41)	0.05
Interest Expense - Bonds	(12,091.47)	3.76	(45,372.22)	2.94
Interest Income - Now	42.03	0.01	120.40	0.01
Interest Income	0.00	0.00	28.81	0.00
Total Other Income (Expense)	(20,313.12)	(6.31)	(80,148.36)	(5.20)
Net Income (Loss) Before Taxes	(124,268.78)	(38.62)	(219,953.11)	(14.26)
Net Income (Loss)	\$ (124,268.78)	(38.62)	\$ (219,953.11)	(14.26)

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Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 4 Months Ended April 30, 2014

	1 Month Ended April 30, 2014	%	4 Months Ended April 30, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 13,336.86	4.14	\$ 65,115.69	4.22
Metered Sales - Business Sewer	997.44	0.31	5,551.04	0.36
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>14,334.30</u>	<u>4.45</u>	<u>70,666.73</u>	<u>4.58</u>
Gross Profit	<u>14,334.30</u>	<u>4.45</u>	<u>70,666.73</u>	<u>4.58</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Chemicals	0.00	0.00	18,511.23	1.20
Sewer Supplies	0.00	0.00	0.00	0.00
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	1,932.00	0.60	1,932.00	0.13
Supplies	0.00	0.00	1,362.98	0.09
Wages - Sewer	2,400.00	0.75	9,600.00	0.62
Utilities - Sewer	0.00	0.00	2,864.15	0.19
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	0.00	0.00	2,700.45	0.18
Vehicle Repairs	6,553.54	2.04	9,247.78	0.60
Utilities	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.21
Repairs-Sewer	2,200.00	0.68	2,200.00	0.14
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	529.40	0.03
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>13,085.54</u>	<u>4.07</u>	<u>52,187.99</u>	<u>3.38</u>
Operating Income (Loss)	<u>1,248.76</u>	<u>0.39</u>	<u>18,478.74</u>	<u>1.20</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	37,910.47	11.78	108,451.98	7.03
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	6.69
Total Other Income (Expense)	<u>37,910.47</u>	<u>11.78</u>	<u>211,622.82</u>	<u>13.72</u>
Net Income (Loss) Before Taxes	<u>39,159.23</u>	<u>12.17</u>	<u>230,101.56</u>	<u>14.92</u>
Net Income (Loss)	<u>\$ 39,159.23</u>	<u>12.17</u>	<u>\$ 230,101.56</u>	<u>14.92</u>

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PRESENT: SCARLETT, BERT, HAYES, GARY, KEVIN, Hubert
DENISE

- Special Meeting - JUNE 11th - 4:00 -

CALL TO ORDER -

HAROLD SEWER / GEARHEART

Motion to Approve contract with Gearheart

Scarlett Hayes -

Motion to allow GARY B. to sign contract - in Paulas absence.

Hayes, Scarlett

DENISE DISCUSSED - INCOME SURVEYS STILL NEEDED PHASE III

Summitt Contract -

Motion to AMEND change order on phase III
to allow Summitt to perform Eng. services

Scarlett, Hayes

Adjourn :- Scarlett, Hayes
4:30

- g. **Default** – This Agreement assumes that the building project will occur. Once the escrow is posted SWSD will proceed with the Project.
- h. **Attachment 'A' – Probable Project Cost** – The probable project cost summarized in Attachment 'A'. The final Project Cost will be based on actual incurred cost at time of SWSD acceptance of completed, in service project.
- i. **Attachment 'B' – Standard Sewer Service Agreement** The executed standard sewer service agreement should be attached to this Agreement. Security deposit is waived. Tap fee is waived.

Gearheart Communications:

Signature:

Paul D. Gearheart

Date:

5/14/14

Printed Name:

Paul D. Gearheart

Title:

Vice President

SWSD:

Signature:

Gary Blankenship

Date:

6/11/14

Printed Name:

GARY BLANKENSHIP

Title:

COMMISSIONER (SECRETARY)



<p>DATE: 11/15/07 DRAWN BY: J. L. ... CHECKED BY: ... APPROVED BY: ...</p>	<p>Southern Water and Sewer District 348 Beakley Lane, 800 Richmond, VA 23220</p> <p>Hirell Sewer Project Gearhart Communications</p>	<p>SUNNIT ENGINEERING, INC. 1000</p>	<table border="1"> <thead> <tr> <th>DATE</th> <th>DESCRIPTION OF REVISION</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	DATE	DESCRIPTION OF REVISION						
DATE	DESCRIPTION OF REVISION										

Southern Water and Sewer District
 Harold Sewer Project
 Gearheart Force Main
 Engineer's Opinion of Probable Cost
 3/24/2014

ITEM #	ITEM	QTY	UNITS	UNIT PRICE	AMOUNT
1	4" SDR-11 HDPE Sewer Pipe	9,700	LF	\$ 11.00	\$ 106,700.00
2	Quadplex Lift Station	1	LS	\$20,000.00	\$ 20,000.00
3	Duplex Lift Station	1	LS	\$10,000.00	\$ 10,000.00
4	Connection to Lift Station	2	LS	\$ 3,000.00	\$ 6,000.00
5	Pavement Replacement	1	LS	\$18,000.00	\$ 18,000.00
6	Bore and Encasement	100	LF	\$ 150.00	\$ 15,000.00
	CONSTRUCTION COST				\$ 175,700.00
	Contingency 10%				\$ 17,570.00
	Engineering				
	Design/Permits				\$ 16,000.00
	Bidding				\$ 2,300.00
	Construction Administration				\$ 4,600.00
	Inspection (45 Day Completion Time)				\$ 20,000.00
	Misc/ Legal/ Public Notice				\$ 2,500.00
	TOTAL PROJECT COST				\$ 238,670.00

SOUTHERN WATER AND SEWER DISTRICT
FLOYD COUNTY, KENTUCKY
SANITARY SEWER USER AGREEMENT
FOR COMMERCIAL OR LARGE WATER USER TAP
FOR PRESSURE SEWER
NO. _____

This Agreement is entered into between _____
whose address is _____ hereinafter
called "USER," and Southern Water and Sewer District 245 KY Route 680 McDowell, KY 41647
hereinafter called "SUPPLIER"

WHEREAS, the SUPPLIER owns, operates and maintains a sanitary sewer system from which the
USER desires to obtain sewer service; and

WHEREAS, the SUPPLIER'S sanitary sewer system requires the installation of a pressure sewer
system commonly known as a grinder pump system ("Grinder Pump") in order to transport USER'S sewage
to the SUPPLIER'S sanitary sewer system; and

WHEREAS, the SUPPLIER'S sanitary system is regulated by the Bylaws, Rules and Regulations,
or which have been or hereafter will be adopted and imposed by the SUPPLIER; and

WHEREAS, the SUPPLIER only allows sewer service to a USER'S property through the terms
and conditions set forth by the execution of this agreement; and

WHEREAS, the USER does desire to connect to the SUPPLIER'S sanitary sewer system to
receive sewer service from the SUPPLIER;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the
SUPPLIER and USER agree as follows:

1. As a condition to initiation and continuation of water and or sanitary sewer service to the USER by
the SUPPLIER:

a. The USER agrees to grant to the SUPPLIER, its successors and assigns, a perpetual easement in,
over, through, under and upon the above described land, with the right to erect, construct, install and
lay and thereafter use, operate, inspect, repair, maintain, replace, and remove sanitary sewer lines,
grinder pumps, and appurtenant facilities, together with the right to utilize adjoining lands belonging
to the user for the purpose of ingress to egress from the above described lands.

b. The SUPPLIER shall be responsible for the maintenance of that portion of the pressure sewer
from the "pressure connect" installed at the street to the wastewater treatment plant (the SUPPLIER
owns the pressure connect). The USER shall be responsible for that portion of the sanitary sewer
service force main on the USER side of the "pressure connect" installed at the street including the
grinder pump station. The USER shall be responsible for the maintenance and replacement of all
grinder pump equipment used in connection with the USER'S pressurized sewer system service and
all fees incurred. The USER owns his grinder pump station and service line. It is noted that the
grinder pump(s) come with a 5-year warranty against defects. All warranty requests are required to
be routed through the SUPPLIER.

c. The USER agrees that all maintenance and repair work on sanitary sewer service lines and grinder
pumps will be coordinated and permitted through the SUPPLIER prior to performing any work.
The USER shall have all work performed by a licensed Contractor approved by the SUPPLIER.
The SUPPLIER reserves the right to approve or deny the use of said Contractor.

- d. The **USER** hereby agrees to connect to the sanitary sewer system of the **SUPPLIER**. There is no **SUPPLIER'S** tap-on (connect) fee for the sanitary sewer system for this project due to the project is being private funded by Gearheart Communications.
- e. The **USER** agrees to comply with and is bound to and by the **SUPPLIER'S** Utility Bylaws, Rules and Regulations, or which have been or hereafter will be adopted and imposed by the **SUPPLIER**.
- f. The **SUPPLIER** and **USER** shall mutually agree on any questions of location of any service line connection to its sanitary sewer system, and may shut off services to a **USER** who allows a connection or extension to be made to such sanitary sewer lines for the purpose of supplying sanitary sewer service to another **USER**.
- g. The **USER** agrees that the **SUPPLIER** and its representatives shall have the right to enter the **USER'S** property to operate and inspect sanitary sewer service lines and Grinder Pump systems on behalf of the **USER**, as well as to stop discharge from the Grinder Pump in order to prevent contamination of waterways.
- h. The **USER** agrees that no present or future private septic system will be connected to any sewer service lines served by the **SUPPLIER'S** lines and, will disconnect from his/her present septic system prior to connecting to and switching to the **SUPPLIER'S** system and shall eliminate present or future cross-connections, in his/her system. The **USER** also agrees that no storm water connection of any kind may be made to the sanitary sewer system and shall be punishable by fine.
2. The **SUPPLIER** and **USER** agree that the Grinder Pump shall be regarded as an integral component of the **USER'S** sanitary sewer system and is a part of the home plumbing for the Property.
3. The **USER** agrees to pay all fees and charges as set forth by the **SUPPLIER** as outlined in the **SUPPLIER'S** sewer Rate Ordinance and Rules and Regulations and understands the **SUPPLIER'S** sewer rates and or Rules and Regulations may be amended from time to time. A copy of the current Rates are attached to this Agreement.
4. The **USER** acknowledges and agrees that failure of **USER** to pay all costs associated with the operation and maintenance of the Grinder Pump as set forth in this agreement or the **SUPPLIER'S** Rates and Rules and Regulations or failure of **USER** to allow the **SUPPLIER** and its representatives to enter **USER'S** property, as set forth in Section 1.a and 1.g. above, shall be grounds for the disconnection of sanitary sewer service to the Property.
5. This Agreement shall be performable in Floyd County, Kentucky, which county shall be the exclusive place for venue for any disputes arising under the Agreement.
6. Any amendments to this Agreement must be in writing and signed by both the **SUPPLIER** and the **USER**.
7. This Agreement is not assignable by the **USER**. Upon termination of service to the Property, any new customer desiring to receive sanitary sewer service from the **SUPPLIER** shall be required to execute their own service agreement.
8. THE **USER** AGREES TO INDEMNIFY AND HOLD HARMLESS THE **SUPPLIER**, ITS OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES FROM ANY CLAIMS OR DAMAGES ASSOCIATED WITH OR ARISING FROM DESIGN, OPERATION OR MAINTENANCE OF THE GRINDER PUMP(S). THE **SUPPLIER** AGREES TO INDEMNIFY AND HOLD HARMLESS THE **USER** ITS OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES FROM ANY CLAIMS OR DAMAGE ASSOCIATED WITH OR ARISING FROM DESIGN, OPERATION, MAINTENCE,

SANITARY SEWER USER AGREEMENT NO. _____

INSTALLATION, OR ANY OTHER PROCESS EXECUTED BY THE SUPPLIER, AND ANY DAMAGE THAT COULD BE CAUSED BY SUCH THE WOULD BE NO FAULT OF THE USER.

9. For sewer grinder systems the Grinder Pump will be powered by **USER'S** structure's electrical system. In the event that power service to the Grinder Pump is disrupted, **USER** shall be responsible for taking measures to prevent the backup of sanitary sewer on the Property.

10. By signing this agreement **USER** agrees that all information given below is accurate and true and understands any false information given may result in disconnection of service and any balance from the **USER** on a previous account must be paid in full before new service can be connected.

USER SIGNATURE:

USER Signature

Date Executed

APPLICATION INFORMATION REQUIRED

Name: _____
 Last First Middle

Spouse _____
 Last First Middle

S.S. # _____

S.S. #: _____

Drivers License #: _____

Drivers License #: _____

Employer: _____

Employer: _____

Work Phone: _____

Work Phone: _____

Mailing Address: _____

Home Phone: _____

Cell Phone: _____

Service Address: _____

Rent? _____

Own? _____

Landlord's Name? _____

Address? _____

**PRELIMINARY PROJECT SCHEDULE
SOUTHERN WATER & SEWER DISTRICT
GEARHEART SEWER EXTENSION**

	MONTH 1				MONTH 2				MONTH 3				MONTH 4				MONTH 5				MONTH 6			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
FUNDING Gearheart posts escrow SWSD pursues LGEDF funds	█																							
DESIGN Boots on Ground & Surveys Final Design	█				█																			
PERMITS 1 KTC Encroachment Permit 2 DOW Facilities Permit					█				█															
RIGHT OF WAY Right of Way -- if any					█				█				█											
BIDDING & CONTRACT AWARD 5 week turn around													█											
CONSTRUCTION 60 Day Contract																	█				█			

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

April 28, 2014

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

RE: March 2014 Financial Statements

Dear Commissioner,

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

Balance Sheet as of March 31, 2014

- Cash in Bank is \$11,220
- Restricted Cash is \$443,889
- Accounts Receivable is \$1,424,161
- Plant in place is \$23,985,612
- Equity is \$18,742,975
-

Income Statement – for the month ended March 31, 2014

- Operating Revenue is \$340,889
- Operating Expenses \$393,788
- Other Income (Construction Income & Interest) \$52,021
- Other Expense (\$21,228)
- Net Income is \$(22,106)
- Included in the loss is Depreciation of \$82,189

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 March 31, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$	460.00
First Guaranty - New		(6,825.06)
Cash - Community Trust Bank (SV)		18,045.42
First Guaranty - Solid Waste Account		5,930.75
Accounts Receivable - Water		883,281.60
Accounts Receivable - Garbage		429,350.85
Accounts Receivable - Sewer		111,528.76
A/R - CDBG Grant		5,000.00
Provision for Uncollectible Accounts		(214,253.65)
Materials and Supplies		60,018.00
KIA Escrow - New		55,566.03
KIA R & M Reserve - New		47,059.01
KIA R & M Reserve #3 - New		45,120.58
First Guaranty - RD Account		904.78
RD Depreciation Reserve Acct.		46,736.91
RD Escrow Acct		62,436.02
1st Guaranty - FEMA Reimbursements		24,636.75
FGB - Rural Development Construction		20,926.91
FGB - Floyd County Bond Payment		64,585.37
FGB - RD Sinking Fund (New)		12,819.52
Cash - Pride on the River		3,225.26
FEMA - 1976 - DR - KY		4,022.54
Insurance Escrow Account		22,808.60
KIA R & M RESERVE A04-06		18,195.00
Construction Account		78.57
FGB - Customer Deposit Account		<u>8,836.20</u>
Total Current Assets		<u>1,730,494.72</u>

PROPERTY AND EQUIPMENT

Utility Plant	32,609,522.18
Utility Plant	1,766,340.49
Utility Plant Sewer	4,094,426.86
Construction in Progress	1,136,394.36
CIP - Pride on the River	3,236,588.13
Less: Accumulated Depreciation	<u>(18,857,659.70)</u>
Net Property and Equipment	<u>23,985,612.32</u>

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(30,138.03)</u>
Total Other Assets	<u>68,271.89</u>

TOTAL ASSETS \$ 25,784,378.93

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

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ 99,895.38
A/P - CIP	9,080.38
Unearned Tap Fees	11,205.00
A/P - First Bank Credit Card (Dean)	4,890.99
Unearned Tap Fees - Sewer	92,295.00
N/P - FGB LOC	241,000.00
First Guaranty - Office Building	62,733.81
N/P - FIRST GUARANTY (TRUCKS)	53,582.24
Customer Deposits	157,180.24
PRIDE ON THE RIVER TAP FEE	250.00
Customer Deposits - Sewer	70.00
Accrued Fica	(146.23)
Accrued Ky WTH	2,928.22
Accrued KUI/FUTA	7,204.62
Accrued School Tax	195.80
Accrued Sales Tax	745.84
Garnishee	320.30
Accrued 401-k	(72.24)
Accrued Vacation/Sick Pay	69,958.41
Accrued Interest - KIA III	26,032.75
Accrued Interest - Bonds	26,392.50
Accrued Interest - New Bond	2,286.16
Accrued Interest - Sandy Valley Bond	7,061.18
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>421,679.81</u>
Total Current Liabilities	<u>1,297,725.01</u>
LONG-TERM LIABILITIES	
N/P - KIA I	644,428.40
N/P - KIA III	1,634,000.67
Bonds Payable	2,193,000.00
N/P - KIA A-04-06	40,779.34
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	524,471.00
USDA (530,000)	<u>505,000.00</u>
Total Long-Term Liabilities	<u>5,743,679.41</u>
Total Liabilities	<u>7,041,404.42</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
Unrestricted Net Assets	231,689.16
Restricted for Deposits	132,884.00

Restricted For Management Use Only

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

Current Earnings	95,258.00
Retained Earnings	<u>1,852,878.35</u>
Total Stockholders' Equity	<u>18,742,974.51</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,784,378.93</u>

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential	\$ 215,540.30	63.23	\$ 848,540.87	69.52
Metered Sales - Business	8,087.78	2.37	27,014.86	2.21
Metered Sales - Residential Sewer	14,792.88	4.34	51,778.83	4.24
Metered Sales - Business Sewer	1,235.44	0.36	4,553.60	0.37
Sales for Resale	6,698.50	1.97	14,469.02	1.19
Penalties	11,153.33	3.27	25,671.56	2.10
Meter Service	1,960.00	0.57	4,760.00	0.39
Other Income	1,400.00	0.41	3,625.32	0.30
Garbage Sales Revenue	80,021.25	23.47	240,207.50	19.68
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	340,889.48	100.00	1,220,621.56	100.00
Gross Profit	340,889.48	100.00	1,220,621.56	100.00
Operating Expenses				
Solid Waste Payments	77,256.16	22.66	233,001.28	19.09
Water Purchases	15,651.39	4.59	117,282.89	9.61
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,606.40	1.64	17,703.56	1.45
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00
Chemicals	5,048.55	1.48	18,511.23	1.52
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	17.00	0.00	17.00	0.00
Repairs - Pumping	3,877.28	1.14	4,302.28	0.35
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	8,170.66	2.40	12,400.96	1.02
Fuel	0.00	0.00	0.00	0.00
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	0.00	0.00
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	1,362.98	0.11
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,194.97	0.35	2,655.29	0.22
Operations Labor - T & D	42,908.31	12.59	164,603.21	13.49
Wages - Sewer	2,400.00	0.70	7,200.00	0.59
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,000.00	0.08
Supplies - T & D	11,301.89	3.32	38,891.50	3.19
Vehicle Repairs - T & D	4,906.18	1.44	6,782.08	0.56

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Utilities - T & D	33,420.37	9.80	78,736.21	6.45
Repairs Pump - T & D	13,000.00	3.81	28,000.00	2.29
Uniform Rental - T & D	853.73	0.25	1,890.47	0.15
Vehicle Repairs - T & D	2,704.97	0.79	6,926.09	0.57
Repairs - T & D	2,741.52	0.80	2,741.52	0.22
Fuel-Gasoline	13,529.58	3.97	44,765.56	3.67
Lab Services - Distribution	6,923.65	2.03	12,320.15	1.01
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	2,864.15	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	1,866.37	0.55	2,700.45	0.22
Vehicle Repairs	243.00	0.07	2,694.24	0.22
Utilities	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.27
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.59	6,000.00	0.49
Repairs-Sewer	0.00	0.00	0.00	0.00
Safety supplies	0.00	0.00	395.39	0.03
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	5,008.77	1.47	8,017.66	0.66
Billing Postage	0.00	0.00	960.45	0.08
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,189.36	4.75	48,645.21	3.99
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	479.01	0.14	3,155.89	0.26
Telephone & Utilities - Office	1,308.30	0.38	4,133.44	0.34
Bank Charges	475.98	0.14	1,781.10	0.15
Health Insurance	18,280.36	5.36	52,236.12	4.28
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	718.39	0.21	1,879.59	0.15
Workers Comp	10,824.72	3.18	16,237.08	1.33
Life Ins.	1,601.78	0.47	4,499.62	0.37
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	10.00	0.00	108.00	0.01
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.08	529.40	0.04
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	0.00	0.00
Legal	1,000.00	0.29	1,000.00	0.08
Accounting	0.00	0.00	5,400.00	0.44
Engineering	0.00	0.00	0.00	0.00

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	0.00	0.00	712.60	0.06
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	0.29	2,500.00	0.20
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	545.00	0.16	9,950.65	0.82
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	964.63	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	120.00	0.04	120.00	0.01
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	0.00	0.00
Depreciation Expense	63,382.08	18.59	200,456.24	16.42
Depreciation Expense	3,496.82	2.49	25,490.46	2.09
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,973.42	2.05	26,167.98	2.14
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,487.44	0.44	5,250.44	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Total Operating Expenses	393,788.11	115.52	1,239,240.67	101.53
Operating Income (Loss)	(52,898.63)	(15.52)	(18,619.11)	(1.53)
Other Income (Expense)				
Interest Expense - TFB	(1,520.14)	0.45	(2,024.93)	0.17
Amortization of Premium	(205.02)	0.06	(615.06)	0.05
Interest Expense - KIA	(7,332.21)	2.15	(23,375.60)	1.92
Interest Expense - Credit Cards	(78.93)	0.02	(646.08)	0.05
Interest Expense - Bonds	(12,091.47)	3.55	(33,280.75)	2.73
Interest Income - Now	39.70	0.01	78.37	0.01
Interest Income	0.00	0.00	28.81	0.00
Grant Income (Dept of Transportation)	51,980.94	15.25	70,541.51	5.78
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	8.45
Total Other Income (Expense)	30,792.87	9.03	113,877.11	9.33

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Net Income (Loss) Before Taxes	(22,105.76)	(6.48)	95,258.00	7.80
Net Income (Loss)	<u>\$ (22,105.76)</u>	<u>(6.48)</u>	<u>\$ 95,258.00</u>	<u>7.80</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential	\$ 215,540.30	63.23	\$ 848,540.87	69.52
Metered Sales - Business	8,087.78	2.37	27,014.86	2.21
Sales for Resale	6,698.50	1.97	14,469.02	1.19
Penalties	11,153.33	3.27	25,671.56	2.10
Meter Service	1,960.00	0.57	4,760.00	0.39
Other Income	1,400.00	0.41	3,625.32	0.30
Garbage Sales Revenue	80,021.25	23.47	240,207.50	19.68
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	324,861.16	95.30	1,164,289.13	95.38
Gross Profit	324,861.16	95.30	1,164,289.13	95.38
Operating Expenses				
Solid Waste Payments	77,256.16	22.66	233,001.28	19.09
Water Purchases	15,651.39	4.59	117,282.89	9.61
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,606.40	1.64	17,703.56	1.45
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	17.00	0.00	17.00	0.00
Repairs - Pumping	3,877.28	1.14	4,302.28	0.35
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	8,170.66	2.40	12,400.96	1.02
Fuel	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,194.97	0.35	2,655.29	0.22
Operations Labor - T & D	42,908.31	12.59	164,603.21	13.49
Uniform Rental - T & D	0.00	0.00	1,000.00	0.08
Supplies - T & D	11,301.89	3.32	38,891.50	3.19
Vehicle Repairs - T & D	4,906.18	1.44	6,782.08	0.56
Utilities - T & D	33,420.37	9.80	78,736.21	6.45
Repairs Pump - T & D	13,000.00	3.81	28,000.00	2.29
Uniform Rental - T & D	853.73	0.25	1,890.47	0.15
Vehicle Repairs - T & D	2,704.97	0.79	6,926.09	0.57
Repairs - T & D	2,741.52	0.80	2,741.52	0.22
Fuel-Gasoline	13,529.58	3.97	44,765.56	3.67
Lab Services - Distribution	6,923.65	2.03	12,320.15	1.01
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.59	6,000.00	0.49
Safety supplies	0.00	0.00	395.39	0.03
Billing Postage	5,008.77	1.47	8,017.66	0.66

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Billing Postage	0.00	0.00	960.45	0.08
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,189.36	4.75	48,645.21	3.99
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	479.01	0.14	3,155.89	0.26
Telephone & Utilities - Office	1,308.30	0.38	4,133.44	0.34
Bank Charges	475.98	0.14	1,781.10	0.15
Health Insurance	18,280.36	5.36	52,236.12	4.28
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	718.39	0.21	1,879.59	0.15
Workers Comp	10,824.72	3.18	16,237.08	1.33
Life Ins.	1,601.78	0.47	4,499.62	0.37
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	10.00	0.00	108.00	0.01
Legal	1,000.00	0.29	1,000.00	0.08
Accounting	0.00	0.00	5,400.00	0.44
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	0.00	0.00	712.60	0.06
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	0.29	2,500.00	0.20
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	545.00	0.16	9,950.65	0.82
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	964.63	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	120.00	0.04	120.00	0.01
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	18.59	200,456.24	16.42
Depreciation Expense	8,496.82	2.49	25,490.46	2.09
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,973.42	2.05	26,167.98	2.14
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,487.44	0.44	5,250.44	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Total Operating Expenses	<u>383,965.49</u>	112.64	<u>1,200,138.22</u>	98.32
Operating Income (Loss)	<u>(59,104.33)</u>	(17.34)	<u>(35,849.09)</u>	(2.94)
Other Income (Expense)				
Interest Expense - TFB	(1,520.14)	0.45	(2,024.93)	0.17
Amortization of Premium	(205.02)	0.06	(615.06)	0.05
Interest Expense - KIA	(7,332.21)	2.15	(23,375.60)	1.92
Interest Expense - Credit Cards	(78.93)	0.02	(646.08)	0.05
Interest Expense - Bonds	(12,091.47)	3.55	(33,280.75)	2.73
Interest Income - Now	39.70	0.01	78.37	0.01
Interest Income	<u>0.00</u>	0.00	<u>28.81</u>	0.00
Total Other Income (Expense)	<u>(21,188.07)</u>	(6.22)	<u>(59,835.24)</u>	(4.90)
Net Income (Loss) Before Taxes	<u>(80,292.40)</u>	(23.55)	<u>(95,684.33)</u>	(7.84)
Net Income (Loss)	<u>\$ (80,292.40)</u>	(23.55)	<u>\$ (95,684.33)</u>	(7.84)

Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 14,792.88	4.34	\$ 51,778.83	4.24
Metered Sales - Business Sewer	1,235.44	0.36	4,553.60	0.37
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>16,028.32</u>	<u>4.70</u>	<u>56,332.43</u>	<u>4.62</u>
Gross Profit	<u>16,028.32</u>	<u>4.70</u>	<u>56,332.43</u>	<u>4.62</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Chemicals	5,048.55	1.48	18,511.23	1.52
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	0.00	0.00
Supplies	0.00	0.00	1,362.98	0.11
Wages - Sewer	2,400.00	0.70	7,200.00	0.59
Utilities - Sewer	0.00	0.00	2,864.15	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	1,866.37	0.55	2,700.45	0.22
Vehicle Repairs	243.00	0.07	2,694.24	0.22
Utilities	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.27
Repairs-Sewer	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.08	529.40	0.04
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>9,822.62</u>	<u>2.88</u>	<u>39,102.45</u>	<u>3.20</u>
Operating Income (Loss)	<u>6,205.70</u>	<u>1.82</u>	<u>17,229.98</u>	<u>1.41</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	51,980.94	15.25	70,541.51	5.78
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	8.45
Total Other Income (Expense)	<u>51,980.94</u>	<u>15.25</u>	<u>173,712.35</u>	<u>14.23</u>
Net Income (Loss) Before Taxes	<u>58,186.64</u>	<u>17.07</u>	<u>190,942.33</u>	<u>15.64</u>
Net Income (Loss)	<u>\$ 58,186.64</u>	<u>17.07</u>	<u>\$ 190,942.33</u>	<u>15.64</u>

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4/28/14 5:00

PAULA	JEFF	KEVIN
HAYES	Hubert	MATT
GARY		Brenda

Call to Order -

Approval of Minutes - GARY, Hayes

Harold Sewer - Working on warranty issues -
Jonathon & Wascon -

Gearheart - MOA not done,

Brenda updated that Fiscal Court agreed to
look for the 40,000 for Gearheart -

Minnie Harold -

Matt - ~~three~~^{four} weeks should be done -

Financials - (MARCH) Scarlett, Gary

Deau - Creek crossing @ Martin -
Boca - \$34,000 - INVOICE

Talk to Kirby about payments -

IF NOT JEFF to First Guaranty -

Cust. @ Mare ck - threatening to sue -

Leak killed two St. Bernards - done damage to

building -

Asking Per \$1,000 - SAID she called
at least 5 times.

Leak was repaired last week -

Discussion Among Board & Dean -

Dean to go back to customer and tell her
we would give her \$500. - IF she will sign a release -

Also discussed Rnew Crossing & Oil Spill -

Adjourn - Scarlett, ~~Hayes~~ Hayes - 5:20 pm

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING APRIL 28, 2014 @ 5:00

AGENDA

CALL TO ORDER

APPROVAL OF MINUTES

FINANCIAL STATEMENT

HAROLD SEWER

MINNIE/HAROLD

OTHER

ADJORN

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

April 28, 2014

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

RE: March 2014 Financial Statements

Dear Commissioner,

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

Balance Sheet as of March 31, 2014

- Cash in Bank is \$11,220
- Restricted Cash is \$443,889
- Accounts Receivable is \$1,424,161
- Plant in place is \$23,985,612
- Equity is \$18,742,975
-

Income Statement – for the month ended March 31, 2014

- Operating Revenue is \$340,889
- Operating Expenses \$393,788
- Other Income (Construction Income & Interest) \$52,021
- Other Expense (\$21,228)
- Net Income is \$(22,106)
- Included in the loss is Depreciation of \$82,189

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 March 31, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$	460.00
First Guaranty - New		(6,825.06)
Cash - Community Trust Bank (SV)		18,045.42
First Guaranty - Solid Waste Account		5,930.75
Accounts Receivable - Water		883,281.60
Accounts Receivable - Garbage		429,350.85
Accounts Receivable - Sewer		111,528.76
A/R - CDBG Grant		5,000.00
Provision for Uncollectible Accounts		(214,253.65)
Materials and Supplies		60,018.00
KIA Escrow - New		55,566.03
KIA R & M Reserve - New		47,059.01
KIA R & M Reserve #3 - New		45,120.58
First Guaranty - RD Account		904.78
RD Depreciation Reserve Acct.		46,736.91
RD Escrow Acct		62,436.02
1st Guaranty - FEMA Reimbursements		24,636.75
FGB - Rural Development Construction		20,926.91
FGB - Floyd County Bond Payment		64,585.37
FGB - RD Sinking Fund (New)		12,819.52
Cash - Pride on the River		3,225.26
FEMA - 1976 - DR - KY		4,022.54
Insurance Escrow Account		22,808.60
KIA R & M RESERVE A04-06		18,195.00
Construction Account		78.57
FGB - Customer Deposit Account		<u>8,836.20</u>

Total Current Assets 1,730,494.72

PROPERTY AND EQUIPMENT

Utility Plant	32,609,522.18
Utility Plant	1,766,340.49
Utility Plant Sewer	4,094,426.86
Construction in Progress	1,136,394.36
CIP - Pride on the River	3,236,588.13
Less: Accumulated Depreciation	<u>(18,857,659.70)</u>

Net Property and Equipment 23,985,612.32

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(30,138.03)</u>

Total Other Assets 68,271.89

TOTAL ASSETS \$ 25,784,378.93

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

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	99,895.38
A/P - CIP		9,080.38
Unearned Tap Fees		11,205.00
A/P - First Bank Credit Card (Dean)		4,890.99
Unearned Tap Fees - Sewer		92,295.00
N/P - FGB LOC		241,000.00
First Guaranty - Office Building		62,733.81
N/P - FIRST GUARANTY (TRUCKS)		53,582.24
Customer Deposits		157,180.24
PRIDE ON THE RIVER TAP FEE		250.00
Customer Deposits - Sewer		70.00
Accrued Fica		(146.23)
Accrued Ky WTH		2,928.22
Accrued KUI/FUTA		7,204.62
Accrued School Tax		195.80
Accrued Sales Tax		745.84
Garnishee		320.30
Accrued 401-k		(72.24)
Accrued Vacation/Sick Pay		69,958.41
Accrued Interest - KIA III		26,032.75
Accrued Interest - Bonds		26,392.50
Accrued Interest - New Bond		2,286.16
Accrued Interest - Sandy Valley Bond		7,061.18
Accrued Interest - Build America Bond		954.85
A/P - Solid Waste		421,679.81

Total Current Liabilities 1,297,725.01

LONG-TERM LIABILITIES

N/P - KIA I	644,428.40
N/P - KIA III	1,634,000.67
Bonds Payable	2,193,000.00
N/P - KIA A-04-06	40,779.34
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	524,471.00
USDA (530,000)	505,000.00

Total Long-Term Liabilities 5,743,679.41

Total Liabilities 7,041,404.42

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	231,689.16
Restricted for Deposits	132,884.00

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

Current Earnings	95,258.00
Retained Earnings	<u>1,852,878.35</u>
Total Stockholders' Equity	<u>18,742,974.51</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,784,378.93</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential	\$ 215,540.30	63.23	\$ 848,540.87	69.52
Metered Sales - Business	8,087.78	2.37	27,014.86	2.21
Metered Sales - Residential Sewer	14,792.88	4.34	51,778.83	4.24
Metered Sales - Business Sewer	1,235.44	0.36	4,553.60	0.37
Sales for Resale	6,698.50	1.97	14,469.02	1.19
Penalties	11,153.33	3.27	25,671.56	2.10
Meter Service	1,960.00	0.57	4,760.00	0.39
Other Income	1,400.00	0.41	3,625.32	0.30
Garbage Sales Revenue	80,021.25	23.47	240,207.50	19.68
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	340,889.48	100.00	1,220,621.56	100.00
Gross Profit	340,889.48	100.00	1,220,621.56	100.00
Operating Expenses				
Solid Waste Payments	77,256.16	22.66	233,001.28	19.09
Water Purchases	15,651.39	4.59	117,282.89	9.61
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,606.40	1.64	17,703.56	1.45
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00
Chemicals	5,048.55	1.48	18,511.23	1.52
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	17.00	0.00	17.00	0.00
Repairs - Pumping	3,877.28	1.14	4,302.28	0.35
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	8,170.66	2.40	12,400.96	1.02
Fuel	0.00	0.00	0.00	0.00
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	0.00	0.00
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	1,362.98	0.11
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,194.97	0.35	2,655.29	0.22
Operations Labor - T & D	42,908.31	12.59	164,603.21	13.49
Wages - Sewer	2,400.00	0.70	7,200.00	0.59
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,000.00	0.08
Supplies - T & D	11,301.89	3.32	38,891.50	3.19
Vehicle Repairs - T & D	4,906.18	1.44	6,782.08	0.56

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Utilities - T & D	33,420.37	9.80	78,736.21	6.45
Repairs Pump - T & D	13,000.00	3.81	28,000.00	2.29
Uniform Rental - T & D	853.73	0.25	1,890.47	0.15
Vehicle Repairs - T & D	2,704.97	0.79	6,926.09	0.57
Repairs - T & D	2,741.52	0.80	2,741.52	0.22
Fuel-Gasoline	13,529.58	3.97	44,765.56	3.67
Lab Services - Distribution	6,923.65	2.03	12,320.15	1.01
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	0.00	0.00	2,864.15	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	1,866.37	0.55	2,700.45	0.22
Vehicle Repairs	243.00	0.07	2,694.24	0.22
Utilities	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.27
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.59	6,000.00	0.49
Repairs-Sewer	0.00	0.00	0.00	0.00
Safety supplies	0.00	0.00	395.39	0.03
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	5,008.77	1.47	8,017.66	0.66
Billing Postage	0.00	0.00	960.45	0.08
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,189.36	4.75	48,645.21	3.99
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	479.01	0.14	3,155.89	0.26
Telephone & Utilities - Office	1,308.30	0.38	4,133.44	0.34
Bank Charges	475.98	0.14	1,781.10	0.15
Health Insurance	18,280.36	5.36	52,236.12	4.28
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	718.39	0.21	1,879.59	0.15
Workers Comp	10,824.72	3.18	16,237.08	1.33
Life Ins.	1,601.78	0.47	4,499.62	0.37
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	10.00	0.00	108.00	0.01
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.08	529.40	0.04
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	0.00	0.00
Legal	1,000.00	0.29	1,000.00	0.08
Accounting	0.00	0.00	5,400.00	0.44
Engineering	0.00	0.00	0.00	0.00

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	0.00	0.00	712.60	0.06
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	0.29	2,500.00	0.20
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	545.00	0.16	9,950.65	0.82
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	964.63	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	120.00	0.04	120.00	0.01
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	0.00	0.00
Depreciation Expense	63,382.08	18.59	200,456.24	16.42
Depreciation Expense	8,496.82	2.49	25,490.46	2.09
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,973.42	2.05	26,167.98	2.14
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,487.44	0.44	5,250.44	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Total Operating Expenses	393,788.11	115.52	1,239,240.67	101.53
Operating Income (Loss)	(52,898.63)	(15.52)	(18,619.11)	(1.53)
Other Income (Expense)				
Interest Expense - TFB	(1,520.14)	0.45	(2,024.93)	0.17
Amortization of Premium	(205.02)	0.06	(615.06)	0.05
Interest Expense - KIA	(7,332.21)	2.15	(23,375.60)	1.92
Interest Expense - Credit Cards	(78.93)	0.02	(646.08)	0.05
Interest Expense - Bonds	(12,091.47)	3.55	(33,280.75)	2.73
Interest Income - Now	39.70	0.01	78.37	0.01
Interest Income	0.00	0.00	28.81	0.00
Grant Income (Dept of Transportation)	51,980.94	15.25	70,541.51	5.78
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	8.45
Total Other Income (Expense)	30,792.87	9.03	113,877.11	9.33

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Net Income (Loss) Before Taxes	(22,105.76)	(6.48)	95,258.00	7.80
Net Income (Loss)	<u>\$ (22,105.76)</u>	<u>(6.48)</u>	<u>\$ 95,258.00</u>	<u>7.80</u>

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential	\$ 215,540.30	63.23	\$ 848,540.87	69.52
Metered Sales - Business	8,087.78	2.37	27,014.86	2.21
Sales for Resale	6,698.50	1.97	14,469.02	1.19
Penalties	11,153.33	3.27	25,671.56	2.10
Meter Service	1,960.00	0.57	4,760.00	0.39
Other Income	1,400.00	0.41	3,625.32	0.30
Garbage Sales Revenue	80,021.25	23.47	240,207.50	19.68
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	324,861.16	95.30	1,164,289.13	95.38
Gross Profit	324,861.16	95.30	1,164,289.13	95.38
Operating Expenses				
Solid Waste Payments	77,256.16	22.66	233,001.28	19.09
Water Purchases	15,651.39	4.59	117,282.89	9.61
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,606.40	1.64	17,703.56	1.45
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	17.00	0.00	17.00	0.00
Repairs - Pumping	3,877.28	1.14	4,302.28	0.35
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	8,170.66	2.40	12,400.96	1.02
Fuel	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,194.97	0.35	2,655.29	0.22
Operations Labor - T & D	42,908.31	12.59	164,603.21	13.49
Uniform Rental - T & D	0.00	0.00	1,000.00	0.08
Supplies - T & D	11,301.89	3.32	38,891.50	3.19
Vehicle Repairs - T & D	4,906.18	1.44	6,782.08	0.56
Utilities - T & D	33,420.37	9.80	78,736.21	6.45
Repairs Pump - T & D	13,000.00	3.81	28,000.00	2.29
Uniform Rental - T & D	853.73	0.25	1,890.47	0.15
Vehicle Repairs - T & D	2,704.97	0.79	6,926.09	0.57
Repairs - T & D	2,741.52	0.80	2,741.52	0.22
Fuel-Gasoline	13,529.58	3.97	44,765.56	3.67
Lab Services - Distribution	6,923.65	2.03	12,320.15	1.01
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.59	6,000.00	0.49
Safety supplies	0.00	0.00	395.39	0.03
Billing Postage	5,008.77	1.47	8,017.66	0.66

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Billing Postage	0.00	0.00	960.45	0.08
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,189.36	4.75	48,645.21	3.99
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.00
Office Supplies	479.01	0.14	3,155.89	0.26
Telephone & Utilities - Office	1,308.30	0.38	4,133.44	0.34
Bank Charges	475.98	0.14	1,781.10	0.15
Health Insurance	18,280.36	5.36	52,236.12	4.28
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	718.39	0.21	1,879.59	0.15
Workers Comp	10,824.72	3.18	16,237.08	1.33
Life Ins.	1,601.78	0.47	4,499.62	0.37
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	10.00	0.00	108.00	0.01
Legal	1,000.00	0.29	1,000.00	0.08
Accounting	0.00	0.00	5,400.00	0.44
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	0.00	0.00	712.60	0.06
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	0.29	2,500.00	0.20
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	545.00	0.16	9,950.65	0.82
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	964.63	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	120.00	0.04	120.00	0.01
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	18.59	200,456.24	16.42
Depreciation Expense	8,496.82	2.49	25,490.46	2.09
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	6,973.42	2.05	26,167.98	2.14
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,487.44	0.44	5,250.44	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00

Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Total Operating Expenses	<u>383,965.49</u>	<u>112.64</u>	<u>1,200,138.22</u>	<u>98.32</u>
Operating Income (Loss)	<u>(59,104.33)</u>	<u>(17.34)</u>	<u>(35,849.09)</u>	<u>(2.94)</u>
Other Income (Expense)				
Interest Expense - TFB	(1,520.14)	0.45	(2,024.93)	0.17
Amortization of Premium	(205.02)	0.06	(615.06)	0.05
Interest Expense - KIA	(7,332.21)	2.15	(23,375.60)	1.92
Interest Expense - Credit Cards	(78.93)	0.02	(646.08)	0.05
Interest Expense - Bonds	(12,091.47)	3.55	(33,280.75)	2.73
Interest Income - Now	39.70	0.01	78.37	0.01
Interest Income	<u>0.00</u>	<u>0.00</u>	<u>28.81</u>	<u>0.00</u>
Total Other Income (Expense)	<u>(21,188.07)</u>	<u>(6.22)</u>	<u>(59,835.24)</u>	<u>(4.90)</u>
Net Income (Loss) Before Taxes	<u>(80,292.40)</u>	<u>(23.55)</u>	<u>(95,684.33)</u>	<u>(7.84)</u>
Net Income (Loss)	<u>\$ (80,292.40)</u>	<u>(23.55)</u>	<u>\$ (95,684.33)</u>	<u>(7.84)</u>

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Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 3 Months Ended March 31, 2014

	1 Month Ended March 31, 2014	%	3 Months Ended March 31, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 14,792.88	4.34	\$ 51,778.83	4.24
Metered Sales - Business Sewer	1,235.44	0.36	4,553.60	0.37
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	16,028.32	4.70	56,332.43	4.62
Gross Profit	16,028.32	4.70	56,332.43	4.62
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Chemicals	5,048.55	1.48	18,511.23	1.52
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	0.00	0.00
Supplies	0.00	0.00	1,362.98	0.11
Wages - Sewer	2,400.00	0.70	7,200.00	0.59
Utilities - Sewer	0.00	0.00	2,864.15	0.23
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	1,866.37	0.55	2,700.45	0.22
Vehicle Repairs	243.00	0.07	2,694.24	0.22
Utilities	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.27
Repairs-Sewer	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.08	529.40	0.04
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	9,822.62	2.88	39,102.45	3.20
Operating Income (Loss)	6,205.70	1.82	17,229.98	1.41
Other Income (Expense)				
Grant Income (Dept of Transportation)	51,980.94	15.25	70,541.51	5.78
Grant Income (Dept. of Transportation)	0.00	0.00	103,170.84	8.45
Total Other Income (Expense)	51,980.94	15.25	173,712.35	14.23
Net Income (Loss) Before Taxes	58,186.64	17.07	190,942.33	15.64
Net Income (Loss)	\$ 58,186.64	17.07	\$ 190,942.33	15.64

Restricted For Management Use Only

MARCH 24, 2014

Call to Order - 5:00 pm

Regular Meeting - Feb. 24, 2014 - Minutes
Hayes, Scudett 2nd

Special Meeting - Mar. 10 -
Scudett, Best

Financials - By Jeff Reed -
Gary - Scudett

Harold Sewer - Kevin -

Phase I #11 - Warranty til August

Phase III - sent for funding

Beaheart wants line -

PSC - As long as you don't borrow money
no need for PSC consent -

Brandon Akert - wants schedule & budget
trying to find left over money -

Brenda - SWSD ask county and they
apply for any left over monies -

Kouric Akert - ~~may~~ county will try to
help find money -

Brenda - possibly if DGS will agree a few
weeks.

Motion to allow Big Sandy A.D.D. to present to application to Fiscal Court for ~~money~~ left over money from DLG Hayer, Scarlett

Murrell Harold — matt
Working on 680 — hopefully be done in 4-6 weeks —

Hubert discussed customer leaks and explained a ^{Possible} leak policy to add to tariff — Explained different options —

Paula, strikes one adjustment per 12 months and average bill for previous 12 months —
Motion to amend tariff —
Once in 12 months —

Average bill for previous 12 months —
\$ ask Brent Kirtley if 2nd Break happens could we use wholesale rate for it.

Motion — Hayer — Scarlett

Motion for executive session —
Gary — Scarlett 2nd

Hubert to have a medical leave until he
needs to come back

Motion - Bert - Scarlett

Motion to come out of Executive Session -
~~Bert~~ Scarlett, Bert - 2nd

Motion to Adjourn - 5:35
Cary, Hayes

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING MARCH 24th @5PM

AGENDA

- CALL TO ORDER
- APPROVAL OF MINUTES
- FINANCIAL STATEMENT
- HAROLD SEWER PROJECT
- MINNIE TO HAROLD
- OTHER
- ADJOURN

Ronnie Aiken

JEFF

MATT

Jim

Kevin

Brenda

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

March 24, 2014

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

RE: February 2014 Financial Statements

Dear Commissioner,

Enclosed you will find your financial statements for the period ended February 28, 2014. In this letter I am giving you some pertinent highlights as I see them.

Balance Sheet as of February 28, 2014

- Cash in Bank is \$14,839
- Restricted Cash is \$542,268
- Accounts Receivable is \$1,485,388
- Plant in place is \$23,914,828
- Equity is \$18,843,093
-

Income Statement – for the month ended February 28, 2014

- Operating Revenue is \$452,326
- Operating Expenses \$419,256
- Other Income (Construction Income & Interest) \$103,210
- Other Expense (\$19,761)
- Net Income is \$116,519
- Included in the income is Depreciation of \$82,189

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 February 28, 2014

ASSETS

CURRENT ASSETS

Cash on Hand	\$	460.00
First Guaranty - New		(4,610.36)
Cash - Community Trust Bank (SV)		19,448.98
First Guaranty - Solid Waste Account		74,636.09
Accounts Receivable - Water		950,092.33
Accounts Receivable - Garbage		423,448.51
Accounts Receivable - Sewer		111,847.04
A/R - CDBG Grant		5,000.00
Provision for Uncollectible Accounts		(214,253.65)
Materials and Supplies		60,018.00
KIA Escrow - New		37,061.77
KIA R & M Reserve - New		45,755.05
KIA R & M Reserve #3 - New		43,816.78
First Guaranty - RD Account		904.70
RD Depreciation Reserve Acct.		43,068.03
RD Escrow Acct		46,431.20
1st Guaranty - FEMA Reimbursements		24,634.66
FGB - Rural Development Construction		20,925.13
FGB - Floyd County Bond Payment		56,240.09
FGB - RD Sinking Fund (New)		11,118.47
Cash - Pride on the River		3,225.26
FEMA - 1976 - DR - KY		4,022.20
Insurance Escrow Account		14,308.60
KIA R & M RESERVE A04-06		17,495.00
Construction Account		90,759.85
FGB - Customer Deposit Account		<u>7,865.47</u>
Total Current Assets		<u>1,893,719.20</u>

PROPERTY AND EQUIPMENT

Utility Plant	32,609,522.18
Utility Plant	1,766,340.49
Utility Plant Sewer	4,094,426.86
Construction in Progress	993,731.12
CIP - Pride on the River	3,236,588.13
Less: Accumulated Depreciation	<u>(18,785,780.80)</u>
Net Property and Equipment	<u>23,914,827.98</u>

OTHER ASSETS

Prepaid Interest	98,409.92
Accumulated Amortization	<u>(29,933.01)</u>
Total Other Assets	<u>68,476.91</u>

TOTAL ASSETS \$ 25,877,024.09

Southern Water and Sewer District
BALANCE SHEET
As of February 28, 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 178,472.26
A/P - CIP	9,080.38
Unearned Tap Fees	11,205.00
A/P - First Bank Credit Card (Gary's)	3,080.39
A/P - First Bank Credit Card (Dean)	5,114.06
Unearned Tap Fees - Sewer	92,295.00
N/P - FGB LOC	241,000.00
First Guaranty - Office Building	63,967.26
N/P - FIRST GUARANTY (TRUCKS)	54,635.07
Customer Deposits	155,870.24
PRIDE ON THE RIVER TAP FEE	250.00
Customer Deposits - Sewer	35.00
Accrued Fica	(562.15)
Accrued Ky WTH	3,844.70
Accrued KUI/FUTA	6,368.22
Accrued School Tax	75.82
Accrued Sales Tax	817.59
Garnishee	320.30
Accrued 401-k	(72.24)
Accrued Vacation/Sick Pay	69,958.41
Accrued Interest - KIA III	18,700.54
Accrued Interest - Bonds	17,381.25
Accrued Interest - New Bond	1,506.99
Accrued Interest - Sandy Valley Bond	4,760.13
Accrued Interest - Build America Bond	954.85
A/P - Solid Waste	<u>429,205.34</u>

Total Current Liabilities 1,368,264.41

LONG-TERM LIABILITIES

N/P - KIA I	644,428.40
N/P - KIA III	1,634,000.67
Bonds Payable	2,193,000.00
N/P - KIA A-04-06	40,779.34
Bonds Payable (New)	202,000.00
RD Note - Sandy Valley 589573	524,471.00
USDA (530,000)	<u>505,000.00</u>

Total Long-Term Liabilities 5,743,679.41

Total Liabilities 7,111,943.82

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	231,689.16

Southern Water and Sewer District
BALANCE SHEET
As of February 28, 2014

Restricted for Deposits	132,884.00
Current Earnings	117,363.76
Retained Earnings	<u>1,852,878.35</u>
Total Stockholders' Equity	<u>18,765,080.27</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 25,877,024.09</u>

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Sales				
Metered Sales - Residential	\$ 329,924.47	72.94	\$ 633,000.57	71.95
Metered Sales - Business	9,329.85	2.06	18,927.08	2.15
Metered Sales - Residential Sewer	19,848.36	4.39	36,985.95	4.20
Metered Sales - Business Sewer	1,359.20	0.30	3,318.16	0.38
Sales for Resale	2,579.20	0.57	7,770.52	0.88
Penalties	7,265.71	1.61	14,518.23	1.65
Meter Service	1,920.00	0.42	2,800.00	0.32
Other Income	49.00	0.01	2,225.32	0.25
Garbage Sales Revenue	80,050.00	17.70	160,186.25	18.21
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	452,325.79	100.00	879,732.08	100.00
Gross Profit	452,325.79	100.00	879,732.08	100.00
Operating Expenses				
Solid Waste Payments	78,012.96	17.25	155,745.12	17.70
Water Purchases	47,978.00	10.61	101,631.50	11.55
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,738.40	1.27	12,097.16	1.38
Chemicals - Sewer	0.00	0.00	0.00	0.00
Contract Labor	0.00	0.00	0.00	0.00
Chemicals	4,600.60	1.02	13,462.68	1.53
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	0.00	0.00
Repairs - Pumping	425.00	0.09	425.00	0.05
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	4,230.30	0.94	4,230.30	0.48
Fuel	0.00	0.00	0.00	0.00
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	0.00	0.00
LAB-SEWER	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Supplies	1,362.98	0.30	1,362.98	0.15
Fuel	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,233.45	0.27	1,460.32	0.17
Operations Labor - T & D	60,780.72	13.44	121,694.90	13.83
Wages - Sewer	2,400.00	0.53	4,800.00	0.55
Wages - Sewer	0.00	0.00	0.00	0.00
Uniform Rental - T & D	0.00	0.00	1,000.00	0.11
Supplies - T & D	12,620.69	2.79	27,589.61	3.14
Vehicle Repairs - T & D	1,750.90	0.39	1,875.90	0.21

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Utilities - T & D	36,080.77	7.98	45,315.84	5.15
Repairs Pump - T & D	5,000.00	1.11	15,000.00	1.71
Uniform Rental - T & D	0.00	0.00	1,036.74	0.12
Vehicle Repairs - T & D	2,932.50	0.65	4,221.12	0.48
Repairs - T & D	0.00	0.00	0.00	0.00
Fuel-Gasoline	17,483.94	3.87	31,235.98	3.55
Lab Services - Distribution	0.00	0.00	5,396.50	0.61
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Utilities - Sewer	2,864.15	0.63	2,864.15	0.33
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	834.08	0.18	834.08	0.09
Vehicle Repairs	2,451.24	0.54	2,451.24	0.28
Utilities	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.37
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.44	4,000.00	0.45
Repairs-Sewer	0.00	0.00	0.00	0.00
Safety supplies	395.39	0.09	395.39	0.04
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	105.32	0.02	3,008.89	0.34
Billing Postage	960.45	0.21	960.45	0.11
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,204.79	3.58	32,455.85	3.69
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.01
Office Supplies	1,373.47	0.30	2,676.88	0.30
Telephone & Utilities - Office	0.00	0.00	2,825.14	0.32
Bank Charges	479.44	0.11	1,305.12	0.15
Health Insurance	11,559.74	2.56	33,955.76	3.86
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	580.60	0.13	1,161.20	0.13
Workers Comp	5,412.36	1.20	5,412.36	0.62
Life Ins.	307.00	0.07	2,897.84	0.33
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	78.00	0.02	98.00	0.01
Health Insurance -Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.06	264.70	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	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Accounting	3,600.00	0.80	5,400.00	0.61
Engineering	0.00	0.00	0.00	0.00

Restricted For Management Use Only

Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	712.60	0.16	712.60	0.08
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	0.22	1,500.00	0.17
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	1,858.11	0.41	9,405.65	1.07
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	415.85	0.09	964.63	0.11
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	0.00	0.00
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	0.00	0.00
Depreciation Expense	63,382.08	14.01	137,074.16	15.58
Depreciation Expense	8,496.82	1.88	16,993.64	1.93
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	9,484.22	2.10	19,194.56	2.18
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,804.52	0.40	3,763.00	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00
Total Operating Expenses	419,256.14	92.69	845,452.56	96.10
Operating Income (Loss)	33,069.65	7.31	34,279.52	3.90
Other Income (Expense)				
Interest Expense - TFB	0.00	0.00	(504.79)	0.06
Amortization of Premium	(205.02)	0.05	(410.04)	0.05
Interest Expense - KIA	(7,332.21)	1.62	(16,043.39)	1.82
Interest Expense - Credit Cards	(131.93)	0.03	(567.15)	0.06
Interest Expense - Bonds	(12,091.47)	2.67	(21,189.28)	2.41
Interest Income - Now	38.67	0.01	38.67	0.00
Interest Income	0.00	0.00	28.81	0.00
Grant Income (Dept of Transportation)	0.00	0.00	18,560.57	2.11
Grant Income (Dept. of Transportation)	103,170.84	22.81	103,170.84	11.73
Total Other Income (Expense)	83,448.88	18.45	83,084.24	9.44

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Southern Water and Sewer District
INCOME STATEMENT - CONSOLIDATED
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Net Income (Loss) Before Taxes	116,518.53	25.76	117,363.76	13.34
Net Income (Loss)	<u>\$ 116,518.53</u>	<u>25.76</u>	<u>\$ 117,363.76</u>	<u>13.34</u>

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Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Sales				
Metered Sales - Residential	\$ 329,924.47	72.94	\$ 633,000.57	71.95
Metered Sales - Business	9,329.85	2.06	18,927.08	2.15
Sales for Resale	2,579.20	0.57	7,770.52	0.88
Penalties	7,265.71	1.61	14,518.23	1.65
Meter Service	1,920.00	0.42	2,800.00	0.32
Other Income	49.00	0.01	2,225.32	0.25
Garbage Sales Revenue	80,050.00	17.70	160,186.25	18.21
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	431,118.23	95.31	839,427.97	95.42
Gross Profit	431,118.23	95.31	839,427.97	95.42
Operating Expenses				
Solid Waste Payments	78,012.96	17.25	155,745.12	17.70
Water Purchases	47,978.00	10.61	101,631.50	11.55
Management Fees	0.00	0.00	0.00	0.00
Contract Labor - Water	0.00	0.00	0.00	0.00
Operations Labor - Pumping	5,738.40	1.27	12,097.16	1.38
Fuel for Power Production	0.00	0.00	0.00	0.00
Supplies - Pumping	0.00	0.00	0.00	0.00
Repairs - Pumping	425.00	0.09	425.00	0.05
Telephone & Utilities - Pumping	0.00	0.00	0.00	0.00
Lab Services	0.00	0.00	0.00	0.00
Chemicals	4,230.30	0.94	4,230.30	0.48
Fuel	0.00	0.00	0.00	0.00
Lawn Service	0.00	0.00	0.00	0.00
Power-WTP	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Natural Gas-WTP	1,233.45	0.27	1,460.32	0.17
Operations Labor - T & D	60,780.72	13.44	121,694.90	13.83
Uniform Rental - T & D	0.00	0.00	1,000.00	0.11
Supplies - T & D	12,620.69	2.79	27,589.61	3.14
Vehicle Repairs - T & D	1,750.90	0.39	1,875.90	0.21
Utilities - T & D	36,080.77	7.98	45,315.84	5.15
Repairs Pump - T & D	5,000.00	1.11	15,000.00	1.71
Uniform Rental - T & D	0.00	0.00	1,036.74	0.12
Vehicle Repairs - T & D	2,932.50	0.65	4,221.12	0.48
Repairs - T & D	0.00	0.00	0.00	0.00
Fuel-Gasoline	17,483.94	3.87	31,235.98	3.55
Lab Services - Distribution	0.00	0.00	5,396.50	0.61
Lawn Service - Distribution	0.00	0.00	0.00	0.00
Truck Lease	0.00	0.00	0.00	0.00
Equip. Rental	2,000.00	0.44	4,000.00	0.45
Safety supplies	395.39	0.09	395.39	0.04
Billing Postage	105.32	0.02	3,008.89	0.34

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Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Billing Postage	960.45	0.21	960.45	0.11
BILLING CARDS	0.00	0.00	0.00	0.00
Wages - Office	16,204.79	3.58	32,455.85	3.69
Rent	0.00	0.00	0.00	0.00
Office Postage	0.00	0.00	55.62	0.01
Office Supplies	1,373.47	0.30	2,676.88	0.30
Telephone & Utilities - Office	0.00	0.00	2,825.14	0.32
Bank Charges	479.44	0.11	1,305.12	0.15
Health Insurance	11,559.74	2.56	33,955.76	3.86
Shipping	0.00	0.00	0.00	0.00
Dental Insurance	580.60	0.13	1,161.20	0.13
Workers Comp	5,412.36	1.20	5,412.36	0.62
Life Ins.	307.00	0.07	2,897.84	0.33
Contract Labor - Administration	0.00	0.00	0.00	0.00
Credit Card Payment Fees	78.00	0.02	98.00	0.01
Legal	0.00	0.00	0.00	0.00
Accounting	3,600.00	0.80	5,400.00	0.61
Engineering	0.00	0.00	0.00	0.00
Professional Fees	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00
Property Insurance	0.00	0.00	0.00	0.00
Commissioners Bond	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00
Commissioner's Bond	712.60	0.16	712.60	0.08
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	0.22	1,500.00	0.17
Railroad Rent/Easements	0.00	0.00	0.00	0.00
Misc. Expenses	1,858.11	0.41	9,405.65	1.07
Misc. Expenses	0.00	0.00	0.00	0.00
Misc. Expenses	0.00	0.00	0.00	0.00
Travel Reimbursement	415.85	0.09	964.63	0.11
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	0.00	0.00
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
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	14.01	137,074.16	15.58
Depreciation Expense	8,496.82	1.88	16,993.64	1.93
Depreciation Expense	0.00	0.00	0.00	0.00
Payroll Taxes	9,484.22	2.10	19,194.56	2.18
PSC Taxes	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00
Employer Pension Expense	1,804.52	0.40	3,763.00	0.43
Pass Through Payment	0.00	0.00	0.00	0.00
Drug Screening	0.00	0.00	0.00	0.00

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Southern Water and Sewer District
INCOME STATEMENT - WATER
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Total Operating Expenses	404,478.39	89.42	816,172.73	92.78
Operating Income (Loss)	26,639.84	5.89	23,255.24	2.64
Other Income (Expense)				
Interest Expense - TFB	0.00	0.00	(504.79)	0.06
Amortization of Premium	(205.02)	0.05	(410.04)	0.05
Interest Expense - KIA	(7,332.21)	1.62	(16,043.39)	1.82
Interest Expense - Credit Cards	(131.93)	0.03	(567.15)	0.06
Interest Expense - Bonds	(12,091.47)	2.67	(21,189.28)	2.41
Interest Income - Now	38.67	0.01	38.67	0.00
Interest Income	0.00	0.00	28.81	0.00
Total Other Income (Expense)	(19,721.96)	(4.36)	(38,647.17)	(4.39)
Net Income (Loss) Before Taxes	6,917.88	1.53	(15,391.93)	(1.75)
Net Income (Loss)	\$ 6,917.88	1.53	\$ (15,391.93)	(1.75)

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Southern Water and Sewer District
INCOME STATEMENT - SEWER
For the 1 Month and 2 Months Ended February 28, 2014

	1 Month Ended February 28, 2014	%	2 Months Ended February 28, 2014	%
Sales				
Metered Sales - Residential Sewer	\$ 19,848.36	4.39	\$ 36,985.95	4.20
Metered Sales - Business Sewer	1,359.20	0.30	3,318.16	0.38
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	<u>21,207.56</u>	<u>4.69</u>	<u>40,304.11</u>	<u>4.58</u>
Gross Profit	<u>21,207.56</u>	<u>4.69</u>	<u>40,304.11</u>	<u>4.58</u>
Operating Expenses				
Chemicals - Sewer	0.00	0.00	0.00	0.00
Chemicals	4,600.60	1.02	13,462.68	1.53
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	0.00	0.00
Supplies	1,362.98	0.30	1,362.98	0.15
Wages - Sewer	2,400.00	0.53	4,800.00	0.55
Utilities - Sewer	2,864.15	0.63	2,864.15	0.33
Fuel - WWTP	0.00	0.00	0.00	0.00
Uniform Rental	834.08	0.18	834.08	0.09
Vehicle Repairs	2,451.24	0.54	2,451.24	0.28
Utilities	0.00	0.00	0.00	0.00
Repairs	0.00	0.00	3,240.00	0.37
Repairs-Sewer	0.00	0.00	0.00	0.00
Uniforms - Sewer	0.00	0.00	0.00	0.00
Health Insurance - Sewer	0.00	0.00	0.00	0.00
Health Insurance	264.70	0.06	264.70	0.03
Advertising	0.00	0.00	0.00	0.00
Total Operating Expenses	<u>14,777.75</u>	<u>3.27</u>	<u>29,279.83</u>	<u>3.33</u>
Operating Income (Loss)	<u>6,429.81</u>	<u>1.42</u>	<u>11,024.28</u>	<u>1.25</u>
Other Income (Expense)				
Grant Income (Dept of Transportation)	0.00	0.00	18,560.57	2.11
Grant Income (Dept. of Transportation)	103,170.84	22.81	103,170.84	11.73
Total Other Income (Expense)	<u>103,170.84</u>	<u>22.81</u>	<u>121,731.41</u>	<u>13.84</u>
Net income (Loss) Before Taxes	<u>109,600.65</u>	<u>24.23</u>	<u>132,755.69</u>	<u>15.09</u>
Net Income (Loss)	<u>\$ 109,600.65</u>	<u>24.23</u>	<u>\$ 132,755.69</u>	<u>15.09</u>

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SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

SPECIAL CALLED MEETING MARCH 10, 2014 @5PM

AGENDA

- CALL TO ORDER - 5:00 p.m.
- HAROLD SEWER PROJECT
- ADJOURN

PRESENT

PAULA
SCARLETT
GARY
Hubert
Dean
KEVIN
BERT
BRANDON AKERS
John Smott

Discussion FROM Kevin and BRANDON AKERS
ON DIFFERENT WAYS TO GET PRESSURE
SEWER TO GEARHEART PROPERTY -
BRANDON WANTS TO KNOW IF ANY CONCESSION
TOWARD REPAYMENT OR PARTICIPATION FROM S.W.S.D.
Discussion Between Kevin, Hubert and Kevin
about a POSSIBLE PARTNERSHIP TO INSTALL -
Kevin to call PSC - ASK ABOUT PARTNERSHIP &
POSSIBLE TAP FEE / ADJUSTMENT TYPE SITUATION.
TALK to Keith Bartky about POSSIBLE COAL
Motion to Allow Kevin to TALK to PSC and
Gearheart Eng. - Motion Scarlett
2nd Bert
Motion APPROVED
Meet back in two weeks at Reg. Meeting.

Motion to Adjourn - 5:40 - Bert
- Gary

Southern Water and Sewer District
 Harold Sewer Project
 Gearheart Force Main
 Engineer's Opinion of Probable Cost
 3/4/2014

ITEM #	ITEM	QTY	UNITS	UNIT PRICE	AMOUNT
1	4" SDR-11 HDPE Sewer Pipe	3,425	LF	\$ 11.00	\$ 37,675.00
2	2" SDR-11 HDPE Sewer Pipe	5,735	LF	\$ 10.00	\$ 57,350.00
3	Quadplex Lift Station	1	LS	\$20,000.00	\$ 20,000.00
4	Connection to Lift Station	2	LS	\$ 3,000.00	\$ 6,000.00
5	Pavement Replacement	1	LS	\$18,000.00	\$ 18,000.00
6	Bore and Encasement	100	LF	\$ 150.00	\$ 15,000.00
	CONSTRUCTION COST				\$ 154,025.00
	Contingency 10%				\$ 15,402.50
	Engineering				
	Design/Permits				\$ 14,500.00
	Bidding				\$ 2,000.00
	Construction Administration				\$ 4,200.00
	Inspection (45 Day Completion Time)				\$ 18,000.00
	Misc/ Legal/ Public Notice				\$ 2,500.00
	TOTAL PROJECT COST				\$ 210,627.50

Southern Water and Sewer District
 Harold Sewer Project
 Gearheart Force Main
 Engineer's Opinion of Probable Cost
 3/4/2014

ITEM #	ITEM	QTY	UNITS	UNIT PRICE	AMOUNT
1	4" SDR-11 HDPE Sewer Pipe	9,160	LF	\$ 11.00	\$ 100,760.00
2	Quadplex Lift Station	1	LS	\$20,000.00	\$ 20,000.00
3	Connection to Lift Station	2	LS	\$ 3,000.00	\$ 6,000.00
4	Pavement Replacement	1	LS	\$18,000.00	\$ 18,000.00
5	Bore and Encasement	100	LF	\$ 150.00	\$ 15,000.00
	CONSTRUCTION COST				\$ 159,760.00
	Contingency 10%				\$ 15,976.00
	Engineering				
	Design/Permits				\$ 14,500.00
	Bidding				\$ 2,000.00
	Construction Administration				\$ 4,200.00
	Inspection (45 Day Completion Time)				\$ 18,000.00
	Misc/ Legal/ Public Notice				\$ 2,500.00
	TOTAL PROJECT COST				\$ 216,936.00



2/24/14
5:00 -

Approval of Minutes - Scarlett/Hayes

Brandon Akers - Explained Gearheart Comm. PLANS -
Kevin - clarified that SWSB would want to keep
ALL CUSTOMERS IN THE AREA.

Brandon - New Bldg. # Old Bld. if Necessary

Kevin - maybe run line to existing & install
LIFT station -

Brandon - may be a possibility -

~~Discussion~~ Discussion on Plant vs. LIFT STATION -

Tom Wilson - Request letter to OK to Build WWTP -
Proposal for 8,000 gal. WWTP (Treatment)

COST - For Treatment / MAINTENANCE -

Kevin to do memorandum of Agreement.

Dean - Better to Run Line to Pike Floyd Hollow -
EST. - \$120,000 WWTP - vs. \$150,000 - Line

Kevin to get costs - Another meeting within 2 wks.

MARCH 10th meeting & have a WORK SESSION BEFORE THEN.

- JEFF - JAN - FINANCIALS - GARY/HAYES

- Mirvet Herald - BACK to work on RT. 680

Adjourn - Gary / Scarlett