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ADMITTED IN KY AND WV

August 12, 2025

Public Service Commission

P.O. Box 615

Frankfort, KY 40602

RE: Martin County Water District

PSC Case No. 2020-00154

To Whom It May Concern:

Enclosed please find Martin County Water District's Notice of Filing an information packet for the August 12, 2025 Special Board meeting.

Thank you for your attention to this matter.

Very truly yours,

  
BRIAN CUMBO

BC/ld

Enclosure

cc: Martin County Water District

Hon. Mary Varson Cromer

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:


ELECTRONIC MARTIN COUNTY WATER )  
DISTRICT MANAGEMENT AND OPERATION )  
MONITORING PURSUANT TO KRS 278.250 )

CASE NO. 2020-00154

**NOTICE OF FILING**

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Comes the Martin County Water District, by counsel, and hereby gives Notice of Filing of the attached information packet for the Martin District Board Special Board meeting on August 12, 2025.

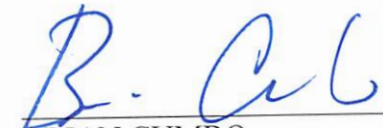
  
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**CERTIFICATE OF SERVICE**

This will certify that a true and correct copy of the foregoing was served via electronic filing on this the 12<sup>th</sup> day of August, 2025, to the following:

Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Hon. Mary Varson Cromer  
Appalachian Citizens' Law Center, Inc.  
317 Main Street  
Whitesburg, KY 41858

  
\_\_\_\_\_  
BRIAN CUMBO

# **Martin County Water District**

**387 E. Main St.**

**Phone (606) 298-3885 Inez, Kentucky 41224**

**Special Meeting, Tuesday, August 12, 2025 – 6:00 p.m.**

**Martin County Government Center (2<sup>nd</sup> Floor)**

- 1) Open Meeting with Prayer and Pledge of Allegiance
- 2) Call the meeting to order
- 3) Consider Motion to Convene into Closed Executive Session
  - A. Bill Geisen with Stites and Harbinson, PLLC review status of the KIA Scoring possible case and RWI Case with the Board members
- 4) Consider Motion to Close Executive Session
- 5) Review and Consideration to Approve Bills
- 6) Legal
  - A. Board Attorney discusses status of insurance claims for February and April 2025 storm events
  - B. Board Attorney discusses status of PSC truck purchase approval
- 7) Other Old Business
  - A. RWI Project Update
  - B. MCWD Rules and Regulations (Tariff) Board Discussion and Motion for the Board to Approve Revised Language and Board Attorney Submit to PSC for Approval
  - C. Flood Damage Infrastructure Status and KY Emergency Management Funding Update
    - a. Consider motion to approve AWR, Todd Adams, to be the agent for information exchange for the District for February 2025. As the agent, Todd will not have the authority to commit to the District without Board approval.
    - b. Consider motion to approve AWR, Todd Adams, to be the agent for information exchange for the District for April 2025. As the agent, Todd will not have the authority to commit to the District without Board approval.

Notice is hereby given that, subject to a motion duly made and adopted, the Board of Directors may hold an Executive Session subject to the laws of Kentucky.

- D. AWR Update Board on Insurance Claims
- E. Chairman update the Board on the ARC and KY WWaters applications
- F. Chairman Update the Board for the Advertisement for Board Attorney Replacement
- G. Chairman Update the Board for the Advertisement for Engineering Services
  - a. Consider a motion to approve the selection of Engineers based on scoring and Chairman executing Professional Service Agreements (PSA) with Board approved firms

8) Other New Business

- A. Consider a motion for Board approval for Prime AE to be the Engineer of Record and Chairman execute a PSA for the new grant to replace the Old Highway 3 water line.
- B. Consider a motion for Fahe to administer the Old Highway 3 water line replacement project
- C. Consider a motion to approve the revised 2024 audit that incorporates additional information to support KY WWaters applications
- D. Consider a motion to approve the revised 2025 Capital Improvements Project List
- E. Consider a motion to approve KY WWaters KIA Authorizing Resolution

9) Guest Speakers – Maximum of 5 Minutes; no motions can be considered based on guest speaker commits

10) Motion to Adjourn

Notice is hereby given that, subject to a motion duly made and adopted, the Board of Directors may hold an Executive Session subject to the laws of Kentucky.

**Martin County Water District, Inez KY**  
**List of Bills for Consideration**  
**12-Aug-25**

	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
	<b>Operations Account</b>		
1	Martin County Water District	Sanitation July	\$ 155.34
2	KY Farmers Bank (KACo)	Generator Lease Payment	\$ 5,894.52
3	JABO	Parts	\$ 2,802.88
4	JABO	Parts	\$ 1,582.04
5	JABO	Parts	\$ 3,354.26
6	JABO	Parts (Meter Project)	\$ 708.93
7	JABO	Parts	\$ 3,315.42
8	JABO	Parts (Meter Project)	\$ 2,803.72
9	JABO	Parts (Meter Project)	\$ 1,196.70
10	CONSOLIDATED PIPE & SUPPLY	Parts (Meter Project)	\$ 965.53
			<b>\$ 22,779.34</b>

MARTIN COUNTY WATER DISTRICT  
OF  
HC 69 – BOX 875  
INEZ, KENTUCKY, 41224

RATES & CHARGES  
AND  
RULES & REGULATIONS  
FOR FURNISHING  
WATER SERVICE  
AT

MARTIN COUNTY  
KENTUCKY

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## RATES AND CHARGES

### A. MONTHLY RATES:

#### **5/8-x 3/4-Inch Meter**

First	2,000 Gallons	\$41.42	Minimum Bill (I)
Over	2,000 Gallons	0.01049	per Gallon

#### **1-Inch Meter**

First	5,000 Gallons	\$72.83	Minimum Bill (I)
Over	5,000 Gallons	0.01049	per Gallon

#### **1 1/2-Inch Meter**

First	10,000 Gallons	\$125.18	Minimum Bill (I)
Over	10,000 Gallons	0.01049	per Gallon

#### **2-Inch Meter**

First	20,000 Gallons	\$229.89	Minimum Bill (I)
Over	20,000 Gallons	0.01049	per Gallon

#### **3-Inch Meter**

First	30,000 Gallons	\$334.61	Minimum Bill (I)
Over	30,000 Gallons	0.01049	per Gallon

#### **4-Inch Meter**

First	50,000 Gallons	\$544.02	Minimum Bill (I)
Over	50,000 Gallons	0.01049	per Gallon

Debt Service Surcharge	\$2.63	per Month
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Management/Infrastructure Charge	\$4.72	per Month
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### B. DEPOSITS:

5/8" X 3/4"	\$ 90.00	(I)
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1 Inch Meter	\$ 95.00	(I)
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1 1/2 Inch Meter	\$ 160.00	(I)
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2 Inch Meter	\$ 295.00	(I)
3 Inch Meter	\$ 430.00	(I)
4 Inch Meter	\$ 700.00	(I)
		(D)
		(D)

**C. METER CONNECTION / TAP-ON CHARGE:**

5/8" X 3/4"	<del>\$ 1,000.00</del> Actual Cost
<del>(+)</del>	
All Larger Meters	Actual Cost

**D. SPECIAL NON-RECURRING CHARGES:**

Meter Disconnection Charge	\$ <del>320.00</del>	(R)
Meter Turn-On Charge	\$ <del>320.00</del>	(R)
Meter Turn-On Charge ( <del>After Hours</del> Guaranteed Same Day)		
<del>\$ 55.00</del> (R)		
Meter Re-read Charge <del>Only Charged if Meter Deemed Accurate</del>		
<del>\$ 20.00</del> (R)		
Meter Test Charge (Customer Request: <del>Meter Accurate</del> )		\$
53.00 (R)		
Service Call/Investigation	\$ <del>320.00</del>	(R)
Meter Relocation	Actual Cost	
Meter Service Damage	Actual Cost	
Meter Reconnection Charge	\$ <del>320.00</del>	(R)
Meter Reconnection Charge ( <del>After Hours</del> Guaranteed Same Day)		
<del>\$ 55.00</del> (R)		
Returned Check Charge	\$ 25.00	(I)
Late Payment Penalty	10%	

#### Credit / Debit Cards

All customers may pay their bill by credit or debit card. This method of payment may be made in person at the utility office or by telephone.

If on the bill due date an attempt to pay by credit card or debit card is made and the card is declined for any reason, payment is still due in full on that date and will be considered late after that date. All late charges and penalties will be applied. If a customer is paying on our disconnect day and the card is denied, the same rules as above apply, in addition to service being disconnected.

When a customer makes a payment by credit or debit card, the utility will assess a fee equal to that charged to the utility by the credit or debit card processing company to process the transaction. This fee is generally calculated using a formula applied to the balance of the amount charged to the credit or debit account but may be a flat fee per transaction.

Prior to processing the transaction, the customer will be informed of the fee amount and, upon request by the customer, the formula employed to arrive at this fee amount.

#### **E. PURCHASED WATER RATES:**

<u>Supplier</u>	<u>Rate</u>
Mountain Water District	\$1.80 per 1,000 Gallons
Kermit Municipal Waterworks	\$1.63 per 1,000 Gallons

#### **F. LEAK ADJUSTMENT RATE:**

\$~~2.00~~4.25 per 1,000 Gallons

– 2025 Cost Shown: To Be Calculated and Adjusted Each Year for At Cost Calculation

#### **G. WHOLESALE WATER RATES:**

~~Not Applicable~~ Prestonsburg City Utility Commission \$7.95 per 1,000 Gallons

#### **H. FIRE SPRINKLER SYSTEM RATES:**

Not Applicable

## **RULES AND REGULATIONS**

The following are the rules and regulations of the Martin County Water District. The schedule of rates prescribed herein will be uniformly charged to all customers of the utility. No one will receive or be entitled to free service by the utility. No employee or individual commissioner of the utility is permitted to make an exception to these rates, rules, or regulations. These rules and regulations are subject to change by the utility at any time, subject to the approval of the Public Service Commission.

### **A. Service Information.**

1. Upon request, the utility will give its customers or prospective customers such information as is reasonably possible in order that they may secure safe, efficient, and continuous service. The utility will inform its customers of any change made or proposed in the character of its service that might affect the efficiency, safety, or continuity of operation.
2. The utility will obtain the approval of the Public Service Commission prior to making any substantial change in the character of the service furnished that would affect the efficiency, adjustment, speed, or operation of the equipment or appliances of any customer. The application will show the nature of the change to be made, the number of customers affected, and the manner in which they will be affected.
3. The utility will inform each applicant for service of each type, class, and character of service available at his/her location.
4. Upon request the utility will provide the following information to any applicant/customer:
  - a) Characteristics of Water. A written description of chemical constituents and bacteriological standards of the treated water as required by the Natural Resources Cabinet.
  - b) Rates. A schedule of rates for water service applicable to the service to be rendered to the customer.
  - c) Reading Meters. Information about the method of reading meters.
  - d) Bill Analysis. A statement of the past readings of a customer's meter for a period of fourteen (14) months.

### **B. Special Rules or Requirements.**

1. The utility cannot establish any special rule or requirement without first obtaining the approval of the Public Service Commission.

2. A customer that has complied with Public Service Commission rules and regulations cannot be denied service for failure to comply with the utility's rules that have not been approved by the Public Service Commission.
3. Each prospective customer desiring water service will be required to sign the utility's Water Service Contract and Easement Agreement before service is supplied by the utility.
4. No customer is allowed to resell water except under the terms of a special contract executed by the utility and approved by the Public Service Commission.

C. Billings, Meter Readings, and Related Information.

1. Information on bills. Each bill issued by the utility will clearly show the following, if applicable: class of service; present and last preceding meter readings; date of the present reading; number of units consumed; meter constant, if any; net amount for service rendered; all taxes; any adjustments; and the gross amount of the bill. The date after which a late payment penalty applies to the gross amount will also be indicated. Estimated or calculated bills will be distinctly marked as such. The rate schedule under which the bill is computed will be furnished under one (1) of the following methods:
  - a) By printing it on the bill.
  - b) By publishing it in a newspaper of general circulation once each year.
  - c) By mailing it to each customer once each year.
  - d) By providing a place on each bill where a customer may request a copy of the applicable rates. The utility will mail the customer a copy by return first class mail.
2. Bill format. A copy of the utility's billing form will be included in the utility's tariff.
3. Meter readings. Registration of each meter shall read in the same units as used for billing unless a conversion factor is shown on the billing form.
4. Frequency of meter reading. Unless prevented by reasons beyond the utility's control, meter readings will be taken every month. Records will be kept by the utility to ensure that this information is available to Public Service Commission staff and any customer requesting this information. If, due to reasons beyond its control, the utility is unable to read a meter in accordance with this subsection, the utility will record the date and time the attempt was made, if applicable, and the reason the utility was unable to read the meter.
5. Related Information.

- a) Bills and notices related to the utility's business will be mailed to the customer at the address listed on the Water Service Contract unless a change of address has been filed with the utility in writing. The utility will not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in the notice.
- b) Water service will be billed monthly on or about the 1<sup>st</sup> of each month.
- c) Bills are payable and due on the date of issuance.
- d) Bills for water service are due and payable at the office of the District, or to any designated agent, by the 15th day after the date of issue. All accounts not paid in full 5 days after the due date shall be considered past due and an additional charge of 10 percent of the unpaid portion of the bill will be made. All bills not paid on or before the past due date shall be deemed delinquent. Any said delinquent bill shall be disconnected five (5) days after the disconnect notice is mailed and the meter will be removed.
- e) Payment must be received, not postmarked, before the close of business on the 20<sup>th</sup> day - following issuance of the bill; otherwise, the delinquent bill will be assessed the late payment penalty approved and on-file with the Public Service Commission. Should the 20<sup>th</sup> day following issuance of the bill fall on a weekend and/or holiday, the next business day following that will be held as a day of grace for delivery of payment.
- f) The late payment penalty will be assessed on the delinquent amount of the bill, less taxes and any prior penalty amounts. Pursuant to 807 KAR 5:006 Section 9 (3)(h), a penalty may be assessed only once on any bill for rendered services.
- g) With the exception of existing connections, the existence of a special contract, or unusual circumstances requiring approval of the utility, a single meter can serve no more than one residential or commercial unit on and after the effective date of this tariff.
- h) For existing connections, special contracts, or other utility approved situations, where two or more units are being served by one meter, the following rules will apply:
  - 1. One bill per meter will be sent to the customer that signed the Water Service Contract.
  - 2. The customer that signed the Water Service Contract will be fully and solely responsible for the charges associated with the connection

including payment for all water passing through the meter, regardless of which unit is responsible for the water consumption.

D. Deposits.

1. Deposits to secure payment. The utility may require a minimum cash deposit or other guaranty to secure payment of bills.
2. Equal Deposits. An equal deposit amount for each class of customers will be established based on the average annual bill of customers in that class. Deposit amounts will not exceed two-twelfths (2/12) of the average annual bill of customers in each class where bills are rendered monthly. Deposit amounts are listed in the Rates and Charges section of this tariff.
3. Waiver of Deposits. The deposit may be waived upon a customer's showing of satisfactory credit or payment history. In determining whether a deposit will be required or waived, the following criteria will be considered:
  - a) Previous payment history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
  - b) Length of time the customer has resided or been located in the area.
  - c) Whether the customer owns the property to be served.
  - d) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.
4. Additional deposit requirement. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, the utility may require that a deposit be made. The utility may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage.
5. Receipt of deposit. The utility will issue a receipt to every customer that pays a deposit. The receipt will show the name of the customer, location of the service or customer account number, date, and amount of deposit. If the notice of recalculation described in this section is not included in the utility's application for service or mailed with customer bills, the receipt of deposit will contain the notification. If deposit amounts change, the utility will issue a new receipt of deposit to the customer.
6. Deposits as a condition of service. Service may be refused or discontinued if payment of requested deposits is not made.



7. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the utility will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

E. SPECIAL NON-RECURRING CHARGES:

1. The utility will collect for special non-recurring charges to recover customer-specific costs incurred which would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken. The utility may establish or change any special nonrecurring charge by applying for Public Service Commission approval of such charge in accordance with the provisions of 807 KAR 5:011, Section 10.
2. Special non-recurring charges will be applied uniformly throughout the area served by the utility. Such charges will relate directly to the service performed or action taken and only yield enough revenue to pay the expenses incurred in rendering the service.
3. The utility will assess a charge for the following non-recurring services:
  - a) Connection/turn-on Charge: Will be assessed for new service turn-ons, seasonal turn-ons, temporary service, or transfer of service. The charge will not be made for initial installation of service where a meter connection/tap-on charge is applicable.
  - b) Late Payment Penalty: Will be assessed on the delinquent amount of the bill, less taxes.
  - c) Meter Relocation Charge: Will be assessed when a customer or other authorized person requests that a meter be relocated, changed, or modified. Those requesting a change must reimburse the utility for the actual costs incurred, including but not limited to appropriate legal, administrative, engineering, overhead, or other related costs.
  - d) Meter Re-read Charge: Will be assessed when a customer requests the utility to re-read the customer's meter and the re-read proves that the original meter reading was correct.
  - e) Meter Test Charge: Will be assessed when a customer requests the utility perform a test on the customer's meter to check for accuracy, and the test shows the customer's meter is not more than two percent (2%) fast.

- f) Reconnection Charge: Will be assessed to reconnect service that has been terminated for non-payment of service or for violation of Utility of Public Service Commission rules and regulations.
- g) Returned Check Charge: Will be assessed when a customer's check is returned, either due to insufficient funds or other reason due to customer fault.
- h) Service Call/Investigation Charge: Will be assessed when a customer requests the onsite presence of utility personnel to investigate a service problem and the problem is a result of the customer's own plumbing facilities, beyond the utility's delivery point, or not caused by failure of utility facilities. Any maintenance and repair of facilities beyond the utility's delivery point is the responsibility of the customer.
- i) Meter Service Damage Charge: Any individual or entity that causes damage to the District's meter service, including, but not limited to the valve box, curb stop, service line setter, meter, MXU, meter box, lid and/or lock, etc. shall pay the actual costs incurred by the District to investigate the damage and repair the damaged meter appurtenances.
- j) Disconnection Charge: Will be assessed to disconnect service that has been terminated for non-payment of service or for violation of Utility of Public Service Commission rules and regulations.

F. Customer Complaints to the Utility. Upon complaint to the utility by a customer at the utility's office, by telephone, or in writing, the utility will make a prompt and complete investigation and advise the complainant of its findings. The utility's superintendent will make a decision within ten (10) days, which the complainant will then have ten (10) days to appeal to the utility's board of commissioners. The customer will receive a final decision from the utility no later than thirty (30) days following the date that the complaint was made. If the complainant is not satisfied with the utility's decision, the utility will provide written notice to the complainant of his/her right to appeal the utility's decision by filing a complaint with the Public Service Commission. The utility will also provide the customer with the address and telephone number of the Public Service Commission. The utility will keep a record of all written complaints. This record will show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition of the complaint. Records will be maintained for two (2) years from the date of resolution of the complaint.

G. Bill Adjustments:

1. Fast or slow reading meters:

- a) If upon periodic test, requested test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests will be made to determine the average error of the meter. The tests will be made in accordance with Public Service Commission rules and regulations applicable to the type of meter involved.
  - b) If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where a utility has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the utility will immediately determine the period during which the error has existed, and will recompute and adjust the customer's bill to either provide a refund to the customer or collect an additional amount of revenue from the underbilled customer. Any adjustment to the customer's account will be in accordance with the rules and regulations of the Public Service Commission pursuant to 807 KAR 5:066 Section 9(c).
  - c) The utility will readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period will be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads will be used for comparison purposes in calculating the time period. If the customer and the utility are unable to agree on an estimate of the time period during which the error existed, the Public Service Commission will determine the issue. In all instances of customer overbilling, the customer's account will be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after final meter test results. A utility will not require customer repayment of any underbilling to be made over a period shorter than a period coextensive with the underbilling.
2. Meter read failure. When a meter has ceased to register, or a meter reading cannot be obtained, the quantity of water to be billed will be based upon an average of twelve-months' consumption. If said meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated.
3. Monitoring usage. The utility will monitor a customer's usage at least annually in such a way to draw the utility's attention to unusual deviations in a customer's

usage. If a customer's usage is unduly high (100% above average) and the deviation is not otherwise explained, the utility will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

4. Usage investigation. If the utility's procedure for monitoring usage indicates that an investigation of a customer's usage is necessary, the utility will notify the customer in writing either during or immediately after the investigation of the reasons for the investigation, and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, the utility will notify the customer by the most expedient means available.
5. Customer notification. If a meter is tested and it is found necessary to make a refund or back bill a customer, the customer will be notified in substantially the following form:

On \_\_\_\_\_, 2019, the meter bearing identification No. \_\_\_\_\_ installed in your building located at \_\_\_\_\_ (Street and Number) in \_\_\_\_\_ (city) was tested at \_\_\_\_\_ (on premises or elsewhere) and found to register \_\_\_\_\_ (percent fast or slow). The meter was tested on \_\_\_\_\_ (Periodic, Request, Complaint) test.

Based upon this we herewith \_\_\_\_\_ (charge or credit) with the sum of \$ \_\_\_\_\_, which amount has been noted on your regular bill. If you desire a cash refund, rather than a credit to your account, of any amount overbilled, you must notify this office in writing within seven (7) days of the date of this notice.

H. Status of Customer Accounts during Billing Disputes. With respect to any billing dispute, customer accounts shall be considered to be current while the dispute is pending as long as the customer continues to make undisputed payments and stays current on subsequent bills.

I. Customer's Request for Termination of Service.

1. Any customer desiring service terminated or changed from one address to another shall give the utility three (3) working days' notice in person, in writing, or by telephone, provided such notice does not violate contractual obligations. The customer will not be responsible for charges for service beyond the three- (3) day notice period if the customer provides proper notification and reasonable access to the meter during the notice period. If the customer notifies the utility of his/her request for termination by telephone, the burden of proof is on the customer to prove that service termination was requested if a dispute arises.
2. Upon request that service be reconnected at any premises subsequent to the initial installation or connection to its service lines, the utility will charge the applicant a reconnect fee as set out in this tariff and approved by the Public Service Commission.

J. Customer Relations.

1. Display of customer rights. The utility will prominently display in the office in which payment is received a copy of Customer's Rights. If a customer indicates to any utility personnel that he is experiencing difficulty in paying a current utility bill, that employee will refer the customer to the designated representative for explanation of the customer's rights.
2. Partial payment plans. The utility shall negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice for failure to pay, except that a utility is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan. Partial payment plans must be mutually agreed upon. Plans which extend for a period longer than thirty (30) days will be in writing and will advise customers that service may be terminated without additional notice if the customer fails to meet the obligations of the plan.
3. Utility inspections of service conditions prior to providing service. The utility will inspect the condition of the meter and service connections before providing service to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The utility will not be required to render service to any customer until any defects in the customer- owned portion of the service facilities have been corrected.
4. Prompt connection of service. The utility will reconnect existing service within twenty-four (24) hours, and will install and connect new service within seventy-two (72) hours, when the cause for refusal or discontinuance of service has been corrected and the rules and regulations of the utility and Public Service Commission have been met.
5. Advance termination notice. When advance termination notice is required, the termination notice will be mailed or otherwise delivered to the last known address of the customer. The termination notice will be in writing, distinguishable and separate from any bill. The termination notice will plainly state the reason for termination, that the termination date will not be affected by receipt of any subsequent bill, and that the customer has the right to dispute the reasons for termination.

K. Refusal or Termination of Service.

1. The utility may refuse service to a customer under the following conditions:
  - a) For noncompliance with utility or Public Service Commission rules and regulations. The utility cannot refuse service to any customer for noncompliance without first having made a reasonable effort to obtain

customer compliance. After such effort by the utility, service may be refused only after the customer has been given a written notice of refusal stating the reasons for refusal of service.

- b) For dangerous conditions. If a dangerous condition exists which could subject any person to imminent harm or result in substantial damage to the property of the utility or others is found to exist on the customer's premises, then service will be refused. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.
- c) For refusal of access. When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance or removal of utility property, the utility may refuse service. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.
- d) For outstanding indebtedness. The utility will not furnish new service to any customer who is indebted to the utility until that customer has repaid the indebtedness. If an application for service is received by a person residing with a delinquent customer at the premises where water was supplied to the delinquent customer, the application will be denied on the grounds that the customer is applying as the agent of the delinquent customer.
- e) For noncompliance with state, local, or other codes. The utility may refuse service to a customer if the customer does not comply with state, municipal, or other codes, rules, and/or administrative regulations applying to such service. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.

## 2. Utility Initiated Termination of Service

- a) The termination notice requirements stated herein will not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the utility and customer which has been approved by the Public Service Commission.

- b) When advance termination notice is required, the termination notice shall be mailed or otherwise delivered to the last known address of the customer. The termination notice shall be in writing, distinguishable and separate from any bill. The termination notice shall plainly state the reason for termination, that the termination date will not be affected by receipt of any subsequent bill, and that the customer has the right to dispute the reasons for termination.
- c) The utility may terminate service to a customer under the following conditions with an advance termination notice:
  - 1. For noncompliance with utility or Public Service Commission rules and regulations. The utility cannot terminate service to any customer for noncompliance without first having made a reasonable effort to obtain customer compliance. After such effort by the utility, service may be terminated only after the customer has been given at least ten (10) days written termination notice.
  - 2. For refusal of access. When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance, or removal of utility property, the utility may terminate service. Such action will be taken only when corrective action negotiated between the utility and customer has failed to resolve the situation and after the customer has been given at least ten (10) days' written notice of termination.
  - 3. For noncompliance with state, local, or other codes. The utility may terminate service to a customer that does not comply with state, municipal, and/or other codes, rules, and regulations that apply to such service. A utility may terminate service only after ten (10) days' written notice of termination is provided unless ordered to terminate immediately by a governmental official.
  - 4. For nonpayment of bills. The utility may terminate service for nonpayment of charges incurred for utility services. The utility may terminate service only after five (5) days' written notice of termination is provided, and after twenty (20) days have elapsed since the mailing date of the original unpaid bill.
- d) The utility may terminate service to a customer if the following conditions exist without an advance termination notice. Within twenty-four (24) hours after such termination, the utility shall send written notification to the customer of the reason(s) for termination upon which the utility relies,

and of the customer's right to challenge the termination by filing a formal complaint with the Public Service Commission. The utility will not restore service until the customer agrees to comply with all rules and regulations of the utility and Public Service Commission.

1. For illegal use or theft of service. The utility may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft. This right of termination is separate from and in addition to any other legal remedies that the utility may pursue for illegal use or theft of service.
2. For dangerous conditions. If a dangerous condition relating to the utility's service which could subject any person to imminent harm or result in substantial damage to the property of the utility or others is found to exist on the customer's premises, then service will be terminated immediately. Upon termination the utility will leave notification at the customer's dwelling and, if possible, orally contact the customer to inform him/her of the reasons for the termination. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer or utility before service can be restored.
3. Unapproved Extensions and/or Additions. Any extension or additions to an existing service connection that have not been approved by the utility will be considered theft of service, and will constitute grounds for termination of service. This right of termination is separate from and in addition to any other legal remedies that the utility may pursue for illegal use or theft of service.
4. Misrepresentation. Any misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water will constitute grounds for termination of service, and the customer shall be liable for any damage to any of the utility's facilities or equipment.
5. Failure to Report Changes. Failure to notify the utility of additions to the property or fixtures to be supplied or additional use to be made of water will constitute grounds for termination of service.
6. Resale of Water. Under no circumstances will a customer be allowed to resell or give away water except under the terms of a special contract executed by the utility and approved by the Public Service



Commission. Failure to comply with this rule will constitute grounds for termination of service.

7. Waste or Misuse. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep said pipes in suitable state of repair will constitute grounds for termination of service.
  8. Tampering with meter, meter seal, service, valves, or other system facilities, or permitting such tampering by others will constitute grounds for termination of service.
  9. Connections, cross-connections, or permitting the same, of any separate water supply to premises that receive water from the utility will constitute grounds for termination of service.
- e) The utility will not terminate service to a customer if the following conditions exist:
1. If payment for services is made. Service will not be terminated to a customer that was sent a termination notice if the customer delivers full payment to the utility prior to the actual termination of service.
  2. If a partial payment agreement is in effect. Service will not be terminated for nonpayment if the customer and the utility have entered into a partial payment plan and the customer is meeting the requirements of the plan.
  3. If a medical certificate is presented. Service will not be terminated for thirty (30) days beyond the termination date if a physician, registered nurse or public health officer certifies in writing that termination of service will aggravate a debilitating illness or infirmity on the affected premises. The utility may refuse to grant consecutive extensions for medical certificates past the original thirty (30) days unless the certificate is accompanied by an agreed partial payment plan. The utility will not require a new deposit from a customer to avoid termination of service for a thirty (30) day period who presents to the utility a medical certificate certified in writing by a physician, registered nurse or public health officer.

L. Meter Testing.

1. Water meters will be tested before being installed for use by any customer. The water meter will be in good working order and adjusted as close to the optimum operating tolerance as possible, in accordance with 807 KAR 5:022, Section

8(3)(a), 807 KAR 5:041, Section 17(1)(a)-(c) and 807 KAR 5:066, Section 15(2)(a)-(b).

2. The utility may have all or part of its meter testing performed by another utility or agency approved by the Public Service Commission. The utility will notify the Public Service Commission of the make, type, and serial number of standards used for testing.
3. The utility cannot place in service any basic measurement standard unless the Public Service Commission has approved the calibration. The Public Service Commission will be notified promptly of the adoption or deletion of any basic standards requiring approval of the calibration.
4. Meter testers must be certified by the Public Service Commission. Certified meter testers will perform tests as necessary to determine the accuracy of the utility's meters and to adjust the utility's meters to the degree of accuracy required by the rules and regulations of the Public Service Commission.

**M. Meter Test Records.**

1. A complete record of all meter tests and adjustments and data sufficient to allow checking of test calculations will be recorded by the meter tester. Such record will include: information to identify the unit and its location; date of tests; reason for such tests; readings before and after test; statement of "as found" and "as left" accuracies sufficiently complete to permit checking of calculations employed; notations showing that all required checks have been made; statement of repairs made, if any; identifying number of the meter; type and capacity of the meter; and the meter constant. The complete record of tests of each meter will be continuous for at least two (2) periodic test periods and will in no case be less than two (2) years.
2. The utility will keep numerically arranged and properly classified records for each meter owned, used and inventoried by the utility. The identification number, date of purchase, name of manufacturer, serial number, type, rating, and name and address of each customer on whose premises the meter has been in service with date of installation and removal will be included in the records. These records will also contain condensed information concerning all tests and adjustments including dates and general results of such adjustments. The records will reflect the date of the last test and indicate the proper date for the next periodic test required by the applicable Public Service Commission rule and/or regulation.
3. Upon completion of adjustment and test of any meter pursuant to Public Service Commission rules and regulations, the utility will affix to the meter a suitable seal

in such a manner that adjustments or registration of the meter cannot be altered without breaking the seal.

N. Customer Requested Meter Tests.

1. The utility will make a test of any meter upon written request of any customer if the request is not made more frequently than once every twelve- (12) months. The customer shall be given the opportunity to be present at the requested test. If the test shows that the meter was not more than two (2) percent fast, the utility will make a reasonable charge for the test, the amount being approved by the Public Service Commission and set out in the utility's tariff.
2. After having first obtained a test from the utility, any customer of the utility may request a meter test by the Public Service Commission upon written application. Such request shall not be made more frequently on one (1) meter than once every twelve- (12) months.

O. Access to Property.

1. The utility shall at all reasonable hours have access to meters, service connections, and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is terminated. Any employee of the utility whose duties require him/her to enter the customer's premises will wear a distinguishing uniform or other insignia identifying him/her as an employee of the utility, or show a badge or other identification which will identify him/her as an employee.
2. Obtaining easements and right-of-ways necessary to extend service will be the responsibility of the utility.
3. All customers must grant, convey, or cause to be granted or conveyed to the utility a perpetual easement and right-of-way across any property owned or controlled by the customer wherever necessary for the utility's facilities in order to provide service.
4. The utility cannot require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. However, the cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned among the utility and customer in accordance with the applicable extension administrative regulation.

P. Location of Records. All records required by Public Service Commission rules and regulations will be kept in the office of the utility and will be made available to

representatives, agents or staff of the Public Service Commission upon reasonable notice at all reasonable hours.

Q. Safety Program. The utility will adopt and execute a safety program, appropriate to the size and type of its operations. At a minimum, the safety program will:

1. Establish a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees.
2. Instruct employees in safe methods of performing their work.
3. Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation or drowning, in accepted methods of artificial respiration.

R. System Inspections.

1. The utility will adopt inspection procedures to assure safe and adequate operation of its facilities and compliance with Public Service Commission rules and regulations. These procedures will be filed with the Public Service Commission for review.
2. Upon receipt of a report of a potentially hazardous condition at any utility facility made by a qualified employee, public official, or customer, the utility will inspect all portions of the system which are the subjects of the report.
3. Appropriate records will be kept by the utility to identify the inspection made, deficiencies found and action taken to correct the deficiencies.
4. Inspections. The utility will make systematic inspections of its system in the manner set out below to ensure that the Public Service Commission's safety requirements are being met. These inspections will be made as often as necessary but not less frequently than is set forth below for various classes of facilities and types of inspection.
  - a) The utility will annually inspect all structures pertaining to source of supply for their safety and physical and structural integrity, including dams, intakes, and traveling screens. The utility will semiannually inspect supply wells, their motors and structures, including electric power wiring and controls for proper and safe operation.
  - b) The utility will annually inspect all structures pertaining to purification for their safety, physical and structural integrity and for leaks, including sedimentation basins, filters, and clear wells; chemical feed equipment; pumping equipment and water storage facilities, including electric power wiring and controls; hydrants, mains, and valves.

- c) The utility will monthly inspect construction equipment and vehicles for defects, wear, operational hazards, lubrication, and safety features.

S. Reporting of Accidents, Property Damage, or Loss of Service.

1. Within two (2) hours following discovery the utility will notify the Public Service Commission by telephone or electronic mail of any utility-related accident which results in:
  - a) Death; or shock or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization;
  - b) Actual or potential property damage of \$25,000 or more; or
  - c) Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less.
2. A summary-written report will be submitted by the utility to the Public Service Commission within seven (7) calendar days of the utility related accident.

T. Continuity of Service.

1. Emergency interruptions. The utility will make all reasonable efforts to prevent interruptions of service and when such interruptions occur will endeavor to reestablish service with the shortest possible delay consistent with the safety of its consumers and the general public. If an emergency interruption of service affects service to any public fire protection device, the utility will immediately notify the fire chief or other public official responsible for fire protection.
2. Scheduled interruptions. If the utility finds it necessary to schedule an interruption of its service, it will notify all customers to be affected by the interruption, stating the time and anticipated duration of the interruption. Whenever possible, scheduled interruptions will be made at hours of least inconvenience to customers. If public fire protection is provided by mains affected by the interruptions, the utility will notify the fire chief or other officials responsible for fire protection of the interruption, stating the time and anticipated duration. The fire chief or other official responsible for fire protection will be notified immediately upon restoration of service.
3. Record of interruptions. The utility will keep a complete record of all interruptions on its entire system. This record will show the cause of interruption, date, time, duration, remedy and steps taken to prevent recurrence.

U. Pressures.

1. Standard pressure. The utility will maintain a standard pressure in its distribution system at locations to be designated as the point or points of "-standard pressure." The selection of such points will be confined to locations fairly representative of average conditions. In selecting points for fixed standard pressure, the utility may divide its distribution system into districts if division is necessary due to differences of elevation or loss of pressure because of friction, or both, and may either adopt a standard pressure for each division or establish a single standard pressure for its distribution system as a whole. In no case will the constant difference between the highest and lowest pressures in a district for which a standard has been adopted exceed fifty (50) percent of such standard. The utility may, in extenuating circumstances, furnish service that does not comply with the foregoing specifications if the customer is fully advised of the conditions under which average service may be expected. The Public Service Commission, upon investigation, may require improvements when it appears right and proper that such upgrades should be made. In no event, however, will the pressure at the customer's service pipe under normal conditions fall below thirty- (30) psig nor will the static pressure exceed 150 psig.
2. Pressure surveys. At least once a year the utility will make a survey of pressures in its distribution system of sufficient magnitude to indicate the quality of service being rendered at representative points in its system. Pressure charts for these surveys will show the date and time of beginning and end of the test and the location at which the test was made. Records of these pressure surveys will be maintained at the utility's office and will be made available to the Public Service Commission upon request.

V. Service Lines & Connections.

1. The utility will furnish and install at its own expense for the purpose of connecting its distribution system to the customer's premises that portion of the service connection from its main to and including the meter and meter box. The utility will recoup this expense from the customer in accordance with KRS 278.0152.
2. In areas where the distribution system follows well-defined streets and roads, the customer's point of service will be located at that point on or near the street right-of-way or property line most accessible to the utility from its distribution system. In areas where the distribution system does not follow streets and roads, the point of service will be located as near the customer's property line as practicable. Prior to installation of the meter the utility will consult with the customer as to the most practical location.
3. Depth of service line. All service lines must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced

except where services are not intended for use during freezing weather and are actually drained during such periods.

4. A service line inspection charge will be made to inspect a service line from the point of delivery at the meter to the point of usage. During the installation of the service line, the utility requires that the applicant/customer leave the trench open and pipe uncovered to allow the utility to inspect the line. A plumbing permit from the Department of Health is required before the utility can set the meter. A photo-copy of the permit will be kept on file at the utility office.
5. The applicant/customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of his/her service line plumbing, including a shut-off valve and one-way check valve, installed on his/her property beginning at the outlet side of the water meter. The service line must be kept in good repair and in accordance with utility and Public Service Commission rules and regulations.
6. The installation and maintenance of the water service line must be in accordance with the rules and regulations of the Kentucky Department of Health.
7. A cross-connection of the utility's system with any other source is strictly prohibited.
8. A well that has or is being used on the premises must be inspected by utility personnel to verify disconnection and separation.
9. All service lines on the customer's side of the meter must consist of copper or PVC pipe with a rating of no less than 200 psi, and should not be less than 3/4 inches.
10. Absolutely no galvanized pipe or fittings can be used in the installation.
11. The utility will not set a meter on a customer's service line at a point that does not deliver 30 psig at the meter.
12. If the applicant/customer's point of usage is at a higher elevation than the meter, the customer should consult with a reputable engineering firm to properly size the service line from the meter to the point of usage.
13. Should an applicant/customer desire a higher pressure due to location or other need, provisions must be made by the applicant for an individual pressure booster system. The manner of connection, location cross-connection protection and type is subject to approval by the utility. The utility reserves the right to require discontinuance and disconnection should the private booster system have a detrimental effect on the utility's system.

14. Piping on the premises of the applicant/customer must be installed so that connections are conveniently located with respect to the utility's lines and mains. A place must be provided for metering that is unobstructed and accessible at all times.
15. The utility may require the applicant/customer may, at his/her own expense, to install a back- flow preventor and/or pressure regulator.
16. All meters will be installed, renewed, and maintained at the expense of the utility, and the utility reserves the right to approve the size and type of meter used.
17. All taps and connections to the mains of the utility must be made by and/or under the direction and supervision of utility personnel and will incur a meter connection/tap-on charge, an amount that has been approved by the Public Service Commission for such service. Payment of this fee is for the privilege of connecting to the water system and the payment of the fee does not constitute the purchase of a water meter.
18. Should an applicant requesting a 5/8" x 3/4" meter require service on the opposite side of the road from the water main, the utility will provide the service at ~~no additional cost to the customer other than the standard meter connection/tap-on charge~~. All larger size meters will be charged the actual cost of installing the meter, including, when applicable, the additional costs for crossing the road.
19. Any customer having boilers and/or pressure vessels that receive water from the utility must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the utility be interrupted or discontinued.

W. Leak Adjustments. A customer may make a request for a bill adjustment in the event of a leak under the following conditions:

1. The customer must request a leak adjustment in writing to the utility.
2. The customer's bill will be based on two components. The first step will be to calculate the customer's average monthly usage over a twelve-month period. The second step will be to deduct the customers average monthly usage (as calculated in the above) from the total amount of water that passed through the meter. The usage calculated in step one will be billed at the utility's regular rates, while the remaining usage will be charged at the per thousand gallon leak adjustment rate, as set forth in the rates and charges portion of the utility's approved tariff. All water passing through the meter must be accounted and paid for by the customer. So the customer will owe the amount of his/her average bill plus the per thousand gallon leak adjustment rate for the remainder of the water that passed through the meter.



3. If meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated.
4. A customer will be allowed one (1) leak adjustment in rolling 12-month period subject to the following conditions.
  - a) Board of Director Approval
  - b) Proof of repair to service line (Receipt, photos, and/or inspection by DISTRICT staff)
  - c) Repairs are made according to DISTRICT policy. (Underground service line repairs should be CTS or IPS, rated for no less than 160 PSI. The use of radiator clamps, king nipples, galvanized fittings, or the equivalent will not be accepted)
  - d) The following months usage has shown significant decrease consistent with a repaired leak
  - e) Each adjustment may cover a maximum of two (2) billing periods

X. Ownership of Mains, Services, and Appurtenances:

1. All mains, fire hydrants, valves, crossings, and other appurtenances are and shall remain the property of the utility, whether installed by the utility or the customer.
2. All service lines from the main to the meter with appurtenances are and shall remain the property of the utility, whether installed by the utility or the customer.
3. The customer shall install, own, and maintain his/her service line from the meter (or point of delivery) to the point of usage.

Y. Notification of System Problems. The customer shall notify the utility immediately should the service be unsatisfactory for any reason, or should there be any defects, problems, trouble, or accidents affecting the water system.

Z. Legal Disclaimers.

1. The utility shall in no event be held responsible for any claims made against it for reasons of system failure or interruption of service. No persons shall be entitled to damages nor for any portion of a payment refunded for any system failure or interruption of service which in the opinion of the utility is deemed necessary.
2. No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure appurtenance or equipment which is a part of the utility's water system. Any person violating this provision will be

subject to immediate arrest and/or discontinuance of water service and shall pay the cost of repairing or replacing the utility's facilities.

3. If any loss or damage to the property of the utility or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements shall be paid by the customer of the utility and any liability otherwise resulting shall be that of the customer.
4. For purposes of fire protection, including any customer's fire protection system, the utility cannot guarantee a water supply at any particular flow rate or pressure. The fire flow may vary depending upon other water demands on the system, various water facility limitations, or other circumstances. The customer will indemnify and hold harmless the utility and its employees from and against all claims, damages, losses, and expenses incurred as a result of insufficient water supply or deficient system facilities.

AA. Fire Departments.

Any city, urban-county, charter county, fire protection district, or volunteer fire protection district may withdraw water from the utility's water distribution system for the purposes of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 5th day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of the water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month. A non-reporting user may present evidence of its actual usage to rebut the presumed usage. The utility shall consider this evidence and may adjust the presumed usage amount accordingly.

The non-reporting user shall be billed for the usage at the lowest usage block rate regardless of customer classification that the utility charges.

A non-reporting user shall also be assessed a penalty of \$100.00 for each failure to submit a report each quarter.

BB. Hydrants:

1. Fire Hydrants:

- a) In accordance with 807 KAR 5:066 Section 10(2)(b), a new fire hydrant will not be installed unless:
  - 1. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute, and
  - 2. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.
- b) The location, installation, and the responsibility for maintenance of fire hydrants, public and private fire protection facilities, connecting mains, and their ownership may be subject to negotiation between the utility and the applicant/customer. Fire hydrants and public and private fire protection facilities shall be installed as required by the utility and if owned by the utility shall be subject to any conditions the Public Service Commission may impose, based upon the compensation received for this service.

2. Flush Hydrants:

- a) The utility places flush hydrants at various points throughout the system solely for maintenance and flushing purposes. The utility will not object to the use of these hydrants by fire departments in emergency situations. However, it must be understood that:
  - 1. The intended use of flush hydrants is not for fire protection.
  - 2. The utility will not guarantee any amount of water pressure at any given hydrant.
  - 3. Emergency users will not use pumps to pull water from any hydrant.
  - 4. The utility will not be responsible for any claims arising from the use of hydrants for any purpose by persons other than this utility's personnel.

CC. Fire Sprinkler Systems.

Not Applicable to this utility.

DD. Requirements for New Connections.

- 1. The water line must be buried in a ditch that is at a minimum of 24 inches in depth.
- 2. The water line must be a minimum of 200 psi

3. A shut-off valve must be installed.
4. A one-way check valve must be installed.
5. A pressure regulator may be required as prescribed by the utility.
6. There shall be absolutely no galvanized pipe or fittings used in the installation.
7. The water line must be visually inspected by the utility.
8. If a well is being used, it must be disconnected, and the utility must inspect to verify separation.
9. A plumbing permit from the Health Department is required before the meter can be set. A photocopy of the permit will be kept on file at the utility's office.

EE. Water Main Extensions.

1. Normal extension. An extension of fifty (50) feet or less shall be made by a utility to its existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more.
2. Other extensions.
  - a) When an extension of the utility's main to serve an applicant or group of applicants amounts to more than fifty (50) feet per applicant, the utility may require the total cost of the excessive footage over fifty (50) feet per applicant/customer to be deposited with the utility by the applicant or the applicants, based on the average estimated cost per foot of the total extension.
  - b) When an extension of the utility's main to serve an applicant or group of applicants amounts to more than fifty (50) feet per applicant, the utility will require the applicant(s) to sign an agreement between the utility and the property owner (applicant/customer) that specifically define the responsibilities of each party with regards to the extension.
  - c) Each customer who paid for service under such extension will be reimbursed under the following plan:
    1. For a period of five (5) years after construction of the extension, each additional customer whose service line is directly connected to the extension installed, and not to extensions or laterals therefrom, will be required to contribute to the cost of the extension based on a recomputation of both the utility's portion of the total cost and the amount contributed by the customers. The utility will refund to those customers that have previously contributed to the cost of the

extension that amount necessary to reduce their contribution to the currently calculated amount for each customer connected to the extension. All customers directly connected to the extension for a five- (5) year period after it is placed in service must contribute equally to the cost of construction of the extension. In addition, each customer must pay the approved tap-on fee applicable at the time of his/her application for the meter connection. The tap-on fee will not be considered part of the refundable cost of the extension and may be changed during the refund period. After the five- (5) year refund period expires, any additional customer will be connected to the extension for the amount of the approved tap-on fee only. After the five (5) year refund period expires, the utility will be required to make refunds for an additional five (5) year period in accordance with subparagraph 1 of 807 KAR 5:066 Section 11 (2)(b).

3. Nothing contained herein shall be construed to prohibit the utility from making extensions under different arrangements if such arrangements have received the prior approval of the Public Service Commission.
4. Upon complaint to and investigation by the Public Service Commission a utility may be required to construct extensions greater than fifty (50) feet upon a finding by the Public Service Commission that such extension is reasonable and that an extension of fifty (50) feet or less is unreasonable under the circumstances.

FF. Extension Procedures for Developers and/or New Subdivisions. An engineer, hired by the developer, shall file the following with the utility:

1. A letter indicating the size, location, and type of proposed development.
2. A plan or schematic drawing of the proposed facilities.
3. An executed copy of the "Agreement for Services" between the developer and the engineer.
4. A letter from the developer designating the development's authorized representative.

Following the submission of the above requirements, the utility will review the proposal and study the effects the development will have on the existing system. Then the utility shall issue to the authorized representative a letter of conditions stating the requirements for the proposed development so that the engineer may proceed with the next step in this process.

5. Plans for the construction of water lines on plan sheets, 24" x 36" to a scale of 1" to 100' that include the following information:

Title Sheet:

- a) Name and address of the engineer
- b) Name and address of the owner/developer
- c) Name of the development
- d) Vicinity Map

Plan Sheet:

- a) Topography and layout of the development, including streets, curbs and gutters, sidewalks, drainage headwalls, storm drains, lot lines, and utility easements.
- b) Pipe material and pressure
- c) Pipe size
- d) Location and types of valves
- e) Location and size of hydrants
- f) Location and size of blow-off assembly(s)
- g) Location, size, and material of service tubing
- h) Existing facilities such as hydrants, valves, line sizes, storm drains, and sewer lines.
- i) All construction shall be in accordance to the utility's specifications.

Cost Estimate:

- a) Topography and layout of the development, including streets, curbs and gutters, sidewalks, drainage headwalls, storm drains, lot lines, and utility easements.

Review Phase:

- a) After the completed plans have been reviewed by the owner-developer with the engineer, and approved, two (2) sets shall be submitted to the utility and to the Kentucky Division of Water, as well as the Kentucky Public Service Commission for review and approval. The owner and developer should allow for a thirty (30) day review period. However, the utility will review as quickly as possible. The utility shall review the plans as to the sanitary design and standard specifications contained herein. After all corrections have been made, final written approval will be

delayed until approval is granted from the Division of Water and the Public Service Commission.

- b) The utility shall issue a letter to the developer authorizing construction.
- c) During construction, a representative of the utility shall inspect the construction to ensure compliance with utility specifications. The utility must be given a minimum 48 hour notice prior to construction.
- d) After construction has been completed and testing performed by the developer, the utility will issue a letter of acceptance of the improvements into the utility's distribution system.

## *Martin County Water District*

### WATER SERVICE CONTRACT

This contract entered into between \_\_\_\_\_, herinafter called "USER"  
the undersigned

and the \_\_\_\_\_, herinafter called "SUPPLIER" that  
MARTIN COUNTY WATER DISTRICT  
water system

WHEREAS the USER desires to purchase water from the SUPPLIER, the USER hereby enters into this service contract as required by the SUPPLIER.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, it is hereby understood and agreed by the parties hereto as follows:

SECTION 1. The SUPPLIER shall furnish, subject to the limitations set out in its Bylaws, Rules and Regulations, and tariffs now in force or as hereafter duly and legally supplemented, amended, or changed, such quantity of water as the USER may desire in connection with the property to be served by this agreement. The property to be served is a (residence, mobile home, or business)

\_\_\_\_\_ located at

\_\_\_\_\_  
Street, Road, etc. ( ) Phone

SECTION 2. The USER agrees to pay to the SUPPLIER the meter connection/tap-on fee of \$ \_\_\_\_\_ as set out in the SUPPLIER's approved tariff of \$ \_\_\_\_\_. If the meter to be installed is more than fifty (50) feet from the main, then the USER also agrees to pay the for the additional materials and labor costs associated with the longer connection. The USER also agrees to pay the SUPPLIER a deposit of \$ \_\_\_\_\_ as set out in the SUPPLIER's approved tariff.

The USER agrees to comply with and be bound by the Bylaws, Rules and Regulations, and tariffs now in force or as hereafter duly and legally supplemented, amended, or changed. The USER agrees to pay for water at such rates, time, and place as shall be determined by the SUPPLIER, and agrees to the imposition of such penalties for non-compliance as set out in the SUPPLIER's Bylaws, Rules and Regulations, and tariffs now in force or as hereafter duly and legally supplemented, amended, or changed.

It is understood and agreed that the SUPPLIER reserves the right to determine the size of service connection to be used to supply water to the USER. A 5/8" x 3/4" meter will be the standard meter used. If a USER contracts for a larger meter, the USER agrees to pay the actual costs of materials and labor for the installation of such a meter. Unless under special circumstances requiring the approval of the utility's commissioners, a separate meter must be installed by the SUPPLIER for each individual residence or place of use. The location of the water meter on the property will be determined by the SUPPLIER and will not be more than fifty (50) feet from the main, unless special circumstances exist. The SUPPLIER shall purchase and install a cutoff valve and a water meter and other appurtenances thereof. The SUPPLIER shall have exclusive right to use said cutoff valve and water meter.

SECTION 3. The USER shall install and maintain, at his/her own expense, a service line that shall begin at the meter and extend to the dwelling or place of use. The USER shall connect his service line to the water distribution system and shall commence to use water from the system on the date the water is available. Water charges to the USER will commence on the date service is made available by the SUPPLIER, regardless of whether the USER is connected to the system, or is in fact using water from the system.



The failure of the USER to pay water charges duly imposed shall result in the automatic imposition of penalties as set out in the SUPPLIER's approved tariff. Penalties shall include, but not be limited to, a late payment penalty charge, termination of service, and a reconnection fee.

SECTION 4. The SUPPLIER shall determine the allocation of water to the USER in the event of a water shortage, and may shut off water to the USER if such event occurs. The SUPPLIER may shut off water to the USER if the USER allows a connection or extension to be made to his service line for the purpose of supplying water to another party. In the event the total water supply shall be insufficient to meet all of the needs of the USERS, or in the event there is a shortage of water, the SUPPLIER must first satisfy all of the needs of all of the USERS for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the USERS for domestic and livestock purposes before supplying any water for garden or other purposes.

SECTION 5. The USER agrees that no present or future source of water will be connected to any water lines served by the SUPPLIER's water lines and will disconnect from his present water supply, well, or other source, prior to connecting to and switching to the SUPPLIER's system and shall eliminate present or future cross-connections in his system.

DATE: \_\_\_\_\_  
\_\_\_\_\_ WATER USER

WITNESS: \_\_\_\_\_  
\_\_\_\_\_ MARTIN COUNTY WATER DISTRICT

\_\_\_\_\_  
WATER SYSTEM REPRESENTATIVE

# *Martin County Water District*

## EASEMENT AGREEMENT

This EASEMENT AGREEMENT made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_,

in the year \_\_\_\_\_, between \_\_\_\_\_

Owner

and the MARTIN COUNTY WATER DISTRICT, a water utility and political subdivision organized and existing according to Kentucky Revised Statutes, hereinafter referred to as the SUPPLIER.

WITNESSETH: That for and in consideration of the sum of one dollar (\$1.00) cash in hand paid the receipt of which is hereby acknowledged and other good and valuable consideration as specifically set out in a water service contract between parties given above.

The owner agrees to and does hereby grant and convey to the SUPPLIER, a permanent easement over, across, under, and upon land situated in said County, being a strip of land ten (10) feet wide for the purpose of laying, maintaining, operating, inspecting, replacing, and removing a water line, meter, and/or appurtenances. Said easement adjoins and parallels the road on which the property fronts and extends from one side line of the property the other side line of the property along said road, or otherwise so as to permit access to suppliers facilities, and may also be utilized for service installation to that property lying immediately across the road, or adjacent to suppliers facilities.

IN WITNESS WHEREOF, we have executed this Easement Agreement this, the aforementioned day and year.

WITNESS:

\_\_\_\_\_  
Water User

\_\_\_\_\_  
Address

\_\_\_\_\_  
Phone

Attest:

\_\_\_\_\_  
Martin County Water District

\_\_\_\_\_  
Water System

\_\_\_\_\_  
By \_\_\_\_\_

STATE OF KENTUCKY

COUNTY OF \_\_\_\_\_

\_\_\_\_\_  
Title

I, the undersigned, do certify that the foregoing instrument was produced to me in the County aforesaid, and was acknowledged by \_\_\_\_\_ to be his/their free act and deed. This day of \_\_\_\_\_ in the year \_\_\_\_\_.

My Commission expires:

*Martin County Water District*

PARTIAL PAYMENT AGREEMENT

DATE: \_\_\_\_\_

NAME OF CUSTOMER: \_\_\_\_\_

ACCOUNT NUMBER: \_\_\_\_\_

AMOUNT OF DELINQUENT BILL: \_\_\_\_\_

I (we) \_\_\_\_\_

Promise to pay in addition to the current monthly bill the above past due amount in \_\_\_\_\_  
monthly installments of \_\_\_\_\_ each. I understand that my water service will be  
discontinued if I fail to pay my regular monthly bill in addition to my monthly installment on time  
each month.

Customer's Signature: \_\_\_\_\_

Utility Employee Witness: \_\_\_\_\_

FIRST CLASS PRESORT  
U.S. Postage Paid  
Permit No. 2

**Formatted:** Indent: Left: 0.08", Space Before: 1.6 pt,  
Tab stops: Not at 0.63"

TAB V-3-2  
DESIGNATION OF APPLICANT'S AGENT  
RESOLUTION

BE IT RESOLVED BY \_\_\_\_\_ OF \_\_\_\_\_  
(Governing Body) (Public Entity)

THAT \_\_\_\_\_,  
(Name of Incumbent) (Official Position)

is hereby authorized to execute for and in behalf of \_\_\_\_\_

\_\_\_\_\_, a public entity established under the laws of the Commonwealth of

Kentucky, this application and to file it in the appropriate State office for the purpose of obtaining certain Federal financial assistance under the Disaster Relief Act (Public Law 288, 93rd Congress) or otherwise available from the President's Disaster Relief Fund.

THAT \_\_\_\_\_, a public entity established under the laws of the

Commonwealth of Kentucky, hereby authorizes its agent to provide to the State and to the Federal Emergency Management Agency (FEMA) for all matters pertaining to such Federal disaster assistance the assurances and agreements printed on the reverse side hereof.

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Name and Title)

\_\_\_\_\_  
(Name and Title)

\_\_\_\_\_  
(Name and Title)

**CERTIFICATION**

I, \_\_\_\_\_, duly appointed and \_\_\_\_\_ of  
(Title)

\_\_\_\_\_, do hereby certify that the above is a true and correct copy of a

resolution passed and approved by the \_\_\_\_\_ of \_\_\_\_\_  
(Governing Body) (Public Entity)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Official Position)

\_\_\_\_\_  
(Signature)

## APPLICANT ASSURANCES

The applicant hereby assures and certifies that he will comply with the FEMA regulations, policies, guidelines and requirements including OMB's Circulars No. A-95 and A-102, and FMC 74-4, as they relate to the application, acceptance and use of Federal funds for this Federally-assisted project. Also, the Applicant gives assurance and certifies with respect to and as a condition for the grant that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
2. It will comply with the provisions of: Executive Order 11988, relating to Floodplain Management and Executive Order 11990, relating to Protection of Wetlands.
3. It will have sufficient funds available to meet the non-Federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purpose constructed.
4. It will not enter into a construction contract(s) for the project or undertake other activities until the conditions of the grant program(s) have been met.
5. It will provide and maintain competent and adequate architectural engineering supervision and inspection at the construction site to insure that the completed work conforms with the approved plans and specifications; that it will furnish progress reports and such other information as the Federal grantor agency may need.
6. It will operate and maintain the facility in accordance with the minimum standards as may be required or prescribed by the applicable Federal, State and local agencies for the maintenance and operation of such facilities.
7. It will give the grantor agency and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.
8. It will require the facility to be designed to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by the Physically Handicapped," Number A117.1-1961, as modified (41 CFR 101-17-7031). The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.
9. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the approving Federal agency that funds have been approved and will see that work on the project will be prosecuted to completion with reasonable diligence.
10. It will not dispose of or encumber its title or other interests in the site and facilities during the period of Federal interest or while the Government holds bonds, whichever is the longer.
11. It agrees to comply with Section 311, P.L. 93-288 and with Title VI of the Civil Rights Act of 1964 (P.L. 83-352) and in accordance with Title VI of the Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement. If any real property or structure is provided or improved with the aid of Federal financial assistance extended to the Applicant, this assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
12. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
13. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced as a result of Federal and Federally assisted programs.
14. It will comply with all requirements imposed by the Federal grantor agency concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with OMB Circular A-102, P.L. 93-288 as amended, and applicable Federal Regulations.
15. It will comply with the provisions of the Hatch Act which limit the political activity of employees.
16. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act, as they apply to hospital and educational institution employees of State and local governments.
17. (To the best of his knowledge and belief) the disaster relief work described on each Federal Emergency Management Agency (FEMA) Project Application for which Federal Financial assistance is requested is eligible in accordance with the criteria contained in 44 Code of Federal Regulations, Part 206, and applicable FEMA Handbooks.
18. The emergency or disaster relief work therein described for which Federal Assistance is requested hereunder does not or will not duplicate benefits received for the same loss from another source.
19. It will (1) provide without cost to the United States all lands, easements and rights-of-way necessary for accomplishments of the approved work; (2) hold and save the United States free from damages due to the approved work or Federal funding.
20. This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, reimbursements, advances, contracts, property, discounts of other Federal financial assistance extended after the date hereof to the Applicant by FEMA, that such Federal Financial assistance will be extended in reliance on the representations and agreements made in this assurance and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear on the reverse as authorized to sign this assurance on behalf of the applicant.
21. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Director, Federal Emergency Management Agency as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.
22. It will comply with the insurance requirements of Section 314, PL 93-288, to obtain and maintain any other insurance as may be reasonable, adequate, and necessary to protect against further loss to any property which was replaced, restored, repaired, or constructed with this assistance.
23. It will defer funding of any projects involving flexible funding until FEMA makes a favorable environmental clearance, if this is required.
24. It will assist the Federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966, as amended, (16 U.S.C. 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. 469a-1 et seq.) by (a) consulting with the State Historic Preservation Officer on the conduct of investigations, as necessary, to identify properties listed in or eligible for inclusion in the National Register of Historic places that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and notifying the Federal grantor agency of the existence of any such properties, and by (b) complying with all requirements established by the Federal grantor agency to avoid or mitigate adverse effects upon such properties.
25. It will, for any repairs or construction financed herewith, comply with applicable standards of safety, decency and sanitation and in conformity with applicable codes, specifications and standards; and, will evaluate the natural hazards in areas in which the proceeds of the grant or loan are to be used and take appropriate action to mitigate such hazards, including safe land use and construction practices.

## STATE ASSURANCES

The State agrees to take any necessary action within State capabilities to require compliance with these assurances and agreements by the applicant or to assume responsibility to the Federal government for any deficiencies not resolved to the satisfaction of the Regional Director.



# Commonwealth of Kentucky

## CONTRACT

**Document Number:** SC 095 2500001335 **Version:** 1  
**Record Date:** 06/24/2025  
**Document Description:** FEMA DR 4860 Public Assistance Grant  
**Cited Authority:** KRS39A.030  
Grant activity-Div of Emergency Mgmt  
**Reason for Modification:**

### Issuer Contact:

**Name:** Carol Smith  
**Phone:** 502-607-5764  
**E-mail:** carol.smith@ky-em.org

<b>Vendor Name:</b>	<b>Vendor No.</b>	ZZMISCPROC
Multiple Provider	<b>Vendor Contact</b>	
	<b>Name:</b>	No Contact
702 Capitol Avenue	<b>Phone:</b>	XXX-XXX-XXXX
OMPS	<b>E-mail:</b>	
Frankfort KY 40601		

**Effective From:** 2025-02-24 **Effective To:** 2034-06-30

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		FEMA DR4860 Public Assistance Grant	\$0.000000	\$200,000,000.00	\$200,000,000.00

### Extended Description:

1. FAIN # FEMA - 4860DRKYP000000001
2. Declaration Date: February 24, 2025
3. February 14, 2025, and continuing, a severe weather system generating heavy torrential rain, creating flooding, flash flooding, mudslides, and landslides is impacting the Commonwealth of Kentucky, creating dangerous conditions and damage to public infrastructure, utility distribution systems and private properties. This flooding event impacted Adair, Allen, Ballard, Barren, Bell, Boyd, Breathitt, Breckinridge, Bullitt, Butler, Caldwell, Carlisle, Clay, Crittenden, Cumberland, Edmonson, Elliott, Estill, Floyd, Franklin, Green, Greenup, Hancock, Harlan, Hart, Henderson, Henry, Hickman, Hopkins, Jackson, Jefferson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Livingston, Magoffin, Marshall, Martin, McLean, McCreary, Menifee, Metcalfe, Monroe, Morgan, Muhlenberg, Nicholas, Ohio, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Russell, Simpson, Spencer, Trigg, Union, Wayne, Whitley, and Wolfe Counties in the Commonwealth of Kentucky, and caused impassable roadways, flooding, disruptions of critical governmental services, loss of power and communications (Activities;). The Public Assistance program provides supplemental Federal disaster grant assistance for the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and facilities of certain private non-profit organizations for all eligible expenses during the incident period, including emergency protective measures, as approved by FEMA.
4. Name of Federal awarding agency - FEMA Region IV Pass-through entity, Jeremy Slinker, has been named as the Federal Coordinating Officer.
5. CFDA # and Name - 97.036 Public Assistance Program \$200,000,000.00

Shipping Information:	Billing Information:
DMA - Division of Emergency Management 100 Minuteman Pkwy	DMA - Division of Administrative Services 100 Minuteman Pkwy

Bldg 110			Procurement Sec		
Frankfort	KY	40601	Frankfort	KY	40601

TOTAL CONTRACT AMOUNT	\$200,000,000.00
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### **Memorandum of Agreement Terms and Conditions**

This Memorandum of Agreement (MOA) is entered into, by and between the Commonwealth of Kentucky, Department of Military Affairs, Division of Emergency Management ( the “Commonwealth”) and various second party subrecipients of DR-4860 (the “Contractor”) to establish an agreement for implementing a federal program for the sole benefit of the Parties and the United States Government; specifically, DR-4860, a Federal Emergency Management (FEMA) Public Assistance Program (PAP) grant authorized by Catalog of Federal Domestic Assistance (CFDA) 97.036, to be administered by the Commonwealth. This MOA is effective from February 24, 2025, through June 30, 2034.

#### **Scope of Services:**

Contractor agrees that it is willing, available, and qualified to perform the entire scope of services contemplated by PAP grant DR-4860 based on damages incurred beginning February 14, 2025, and continuing, a severe weather system generating heavy torrential rain, creating flooding, flash flooding, mudslides, and landslides is impacting the Commonwealth of Kentucky, creating dangerous conditions and damage to public infrastructure, utility distribution systems and private properties. This flooding event caused impassable roadways, flooding, disruptions of critical governmental services, loss of power and communications (“Activities;”) to wit: the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and facilities of certain private non-profit organizations for all eligible expenses during the incident period, including emergency protective measures, as approved by FEMA.

#### **Pricing:**

The total contract amount is for \$200,000,000.00. Payments from the contract will be made through the reimbursement process, whereby the Second Party provides backup for the expenditures and is reimbursed after review by the First Party.

The Second Party fees and expenses relative to the performance of the scope of services outlined in this Contract and in the detailed attachment(s) to this contract shall not exceed the Total Order Amount as set forth on signature page of this Contract. The subject services and functions are to be performed during the term of this contract as set forth on page 1. It is understood that this contract is not effective and binding until approved by the Secretary of the Finance and Administration Cabinet and/or Legislative Research Commission’s Government Contract Review Committee per KRS 45A.705.

Payment by the First Party to the Second Party shall be made only after receipt of appropriate, acceptable, and timely invoice, as so described in this Contract, and as submitted in written or electronic format to the First Party by the Second Party. The preferred method of payment will be through electronic funds transfer.

(a) The contractor shall be reimbursed for no other expenses than those, which have been expressly detailed in this Contract. All direct charges shall be documented to support the direct charging of the expense.

(b) Where applicable:

(i) Invoicing for fee: The contractor’s fee shall be original invoice(s) and shall be documented by the contractor. The invoice(s) must conform to the method prescribed in the specifications of this contract.

(ii) Invoicing for travel expenses: The contractor must follow instructions prescribed in the specifications of this contract. Either original or certified copies of receipts must be submitted for airline tickets, motel bills, restaurant charges, rental car charges, and other miscellaneous expenses.

(iii) Invoicing for miscellaneous expenses: The contractor must follow instructions prescribed in the specifications of this contract. Expenses submitted shall be documented by original or certified copies.

The contractor shall be paid no travel expense unless and except as specifically authorized under the specifications of this contract. Unless otherwise indicated, travel reimbursement shall be in accordance with 200 KAR 2:006. No travel time nor travel expenses will be included in the Second Party’s or any subcontractor’s hourly rates.

### **Agency Standard Terms and Conditions – Emergency Management Pass-through Agreements** Revised January 2025

#### **General:**

(a) Extension and Amendment. The terms and conditions of this contract may be modified by written agreement of the Parties pursuant to KRS Chapter 45A and subject to the approval of the Secretary of the Finance and Administration Cabinet and/or the Legislative Research Commission’s Government Contracts Review Committee.

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- (b) Successors and Assigns. The Parties shall not assign any right herein without the written consent of the other party. Covenants made herein shall bind and inure to the benefit of any successors and assigns of the Parties whether or not expressly assumed or acknowledged by such successors or assigns.
- (c) Entire Contract. This document forms the entire contract between the Parties. Prior discussions and understandings concerning the scope and subject matter are superseded and incorporated into the express terms herein.
- (d) Severability. If any provision of this contract is held judicially invalid, the remainder shall continue in force and effect to the extent not inconsistent with such holding.
- (e) Breach of Contract. Breach or violation of Terms and Conditions shall be cause for termination of contract.
- (f) Waiver. Waiver of enforcement of any term or condition herein upon an event of breach shall not automatically extend to any other or future event of breach.
- (g) Change of Circumstances. The Parties shall promptly notify each other of any legal impediment, change of circumstances, pending litigation, or any other event or condition that may adversely affect their ability to carry out this contract.
- (h) Liability and Indemnity. Nothing in this contract shall be construed as an indemnification by or among the Parties for liabilities of the first or second party or any third person for property loss, damage, death, or personal injury ("Claims") arising out of and during the performance of this Contract.
- (i) Applicable Federal Laws and Regulations. This contract is incidental to the implementation of a federal grant program and accordingly, shall be governed by and construed according to federal law to the extent it may affect the right, remedies, and obligations of the United States.

### **Federal Grant Subrecipient Requirements**

To the extent not inconsistent with the express terms of this contract, 49 CFR 18, Uniform Administrative Requirements for Grants and Cooperative Contracts and 2 CFR 200, Subpart E, Cost Principles, are hereby incorporated by reference herein. Consistent therewith, the Commonwealth, as a pass-through entity for federal awards, shall monitor the performance of federal grant subrecipients (the "Subrecipients") and impose requirements upon Subrecipients in order for the Commonwealth to meet its responsibility to the federal awarding agency including without limitation, the identification of required financial and performance reports.

- (a) Audits. Subrecipients agree to comply with federally-mandated audits. The Commonwealth agrees to review required audits promptly.
  - 1. Pursuant to 2 CFR 200.501, Subrecipients expending more than \$100,000 in federal grant monies per fiscal year shall conduct a single or program-specific audit for that fiscal year within nine (9) months of the end thereof and shall provide the final audit report to the Commonwealth within thirty (30) days of receipt.
  - 2. Pursuant to 2 CFR 200.512, Contractor(s) that are a governmental entity, institution of higher learning, or other nonprofit institution, shall procure an annual audit within nine (9) months of closing of the fiscal year and shall fully comply with Federal Audit Clearinghouse audit submission requirements. The Commonwealth shall access and review audit reporting packages and data collection forms from the Federal Audit Clearinghouse as soon as practicable after the required submission. Notwithstanding the foregoing, the Commonwealth may require Contractor(s) provide it with a copy of any required audit.
- (b) Reporting. Subrecipients agree to comply with federally-mandated reporting.
  - 1. Pursuant to 2 CFR 200.112, Subrecipients shall disclose to the Commonwealth in writing and within five (5) days of having knowledge of any real or potential conflict of interest that may arise during the administration of the federal award. For this paragraph, "conflict of interest" is defined by applicable federal, state, and local statutes or regulations, and Sub-recipients' policies.
  - 2. Pursuant to 2 CFR 200.339, Subrecipients shall disclose to the federal awarding agency and to the Commonwealth in writing and within thirty (30) days of discovering of any violation of federal criminal law concerning fraud, bribery, or gratuity violations which may affect the federal award; failure to act in strict conformity with this section may result in the imposition of any remedy authorized thereby.
- (c) Monitoring. The Commonwealth agrees to monitor Subrecipients.
  - 1. **Risk Analysis—2 CFR 200.332(c) requires the Commonwealth evaluate each Subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award for purposes of determining appropriate Subrecipient monitoring, which may include consideration of such factors as:**
    - a. The Subrecipient's prior experience with the same or similar awards;
    - b. The results of previous audits, including whether or not the Subrecipient receives a single audit and the extent to which the same or similar award has been audited as a major program;
    - c. Whether Subrecipient has new personnel or new or substantially changed systems; and
    - d. The extent and results of federal awarding agency monitoring (e.g., if the Subrecipient also receives federal awards directly from a federal awarding agency.)
  - 2. **Monitoring Activities—2 CFR 200.332(e) requires the Commonwealth, as the pass-through entity, monitor the activities of Sub-recipients to ensure performance goals are achieved and that awards are used for authorized purposes and in compliance with federal statutes, regulations, and the terms and conditions of the award. Monitoring of the Subrecipient must include:**
    - a. Reviewing financial and performance reports required by the First Party;

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- b. Following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the First Party detected through audits, on-site reviews, and other means; and
    - c. Issuing a management decision for audit findings pertaining to the Federal award provided to the Subrecipient from the First Party as required by 2 CFR §200.521 Management decision.
  3. Monitoring Tools—2CFR 200(f) Depending upon Commonwealth’s assessment of risk posed by the Subrecipient, monitoring tools may be utilized to ensure accountability and compliance with program requirements and achievement of performance goals. Monitoring tools include but are not limited to:
    - a. Providing Subrecipients with training and technical assistance on program-related matters;
    - b. Performing on-site reviews of the Subrecipient's program operations;
    - c. Arranging for agreed-upon-procedures engagements as described in 2 CFR §200.425 Audit services; and
    - d. Imposition of specific award conditions.
  4. Subaward Conditions—2 CFR 200.332(d) requires the Commonwealth consider imposing specific subaward conditions upon Sub-recipients as needed, consistent with 2 CFR 200.208. The Commonwealth shall consider:
    - a. Criteria set forth in 2 CFR 200.205, federal awarding agency review of risk posed by applicants;
    - b. Whether the applicant or recipient has a history of failing to comply with federal award terms and conditions;
    - c. Whether the applicant or recipient fails to meet expected performance goals
    - d. Whether the applicant or recipient is not otherwise responsible.
  5. Additional Conditions—The Commonwealth may impose upon Subrecipients additional federal award conditions.
    - a. Additional federal award conditions may include:
      - i. Requiring payment as reimbursement rather than advance payments;
      - ii. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
      - iii. Requiring additional, detailed financial reports;
      - iv. Requiring additional project monitoring;
      - v. Requiring the non-federal entity obtain technical or management assistance; or
      - vi. Establishing additional prior approvals.
    - b. If the Commonwealth imposes an additional federal award condition upon Sub-recipients, the Commonwealth shall notify the Subrecipient in writing as to:
      - i. The nature of the additional requirements;
      - ii. The reason why the additional requirements are being imposed;
      - iii. The nature of the action needed to remove the additional requirement, if applicable;
      - iv. The time allowed for completing the actions if applicable, and
      - v. The method for requesting reconsideration of the additional requirements imposed.
  6. Removal of Conditions—Any specific condition imposed shall be promptly removed once the conditions prompting such condition has been corrected.
  7. Remedies For Noncompliant Sub-recipients—2 CFR 200.332(h) requires the Commonwealth consider taking enforcement action against Subrecipients who fail to comply with federal statutes, regulations or the terms and conditions of a federal award when the Commonwealth determines that noncompliance cannot be remedied by imposing additional conditions as described above. In accordance with 2 CFR 200.339, the Commonwealth may take one or more of the following actions, as appropriate in the circumstances:
    - a. Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action.
    - b. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
    - c. Wholly or partly suspend or terminate the Federal award.
    - d. Recommend to the Federal awarding agency to initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency.
    - e. Withhold further Federal awards for the project or program.
    - f. Take other remedies that may be legally available.

#### **Subcontractor Agreements – Incorporation of Terms**

The Parties agree that all subcontractors performing Activities in furtherance of this contract shall be bound by the terms and conditions herein. Contractor(s) further agrees to incorporate this contract by reference in any written agreement with a subcontractor performing Activities in furtherance of this contract.

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### **Lobbying and Political Activity (If applicable)**

No funds expended or reimbursed under this contract shall be used to influence, directly or indirectly, the introduction or modification of any federal or state legislation or the outcome of any federal, state or local election, referendum, or initiative.

- (a) Certification. Contractor(s) certify to the best of their knowledge and belief, that for the preceding contract period, if any, and for this current contract period:
  1. No federal funds have been paid or will be paid, by or on behalf of Contractor(s) to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative contract, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative contract;
  2. If any funds, other than federal funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative contract, Contractor(s) shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying;"
  3. Contractor(s) shall require that the language of this certification be included in award documents for all sub-awards at all tiers, including subcontractors, sub-grants, and contracts under grants, loans, and cooperative contracts, and that all sub-recipients shall certify and disclose accordingly; and
  4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction under section 31, U. S. C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.
- (b) Byrd Anti-Lobbying Amendment (if applicable) 31 U.S.C. 1352 is incorporated by reference herein. Pursuant thereto, Contractor(s) that apply or bid for an award exceeding \$100,000 must file required certification. Each tier certifies to the tier above that it will not, and has not, used federal-appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining a federal contract, grant or other award. Each tier shall disclose lobbying with non-federal funds that take place in connection with obtaining a federal award. Disclosures under this paragraph shall be forwarded tier-to-tier up to the non-federal awarding agency.
- (c) The Hatch Act (if applicable) Contractor(s) agrees to comply with 5 U.S.C. 1501 *et seq.*, the Hatch Act, and regulations promulgated thereunder including 5 CFR Part 151, limiting political activity of employees or officers of state or local governments whose employment is connected to an activity financed in whole or part with federal funds.

### **Information Ownership and Management**

- (a) Unless otherwise stated herein, data and information shared or acquired by the Parties in furtherance of this contract ("Data") shall be and remain the sole property of the Commonwealth. Contractor(s) and their agents and assigns shall not use Data for any other purpose not expressly authorized herein to extent permitted by state and federal law.
- (b) Contractor(s) agrees to comply with KRS 61.931 *et seq.*, Kentucky's Personal Information Security and Breach Investigation Procedures and Practices Act, (the "Act.") To the extent Contractor(s) receives Personal Information as defined by and in accordance with the Act, in furtherance of Activities performed hereunder, Contractor(s) shall secure and protect Personal Information by, and without limitation:
  1. Utilizing security and breach investigation procedures appropriate to the nature of the Personal Information disclosed, reasonably designed to protect the Personal Information from unauthorized access, use, modification, disclosure, manipulation or destruction; and
  2. Notifying the Commonwealth of a security breach relating to Personal Information in the possession of practice or subcontractors without undue delay.

### **Financial Management System**

Contractor(s) agrees to establish and maintain a financial management system which shall provide accurate, current, and complete disclosure of financial reporting for Activities in accordance with reporting requirements set forth in this contract including, without limitation:

- (a) Records identifying the source and application of funds which shall contain information pertaining to federal and state funds received, obligations, unobligated balances (if applicable), assets, liabilities, expenditures and income;
- (b) Effective control over and accountability for all funds, property, and assets to safeguard and assure that they are used solely for authorized purposes under this contract;
- (c) Procedures for determining the reasonableness of costs in accordance with the terms and conditions of this contract; and
- (d) Accounting records supported by source documentation.

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### **Drug-Free Work Place**

- (a) Contractor(s) agree to comply with 41 U.S.C. 701 *et seq.*, the Drug-Free Work Place Act of 1988, and maintain a drug-free workplace.
- (b) Contractor(s) covenant and agree to comply with Final Rule, Government-Wide Requirements for Drug-Free Workplace (Grants), issued by the United States Office of Management and Budget, and any amendments thereto.

### **Environmental Standards**

- (a) Contractor(s) agree that Activities performed in furtherance of this contract shall comply with the Clean Air Act, the Federal Water Pollution Control Act, the Resources Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation, and Liabilities Act (CERCLA), National Environmental Policy Act (NEPA), and any other applicable federal, state, or local environmental law, regulation, or policy.
- (b) Contractor(s) shall ensure that Activities shall not occur at a facility listed on the Environmental Protection Agency (EPA) list of violating facilities pursuant to 40 CFR 15 without the prior written agreement of the Commonwealth. Contractor(s) shall notify the Commonwealth immediately upon receipt of any communication from the EPA relating to performance of this contract.
- (c) Contractor(s) is encouraged to integrate National Environmental Policy Act compliance and related legislation as implemented under 44 CFR and 2 CFR 200, in the execution and administration of this contract.

### **Preference for U.S. Flag Carriers**

Contractor(s) agree to comply with 46 U.S.C. 1241(b), and regulations issued thereunder to include 46 CFR 381, concerning the use of privately-owned United States flag commercial vessels.

### **Debarment and Suspension**

- (a) Contractor(s) shall not make any award or permit any award, subgrant, or contract at any tier to any party debarred, suspended, or excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 12689, "Debarment and Suspension."
- (b) The Final Rule, Government-Wide Debarment and Suspension (Non-procurement), issued by the United States Office of Management and Budget is incorporated by reference and the Second Party covenants and agrees to comply with all the provision thereof, including any amendments to the Final Rule that may hereafter be issued.

### **Copeland "Anti-Kickback" Act**

Contractor(s) agrees to comply with 40 U.S.C. 3145, the Copeland Anti-Kickback Act, and regulations promulgated thereunder including 29 CFR 3, whereby, it shall be unlawful to induce, by force, intimidation, threat, procuring dismissal from employment, or otherwise, any person employed in the construction or repair of public buildings or public works, finance in whole or in part by the United States, to give up any part of the compensation to which that person is entitled under a contract of employment.

### **Contract Work Hours and Safety Standards Act**

Contractor(s) shall comply with 40 U.S.C. 3701 *et seq.*, the Contract Work Hours and Safety Standards Act.

### **Patent Rights**

The Patent Right Clause found at 37 CFR 401.12, is hereby incorporated by reference herein, which governs rights to inventions made by non-profit organizations and small business firms under government grants, contracts, and cooperative contracts.

### **Davis-Bacon Act (if applicable)**

40 U.S.C. 3141 *et seq.* and regulations 29 CFR 5 are incorporated by reference herein. The Davis-Bacon Act requires contractors pay laborers and mechanics at prevailing wages determined by the Secretary of Labor, and to make payment at least once per week. The non-federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-federal entity must report all suspected or reported violations to the federal awarding agency.

### **Procurement**

- (a) Contractor(s) shall acquire goods and service consistent with KRS 45A and applicable federal standards and procedures including, without limitation, 2 CFR 200, 44 CFR, 49 CFR, and 32 CFR.
- (b) Contractor(s) agrees to comply with 41 U.S.C. 10, the Buy American Act, the Memorandum of Understanding between the United States of America and the European Economic Community on Government Procurement, and the North American Free Trade Contract (NAFTA.)
- (c) Contractor(s) shall comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, to procure:
  1. Items designated within Environmental Protection Agency (EPA) guideline 40 CFR 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of

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competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000;

2. Solid waste management services in a manner that maximizes energy and resource recovery; and

Establish an affirmative procurement program for the procurement of recovered materials identified in EPA guidelines.

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## **MOA/PSC Exception Standard Terms and Conditions Revised May 2025**

**Whereas**, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and

**Whereas**, the second party, the Contractor, is available and qualified to perform such function; and

**Whereas**, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

**NOW THEREFORE**, the following terms and conditions are applicable to this contract:

### **1.00 Effective Date**

This contract is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC"). However, in accordance with KRS 45A.700, contracts in aggregate amounts of \$10,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's invoice in accordance with KRS 45.453 and KRS 45.454.

### **2.00 LRC Policies**

**This section does not apply to governmental or quasi-governmental entities.**

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage (<https://apps.legislature.ky.gov/moreinfo/Contracts/homepage.html>) and would impact any contract established under KRS 45A.690 et seq., where applicable.

### **3.00 Choice of Law and Forum**

**This section does not apply to governmental or quasi-governmental entities.**

This contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. Any action brought against the Commonwealth on the contract, including but not limited to actions either for breach of contract or for enforcement of the contract, shall be brought in Franklin Circuit Court, Franklin County, Kentucky in accordance with KRS 45A.245.

### **4.00 Cancellation**

Both parties shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor by registered or certified mail.

### **5.00 Funding Out Provision**

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The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the Contractor thirty (30) calendar days' written notice of termination of the contract due to lack of available funding.

#### **6.00 Reduction in Contract Worker Hours**

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts.

If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

#### **7.00 Authorized to do Business in Kentucky**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof.

#### **Registration with the Secretary of State by a Foreign Entity**

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by KRS 14A.9-010 to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030 unless the person produces the certificate within fourteen (14) days of the bid or proposal opening. Therefore, foreign entities should submit a copy of their certificate with their solicitation response. If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070.

**For all foreign entities required to obtain a certificate of authority to transact business in the Commonwealth, if a copy of the certificate is not received by the contracting agency within the time frame identified above, the foreign entity's solicitation response shall be deemed non-responsive or the awarded contract shall be cancelled.**

Businesses can register with the Secretary of State at <https://onestop.ky.gov/Pages/default.aspx>

#### **8.00 Invoices for fees**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government.

#### **9.00 Travel expenses, if authorized**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor shall be paid for no travel expenses unless and except as specifically authorized by the specifications of this contract or authorized in advance and in writing by the Commonwealth.



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The Contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

#### **10.00 Other expenses, if authorized herein**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this contract or authorized in advance and in writing by the Commonwealth.

If the reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the Contractor of valid, itemized statements submitted periodically for payment at the time any fees are due. The Contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

#### **11.00 Purchasing and specifications**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor certifies that he/she will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he/she attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of interest laws and principles, "he/she" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he/she" is construed to mean any person with an interest therein.

#### **12.00 Conflict-of-interest laws and principles**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor certifies that he/she is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract, he/she will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

#### **13.00 Campaign finance**

**This section does not apply to governmental or quasi-governmental entities.**

The Contractor certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The Contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

#### **14.00 Access to Records**

The state agency certifies that it is in compliance with the provisions of KRS 45A.150, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor also recognizes that any books,

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documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

### **15.00 Social security**

**This section does not apply to governmental or quasi-governmental entities.**

The parties are cognizant that the state is not liable for social security contributions, pursuant to 42

U.S. Code, section 418, relative to the compensation of the second party for this contract.

Any exceptions to this stipulation require an attachment or exhibit that explicitly addresses, and provides a basis for, payment of second party's social security contributions by the state, pursuant to 42 U.S. Code, section 418.

### **16.00 Violation of tax and employment laws**

KRS 45A.485 requires the Contractor and all subcontractors performing work under the contract to reveal to the Commonwealth any final determination of a violation by the Contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any state contract and throughout the duration the contract.

Failure to disclose violations shall be grounds for the Commonwealth's disqualification of a contractor or subcontractor from eligibility for future state contracts for a period of two (2) years.

To comply with KRS 45A.485, the Contractor and all subcontractors performing work under this contract shall report any such final determination(s) of any violation(s) within the previous five (5) years to the Commonwealth by providing a list of the following information regarding any violation(s): (1) specific KRS violated, (2) date of any final determination of a violation, and (3) state agency which issued the final determination.

A list of any disclosures made prior to award of a contract shall be attached to the contract. The Contractor affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, aside from violations explicitly disclosed and attached to this contract. Contractor further affirms that it will (1) communicate the above KRS 45A.485 disclosure requirements to any subcontractors and (2) disclose any subcontractor violations it becomes aware of to the Commonwealth.

### **17.00 Nondiscrimination**

The Equal Employment Opportunity Act of 1978 (the "Act"), KRS 45.560 to 45.640, applies to all State government contracts or subcontracts in an amount exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

During the performance of this contract, the Contractor agrees as follows:

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin or.
- (b) The Contractor shall take affirmative action in regard to employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination rates

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- of pay or other forms of compensation, and selection for training, so as to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, age forty (40) and over, disability, veteran status, and national origin.
- (c) The Contractor shall state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin.
  - (d) The Contractor shall post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of this non-discrimination clause.

The Contractor shall send a notice to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding advising the said labor union or workers' representative of the Contractor's commitments under this nondiscrimination clause.

The Contractor's noncompliance with the nondiscrimination clauses of this contract shall constitute a material breach of the contract.

Each Contractor shall, for the length of the contract or at the point at which the contract is covered by this Act and until its conclusion, furnish such information as required by the Act and any rules, regulations and orders issued pursuant thereto and permit access to all books and records pertaining to his employment practices and work sites by the contracting agency and the Cabinet to ascertain compliance with the Act.

This section applies to agreements disbursing federal funds, in whole or part, only when the terms for receiving those funds mandate its inclusion.

#### **18.00 Bidder, Offeror, or Contractor Mandatory Representations Compliance with Commonwealth Law**

The contractor represents that, pursuant to [KRS 45A.485](#), they and any subcontractor performing work under the contract will be in continuous compliance with the KRS chapters listed below and have revealed to the Commonwealth any violation determinations within the previous five (5) years:

[KRS Chapter 136](#) (CORPORATION AND UTILITY TAXES)  
[KRS Chapter 139](#) (SALES AND USE TAXES)  
[KRS Chapter 141](#) (INCOME TAXES)  
[KRS Chapter 337](#) (WAGES AND HOURS)  
[KRS Chapter 338](#) (OCCUPATIONAL SAFETY AND HEALTH OF EMPLOYEES)  
[KRS Chapter 341](#) (UNEMPLOYMENT COMPENSATION)  
[KRS Chapter 342](#) (WORKERS' COMPENSATION)

#### **Boycott Provisions**

The contractor represents that, pursuant to [KRS 45A.607](#), they are not currently engaged in, and will not for the duration of the contract engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which Kentucky can enjoy open trade. **Note:** The term Boycott does not include actions taken for bona fide business or economic reasons, or actions specifically required by federal or state law.

#### **Lobbying Prohibitions**

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The contractor represents that they, and any subcontractor performing work under the contract, have not violated the agency restrictions contained in [KRS 11A.236](#) during the previous ten (10) years, and pledges to abide by the restrictions set forth in such statute for the duration of the contract awarded.

The contractor further represents that, pursuant to [KRS 45A.328](#), they have not procured an original, subsequent, or similar contract while employing an executive agency lobbyist who was convicted of a crime related to the original, subsequent, or similar contract within five (5) years of the conviction of the lobbyist.

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**Approvals**

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

**1st Party:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

**2nd Party:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

**Other Party:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

**Approved as to form and legality:**

\_\_\_\_\_  
Attorney



## KENTUCKY EMERGENCY MANAGEMENT

**Andy Beshear**  
Governor

Boone National Guard Center  
100 Minuteman Parkway  
Frankfort, KY 40601-6168

**Eric Gibson**  
Director

July 26, 2025

4860DR Martin County Water District  
Todd Adams  
387 East Main Street Suite 140  
Inez, Kentucky 412242

RE: Award Notification  
Disaster Number 4860DR  
Applicant ID # 159-03127-00  
Package No: 27  
Project Worksheet No: PW1

Dear Todd Adams:

Enclosed is a copy of the above referenced project worksheet (s) which the Federal Emergency Management Agency (FEMA) has approved and for which funds have been obligated. Additional funding information will be sent to you as other projects are approved.

Payment cannot occur until the following requirements are met.

- Work must be completed within the deadlines below or receive an extension approval.
- Applicants must adhere to all permit requirements as may be stipulated in the PW.
- Alternate and Improved projects must be approved by this office prior to the start of work.
- Once approved, Alternate and Improved PWs must be submitted to the Department for Local Government Clearinghouse.
- Copies of all Clearinghouse replies must be submitted to this office at the above address.
- You must comply with all applicable historical and environmental preservation laws.

The funding shares for this declaration will be 75% Federal, 12% State and 13% Applicant. Payments for small projects under \$1,062,900.00 will be provided as soon as practicable. Large project disbursements will be determined on costs for which this office has received supporting documentation.

Please be advised that you are required by FEMA to complete work according to this schedule:

- Emergency Work (Categories A and B) Completion Date: August 24, 2025
- Permanent Work (Categories C thru G) Completion Date: August 24, 2026

If you foresee an inability to meet these deadlines, you may submit an extension request to this office. Your request must contain an explanation as to why the deadline is not obtainable and when you predict completion.

A written request for final inspection, which includes a summary of documentation, must also be submitted to this office for all completed large projects. After FEMA has completed all final inspections, you will receive a Project Completion and Certification Report (P4). You must sign and return the form, certifying the project was completed according to the FEMA scope of work requirements

If you have any questions or require additional information, please contact me at 502-229-4906

Sincerely,

*Jackie McGill*

Jackie McGill  
Grant Specialist Lead

**Department of Homeland Security  
Federal Emergency Management Agency**

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## General Info

<b>Project #</b>	817193	<b>PW #</b>	1	<b>Project Type</b>	Estimated Costs
<b>Project Category</b>	B - Emergency Protective Measures			<b>Applicant</b>	Martin County Water District (159-03127-00)
<b>Project Title</b>	Cat B Emergency Protective Measures			<b>Event</b>	4860DR-KY (4860DR)
<b>Project Size</b>	Small			<b>Declaration Date</b>	2/24/2025
<b>Activity Completion Date</b>	8/24/2025			<b>Incident Start Date</b>	2/14/2025
<b>Process Step</b>	Obligated			<b>Incident End Date</b>	3/7/2025

## Damage Description and Dimensions

The Disaster # 4860DR, which occurred between 02/14/2025 and 03/07/2025, caused:

### Damage # 1528806; Emergency Protective Measures (Damage for Project [817193] Cat B Emergency Protective Measures )

During the incident period of 2/14/2025 through 3/7/2025, Storms and Flooding created an immediate threat to the health and safety of the general public requiring emergency response and protective measures.

- Provided Emergency Protective Measures for Storms and Flooding to protect from immediate threats to lives, public health and safety and/or lessen immediate threats of significant additional damages to improved property at county wide from 2/14/2025 to 6/30/2025.

## Final Scope

### 1528806 Damage for Project [817193] Cat B Emergency Protective Measures

All work and costs in this project fall between 02/14/2025 and 06/30/2025.

#### Work Completed

The applicant utilized force account labor, force account equipment, materials, and rented equipment for the Emergency Protective Measures.

#### Force Account

- A. Applied temporary, emergency repairs to 8 locations to maintain the functionality of public utility systems and prevent hazardous material spill of raw sewage into the Tug River and its associated tributaries. To include:
- a. Purchased new EQ pump and motor, new influent pump and motor, and moved power supply to spare control panel at Tug Valley Treatment Plant; GPS: 37.85659, -82.42035.
  - b. Installation of temporary influent pump and chemical feed pump at Inez Water Treatment Plant; GPS: 37.87301, -82.55408.

- c. Rented portable pump to keep sewage from running out of lift station and backing up into nearby middle school at IGA Lift Station; GPS: 37.84212, -82.41857.
- d. Rented portable pump to keep sewage from running out of lift station into receiving stream at Locus Court Lift Station; GPS: 37.83335, -82.40585.
- e. Purchased a temporary pump and motor and rented a pump and motor to keep sewage from running out of the station and cleaned and rewired control panels at Riverside Lift Station; GPS: 37.84511, -82.41703.
- f. Cleaned control panel and temporarily repaired circuit panel as well as rewired additional temporary pump and motor to keep sewage from running out of station at Dempsey Lift Station; GPS: 37.85733, -82.41927.
- g. Utilized truck to pump out lift station to prevent sewage from running out of station at Riverside Duplex Lift Station at GPS: 37.84511, -82.41703.
- h. Rented a portable generator to supply power to pump station, temporarily repaired circuit panel, and purchased a temporary pump and motor at 292 Pump Station; GPS: 37.80187, -82.37726.

- 1. Force Account OT Labor: 16 Laborers 285.5 Hours \$6,440.48
- 2. Force Account Equipment: 17 EA. 832.5 Equipment Hours \$64,906.27
- 3. Force Account Materials: \$3,740.98
- 4. Rental Equipment: 03 EA. \$6,889.00

#### Work Completed Totals

- 1. Force Account Overtime: 16 Laborers 285.5 Hours \$6,440.48
- 2. Force Account Equipment: 17 EA. 832.5 Equipment Hours \$64,906.27
- 3. Materials: \$3,740.98
- 4. Rental Equipment: \$6,889.00

**Work Completed Total: \$81,976.73**

#### **Work to be Completed**

The applicant will utilize force account labor, force account equipment, and rental equipment for Emergency Protective Measures.

- A. Install and monitor three temporary diesel pumps at local school to ensure raw sewage does not flow into the Tug River.
  - a. GPS Locations: 37.84212, -82.41857 and 37.83335, -82.40585.
- B. Rent pump and motor to maintain lift station capability.
  - a. GPS Location: 37.85733, -82.41927

#### Work to be Completed Totals

- 1. Force Account Overtime: \$3,155.68



2. Force Account Equipment: \$3,222.56
3. Rental Equipment: \$750.00

**Work to be Completed Total: \$7,128.24**

**Total Damage Inventory: \$89,104.97**

**Project Notes:**

1. Scope and cost were developed based on applicant cost summaries and certification included in the Schedule EZ.
  - a) *R4860\_Martin Couty Water District\_CAT B\_PN 825699\_DDD-SOW\_Master Document \_V2.docx*
  - b) *DR4860\_BCWD\_CAT B\_Simplified Summary Workbook.xlsm*
2. For listing of associated lift stations and treatment plant (including dates of construction, GPS coordinates, and descriptions of repair), please see the attachment labeled:
  - a) *DR4860\_Martin Couty Water District\_CAT B\_PN 825699\_DDD-SOW\_Master Document \_V2.doc*
3. Date range of work completed and work to be completed confirmed as 02/14/2025 to 06/30/2025. For further information, please refer to the attachment:
  - a) *817193 - 4860 KY - Confirmation of Dates Email.pdf*

## Cost

Code	Quantity	Unit	Total Cost	Section
9007	1	Lump Sum	\$6,440.48	Completed
9008	1	Lump Sum	\$64,906.27	Completed
9009	1	Lump Sum	\$3,740.98	Completed
9004	1	Lump Sum	\$6,889.00	Completed
9004	1	Lump Sum	\$750.00	Uncompleted
9007	1	Lump Sum	\$3,155.68	Uncompleted
9008	1	Lump Sum	\$3,222.56	Uncompleted

CRC Gross Cost	\$89,104.97
Total 406 HMP Cost	\$0.00
Total Insurance Reductions	\$0.00
<hr/>	
CRC Net Cost	\$89,104.97
Federal Share (75.00%)	\$66,828.73
Non-Federal Share (25.00%)	\$22,276.24

## Subgrant Conditions

- As described in Title 2 Code of Federal Regulations (C.F.R.) § 200.333, financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. Exceptions are stated in 2 C.F.R. §200.333(a) – (f)(1) and (2). All records relative to this project are subject to examination and audit by the State, FEMA and the Comptroller General of the United States and must reflect work related to disaster-specific costs.
- The terms of the FEMA-State Agreement are incorporated by reference into this project under the Public Assistance award and the applicant must comply with all applicable laws, regulations, policy, and guidance. This includes, among others, the Robert T. Stafford Disaster Relief and Emergency Assistance Act; Title 44 of the Code of Federal Regulations; FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide; and other applicable FEMA policy and guidance.
- The DHS Standard Terms and Conditions in effect as of the declaration date of this emergency declarations or major disaster, as applicable, are incorporated by reference into this project under the Public Assistance grant, which flow down from the Recipient to subrecipients unless a particular term or condition indicates otherwise.
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 Code of Federal Regulations (C.F.R.) Part 200 apply to this project award under the Public Assistance grant, which flow down from the Recipient to all subrecipients unless a particular section of 2 C.F.R. Part 200, the FEMA-State Agreement, or the terms and conditions of this project award indicate otherwise. See 2 C.F.R. §§ 200.101 and 110.
- The subrecipient must submit a written request through the Recipient to FEMA before it makes a change to the approved scope of work in this project. If the subrecipient commences work associated with a change before FEMA approves the change, it will jeopardize financial assistance for this project. See FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide.
- When any individual item of equipment purchased with PA funding is no longer needed, or a residual inventory of unused supplies exceeding \$5,000 remains, the subrecipient must follow the disposition requirements in Title 2 Code of Federal Regulations (C.F.R.) § 200.313-314.
- Pursuant to section 312 of the Stafford Act, 42 U.S.C. 5155, FEMA is prohibited from providing financial assistance to any entity that receives assistance from another program, insurance, or any other source for the same work. The subrecipient agrees to repay all duplicated assistance to FEMA if they receive assistance for the same work from another Federal agency, insurance, or any other source. If an subrecipient receives funding from another federal program for the same purpose, it must notify FEMA through the Recipient and return any duplicated funding.
- The Recipient must submit its certification of the subrecipient's completion of all of its small projects and compliance with all environmental and historic preservation requirements within 180 days of the applicant's completion of its last small project, or the latest approved deadline, whichever is sooner.

## Insurance

### Additional Information

6/11/2025

Per the Deduction Section of the Streamlined Application, the Applicant is confirming that they do not have insurance for the activities identified in Section II of the Streamlined Application Project worksheet. Further, Section II of the Streamlined Application Project, the Applicant has confirmed that a reasonable effort to recover insurance proceeds that they are entitled to receive from their insurer(s) has been taken. There is no flood coverage for the facilities included in the project.

The Emergency Work represented in this project is neither insured nor insurable. No insurance coverage is anticipated. No insurance narrative will be produced or uploaded into documents or attachments.

## FEMA Policy 206-086-1

### PART 2: Other Insurance-Related Provisions. (Sections 312 and 406(d) of the Stafford Act)

**A. Duplication of Benefits.** FEMA cannot provide assistance for disaster-related losses that duplicate benefits available to an applicant from another source, including insurance.

1. Before FEMA approves assistance for a property, an applicant must provide FEMA with information about any actual or anticipated insurance settlement or recovery it is entitled to for that property.
2. FEMA will reduce assistance to an applicant by the amount of its actual or anticipated insurance proceeds.
3. Applicants must take reasonable efforts to recover insurance proceeds that they are entitled to receive from their insurer(s).

## REQUIREMENTS

No insurance requirements will be required for this project. Insurance requirements are specific to permanent work to replace, restore, repair, reconstruct, or construct buildings, contents, equipment, or vehicles. (FEMA Recovery Policy FP 206-086-1).

Yari Marrero Montijo, Insurance Specialist, FEMA PA CRC East

## O&M Requirements

There are no Obtain and Maintain Requirements on **Cat B Emergency Protective Measures** .

## Environmental Historical Preservation

Is this project compliant with EHP laws, regulations, and executive orders?

Yes

## EHP Conditions

- Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
- This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize funding.
- If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archaeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
- CWA CONDITION (for partially completed projects): The subgrantee is responsible for coordinating with and obtaining any required section 401 and 404 permit(s) from KY Division of Water and the United States Army Corps of Engineers (USACE) for the work to be completed (DI). The subgrantee shall comply with all conditions of the required permit. All coordination pertaining to these activities should be documented and compliance maintained in their permanent files. Failure to comply with these conditions may jeopardize FEMA funding; verification of compliance will be required at project closeout.

## EHP Additional Info

There is no additional environmental historical preservation on **Cat B Emergency Protective Measures** .

## Final Reviews

### Final Review

**Reviewed By** Not Reviewed

**Reviewed On** Not Reviewed

### Review Comments

*No comments available for the Final Review step*

### Recipient Review

**Reviewed By** Not Reviewed

**Reviewed On** Not Reviewed

### Review Comments

*No comments available for the Final Review step*

## Project Signatures

**Reviewed By** Unsigned

**Reviewed On** Unsigned

# Award Information

## Version Information

Version #	Eligibility Status	Current Location	Bundle Number	Project Amount	Cost Share	Federal Share Obligated	Date Obligated
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## Drawdown History

EMMIE Drawdown Status As of Date	IFMIS Obligation #	Expenditure Number	Expended Date	Expended Amount
No Records				

## Obligation History

Version #	Date Obligated	Obligated Cost	Cost Share	IFMIS Status	IFMIS Obligation #
0	7/18/2025	\$66,828.73	75%	Accepted	4860DRKYP00000011

# **Martin County Water District**

**Inez, Kentucky**

Annual Financial Report

Years Ended December 31, 2024 and 2023

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**Financial Section**

DRAFT

## **Independent Auditor's Report**

The Board of Directors  
Martin County Water District  
Inez, Kentucky

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of Martin County Water District, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Martin County Water District, as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Martin County Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 15 to the financial statements, the District has suffered recurring operating losses and its debt service coverage ratio has been unfavorable for the past two years. Management's evaluation of the events and conditions and management's plans to mitigate those matters are also described in Note 15. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Martin County Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report (Continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Martin County Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Martin County Water District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the calculations of accounts payable turnover ratios, debt service coverage ratios, and current days' sales in accounts receivable ratios but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

## **Independent Auditor's Report (Concluded)**

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of Martin County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Martin County Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Martin County Water District's internal control over financial reporting and compliance.

*Wade Stables P.C.*

**Wade Stables P.C.**

*Certified Public Accountants*

March 31, 2025  
Hannibal, Missouri

DRAFT

# MARTIN COUNTY WATER DISTRICT OF INEZ, KENTUCKY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

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As management of the Martin County Water District of Inez, Kentucky (the District), we offer readers of the District's audited financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024.

### OVERVIEW OF THE AUDITED FINANCIAL STATEMENTS

The financial statements presented in this report consist of statements of *net position*, the *statements of revenues, expenses, and changes in net position*, and the *statements of cash flows*. The statements of net position provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the District. The current year's revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net position. This statement reports the revenues and expenses during the period indicated and can be used to determine whether the District has successfully recovered all its costs through user fees and other charges. The primary purpose of the statements of cash flows is to provide information about the District's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, capital and related financing, noncapital financing, and investing activities.

### STATEMENT OF NET POSITION

The District's total net position in 2024 increased by \$413,490 and ended the year at \$14,429,878.

Net position is comprised of Assets, Liabilities, and Deferred inflows of resources.

Total assets increased \$596,000 or 3.4% primarily due to increases in capital assets of \$447,000, current assets of \$168,000 and a decrease in restricted assets of \$19,000. The increase in capital assets is mainly due to the recognition of donated assets. Additional information regarding capital assets is discussed in the capital assets section. The increase in current assets is primarily due to increases in unbilled revenue of \$71,000, cash of \$93,000, inventory of \$14,000, and prepaid expenses of \$2,000, offset by a decrease in accounts receivable of \$12,000. The increase in cash is mainly the result of the approved invoices from the December board meeting that were made on the 2<sup>nd</sup> of January 2025, while the increase to unbilled revenue is due to the timing of the December billing and the amount of December days of service not billed until January 2025. The decrease in restricted assets is mainly due to decreases in the accounts associated with the Series 2022B Revenue Bond that matured in the first quarter of 2024.

Total liabilities increased by \$205,000 or 5.9% primarily due to increases in long-term debt of \$1,116,000, offset by a decrease in current liabilities of \$911,000. The increase in long-term debt is related to the new Kentucky Infrastructure Loan and the decrease to current liabilities is due to the payoff of the Series 2022 B Revenue Bond.

# MARTIN COUNTY WATER DISTRICT OF INEZ, KENTUCKY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Deferred inflows of resources related to pensions decreased by \$22,000. See Footnote 12 (page 21) of the audited financial statements for more information.

A summary of financial position follows:

	For The Years Ended December 31			2024	
	2024	2023	2022	Change	Percent Change
<b>Assets:</b>					
Current assets	\$ 768,563	\$ 600,316	\$ 687,050	\$ 168,247	28.0%
Restricted assets	139,326	158,152	196,643	(18,826)	-11.9
Capital assets	17,196,723	16,749,860	17,141,150	446,863	2.7
Total assets	18,104,612	17,508,328	18,024,843	596,284	3.4
<b>Liabilities:</b>					
Current liabilities	1,004,835	1,915,984	578,845	(911,149)	-47.6
Long term debt, net	2,669,807	1,547,403	2,965,937	1,122,404	72.5
Long term lease liability	92	6,102	15,971	(6,010)	-98.5
Total liabilities	3,674,734	3,469,489	3,560,753	205,245	5.9
<b>Deferred Inflows:</b>					
Deferred inflows of resources related to pensions	\$ -	\$ 22,451	\$ 372,879	(22,451)	-100.0
Total deferred inflows of resources	-	22,451	372,879	(22,451)	-100.0
<b>Net Position:</b>					
Net investment in capital assets	14,383,105	13,788,630	14,040,456	594,475	4.3
Restricted for debt service	116,216	196,053	199,705	(79,837)	-40.7
Restricted for management infrastructure	9,898	1,000	9,865	8,898	889.8
Restricted for capital projects	163	63	63	100	158.7
Unrestricted	(79,504)	30,642	(158,878)	(110,146)	-359.5
Total net position	\$ 14,429,878	\$ 14,016,388	\$ 14,091,211	\$ 413,490	3.0%

**MARTIN COUNTY WATER DISTRICT OF  
INEZ, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Total operating revenues increased by \$132,000 or 4.4% and totaled \$3,158,000 for the year. Water revenue, other fees, and late charge fees increased \$146,000 from the prior year while connection fees, debt service and water surcharges, and miscellaneous income decreased by \$14,000.

Total operating expenses increased by \$543,000 or 16.5% and totaled \$3,841,000 for the year mainly due to the decrease in the credit for the pension expense for 2024 of \$22,000 as compared to the credit of \$350,000 in 2023 for a net change of \$328,000. Additionally, there is an increase of \$117,000 in the billback due to Alliance Water Resources for the repair and chemical cap overage, as well as increases in utilities, insurance, purchased water and district paid repairs and maintenance expenses.

There were more repairs than originally budgeted. As mentioned in the 2023 audit, the largest contributor to the increase is related to the delay in completing the raw water intake project. This is expected to be completed in the second quarter of 2025.

Non-operating expenses in 2024 decreased by \$43,000 mainly due to a decrease in interest expense of \$41,000 for paying off the Series 2022B Revenue Bond and replacing it with an interest-free loan. There were also decreases in interest income, which was offset by increases in bond issues costs and customer deposit interest.

Capital contributions totaled \$1,168,275 and include the addition of the Brookview apartments pump station valued at \$75,000 and the completion of the Beauty-Lovely line extensions funded through Big Sandy Area Development District in the amount of \$1,049,920. It also includes \$43,354 for the RWI & WTP Rehabilitation Project that is still in progress.

**MARTIN COUNTY WATER DISTRICT OF  
INEZ, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

A summary statement of revenues, expenses and changes in net position follows:

	For The Years Ended December 31			2024	
	2024	2023	2022	Change	Percent Change
<b>Operating Revenues:</b>					
Water sales	\$ 2,738,592	\$ 2,608,831	\$ 2,542,610	\$ 129,761	5.0%
Connection fees	18,076	26,543	28,372	(8,467)	-31.9
Late charge fees	77,982	72,576	70,236	5,406	7.4
Debt service surcharge	104,009	104,847	105,780	(838)	-0.8
Water surcharge (MIS)	186,662	188,176	189,817	(1,514)	-0.8
Other fees	32,794	22,468	29,560	10,326	46.0
Misc income	-	2,700	395	(2,700)	-100.0
Total operating revenues	3,158,115	3,026,141	2,966,770	131,974	4.4
<b>Operating Expenses:</b>					
Operating expenses	3,087,576	2,508,672	2,215,975	578,904	23.1
Depreciation	754,171	790,096	796,613	(35,925)	-4.5
Total operating expenses	3,841,747	3,298,768	3,012,588	542,979	16.5
<b>Net Operating Income</b>	(683,632)	(272,627)	(45,818)	(411,005)	150.8
<b>Non-operating Income (Expense)</b>					
Interest expense	(61,811)	(103,266)	(102,107)	(41,455)	40.1
Customer deposit interest expense	(7,687)	(88)	(46)	7,599	-8635.2
Bond trustee fees	(900)	(900)	(450)	-	0.0
Bond issuance costs	(4,500)	-	(47,422)	4,500	N/A
Gain (loss) on disposal of assets	-	(14,728)	(10,432)	(14,728)	100.0
Interest income	3,745	5,026	2,060	1,281	25.5
Total Non-operating income (expenses)	(71,153)	(113,956)	(158,397)	(42,803)	37.6
<b>Change in net position before contributions</b>	(754,785)	(386,583)	(808,526)	(368,202)	95.2
Capital grants and contributions	1,168,275	311,760	261,659	856,515	274.7
<b>Change in net position</b>	413,490	(74,823)	(546,867)	488,313	-652.6
Net Position - Beginning	14,016,388	14,091,211	13,507,653	(74,823)	-0.5
Prior Period Adjustment	-	-	526,114	-	N/A
<b>Net Position - Ending</b>	<u>\$ 14,429,878</u>	<u>\$ 14,016,388</u>	<u>\$ 13,486,900</u>	<u>\$ 413,490</u>	3.00%



**MARTIN COUNTY WATER DISTRICT OF  
INEZ, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**STATEMENT OF CASH FLOWS**

The District's rate structure is designed to collect sufficient revenues to pay debt service and recover operating and maintenance expenses. The District was able to make the required payments during 2024.

**RESTRICTED ASSETS**

Restricted assets were \$139,326 in 2024 compared to \$158,152 in 2023. The District's debt covenants specify the way monies on deposit in the various restricted funds must be used. Restricted assets consist of various accounts for debt service and capital projects.

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation was \$17,196,723 on December 31, 2024, compared to \$16,749,860 on December 31, 2023, which represents an increase of \$446,000. Capital asset additions in 2024 were \$1,157,000 and consisted of Beauty/Lovely line extensions, Brookview apartments pumping station, meters, motor, and a chlorine analyzer, as well as \$43,000 of CIP for the RWI & WTP Rehabilitations. Additions were offset by the depreciation expense of \$754,000.

**LONG-TERM DEBT**

As of December 31, 2024, the District had total long-term debt outstanding of \$2,669,807 of which \$143,811 is due in the next year.

**OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The District's change in overall financial position in 2024 increased by \$413,490 as compared to the 2023 overall decrease of \$74,823. The District continually strives to improve its financial position.

**REQUEST FOR INFORMATION**

This report is designed to provide our customers, debt holders, and other interested parties with a general overview of the financial position of the District and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the District Clerk (606-298-3885) at the District's office, 387 East Main Street, Inez, KY 41224.

## **Basic Financial Statements**

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**Martin County Water District**  
Statements of Net Position  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 318,081	\$ 225,166
Accounts receivable (net)	306,142	318,357
Unbilled revenue	118,140	46,933
Prepaid expenses	7,710	5,611
Inventory	18,490	4,249
<b>Total Current Assets</b>	<u>\$ 768,563</u>	<u>\$ 600,316</u>
<b>Restricted Assets</b>		
Cash - Debt retirement	\$ 138,732	\$ 157,522
Cash - Grants	163	63
Accrued interest receivable	431	567
<b>Total Restricted Assets</b>	<u>\$ 139,326</u>	<u>\$ 158,152</u>
<b>Capital Assets</b>		
Water supply & distribution system	\$ 29,510,109	\$ 28,443,640
Buildings	575,264	500,264
Equipment & furniture	6,193,030	6,176,820
Vehicles & trailers	47,635	47,635
Land	214,714	214,714
Construction in progress	333,134	289,779
ROU leased asset	33,935	33,935
	<u>\$ 36,907,821</u>	<u>\$ 35,706,787</u>
Less: Accumulated depreciation	(19,682,688)	(18,937,987)
Less: Accumulated amortization ROU leased asset	(28,410)	(18,940)
<b>Total Capital Assets</b>	<u>\$ 17,196,723</u>	<u>\$ 16,749,860</u>
<b>Total Assets</b>	<u><u>\$ 18,104,612</u></u>	<u><u>\$ 17,508,328</u></u>

**8C-13**

The accompanying notes to financial statements are an integral part of this statement.

**Martin County Water District**  
Statements of Net Position (Concluded)  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 714,192	\$ 338,306
Accrued interest	28,904	45,848
Accrued interest - leases	17	43
Sales tax payable	8,507	8,963
Customer deposits	103,394	99,127
Current portion of lease liability	6,010	9,870
Current portion of long-term debt	143,811	1,413,827
<b>Total Current Liabilities</b>	<u>\$ 1,004,835</u>	<u>\$ 1,915,984</u>
<b>Long-Term Liabilities</b>		
Long-term portion of debt (net)	\$ 2,669,807	\$ 1,547,403
Long-term portion of lease liability	92	6,102
<b>Total Long-Term Liabilities</b>	<u>\$ 2,669,899</u>	<u>\$ 1,553,505</u>
<b>Total Liabilities</b>	<u>\$ 3,674,734</u>	<u>\$ 3,469,489</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	\$ -	\$ 22,451
<b>Total Deferred Inflows of Resources</b>	<u>\$ -</u>	<u>\$ 22,451</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 14,383,105	\$ 13,788,630
Restricted for debt retirement	116,216	196,053
Restricted for management infrastructure	9,898	1,000
Restricted for capital projects	163	63
Unrestricted	(79,504)	30,642
<b>Total Net Position</b>	<u>\$ 14,429,878</u>	<u>\$ 14,016,388</u>

**Martin County Water District**  
Statements of Revenues and Expenses and Changes in Net Position  
Years Ended December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
Water sales	\$ 2,738,592	\$ 2,608,831
Connection fees	18,076	26,543
Late charge fees	77,982	72,576
Debt service surcharge	104,009	104,847
MIS Water surcharge	186,662	188,176
Other fees	32,794	22,468
Miscellaneous income	-	2,700
<b>Total Operating Revenues</b>	<b>\$ 3,158,115</b>	<b>\$ 3,026,141</b>
<b>Operating Expenses</b>		
Management & operations contract	\$ 2,188,684	\$ 2,071,629
Water purchased	46,616	30,180
Pension expense	(22,451)	(350,428)
Utilities	278,114	228,442
Insurance	29,183	21,603
Repairs and maintenance	484,173	456,205
Outside services	407	663
Legal	13,195	7,950
Accounting	8,125	7,985
Bad debt	43,275	17,669
Dues & subscriptions	5,148	4,734
Office Expense	6,402	4,233
Rental	25	25
Regulatory assessment fees	4,703	3,863
KY 811 Services	1,917	2,036
Depreciation	744,701	780,626
Amortization - ROU lease assets	9,470	9,470
Miscellaneous	60	1,883
<b>Total Operating Expenses</b>	<b>\$ 3,841,747</b>	<b>\$ 3,298,768</b>
<b>Operating Income (Expense)</b>	<b>\$ (683,632)</b>	<b>\$ (272,627)</b>
<b>Non-operating Income (Expense)</b>		
Interest expense	\$ (61,811)	\$ (103,266)
Customer deposit interest expense	(7,687)	(88)
Bond trustee fees	(900)	(900)
Bond issuance costs	(4,500)	-
Gain (loss) on disposal of assets	-	(14,728)
Interest income	3,745	5,026
<b>Total Non-operating Income (Expense)</b>	<b>\$ (71,153)</b>	<b>\$ (113,956)</b>
<b>Change in Net Position before Contributions</b>	<b>\$ (754,785)</b>	<b>\$ (386,583)</b>
Capital grants and contributions	1,168,275	311,760
<b>Change in Net Position</b>	<b>\$ 413,490</b>	<b>\$ (74,823)</b>
<b>Net Position - Beginning of Year</b>	<b>14,016,388</b>	<b>14,091,211</b>
<b>Net Position - Ending of Year</b>	<b>\$ 14,429,878</b>	<b>\$ 14,016,388</b>

**8C-15**

The accompanying notes to financial statements are an integral part of this statement.

**Martin County Water District**  
Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 3,103,390	\$ 3,064,259
Cash payments for goods and services	(2,750,937)	(2,803,945)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 352,453</b>	<b>\$ 260,314</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payments for capital assets	\$ (1,201,034)	\$ (417,144)
Principal repayments	(1,470,151)	(134,757)
Principal payments on lease liability	(9,870)	(9,269)
Proceeds from long term debt	1,323,623	-
Interest and other charges paid	(88,452)	(109,164)
Proceeds from sale of assets	-	4,000
Expenses from sale of assets	-	(389)
Debt issuance costs paid	(4,500)	-
Capital grants	1,168,275	311,760
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>\$ (282,109)</b>	<b>\$ (354,963)</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	\$ 3,881	\$ 4,920
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$ 3,881</b>	<b>\$ 4,920</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 74,225</b>	<b>\$ (89,729)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>382,751</b>	<b>472,480</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 456,976</b>	<b>\$ 382,751</b>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 318,081	\$ 225,166
Restricted cash and cash equivalents		
Cash - Debt retirement	138,732	157,522
Cash - Grants	163	63
<b>Total Cash and Cash Equivalents</b>	<b>\$ 456,976</b>	<b>\$ 382,751</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ (683,632)	\$ (272,627)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	754,171	790,096
Change in assets and liabilities:		
Accounts receivable	12,215	(3,656)
Unbilled receivables	(71,207)	33,505
Inventory	(14,241)	(1,301)
Prepaid expenses	(2,099)	7,054
Accounts payable	375,886	48,691
Customer deposits	4,267	8,269
Sales tax payable	(456)	711
Net pension obligation	(22,451)	(350,428)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 352,453</b>	<b>\$ 260,314</b>

**8C-16**

The accompanying notes to financial statements are an integral part of this statement.

**Notes to  
Financial Statements**

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**1) Summary of Significant Accounting Policies**

The Martin County Water District (the District) was authorized by action of the Martin County Fiscal Court. The Martin County Water District Side A was formed December 1, 1962. On August 31, 1996, the Fiscal Court, with approval of the Kentucky Public Service Commission, merged Section A and B. The District is a Special Purpose Government Entity (SPGE) recognized by the Kentucky Department of Local Government. The District is governed by the Martin County Utility Board, which is comprised of Commissioners appointed by the Martin County Fiscal Court. The District provides potable water directly to residential and commercial customers in the Martin County area.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The District's annual financial report includes all accounts of the Martin County Water District. The accounting policies of the District conform to generally accepted accounting principles. The following is a summary of such significant policies:

**A) Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of the District constitute the equivalent of an enterprise fund, and therefore, only this fund is presented. This fund consists of a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses.

**B) Capital Assets and Long-Term Liabilities**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Their reported fund equity (total net position) is segregated into net investment in capital assets, restricted for customer deposits, restricted for debt retirement, restricted for capital projects, and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.



**1) Summary of Significant Accounting Policies (Continued)****B) Capital Assets and Long-Term Liabilities (Concluded)**

The District uses the midpoint of the depreciable life ranges recommended by the National Association of Regulatory Utility Commissioners. The estimated useful lives are as follows:

Cost of water/sewer system	5 - 50 years
Building	5 - 50 years
Office furniture and equipment	5 - 10 years
Vehicles	5 years

**C) Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

**D) Budgets and Budgetary Accounting**

The District's Board of Commissioners receives and approves an annual budget from management each calendar year fulfilling the requirement to prepare an annual budget as required by all SPGE's for the Kentucky Department of Local Government.

**E) Restricted Net Position**

Net position is reported as restricted when limitations on use change the normal understanding of the availability of the related asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. It is the District's policy to expend restricted resources first if the restrictions are met. All other net position that does not meet the definition of "restricted" is reported as unrestricted net position.

**F) Inventory**

Inventory is priced at the lower of cost or market on a first-in, first-out (FIFO) basis or market value.

**G) Cash and Cash Equivalents**

The District considers all cash and cash equivalents to include all demand deposits as well as short-term investments with a maturity of less than three months from the date acquired by the District.

**H) Operating and Non-Operating Income and Expenses**

Operating revenues and expenses result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. All income and expenses not meeting this definition are reported as non-operating income and expenses.

**1) Summary of Significant Accounting Policies (Concluded)****l) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

**2) Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3) Cash and Investments**

As of December 31, 2024, the carrying amount of the District's deposits was \$456,976 and the bank balances totaled \$454,143. As of December 31, 2024, \$250,000 was covered by federal depository insurance, \$95,397 was collateralized with a letter of credit in First State Bank's name for the coverage of the District's deposit balances, and \$108,746 was deposited in institutional liquidity funds.

The institutional liquidity funds are invested in U.S. Government Agency money market funds. Due to the nature and liquidity of the government agency money market funds, they are considered cash equivalents on the Statements of Net Position and Statements of Cash Flows.

**4) Accounts Receivable**

Receivables are reported on the accompanying Statements of Net Position, net of an allowance for doubtful accounts, which amounted to \$25,000 and \$20,000 as of December 31, 2024 and 2023, respectively. Estimated unbilled revenues are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

**5) Long-Term Debt****KIA**

The District obtained a loan in the amount of \$1,329,826 from the Kentucky Infrastructure Authority (KIA) to provide water to customers in the Martin County area. Payments accrue monthly, with a maturity date of June 2027, and interest rate of 3.00%. The collateral for the loan is service revenue. A new KIA loan was obtained on February 1, 2024, which was used to consolidate the District's debt and pay off the remaining balance of the existing loan.

**KACO**

The District entered into a lease agreement with Kentucky Association of Counties (KACO) for \$200,000 to purchase vehicles and equipment. Payments accrue monthly, with a maturity date of 2025, and include a variable interest rate. The base rental interest rate is 4.25%.

**5) Long-Term Debt (Continued)****Assistance Agreement (Loan) – KRW Series 2015E Refunding Bond**

On May 12, 2015, the District entered into an Assistance Agreement (loan) with the Kentucky Rural Water Finance Corporation to refund existing revenue bonds totaling \$2,010,000. The debt bears interest ranging from 2.10% – 4.10% maturing on January 1, 2045. The original issue premium on the loan, totaling \$22,363, is presented as an increase in the face amount of the long-term debt payable and is being amortized using the straight-line method over the term of the debt. Amortization for the years ended December 31, 2024 and 2023, amounted to \$755 each year.

The District is obligated to make payments in amounts sufficient to satisfy the debt service. The collateral for the loan is service revenue.

**Assistance Agreement (Loan) – KRW Series 2022B Revenue Bonds**

On April 20, 2022, the District entered into an Assistance Agreement (loan) with the Kentucky Rural Water Finance Corporation in the amount of \$1,110,000, to finance operations, maintenance, and improvements to the District's water system. The debt bears interest of 3.25%. No principal was due on the loan until the maturity date of February 1, 2024, at which time the principal balance was due in full. On February 1, 2024, the District entered into an Assistance Agreement with KIA. Funds received were used to pay the remaining balance of this loan on the due date. The original issue premium on the loan, totaling \$7,037, is presented as an increase in the face amount of the long-term debt payable and is being amortized using the straight-line method over the term of the debt. Amortization for the years ended December 31, 2024 and 2023, amounted to \$329 and \$3,952, respectively.

**Assistance Agreement (Loan) – KIA WMAF Loan**

On February 1, 2024, the District entered into an Assistance Agreement (loan) with the Kentucky Infrastructure Authority (KIA) in the amount of \$1,323,623, for the purpose of consolidating outstanding debt. The interest rate on the loan is 0.00%. Principal payments are due monthly, beginning on March 1, 2024, with a maturity date of September 1, 2043. If certain conditions have been met, 50% of the loan principal outstanding as of July 1, 2027, will be forgiven, not to exceed \$661,812.

**5) Long-Term Debt (Continued)**

The following is a summary of outstanding debt as of December 31:

	<u>2024</u>	<u>2023</u>
<b>Kentucky Infrastructure Authority Loan</b>		
\$1,329,826 loan due in monthly installments of \$5,620.58 from 1991 through June 2027, interest rate is 3.00%.	\$ -	\$ 223,827
<b>Kentucky Association of Counties Equipment Lease</b>		
\$200,000 variable rate lease due in annual installments of \$5,000 to \$15,000 from March 20, 2006 through 2025, base rental interest of 4.25%.	11,222	26,222
<b>Assistance Agreement (Loan) - KRW Series 2022B Revenue Bonds</b>		
\$1,110,000 loan due in four interest payments beginning on August 1, 2022, at an interest rate of 3.25%, and one principal payment due on February 1, 2024.	-	1,110,000
<b>Assistance Agreement (Loan) - KRW Series 2015E Refunding Bond</b>		
\$2,010,000 loan due in yearly installments of \$30,000 to \$55,000 from January 2016 through January 2045, interest rates at 2.10% to 4.10%.	1,520,000	1,585,000
<b>Assistance Agreement (Loan) - KIA WMAF</b>		
\$1,323,623 Water Management Assistance Fund (WMAF) loan due in monthly installments of \$5,632 from March 1, 2024 through September 1, 2043, interest rate is 0.00%.	1,267,299	-
Total Debt Payable	\$ 2,798,521	\$ 2,945,049
Add: Unamortized Premium	15,097	16,181
Less: Current Portion	(143,811)	(1,413,827)
Long-Term Portion of Debt Payable	<u>\$ 2,669,807</u>	<u>\$ 1,547,403</u>

## 5) Long-Term Debt (Concluded)

The following is a summary of long-term debt requirements as of December 31:

Year	Notes Payable		Lease Agreement	
	Principal	Interest	Principal	Interest
2025	\$ 132,589	56,731	\$ 11,222	208
2026	137,589	54,639	-	-
2027	137,589	52,425	-	-
2028	142,589	50,040	-	-
2029	142,589	47,434	-	-
2030-2034	757,945	192,474	-	-
2035-2039	737,945	109,359	-	-
2040-2044	543,464	39,158	-	-
2045	55,000	1,128	-	-
	<u>\$ 2,787,299</u>	<u>\$ 603,388</u>	<u>\$ 11,222</u>	<u>\$ 208</u>

The changes in long-term debt for the years ended December 31, 2024 and 2023, are as follows:

	<b>2024</b>	<b>2023</b>
Balance, Beginning	\$ 2,945,049	\$ 3,079,806
Additions	1,323,623	-
Retirements	(1,470,151)	(134,757)
Balance, Ending	<u>\$ 2,798,521</u>	<u>\$ 2,945,049</u>

## 6) Litigation

At December 31, 2024, there were no claims or lawsuits pending against the District.

## 7) Concentration of Credit Risk

The District provides virtually all of its services to the residents of Martin County Water District and derives the majority of its revenues from water service to those residents. Further, the District is subject to regulation by state statutes and the Environmental Protection Agency.

## 8) Restricted Assets and Net Position

Restricted Assets consist of cash accounts required to be held in separate accounts in accordance with the District's debt covenants. Balances in the restricted cash accounts and accrued interest receivable total \$139,326 and \$158,152 as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the District's Restricted Net Position consists of net investments in capital assets, restrictions for debt retirement, restrictions for management infrastructure, and restrictions for capital projects.

**8) Restricted Assets and Net Position (Concluded)**

**Net Investment in Capital Assets**

	<b>2024</b>	<b>2023</b>
Total Capital Assets	\$ 17,196,723	\$ 16,749,860
Less:		
Long-term portion of debt (net)	(2,669,807)	(1,547,403)
Current portion of long-term debt	(143,811)	(1,413,827)
Total net investment in capital assets	<u>\$ 14,383,105</u>	<u>\$ 13,788,630</u>

The bond issues contain covenants relative to the maintenance of specific funds and the making of monthly payments to certain funds. The status of the various accounts was as follows at December 31:

**Debt Retirement**

	<b>2024</b>	<b>2023</b>
Sinking funds	\$ 137,708	\$ 150,855
Surcharge fund	5,958	89,457
Depreciation fund	1,023	1,022
Restricted cash and investments - Debt retirement	\$ 144,689	\$ 241,334
Add: Accrued interest receivable	431	567
Less: Payable from restricted assets Accrued interest	(28,904)	(45,848)
Restricted for debt retirement	<u>\$ 116,216</u>	<u>\$ 196,053</u>

A management infrastructure surcharge was authorized by the Kentucky Public Service Commission to fund payments to the District's management company. The status of the account was as follows at December 31:

**Management Infrastructure**

	<b>2024</b>	<b>2023</b>
Management infrastructure surcharge fund	\$ 9,898	\$ 1,000
Restricted for management infrastructure	<u>\$ 9,898</u>	<u>\$ 1,000</u>

Grant proceeds from the Appalachian Regional Commission are deposited into a grant fund to pay for improvements to the Martin County Water System. The status of the account was as follows at December 31:

**Capital Projects**

	<b>2024</b>	<b>2023</b>
Restricted cash - capital projects	\$ 163	\$ 63
Restricted for capital projects	<u>\$ 163</u>	<u>\$ 63</u>

**9) Capital Assets**

Capital assets during the year ended December 31, 2024, consisted of the following:

	<b>Balance at January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at December 31</b>
Water Supply & Distribution System	\$ 28,443,640	\$ 1,066,469	\$ -	\$ 29,510,109
Buildings	500,264	75,000	-	575,264
Equipment & Furniture	6,176,820	16,210	-	6,193,030
Vehicles & Trailers	47,635	-	-	47,635
Land	214,714	-	-	214,714
Construction in Progress	289,779	43,355	-	333,134
ROU Leased Asset	33,935	-	-	33,935
	<u>35,706,787</u>	<u>1,201,034</u>	<u>-</u>	<u>36,907,821</u>
Accumulated Depreciation	(18,937,987)	(744,701)	-	(19,682,688)
Accumulated Amortization				
ROU Leased Asset	(18,940)	(9,470)	-	(28,410)
Total Capital Assets	<u>\$ 16,749,860</u>	<u>\$ 446,863</u>	<u>\$ -</u>	<u>\$ 17,196,723</u>

Capital assets during the year ended December 31, 2023, consisted of the following:

	<b>Balance at January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at December 31</b>
Water Supply & Distribution System	\$ 28,399,263	\$ 90,353	\$ (45,976)	\$ 28,443,640
Buildings	500,264	-	-	500,264
Equipment & Furniture	6,340,341	37,012	(200,533)	6,176,820
Vehicles & Trailers	138,773	-	(91,138)	47,635
Land	214,714	-	-	214,714
Construction in Progress	-	289,779	-	289,779
ROU Leased Asset	33,935	-	-	33,935
	<u>35,627,290</u>	<u>417,144</u>	<u>(337,647)</u>	<u>35,706,787</u>
Accumulated Depreciation	(18,476,670)	(780,626)	319,309	(18,937,987)
Accumulated Amortization				
ROU Leased Asset	(9,470)	(9,470)	-	(18,940)
Total Capital Assets	<u>\$ 17,141,150</u>	<u>\$ (372,952)</u>	<u>\$ (18,338)</u>	<u>\$ 16,749,860</u>

Depreciation expense for the years ended December 31, 2024 and 2023, amounted to \$744,701 and \$780,626, respectively.

**10) Related Party Transactions**

There were no related party transactions during the year ended December 31, 2024 and 2023.

**11) Grants**

In August 2018, the District received a grant from the Appalachian Regional Commissioner (ARC) in the amount of \$1,200,000. The District intends to use the proceeds from this grant to improve the Martin County Water System. As of December 31, 2024, the District has used \$1,108,442 of these funds.

**12) Pension Plan:****Plan Description:**

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members. CERS issues a publicly available financial report included in Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

**Benefits Provided:**

Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

**Contributions:**

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending December 31, 2024, employers were required to contribute 23.46% of the member's salary. During the year ended December 31, 2024, the District contributed \$0 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2024, the District reported a \$0 liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024, was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended December 31, 2024. At December 31, 2024, the District's proportion was 0.00%.

For the year ended December 31, 2024, the District recognized negative pension expense of \$(22,451) related to CERS, resulting in the District reporting no deferred outflows of resources or deferred inflows of resources related to pensions.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. At December 31, 2024, the District does not expect to recognize pension expense over the next five years.



## 12) Pension Plan (Continued)

### Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

The total pension liability, net pension liability, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2023.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2024:

Valuation Date	June 30, 2022
Experience Study	July 1, 2018 - June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members is a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2024. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

**12) Pension Plan (Concluded)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.69%</b>
<b>Long Term Inflation Assumption</b>		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

**Discount Rate:**

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>5.50%</b>	<b>6.50%</b>	<b>7.50%</b>
CERS			
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

**Payables to the Pension Plan:**

There are no payables to CERS at December 31, 2024.

### 13) Commitments

The District has a full service operating agreement with Alliance Water Resources, Inc., through December 31, 2029, which provides for the operation of the water system. The amount to be paid under the basic agreement for operating the water system is \$2,022,084 for the year ending December 31, 2025, with the compensation for the balance of the contract to be negotiated on an annual basis.

### 14) Leases (as Lessee)

The District entered into a three year lease agreement commencing on August 1, 2020, for its office space. The lease calls for monthly rental payments ranging from \$754 to \$848. So long as the District is not in default on August 1, 2023, the lease agreement will automatically be renewed. The District intends to automatically renew the lease through August 1, 2025.

The following is a schedule of future lease payments expected under the terms of the lease:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	6,102	67	6,169
Totals	<u>\$ 6,102</u>	<u>\$ 67</u>	<u>\$ 6,169</u>

### 15) Management Plans

Due to the continuing operating losses the District has experienced over the last several years, and due to the unfavorable debt service coverage ratio for the prior year and current year, the District has evaluated the significance of these conditions and the District's ability to meet its long-term obligations. Management and the Board have had discussions to formulate a plan to address these concerns. The following illustrates the plan that management has implemented or will implement to mitigate these conditions:

- The District is in the process of a system-wide meter replacement project, funded by the Kentucky Infrastructure Authority. As a result of the new meters, management is anticipating a 10% increase in revenue for the budget year 2025.
- The raw water intake project costs are expected to be reimbursed by Big Sandy Area Development District. These funds, if received, will be used to eliminate outstanding payables to Alliance Water Resources. Additionally, the completion of this project in 2025 will eliminate the diesel pump rental and associated costs.
- A capital contribution from Big Sandy Area Development District of approximately \$79,000 is expected in 2025 to pay one of the vendor balances included in accounts payable as of December 31, 2024.
- The District continues to actively seek out funding for capital projects to improve the operations of the system.

### 16) Subsequent Events

Subsequent events have been considered through March 31, 2025, the date the financial statements were available to be issued.

**Required Supplementary Information**

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**Martin County Water District**

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

December 31, 2024

	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
<b>County Employee's Retirement System:</b>										
District's proportionate of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.02%	0.03%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ 1,080,845	\$ 1,739,483	\$ 1,459,298	\$ 1,255,723	\$ 1,065,280	\$ 750,000
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,080,845</u>	<u>\$ 1,739,483</u>	<u>\$ 1,459,298</u>	<u>\$ 1,255,723</u>	<u>\$ 1,065,280</u>	<u>\$ 750,000</u>
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,725	\$ 588,225	\$ 693,688	\$ 593,711	\$ 559,494
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.45%	216.29%	254.98%	260.60%	311.44%	290.05%	248.08%	181.02%	179.26%	134.05%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	59.00%	59.97%	66.80%

**Note:** Schedule is intended to show information for the last 10 fiscal years.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>County Employee's Retirement System:</b>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 69,664	\$ 101,193	\$ 85,993	\$ 82,452	\$ 84,846	\$ 104,892
Contributions in relation to the contractually required contribution	-	-	-	-	69,664	101,193	85,993	82,452	84,846	104,892
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,725	\$ 588,225	\$ 574,250	\$ 693,688	\$ 593,711
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	16.23%	14.58%	14.36%	12.23%	17.67%

**Note:** Schedule is intended to show information for the last 10 fiscal years.

## **Other Information**

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**Martin County Water District**

Calculation of Accounts Payable Turnover Ratios (Unaudited)

December 31, 2024

	<b>Net Credit Purchases</b>	<b>Accounts Payable</b>	<b>Average Accounts Payable</b>	<b>Accounts Payable Turnover Ratio</b>
January 1, 2024		\$ 338,306		
January 31, 2024	\$ 226,707	\$ 265,300	\$ 301,803	0.7512
February 29, 2024	\$ 202,521	\$ 304,433	\$ 284,867	0.7109
March 31, 2024	\$ 278,475	\$ 323,619	\$ 314,026	0.8868
April 30, 2024	\$ 177,678	\$ 396,490	\$ 360,055	0.4935
May 31, 2024	\$ 209,658	\$ 361,731	\$ 379,111	0.5530
June 30, 2024	\$ 154,612	\$ 502,600	\$ 432,166	0.3578
July 31, 2024	\$ 281,159	\$ 449,368	\$ 475,984	0.5907
August 31, 2024	\$ 184,349	\$ 416,375	\$ 432,872	0.4259
September 30, 2024	\$ 197,053	\$ 474,416	\$ 445,396	0.4424
October 31, 2024	\$ 192,331	\$ 456,503	\$ 465,460	0.4132
November 30, 2024	\$ 214,919	\$ 466,095	\$ 461,299	0.4659
December 31, 2024	\$ 217,795	\$ 714,192	\$ 590,144	0.3691



**Martin County Water District**

Calculation of Debt Service Coverage Ratios (Unaudited)

December 31, 2024

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	<u>Annual Net Operating Income</u>	<u>Annual Debt Payments</u>	<u>Debt Service Coverage Ratio</u>
December 31, 2024	\$ (683,632)	\$ 1,532,726	-0.4460 **
December 31, 2023	\$ (272,627)	\$ 242,020	-1.1265 **
December 31, 2022	\$ (45,818)	\$ 237,568	-0.1929 **
December 31, 2021	\$ (721,815)	\$ 210,339	-3.4317 **
December 31, 2020	\$ (690,720)	\$ 205,602	-3.3595 **

\*\* Result is less than 1.1 in any 3 of the previous 5 years

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**Martin County Water District**

Calculation of Current Days' Sales in Accounts Receivable Ratios (Unaudited)  
December 31, 2024

	<b>Monthly Accounts Receivable</b>	<b>Monthly Credit Sales Value</b>	<b>Number of Days in Month</b>	<b>Current Days' Sales in Accounts Receivable Ratio</b>	
January 31, 2024	\$ 330,567	\$ 239,661	31	43	
February 29, 2024	\$ 375,898	\$ 276,483	29	39	
March 31, 2024	\$ 342,237	\$ 233,133	31	46	***
April 30, 2024	\$ 347,790	\$ 247,322	30	42	
May 31, 2024	\$ 369,147	\$ 250,166	31	46	***
June 30, 2024	\$ 394,876	\$ 272,932	30	43	
July 31, 2024	\$ 422,291	\$ 281,979	31	46	***
August 31, 2024	\$ 374,949	\$ 244,177	31	48	***
September 30, 2024	\$ 387,917	\$ 272,294	30	43	
October 31, 2024	\$ 369,095	\$ 262,026	31	44	
November 30, 2024	\$ 385,404	\$ 250,685	30	46	***
December 31, 2024	\$ 331,142	\$ 256,050	31	40	

\*\*\* Result is greater than 45 days

## **Compliance Section**

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Martin County Water District  
Inez, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Martin County Water District (District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Martin County Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Martin County Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Martin County Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* (Concluded)**

**District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Martin County Water District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Martin County Water District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wade Stables P.C.*

**Wade Stables P.C.**

*Certified Public Accountants*

March 31, 2025  
Hannibal, Missouri

## **Compliance Findings**

### **2024-001 – Payments Remitted in Accordance with State Statutes**

**Criteria:**

Per KRS Statute 65.140, purchases must be paid within 30 days of receipt of an invoice for cities, counties and special purpose government entities.

**Condition:**

The District was not paying all bills according to KRS 65.140.

**Cause:**

The District did not have the funds available to meet their financial obligations.

**Effect:**

The District's ability to do business with vendors including those who provide parts and services for maintenance and repairs on the water system has been affected and could greatly impact the public who depend on the District's ability to provide a clean and safe water supply.

**Recommendation:**

Procedures should be implemented to ensure financial obligations are fulfilled timely.

**Views of Responsible Officials:**

Management will continue to work toward making payments within 30 days as required.

### **2024-002 – Debt Service Requirements**

**Criteria:**

Per the KRW Series 2015 E Refunding Bond document, the District has covenanted to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the system.

**Condition:**

The District is not in compliance with bond covenants.

**Cause:**

Although all revenues of the system were deposited into District bank accounts, the District did not deposit all revenues into the specified Revenue Fund.

**Effect:**

The District could be deemed in default due to failure of compliance.

**Recommendation:**

Procedures should be put in place immediately to ensure all revenues of the system are first deposited into the Revenue Fund. The District should then transfer monthly from the Revenue Fund and deposit into the Operation and Maintenance Fund sums sufficient to meet the current expenses of operating and maintaining the system.

**Views of Responsible Officials:**

Management will make a plan to deposit all revenues of the system into the specified Revenue Fund per bond covenant.

**Compliance Findings (Concluded)**

**2024-003 – Debt Service Requirements**

***Criteria:***

Per the KRW Series 2015 E Refunding Bond document, the District should have a debt service coverage percentage of at least 120% of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all the then outstanding bonds payable. If the District's debt service coverage percentage is below the required 120%, the District's rates should be increased by an amount sufficient to establish the existence of, or immediate projection of, the minimum 120% coverage.

Per the KIA WMAF Loan Assistance Agreement, the District should impose service charges adequate to pay at least the sum of the following for each such fiscal year: 110% of the debt service and administrative fees coming due during each such fiscal year of this loan and all other debt obligations and other indebtedness secured and payable from the revenues of the system, and the amounts required to provide for the operation of the system during each such fiscal year as required by the Assistance Agreement.

***Condition:***

The District is not in compliance with the bond and loan requirements.

***Cause:***

It was noted during the audit engagement that the District's debt service coverage percentage calculated at December 31, 2023, was below 120% as required by the bond document, and rates were not increased during the year ended December 31, 2024. The District's debt service coverage percentage calculated at December 31, 2024, for the Loan Assistance Agreement was below the required 110%. Service charges do not appear to be adequate to meet bond and loan requirements.

***Effect:***

The District could be deemed in default due to failure of compliance.

***Recommendation:***

We recommend the District review the bond and loan documents and implement changes to the rates as applicable, following established guidelines and regulations.

***Views of Responsible Officials:***

Management will make a plan to establish the existence of, or immediate projection of, the minimum coverage required by the bond document and loan assistance agreement.



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February 20, 2025

To Board of Directors and Management  
Martin County Water District  
Inez, Kentucky

We are pleased to confirm our understanding of the services we are to provide Martin County Water District for the year ended December 31, 2024.

**Audit Scope and Objectives**

We will audit the financial statements of the business-type activities and the disclosures, which collectively comprise the basic financial statements of Martin County Water District as of and for the year ended December 31, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Martin County Water District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Martin County Water District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of the District's Proportionate Share of Net Pension Liability
- 3) Schedule of Contributions

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- 1) Calculation of Accounts Payable Turnover Ratios
- 2) Calculation of Debt Service Coverage Ratios
- 3) Calculation of Current Days' Sales in Accounts Receivable Ratios

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that,



individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Martin County Water District and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition

Our audit of financial statements does not relieve you of your responsibilities.

### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Martin County Water District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are responsible for providing management's views on our current findings,

conclusions, recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

### **Other Services**

We will also assist in prepare the financial statements and related notes of Martin County Water District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Martin County Water District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Wade Stables P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wade Stables P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Paul Richards is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on March 10, 2025. We anticipate issuing our report by March 31, 2024; however, this date is contingent upon receiving required information from all applicable parties.

We estimate that our fee for these services will be \$8,250. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees are payable on presentation.

### **Reporting**

We will issue a written report upon completion of our audit of Martin County Water District's financial statements. Our report will be addressed to the Board of Directors of Martin County Water District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Martin County Water District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Martin County Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

RESPONSE:

This letter correctly sets forth the understanding of Martin County Water District.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Martin County Water District**  
**Inez, Kentucky**

March 31, 2025

Wade Stables P.C.  
100 North 6<sup>th</sup> Street  
Hannibal, MO 63401

This representation letter is provided in connection with your audits of the financial statements of Martin County Water District, which comprise the respective financial position of the business-type activities as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 31, 2025, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 20, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and responses.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements, except as made known to you.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

#### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

- 27) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87 .
- 28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 31) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by GASBS No. 84 , as amended.
- 35) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.
- 36) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the calculations of accounts payable turnover ratios, debt service coverage ratios, and current days' sales in accounts receivable ratios (other information):
- a) We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.
  - b) With regard to the other information that will be included in the annual report that was not obtained by you prior to the auditor's report date, we prepared and issued the other information and provided you with the final version of the documents.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_





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100 North Sixth Street • P.O. Box 796 • Hannibal, Missouri 63401-0796 • Phone (573) 221-5998 • Fax (573) 221-2044

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March 31, 2025

To the Board of Directors  
Martin County Water District

We have audited the financial statements of the business-type activities of Martin County Water District for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 20, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Martin County Water District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by Martin County Water District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciable life of capital assets is based on estimated remaining useful life of the asset. We evaluated the methods, assumptions, and data used to develop the depreciable life of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 31, 2025.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Martin County Water District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Martin County Water District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the calculations of accounts payable turnover ratios, debt service coverage ratios, and current days' sales in accounts receivable ratios, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Martin County Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

Ranking	Project Name	Pnum	Funded		Project Description
			Project Cost	Application	
1	Service Debt		\$ 3,294,561	KY Wwaters	To pay off existing debt the water district has.
2	Tank Inspections and Painting		\$ 100,000	KY Wwaters	System Tanks needed inspected and money needed for repairs after inspections -2K per tank 20K - another 50K for paint - 30K for repairs
3	Trucks / Equipment (Water)		\$ 500,000	KY Wwaters	This would allow the district to purchase a crane truck to be used to help set pumps and motors. It also calls for the replacement of an excavator and trucks that are already past their replacement cost.
4	Water System Controls and Raw Water Modifications Phase III	WX21159017	\$ 2,563,852	KY Wwaters	This project would include rehabbing clarifier number 2, doing site work at the raw water intake and replacing some water main and service lines in the distribution system. Valve work at Reservoir
5	292 Booster Station & Water Line Replacement		\$ 10,000,000	KY Wwaters	This would be replacing an underground pump station with above ground which prevents the station from flooding. This would include installing a flow meter which would help with water loss program. Project would also include adding redundancy to the booster station.
6	Davella Pump Station and Line Replacement		\$ 3,000,000	KY Wwaters	One working pump, needs new control panel and system, new gauges - New Building. Line replacement from Devella road to pump station
8	Coldwater Line Replacement Phase II		\$ 3,419,000		This would complete the improvement project to eliminate multiple main lines and have all the customers connected to one water main. Current jumpers are in place which makes water loss impossible to manage. This also adds additional water main valves which will help isolate leaks and control water loss.
9	Inez Water Line & Valve Replacement	WX21159027	\$ 5,000,000		This line and replacement project would address one of the oldest sections of infrastructure in the system. The line is AC and needs to be replaced. This project would also replace valves in the system that are currently not operational and install new valves to help better isolate the system.
10	Hydrant and Flush Install / Replacement		\$ 1,000,000		Inspect, replace and repair existing and install new as needed to perform effective flush program and provide adequate fire protection
11	Chemical Feed at Inez WTP (room, bulk tank and system)		\$ 1,100,000		New building for chemicals feed systems and bulk tanks.
12	Buffalo Horn Water Line Replacement & Booster Station Rehab		\$ 2,186,000		This would be replacing an underground pump station with above ground which prevents the station from flooding. This would include installing a flow meter which would help with water loss program. Project would also include adding redundancy to the pump station.
13	Turkey Water Line Replacement	WX21159026	\$ 6,822,000		This project would be replacing aging infrastructure where we have routine water leaks. It also would include adding additional valves and meters to help with the water loss program.
14	Meathouse Water Line Replacement & Booster Station Rehab		\$ 7,652,000		service area. This area is also prone to power outages and this would provide back up power and improve the communication to the SCADA system.
15	Big Elk Water Line Replacement & Booster Station Rehab		\$ 2,433,000		This would be replacing an underground pump station with above ground which prevents the station from flooding. This would include installing a flow meter which would help with water loss program. Project would also include adding redundancy to the pump station.
16	Redundancy Turkey Creek Pump		\$ 100,000		Currently only one pump - this feeds from WTP
17	On-line Monitoring Equipment/SCADA Upgrades		\$ 500,000		The current SCADA system has limitations. This will upgrade and allow for better communications.
18	Copper Sulfate Feed System at Reservoir		\$ 100,000		Provides the ability to treat the source water at the reservoir.
19	Hode Water Line Replacement		\$ 5,226,000		Replace all main and service lines within the pressure zone.
20	Peter Cave Water Line Replacement & Booster Station Rehab		\$ 1,457,000		flooding. This would include installing a flow meter which would help with water loss program. Project would
21	Big Lick Water Line Replacement & Booster Station Rehab		\$ 1,877,000		The existing station has only one functional pump. This project would add redundancy and also address the SCADA and communication issues within the pressure zone.
22	Creek Crossing Replacement		\$ 1,000,000		This project would be to bore new water mains through the major creek crossings in the distribution system.
23	Cassell Branch Water Line Replacement & Booster Station Rehab		\$ 1,574,000		This project would be to add redundancy to the existing pump station. Also would be used to add SCADA and communication to the tank.

24	Spicy Mountain Water Line Extension		\$ 4,200,000		Run water to 6 customers, new tanks and tie into Paintsville Water System
25	Wolf Creek/Pigeon Roost Water Line Replacement		\$ 1,315,000		This area has been prone to multiple line breaks yearly. This would be to replace the poorly constructed water lines.
26	High School Pump Station Check Valve		\$ 81,000		This would give the system the possibility of providing water to other parts of the system with altitude and check valves.
27	Sludge Management WTP		\$ 500,000		Build press building for sludge management at water plant
28	Distribution Building and Pipe Yard		\$ 500,000		Currently staff is working out of old trailer and has no where to store parts.
29	Kermit Tie-In		\$ 250,000		This project would reestablish the tie in to the Kermit water system which creates an emergency feed for both systems.
30	645 Water Line Replacement & Booster Station Rehab		\$ 1,255,000		This would be to replace an emergency pump station that serves a small area prone to flooding. This would include installing a flow meter which would help with water loss program. Project would also include adding redundancy to the pump station.
31	Water Plant High Service Pump Replacement		\$ 850,000		This would be to replace the current high service pumps in the Inez water plant. The pumps have not been pulled in years and are quickly approaching their run life. The would include a contractor replacing in place.
32	Water Distribution System Improvements		\$ 1,500,000		This project would be to install valves throughout the system to help with the water loss program. It also includes adding new valves on the pier at the reservoir and a tie in at 292 to Big Elk water mains.
Funded	Old Rt. 3 - Water improvement Project	WX21159024	\$ 5,066,000	Funded	This improvement project would eliminate multiple main lines and have all the customers connected to one water main. Current jumpers are in place which makes water loss impossible to manage. This also adds additional water main valves which will help isolate leaks and control water loss.
Funded	Martin County Water System Master Plan		\$ 250,000	Funded	The district needs a comprehensive evaluation of the entire system. This would help determine the long term solution for the raw intake, treatment plant needs, tanks, and distribution lines. This study would also determine the long term sludge disposal from the water treatment plant.
Funded	FEMA Backup Generators	WX21159015	\$ 1,320,000	Funded	This is the purchase of new generators at 40E and 40W pump stations and a portable generator for other locations as needed. This is reinburshment funding need to find the upfront loan
Funded	Otto Brown Booster Station, Line Replacement to Middle fork Tank, Davella Booster Station Upgrade	WX21159008	\$ 2,000,000	Funded	This project would allow the water system to be able to match the capacity of water being sent to the prison. Currently when the Davella pump station is running, it out pumps the Otto Brown pump station and drops the tank. This would also give the station redundancy with multiple pumps pumping to all tanks. Currently only one pump is in the pump station.
Funded	Coldwater Line Replacement Phase I	WX21159023	\$ 5,000,000	Funded	This improvement project would eliminate multiple main lines and have all the customers connected to one water main. Current jumpers are in place which makes water loss impossible to manage. This also adds additional water main valves which will help isolate leaks and control water loss.
Funded	Rt. 40E - Water Improvement Project	WX21159019	\$ 975,000	Funded	This improvement project would eliminate multiple main lines and have all the customers connected to one water main. Current jumpers are in place which makes water loss impossible to manage. This also adds additional water main valves which will help isolate leaks and control water loss.
Funded	Recoat/Repair - 50K Gallon Turkey Water Storage Tank	WX21159025	\$ 681,000	Funded	This includes repairing tank deficiencies and installing security measures

Total Capital Funds Needed \$ 86,647,413  
Projects Already Funded \$ 15,292,000  
Monies Needed \$ 71,355,413

**Authorizing Resolution of Martin County Water District for  
Filing of a Funding Application and Appointing Appropriate Local Official  
and Successors-in-Title as Official Project Representative of a Kentucky  
Water and Wastewater Assistance for Troubled or Economically Restrained  
Systems (KY WWATERS) Program Project**

WHEREAS, Martin County Water District proposes to complete capital projects as identified in the Water Resource Information System (WRIS) as

WX21159017, Water System Controls and Raw Water Modifications Phase III

WX21159029, Repayment of Capital and Non-Capital Debt

WX21159032, Purchase Updated Trucks and Equipment

WX21159033, Repair and Paint Multiple Tanks

WX21159034, 292 Booster Station and Water Line Replacement

WX21159035, Davella Pump Station and Line Replacement, and,

WHEREAS, the Martin County Water District Board endorses said projects, and,

WHEREAS, under the terms of amendments to KRS 224A, the KY WWATERS Program was established to provide for a funding application and evaluation process for eligible public water and wastewater systems to seek funds from the General Assembly, and,

WHEREAS, the purposes proposed for either capital or non-capital expenses by the Martin County Water District within the Martin County area are considered eligible for such funding assistance.

NOW THEREFORE, BE IT RESOLVED by the Martin County Water District that the Water Board Chair and Successors-in-Title are hereby authorized to execute and submit an application through the Kentucky Infrastructure Authority with such assurances and required supporting data as is necessary to obtain funding assistance from the KY WWATERS Program for the proposed capital or non-capital projects, and are hereby authorized as Martin County Water District's Official Project Representative to carry out necessary negotiations for and administer the funding assistance the applicant may obtain from the KY WWATERS Program.

Passed by motion this 12<sup>th</sup> day of August 2025 by the Martin County Water District Board of Directors.

Motion:

Second:

Approved:

Board Secretary: \_\_\_\_\_

8/6/2025