



BRIAN CUMBO

ATTORNEY AT LAW

86 W. Main St., Suite 100
P.O. Box 1844
Inez, KY 41224
(606) 298-0428
FAX: (606) 298-0316
cumbolaw@cumbolaw.com

ADMITTED IN KY AND WV

March 27, 2023

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 the information packet for the March 28, 2023 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

Comes the Martin County Water District, by counsel, and hereby gives Notice of Filing of the attached information packet for the Martin District monthly Board meeting scheduled for March 28, 2023.


BRIAN CUMBO
COUNSEL FOR MARTIN COUNTY
WATER DISTRICT
P.O. BOX 1844
INEZ, KY 41224
TELEPHONE: (606) 298-0428
TELECOPIER: (606) 298-0316
EMAIL: cumbolaw@cumbolaw.com

CERTIFICATE OF SERVICE

This will certify that a true and correct copy of the foregoing was served via electronic filing on this the 27th day of March, 2023, to the following:

Public Service Commission
ATTN: Nancy Vinsel
P.O. Box 615
Frankfort, KY 40602

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

A handwritten signature in blue ink, appearing to read "B. Cumbo", written in a cursive style.

BRIAN CUMBO

Martin County Water District
387 E. Main St.

Phone (606) 298-3885 Inez, Kentucky 41224

Regular Meeting, Tuesday, March 28, 2023 – 6:00 p.m.
Martin County Government Center (2nd Floor)

- 1) Call the meeting to order
- 2) Review and Consideration to Approve Minutes
- 3) Review and Consideration of Financial Reports
 - A. Review and Consideration to Approve Treasurer's Report
 - B. Review and Consideration to Approve Other Financials
 - C. Review and Consideration to Approve 2022 Audit Draft
- 4) Review and Consideration to Approve Bills
- 5) Legal
 - A. Any Issues for Discussion with Board Attorney
- 6) Operations
 - A. Alliance Operations Report
 - B. Water Loss Report
 - C. Leak Adjustments
- 7) Capital Projects Report
 - A. Project Updates
- 8) Other Old Business
 - A. One-Call System
- 9) Other New Business
 - A. Auction Sealed Bids
 - B. Quotes for VFD
 - C. 5 Year CIP Scale and Plans
- 10) Consider Motion to Convene into Closed Executive Session
- 11) Consider Motion to Close Executive Session
- 12) Introduction of Guest-Five (5) Minute Maximum
- 13) 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
Regular Meeting of the Board of Directors
February 28, 2023, Meeting Minutes**

Presiding: James Kerr, Chairman
Present: Directors: Greg Crum, BJ Slone, Nina McCoy
Staff: Brian Cumbo (Attorney), Craig Miller (GM), Tyler Hall, (LM),
Cassandra Moore
Guests: Doug Blackburn

The Regular Meeting of the Martin County Water District was held on February 28, 2023, at the Martin County Government Center, at 42 East Main St (2nd Floor), Inez, Kentucky 41224. Mr. Kerr called the meeting to order at 6:00 p.m.

Mr. Kerr called for review of the January 24, 2023, Regular Board Meeting minutes.

- Nina McCoy said she liked the bullets; it makes it easier for her to see better
- Mr. Kerr agreed that he liked the bullet points
- Mr. Slone motioned to accept the January 24, 2023 minutes
- Mrs. McCoy seconded
- All ayes
- Motion carried

Mr. Kerr requested discussion of the review and consideration of the Financial Reports.

- Mr. Miller detailed each report as submitted
- Mr. Crum motioned to approve the Treasurer's report submitted
- Mr. Slone seconded
- All ayes
- Motion carried
- Mr. Miller presented Other Financials
- Mrs. McCoy said she liked having the snapshot back this meeting, and it looked better too
- Mr. Slone motioned to approve Other Financials
- Mrs. McCoy seconded
- All ayes
- Motion carried.

Mr. Kerr called for review and consideration to Approve Bills.

- Nina McCoy asked if the Xylem pump was fixed now?
- Mr. Miller advised they would discuss it in the Operations Report
- Mrs. McCoy said she noticed it on the LOB
- Mr. Kerr advised that it was on there because the Board approved payment at the last meeting with Mr. Cumbo approving and sending the payment
- Mr. Slone motioned to approve the List of Bills
- Mr. Crum seconded
- All ayes
- Motion carried

Mr. Kerr asked if there were any legal issues to discuss.

- Mr. Cumbo stated he had no legal issues at this time

Mr. Kerr called for review of the Operations Report.

- Mr. Miller advised that there have been a lot of things going on since the freeze, the system is in the best shape it's been in, in probably a year. Tanks are full, the clearwell has twenty-five (25) foot in it with thirty (30) being full. We've been pumping to the prison for four (4) days now. Seven and a half (7 ½) hours a day
- Mr. Miller advised they have been having some hydraulic issues in the system, but they are investigating where and why. They are going to look at the pumps and see if there is some kind of "hammer" going on in the system that may be causing it. They may need to look at those pumps and see if the pressure is kicking on too fast causing the issue. Overall, just being able to pump to the prison is a good thing for the District
- Mr. Miller stated that the projects are moving forward at the plant
- Mr. Miller advised that staff had couple operators moving into the plant. Staff had an employee transition from meter reading to WTP operator trainee. Staff has also hired another operator, being the goal is to replace Tom Alley when he retires in June
- Mr. Miller introduced Tyler Hall as the new Local Manger (LM) for the District and welcomed him to his first Board Meeting. The goal is to always develop competent people in our community that can continue to help develop our water district to move forward
- MicroComm preformed initial site visit to booster pump stations and tank locations to identify existing and potential issues and begin making needed upgrades to our telemetry system. A follow up visit for repairs, upgrades and further evaluation is planned for late February/March

- Southern Flow, Inc. manually performed work on the plant SCADA system. After previous loss of SCADA due to brief power outages, the SCADA has remained operational through two brief outages at the WTP. When this happens, it takes our eyes off our tanks and having the generator there has helped with the backup power
- Bell Engineering installed four (4) pressure recorders on hydrants around the Otto Brown booster pump station. The pressures will be utilized to provide data for the Otto Brown booster pump station improvement project in the future
- Mr. Miller mentioned again that staff has fixed a lot of leaks over the past month. They are continuing to focus on certain areas. A couple weeks ago staff shut down the Inez area to leak detect. This allows us to better understand our system and identify key areas that are losing water. This will allow us to develop new projects that need to be done and focus on leak detection. The ultimate goal is to fix one area and a time and move onto the next
- Mr. Kerr mentioned the Xylem Pump check on the LOB
- Mr. Miller noted that they Xylem Pump check has been sent, there was some confusion on payment. The payment was sitting at Xylem's post office for two weeks. The pump should be delivered first thing in the morning March 01, 2023
- Mr. Miller advised they were not going to put the pump in service right away because the reservoir is full, and they are waiting on Pace to put in permit power at the river. Once permit power is placed then they will put the pump in service
- Staff is still waiting for the cart. We have no timeline right now for the cart. Until we get the cart the pump is on the side of the river. Once the cart and ramp are complete it will be a good thing
- Nona McCoy mentioned getting water to the prison. She knows that back before you all came, they were going to use the money that's Otto Brown money now for because there was so much problem getting water to the prison. Do you think it's the same issue?
- Mr. Miller advised it was a new issue. We haven't pumped since 2021, and we didn't have this problem then. We've not been able to pump just because we've not had the water. This issue is something we are going to have to investigate. Mr. Miller said we needed to investigate. He thinks it may be something with the control valve inside the booster station at Honey Branch and evaluate the VFD's. Again, he believes it may be a "hammer" issue. The pumps are pumping to the same elevation that we are getting water from
- Otto Brown Booster Station is on its last leg right now and Mr. Miller is surprised that they even got it up and running the last time
- Staff is investigating lines that are in the Otto Brown area

Mr. Miller presented an update of the water loss report.

- Water loss was reported at **43.94%** for the month of January 2023
- Production numbers used for this report were from the new meter installed by Pace. This meter was out of calibration and confirmed by a third party. This month's flow numbers are not consistent with the rest of the year partially because of this.

Flow is half of what it normally is because of this meter. This meter was fixed on February 7, 2023

Mr. Miller presented the Board with the December Leak Adjustments.

- Mr. Slone motioned to approve the December Leak Adjustments
- Mr. Crum seconded
- All ayes
- Motion carried

Mr. Miller presented an update on the capital projects report.

- Mr. Miller announced that the middle of clarifier #1 is now being filled with water.
- Once the center gets to a certain level, they will fill the outside and backwash and clean the filters. Then they'll get tested and get approval to run
- Mr. Miller said his best "guess" would be for that clarifier to be up and running in two weeks
- This clarifier hasn't worked since 2009
- This will allow clarifier #2 to be taken offline for cleaning and maintenance. Then they will bring it back into service and move to clarifier #3
- Mr. Miller said he had not heard back from Bell Engineering about the bidding on the Collins Creek project. It has not gone out to bid yet but will hopefully be moving forward soon
- Bell Engineering installed four (4) pressure recorders on hydrants around the Otto Brown booster pump station and will begin working on that plan
- Mr. Miller is in the process of developing a long-term CIP plan with Bell Engineering. Mr. Miller will present those to the Board at the next meeting for ranking. It will include everything in the district that needs work, including every booster station, lines, vehicles, equipment, etc. to be a well-run functioning water system. The Board can then rank them and discuss how to get the funding needed
- Mr. Miller advised you have to have the projects needed before you can ask for any money or funding
- Mr. Kerr updated the Board with information from Adam Rice. He stated that the money they had put in for concerning the Coldwater project will mostly be cut in half. The District had asked for eight point two (8.2) million but will mostly likely get four (4) instead based on what all they had to do
- Mr. Kerr asked Mrs. McCoy to update the Board with some information she had recently received at a meeting
- Mrs. McCoy said there was a lot of infrastructure money out there. It does have to go to a water management counsel
- Mrs. McCoy said they suggested we take as many people as we can to them and let them know that we are serious
- Mr. Miller advised that he has attended these meetings and it would be great to gather people to attend them and let them know were serious

- Mrs. McCoy said we needed to work on how we craft our ask. They rank them based on certain things. There are people who can help us with understanding how to craft that application. It shows up as how many points for this and for that.
- Mr. Miller advised that those have never been brought up at any of those meetings he has attended. He thought Big Sandy ADD tends to rank them. Maybe that council needs to look at them more
- Mrs. McCoy said forty-nine (49) percent is supposed to go to poverty areas. We need to make sure were all in this together. We not quarreling with one group or another. The whole county is in this together, we are all wanting the best system we can have. We have some very poor people that are paying some really high prices
- Mr. Kerr said he would be meeting with the Judge-Executive Deputy and make sure the Water Board and the Fiscal Court are all on the same page. He said he was interested in having a counsel of everyone, including the MCCC and make sure they were all on the same page about how to attack this money. They say, "sing from the same hymnal".
- Mrs. McCoy said there's a lot of money out there that people just aren't aware of. Some of these big cities have poor people and areas too, but daggone it, they got good water. And so, we need to craft them in a way so that we become above them
- Mr. Kerr stated that Deputy Judge Mills has crafted a number of grants, like for the Community Center she's very gifted at that and has been very successful at that over the years
- Mrs. McCoy said they are even grants to pay off loans
- Mr. Kerr would love to see that. We could use that more than anything. He has always been told that you could use them to pay off operating expenses. He would like to pull that together in the next couple of months for everyone to get together as a community. That's the only way it's going to fix itself.
- Mrs. McCoy said she was just in Louisville, and they say they have the best water, but it is chlorine nasty
- Mr. Miller stated we are still waiting for the transfer switch, the sooner we get it the better off we'll be
- Mrs. McCoy said we get these alerts about when water's going to be off. Then people post and ask if the water's off, they must not get the alerts she doesn't know. She tries to put the alerts on the Water Warriors. She's wondering still if we know that were having to turn off water, we know that some people will be without water for some time. Should there be a boil water advisory?
- Mr. Miller answered that they have had this conversation numerous times, boil advisories are just that, an advisory. He believes but isn't for sure that if it's ten (10) people or less it's not even recommended. Boil advisories are a recommendation. We try to issue boil advisories when we have system issues or customers have low pressure. But it is s recommendation not a requirement. If the Board wishes to put out that every pressurization or every single time a customer is without water we issue a boil water, then that's at the Board's discretion. It's not his recommendation, because every time we do we have to pay to test samples. If we anticipate there is going to be an issue, we want to every time. If we don't

expose the line or we keep pressure in the, are we try to limit the boil advisories we issue. But that's a Board decision

- Mrs. McCoy said she know everyone thinks because we issue one that it makes us look bad, but that's not the issue. It's because were in a sad situation and maybe somebody down state needs to know we're in a sad situation. I not saying that our people should think that our water District is bad, it means that our guys are working their tails off and were still having people go without water. That's a very upsetting thing
- Mr. Miller advised that every water district in the state has their fair share of water breaks and boil advisories. We have our fair share of them and more
- Mr. Miller said that they have to work with what information they have at them time and use a judgment call when needed
- Mrs. McCoy said that if were loosing that much water then you know they're holes in the lines, so when the water goes on in that place, the pressure sucks water in those holes
- Mr. Miller said he thinks that depends on your understanding of how that all works. A lot of our leaks are splits and service lines. We see a ton a service lines leaks, a split in a service line leak is not going to suck water back into the line
- Mr. Miller advised that as the manager he is going to use his best judgment to look out for the best interest of the customers and the District as well
- Mr. Kerr said they could have a board discussion and go over the pros and cons of the way it is now. He's open to all discussions
- Mr. Slone asked if there was drawn out set of guidelines
- Mr. Miller advised that the Division of Water provides a set of guidelines for boil advisories, and we follow those guidelines. Mr. Miller will send those guidelines to Mr. Slone, Mr. Kerr and the other Board members as needed
- Mrs. McCoy said maybe we could get information from other surrounding communities
- Mr. Kerr stated he hasn't seen as many boil waters for surrounding counties and that's probably why, because they're following those guidelines

Mr. Kerr inquired if there was any Other Old Business to discuss.

- Mr. Kerr admitted that he didn't do his part with the OneCall OnSolve system. He didn't get to talk to the school or have any information
- The Board agreed to push the OneCall OnSolve discussion until next month

Mr. Kerr inquired if there was any Other New Business to discuss.

- Staff presented the Board with the first (1st) quarter Regulatory Compliance Reports from Mark Mahler the Alliance Director of Safety & Regulatory Compliance
- Mr. Miller advised that there has been a big push of supply chain issues
- Mr. Miller spoke about PFAS and the EPA changes with Lead and Copper in the next few years. With Lead and Copper Rule Improvements changes in the next couple of years as well

Executive session not required.

Mr. Kerr inquired if there were any quest requesting to speak.

- Mr. Kerr advised Doug Blackburn that there is a five (5) minute maximum
- Doug Blackburn said some of the people got water bills for six (6000) gallons this past month. They're older people, how they gonna pay that? Which, you know its whatever you all decide about that
- Doug Blackburn asked what about Boil Advisories. You know, common sense if water bust out and the pressure is coming out there's going to be settlement that goes into the pipe. That's common sense
- Doug Blackburn asked Mr. Kerr what does it mean when Mr. Miller says he has a hammer problem at Honeybranch?
- Mr. Kerr advised that it's when something happens within the system to where there is an immense amount of force at one time. It hits like a hammer. We see those a lot around pump stations and the pressure will push the water through the line too fast causing a hammer effect
- Mr. Miller advised it could also be opening and closing hydrant's too quickly as well as valves
- Doug Blackburn said he has all kinds of stuff, but he'll let us slide tonight
- Mr. Kerr advised Mr. Blackburn he still had three (3) minutes and thirty-six (36) seconds
- Doug Blackburn said well you know there was water outages up 292 and Davella and there was no water advisories there. How many people works from Martin County for Alliance
- Mr. Kerr advised that everyone that works for the District are from Martin County except for one (1) employee that lives in Johnson County
- Doug Blackburn said when they check the water meters you know they need to tighten them back down. His girlfriend stepped on one the other day and it flipped up and got the end of her shoe wet. If someone else fell in it wouldn't be a good deal. He's just trying to look out. They can have the other two (2) minutes

Mr. Kerr requested a motion to adjourn.

- Mr. Slone motioned to adjourn meeting at 6:49 p.m.
- Mr. Crum seconded
- All ayes
- Motion Carried

Minutes approved this _____ day of _____, 2023.

James Kerr, Chairman

Cassandra Moore, District Clerk

Martin County Water District
Balance Sheet
February 28, 2023

2/28/23

ASSETS

CURRENT ASSETS

Checking Account - Operations	\$	50,233.34
Revenue Fund - EFT		10,139.44
Debt Service Surcharge Fund		72,749.72
Management Infrastructure Surcharge Fund		1,000.09
Security Deposits		96,531.25
Cash on Hand		900.00
Total Cash		231,553.84
Accounts Receivable		332,316.81
Allowance for Doubtful Accounts		(36,555.46)
Unbilled Accounts Receivable		80,438.00
Inventory		2,948.14
Prepaid Expenses		14,703.87
Total Current Assets		625,405.20

PROPERTY, PLANT, & EQUIPMENT

Land	214,713.83
Water Supply & Distribution System	28,406,883.02
Buildings	500,263.89
Equipment & Furniture	6,340,341.06
Vehicles	138,773.45
Leased Assets	33,934.71
Less: Accumulated Amortization - ROU leased asset	(11,048.52)
Less: Accumulated Depreciation	(18,606,669.72)
Net Property, Plant, & Equipment	17,017,191.72

RESTRICTED CASH

Grant Fund	63.07
Sinking Fund - RD	14,960.31
Regions Sinking Fund	29,662.31
KIA Sinking Fund	11,667.19
KACO Sinking Fund	11,143.42
Depreciation Fund	1,022.28
Cost of Issuance Fund 2022	2,098.00
Certificate Fund - 2022 Debt Svc	37,092.72
Revenue Fund - 2022	3,405.28
Accrued Interest Receivable	210.00
Total Restricted Cash	111,324.58

Total Assets

\$ 17,753,921.50

Martin County Water District
Balance Sheet
February 28, 2023

2/28/23

LIABILITIES AND DISTRICT'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	155,295.37
Sales Tax Payable		2,933.54
School Tax Payable		6,576.28
Long Term Debt-Current		69,845.14
Accrued Interest Payable		12,476.17
Customer Deposits		92,053.23
Total Current Liabilities		339,179.73

LONG-TERM DEBT

Lease Liability - Rent		23,735.97
Note Payable - KIA		273,748.79
Lease Payable - KACO		41,221.96
Bonds Payable - 2015 E Current Refunding		1,585,000.00
Bonds Premium - 2015 E, Net of A/Amort		16,481.62
Bonds Payable - 2022 B		1,110,000.00
Bonds Premium - 2022 B, Net of A/Amort		3,622.44
Less Current Portion of L-Term Debt		(69,845.14)
Other Inflow Resources - Pension		372,879.00
Total Long-Term Debt		3,356,844.64

Total Liabilities

3,696,024.37

DISTRICT'S EQUITY

Retained Earnings (Deficit)		14,091,210.57
YTD Net Income		(33,313.44)
Total District's Equity		14,057,897.13

Total Liabilities and District's Equity

\$ 17,753,921.50

Martin County Water District
Statement of Revenues and Expenses
Fiscal Year Jan 01 to Dec 31
For the Month Ending
Actual vs Budget

<u>February, 2023</u>			<u>YTD</u>		<u>Annual Budget</u>
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
		Operating Revenues			
\$ 173,715	\$ 175,833	Water Sales - Residential	\$ 371,807	\$ 351,666	\$ 2,110,000
39,693	29,167	Water Sales - Commercial	72,664	58,334	350,000
6,007	10,000	Water Sales - Public Authorities	12,424	20,000	120,000
-	4	Bulk Water Sales	-	8	50
-	2,437	Connection Fees - Tap	3,000	4,874	29,246
6,310	4,583	Late Charge Fees	12,667	9,166	55,000
400	2,650	Reconnect/Meter Sets/Other Fees	2,012	5,300	31,801
8,740	8,917	Debt Service Surcharge	17,481	17,834	107,000
15,686	15,839	Management Infrastructure Surcharge	31,373	31,678	190,070
250,551	249,430	Total Operating Revenues	523,430	498,860	2,993,167
		Operating Expenses			
4,571	7,500	Water Purchased	12,092	15,000	90,000
168,507	168,507	Management & Operations Contract	337,014	337,014	2,022,084
15,557	27,917	Utilities	40,104	55,834	335,000
2,191	2,500	Insurance	4,378	5,000	30,000
1,000	5,000	Repairs & Maintenance	2,000	10,000	60,000
46	250	Outside Services	94	500	3,000
1,488	800	Legal Expenses	2,525	1,600	9,600
-	-	Accounting/Audit	-	-	8,000
4,167	4,167	Bad Debts	8,333	8,334	50,000
450	500	Bond Trustee Fees	450	500	500
385	270	Dues	770	540	3,235
304	228	Office Expense	837	456	2,732
(843)	833	Rent Expense	0	1,666	10,000
108	125	KY 811 Services	201	250	1,500
-	54	Miscellaneous Expenses	103	108	652
1	4	Customer Deposit Interest Expense	3	8	53
197,932	218,655	Total Operating Expenses	408,905	436,810	2,626,356
52,619	30,775	Net Income B/4 Other Income (Expenses)	114,525	62,050	366,811
		Other Income (Expenses)			
552	-	Interest Income	803	-	-
(8,829)	(8,333)	Interest Expense	(17,847)	(16,666)	(100,000)
(1,186)	63	Amortization	(794)	126	753
(65,000)	(65,000)	Depreciation	(130,000)	(130,000)	(780,000)
(74,464)	(73,270)	Total Other Income (Expenses)	(147,838)	(146,540)	(879,247)
\$ (21,844)	\$ (42,495)	Net Income (Loss)	\$ (33,313)	\$ (84,490)	\$ (512,436)

**Martin County Water District
Inez, KY**

Treasury Report

Billing Charges For the Month of:	Feb-23	
Water Revenue		\$ 173,771.56
Water Revenue-Commercial		39,693.24
Water Revenue-Commercial Exempt		6,006.53
Late Charges		6,309.72
Sales Taxes		2,894.73
Debt Service Surcharge		8,740.40
School Tax		6,580.11
Management Infrastructure Surcharge		15,686.24
Returned Check		962.34
Interest on Customer Deposits		(0.79)
Connection Fees		-
Other Miscellaneous Fees		400.00
Deposits Applied		(1,260.00)
Refund Checks Paid		67.72
Total Billing Charges		\$ 259,851.80
		<hr/>
Gallons Billed		12,515,320
		<hr/>
Customers Billed		3,370
		<hr/>

Accounts Receivable	Feb-23	
Beginning Balance		329,647.72
Billing Charges		259,851.80
Bad Debt (Write Offs) Recoveries		50.01
Accounts Receivable Collections		(257,298.83)
End of Month Accounts Receivable		332,250.70
		<hr/>

Operations Account		
Beginning Balance		\$ 127,210.29
Deposits		
Accounts Receivable Collections		257,298.83
Accounts Receivable Collections - Pmts in EFT Revenue Account		(107,484.70)
Sewer Billing Collections in Water Bank Acct - Due to MCS		85,382.00
Customer Deposits Received		1,395.00
Transfers from Other District Accts		106,400.00
Total Deposits		<hr/> 342,991.13
Disbursements:		
Checks Written		(266,833.52)
Pmts made to Sanitation for A/R Collections		(70,374.72)
Transfers to Other District Accts		(48,794.55)
Auto Drafted Utilities		(24,366.44)
Sales and School Tax Payments		(9,544.70)
Returned Checks		(54.15)
End of Month Balance		\$ 50,233.34
		<hr/>
Cash Receipts Collected To Date in:	Mar-23	237,963.51
Bills Submitted for Payment in:	Mar-23	(350,758.23)
Available Balance	3A-4	(62,561.38)
		<hr/>

**Martin County Water District
Inez, KY
Treasury Report
Summary of Cash & Investments
February 28, 2023**

Bank Account	Beginning Balance	Deposits	Interest Earned, Net of Fees	Payments	Ending Balance
Operations Account	\$ 127,210.29	342,991.13	-	(419,968.08)	\$ 50,233.34
Revenue EFT Account	9,357.85	107,484.70	-	(106,703.11)	10,139.44
Debt Service Surcharge	62,246.28	10,501.83	1.61		72,749.72
Management Infrastructure Surcharge	1,000.21	18,847.72	0.09	(18,847.93)	1,000.09
Security Deposits	94,950.26	1,645.00	3.71	(67.72)	96,531.25
Cash on Hand	900.00	-	-	-	900.00
Total Unrestricted Cash	295,664.89	481,470.38	5.41	(545,586.84)	231,553.84
Restricted Cash					
ARC Grant	63.07		-	-	63.07
Rockhouse Project	15,060.62	10,800.00	-	(10,900.31)	14,960.31
Regions Bank-KY 2015E Martin County	18,865.47	10,900.31	346.53	(450.00)	29,662.31
KIA Bond & Interest	11,534.07	5,800.00	0.14	(5,667.02)	11,667.19
KY Assoc of Counties Leasing Trust	10,162.13	1,200.00	0.17	(218.88)	11,143.42
Depreciation Reserve	1,022.26	-	0.02	-	1,022.28
Cost of Issuance Fund 2022	2,098.00		-	-	2,098.00
Certificate Fund - 2022 Debt Svc	36,904.23		188.49		37,092.72
Revenue Fund - 2022	3,393.51	-	11.77	-	3,405.28
Total Restricted Cash	99,103.36	28,700.31	547.12	(17,236.21)	111,114.58
Total Cash & Investments	\$ 394,768.25	510,170.69	552.53	(562,823.05)	\$ 342,668.42

**Martin County Water District
Billing Summary**

Date	Billed		Gallons (000'S)	Billed # of Customers	Payments Received
	Revenue	YTD Total			
Feb-23	219,471	459,955	12,515	3,370	257,299
Jan-23	240,484	240,484	14,906	3,383	296,876
Dec-22	217,251	2,595,436	12,429	3,374	226,327
Nov-22	213,516	2,378,186	12,064	3,389	232,620
Oct-22	199,884	2,164,670	10,420	3,400	256,624
Sep-22	232,922	1,964,786	13,890	3,417	262,588
Aug-22	217,328	1,731,864	12,413	3,402	263,138
Jul-22	226,961	1,514,536	13,381	3,410	254,075
Jun-22	219,810	1,287,575	12,580	3,409	255,445
May-22	227,120	1,067,765	13,264	3,408	228,491
Apr-22	217,383	840,645	12,472	3,400	326,456
Mar-22	217,996	623,262	12,399	3,384	235,719
Feb-22	199,134	405,267	12,437	3,429	229,472

Martin County Water District

Inez, Kentucky

Annual Financial Report

Years Ended December 31, 2022 and 2021

Martin County Water District

Table of Contents
December 31, 2022 and 2021

	<u>Page</u>
<i>Financial Section:</i>	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
<i>Basic Financial Statements:</i>	
Statements of Net Position	9 - 10
Statements of Revenues and Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 23
<i>Required Supplementary Information:</i>	
Schedule of the District's Proportionate Share of Net Pension Liability	24
Schedule of Contributions	25
<i>Compliance Section:</i>	
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 <i>Government Auditing Standards</i>	26 - 27
Schedule of Findings and Responses	28 - 29

Financial Section

DRAFT



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

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, 2022 and 2021, 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, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the 2021 Financial Statements

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion on 2021 Financial Statements section of our report, the financial statements present fairly, in all material respects, the financial position of the business-type activities of Martin County Water District as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 on the financial statements as of December 31, 2022.

Basis for Qualified Opinion on 2021 Financial Statements

As of the 2021 audit report date, updated Kentucky Retirement Systems reports were not available to present current pension information in the financial statements. Therefore, deferred inflows and outflows of resources related to pensions, net pension liability, net position, and expenses were unable to be updated to reflect the activity during the year ended December 31, 2021. Accounting principles generally accepted in the United States of America require that the net pension liability be measured based either on an actuarial valuation performed no earlier than the employer's prior fiscal year end or updated procedures to roll forward amounts from an earlier actuarial valuation. The amount by which this would affect the deferred inflows and outflows of resources related to pensions, net pension liability, net position, and expenses has not been determined. This matter was corrected as of December 31, 2022, through a prior period adjustment, but the 2021 financial statements have not been reissued.

Independent Auditor's Report (Continued)

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.

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.

Independent Auditor's Report (Concluded)

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 the net pension liability, and schedule of contributions information 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, 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 10, 2023
Hannibal, Missouri

**MARTIN COUNTY WATER DISTRICT OF
INEZ, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022.

OVERVIEW OF THE AUDITED FINANCIAL STATEMENTS

The financial statements presented in this report consist of the *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 2022 increased by \$583,558 and ended the year at \$14,091,211.

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

Total assets decreased \$536,000 or 2.9% primarily due to decreases in capital assets of \$574,000 and current assets of \$27,000, offset by an increase in restricted assets of \$65,000. The decrease in capital assets is mainly due to depreciation expense of \$797,000 exceeding net asset additions of \$191,000. The District inventoried capital assets and removed assets no longer in service. Additional information regarding capital assets is discussed in the capital assets section. The decrease in current assets is primarily due to decreases in unbilled revenue of \$12,000 and cash of \$21,000, offset by an increase in prepaid expenses of \$8,000. The District collects and deposits sewer payments for Martin County Sanitation District. The decrease in cash mainly represents a reduction in the District's payable to Martin County Sanitation. The increase in restricted assets is mainly due to increases in debt service reserves due to the addition of 2022 Revenue Bond and the associated increases to the accrued interest receivable. Restricted cash is discussed in detail in the restricted assets section.

The Kentucky Retirement report was not available in time for the 2021 audit. Deferred inflows and outflows of resources related to pensions, net pension liability, net position, and expenses for both 2021 and 2022 are reflected in the 2022 audited financial statements.

**MARTIN COUNTY WATER DISTRICT OF
INEZ, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Deferred outflows consist of the net difference between projected and actual earnings on pension plan investments and decreased by \$135,000. Footnote 12 (page 20) of the audited financial statements provides additional information.

Total liabilities decreased by \$1,147,000 or 24.4% primarily due to decreases in current liabilities of \$1,061,000 and net pension liability of \$1,081,000, offset by an increase in long-term debt of \$979,000 related to the addition of the 2022 Revenue Bond, net of principal payments made during the year on other district debt, plus the addition of the office lease liability of \$16,000. Current liabilities decreased by \$1,061,000 mainly because of the decrease of \$1,100,000 in accounts payable due to the payoff of outstanding vendor debt, offset by an increase in accrued interest due to the new 2022 Revenue Bond, and increases in customer deposits and the current portion of the office lease liability.

Deferred inflows of resources related to pensions decreased by \$108,000. See Footnote 12 (page 20) of the audited financial statements for more information.

A summary of financial position follows:

	<u>For The Years Ended December 31</u>			<u>2022</u>	
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percent Change</u>
Assets:					
Current assets	\$ 687,050	\$ 714,436	\$ 744,318	\$ (27,386)	-3.8%
Restricted assets	196,643	131,434	127,206	65,209	49.6
Capital assets	17,141,150	17,715,134	17,926,113	(573,984)	-3.2
Total assets	<u>18,024,843</u>	<u>18,561,004</u>	<u>18,797,637</u>	<u>(536,161)</u>	<u>-2.9</u>
Deferred Outflows:					
Deferred outflows of resources related to pensions	\$ -	\$ 134,959	\$ 134,959	(134,959)	-100.0
Total deferred outflows of resources	<u>-</u>	<u>134,959</u>	<u>134,959</u>	<u>(134,959)</u>	<u>-100.0</u>
Liabilities:					
Current liabilities	578,845	1,639,744	1,501,086	(1,060,899)	-64.7
Long term debt, net	2,965,937	1,987,168	2,120,916	978,769	49.3
Long term lease liability	15,971			15,971	N/A
Net pension liability	-	1,080,845	1,080,845	(1,080,845)	-100.0
Total liabilities	<u>3,560,753</u>	<u>4,707,757</u>	<u>4,702,847</u>	<u>(1,147,004)</u>	<u>-24.4</u>
Deferred Inflows:					
Deferred inflows of resources related to pensions	\$ 372,879	\$ 480,553	\$ 480,553	(107,674)	-22.4
Total deferred inflows of resources	<u>372,879</u>	<u>480,553</u>	<u>480,553</u>	<u>(107,674)</u>	<u>-22.4</u>
Net Position:					
Net investment in capital assets	14,040,456	15,594,973	15,673,916	(1,554,517)	-10.0
Restricted for debt service	199,705	105,137	99,652	94,568	89.9
Restricted for management infrastructure	9,865	6,587	1,000	3,278	49.8
Restricted for capital projects	63	63	93	-	0.0
Unrestricted	(158,878)	(2,199,107)	(2,025,465)	2,040,229	-92.8
Total net position	<u>\$ 14,091,211</u>	<u>\$13,507,653</u>	<u>\$ 13,749,196</u>	<u>\$ 583,558</u>	<u>4.3%</u>

**MARTIN COUNTY WATER DISTRICT OF
INEZ, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total operating revenues increased by \$146,000 or 0.1% and totaled \$2,967,000 for the year. Water revenue and late charge/connection fees increased \$322,000 from the prior year mainly due to the rate increase in March 2022 as approved by the Public Service Commission (PSC) and the resumption of late charges billed which was suspended during the height of the pandemic. This was offset by decreases to other fees of \$176,000, with most of that decrease to miscellaneous income of \$162,000 as 2022 did not have adjustments of previous accruals and penalty/interest fees waived that occurred in 2021.

Total operating expenses decreased by \$530,000 or 15.0% and totaled \$3,013,000 for the year mainly due to the recognition of pension expense of (\$527,000). There were also decreases in management and operations due to a decrease in the annual billback amount, legal and dues & subscriptions fees offset by increases in repairs & maintenance, utilities, purchased water and bad debts.

Change in net position (net operating loss) in 2022 was \$57,000, an improvement of \$299,000 or 124% over the prior year before considering the prior period adjustment of \$526,114 for the 2021 net pension adjustment.

Non-operating expense in 2022 increased by \$72,000 mainly due to increases in bond issue costs, interest expense and interest income related to the 2022 Revenue Bond and the loss on disposal of assets.

Capital contributions totaled \$262,000 and include a donation of a kiosk purchased by Alliance Water Resources, Inc. in the amount of \$3,600, a grant received from the Appalachian Regional Commission (ARC) in the amount of \$117,063 for The Lovely Water Line Replacement Project, and FEMA flood payments in the amount of \$147,000 for water line repairs on St. Rt. 292, Poplar Fork, St. Rt. 908, 40E Booster Station, 40W Booster Station, and the Davella Pump Station.

**MARTIN COUNTY WATER DISTRICT OF
INEZ, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

	For The Years Ended December 31			2022	
	2022	2021	2020	Change	Percent Change
Operating Revenues:					
Water sales	\$ 2,542,610	\$ 2,243,478	\$ 2,146,384	\$ 299,132	13.3%
Connection fees	28,372	17,612	22,872	10,760	0.6
Late charge fees	70,236	58,575	13,416	11,661	0.2
Debt service surcharge	105,780	107,177	107,436	(1,397)	0.0
Water surcharge (MIS)	189,817	192,369	193,180	(2,552)	0.0
Other fees	29,560	39,575	20,144	(10,015)	-0.3
Misc income	395	161,982	14,311	(161,587)	-1.0
Total operating revenues	<u>2,966,770</u>	<u>2,820,768</u>	<u>2,517,743</u>	<u>146,002</u>	<u>0.1</u>
Operating Expenses:					
Operating expenses	2,215,975	2,769,377	2,421,722	(553,402)	(20.0)
Depreciation	796,613	773,206	786,741	23,407	3.0
Total operating expenses	<u>3,012,588</u>	<u>3,542,583</u>	<u>3,208,463</u>	<u>(529,995)</u>	<u>(15.0)</u>
Net Operating Income	<u>(45,818)</u>	<u>(721,815)</u>	<u>(690,720)</u>	<u>675,997</u>	<u>(93.7)</u>
Non-operating Income (Expense)					
Interest expense	(102,107)	(78,302)	(80,217)	23,805	(30.4)
Customer deposit interest expense	(46)	(3,319)	-	(3,273)	98.6
Bond trustee fees	(450)	(450)	(450)	-	0.0
Bond issuance costs	(47,422)	-	-	47,422	N/A
Gain (loss) on disposal of assets	(10,432)	(4,752)	(5,237)	5,680	(119.5)
Interest income	2,060	112	386	(1,948)	(1739.3)
Total Non-operating income (expenses)	<u>(158,397)</u>	<u>(86,711)</u>	<u>(85,518)</u>	<u>71,686</u>	<u>(82.7)</u>
Change in net position before contributions	<u>(204,215)</u>	<u>(808,526)</u>	<u>(808,526)</u>	<u>604,311</u>	<u>(74.7)</u>
Capital grants and contributions	261,659	566,983	331,046	(305,324)	(53.9)
Change in net position	<u>57,444</u>	<u>(241,543)</u>	<u>(477,480)</u>	<u>298,987</u>	<u>(123.8)</u>
Net Position - Beginning	13,507,653	13,749,196	14,168,808	(241,543)	(1.8)
Prior Period Adjustment	526,114	-	25,580	526,114	N/A
Net Position - Ending	<u>\$ 14,091,211</u>	<u>\$ 13,507,653</u>	<u>\$ 13,716,908</u>	<u>\$ 583,558</u>	<u>4.30%</u>

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 successfully accomplished that objective during 2022 by procuring the 2022 Revenue Bond in addition to the collection of the

**MARTIN COUNTY WATER DISTRICT OF
INEZ, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

debt service and management infrastructure surcharges and the permanent rate increase that was effective March 2022.

RESTRICTED ASSETS

Restricted assets were \$196,643 in 2022 compared to \$131,434 in 2021. 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 \$17,141,150 on December 31, 2022, compared to \$17,715,134 on December 31, 2021, which represents a decrease of \$574,000 or 3.2%. Capital asset additions in 2022 were \$373,284 and consisted of the recognition of the office lease as a right of use asset, ARC Lovely line replacement, Otto Brown pump, meters, flush kiosk, pressure reducing valve and customer TAPs. Additions were offset by the retirement of numerous items (including a generator, chlorinators, water pumps, various office furniture, and a tapping tool) and depreciation expense of \$796,613.

LONG-TERM DEBT

The District paid principal payments of \$132,993 during the fiscal year. As of December 31, 2022, the District had total long-term debt outstanding of \$3,079,806 of which \$134,757 is due in the next year.

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's change in overall financial position in 2022 increased by \$583,558 as compared to the 2021 overall decrease of \$241,543. The District continually strives to improve its financial position as reflected in the District's passage of the rate increase effective in March 2022.

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

DRAFT

Martin County Water District
 Statements of Net Position
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 276,298	\$ 297,677
Accounts receivable (net)	314,701	313,736
Unbilled revenue	80,438	92,562
Prepaid expenses	12,665	4,904
Inventory	2,948	5,557
Total Current Assets	<u>\$ 687,050</u>	<u>\$ 714,436</u>
Restricted Assets		
Cash - Debt retirement	\$ 196,119	\$ 131,369
Cash - Grants	63	63
Accrued interest receivable	461	2
Total Restricted Assets	<u>\$ 196,643</u>	<u>\$ 131,434</u>
Capital Assets		
Water supply & distribution system	\$ 28,399,263	\$ 28,206,274
Buildings	500,264	500,264
Equipment & furniture	6,340,341	6,369,882
Vehicles & trailers	138,773	138,773
Land	214,714	214,714
Construction in progress	-	6,237
ROU leased asset	33,935	-
	<u>\$ 35,627,290</u>	<u>\$ 35,436,144</u>
Less: Accumulated depreciation	(18,476,670)	(17,721,010)
Less: Accumulated amortization ROU leased asset	(9,470)	-
Total Capital Assets	<u>\$ 17,141,150</u>	<u>\$ 17,715,134</u>
Total Assets	<u>\$ 18,024,843</u>	<u>\$ 18,561,004</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	\$ -	\$ 134,959
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 134,959</u>

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, 2022 and 2021

	2022	2021
Liabilities		
Current Liabilities		
Accounts payable	\$ 289,615	\$ 1,389,540
Accrued interest	46,026	28,151
Accrued interest - leases	68	-
Sales tax payable	8,252	6,951
Customer deposits	90,858	82,109
Current portion of lease liability	9,269	-
Current portion of long-term debt	134,757	132,993
Total Current Liabilities	\$ 578,845	\$ 1,639,744
Long-Term Liabilities		
Long-term portion of debt (net)	\$ 2,965,937	\$ 1,987,168
Long-term portion of lease liability	15,971	-
Net pension liability	-	1,080,845
Total Long-Term Liabilities	\$ 2,981,908	\$ 3,068,013
Total Liabilities	\$ 3,560,753	\$ 4,707,757
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	\$ 372,879	\$ 480,553
Total Deferred Inflows of Resources	\$ 372,879	\$ 480,553
Net Position		
Net investment in capital assets	\$ 14,040,456	\$ 15,594,973
Restricted for debt retirement	199,705	105,137
Restricted for management infrastructure	9,865	6,587
Restricted for capital projects	63	63
Unrestricted	(158,878)	(2,199,107)
Total Net Position	\$ 14,091,211	\$ 13,507,653

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

Martin County Water District
 Statements of Revenues and Expenses and Changes in Net Position
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Water sales	\$ 2,542,610	\$ 2,243,478
Connection fees	28,372	17,612
Late charge fees	70,236	58,575
Debt service surcharge	105,780	107,177
MIS Water surcharge	189,817	192,369
Other fees	29,560	39,575
Miscellaneous income	395	161,982
Total Operating Revenues	<u>\$ 2,966,770</u>	<u>\$ 2,820,768</u>
Operating Expenses		
Management & operations contract	\$ 2,132,734	\$ 2,220,673
Water purchased	74,988	65,763
Pension expense	(527,446)	-
Utilities	375,997	362,424
Insurance	34,932	35,717
Repairs and maintenance	63,171	13,181
Outside services	630	755
Legal	10,000	19,612
Accounting	7,950	7,725
Bad debt	30,948	16,733
Dues & subscriptions	3,149	4,884
Office Expense	2,676	2,804
Rental	25	8,849
Regulatory assessment fees	4,214	-
KY 811 Services	1,273	2,451
Taxes	-	5,035
Depreciation	787,143	773,206
Amortization - ROU lease assets	9,470	-
Miscellaneous	734	2,771
Total Operating Expenses	<u>\$ 3,012,588</u>	<u>\$ 3,542,583</u>
Operating Income (Expense)	<u>\$ (45,818)</u>	<u>\$ (721,815)</u>
Non-operating Income (Expense)		
Interest expense	\$ (102,107)	\$ (78,302)
Customer deposit interest expense	(46)	(3,319)
Bond trustee fees	(450)	(450)
Bond issuance costs	(47,422)	-
Gain (loss) on disposal of assets	(10,432)	(4,752)
Interest income	2,060	112
Total Non-operating Income (Expense)	<u>\$ (158,397)</u>	<u>\$ (86,711)</u>
Change in Net Position before Contributions	<u>\$ (204,215)</u>	<u>\$ (808,526)</u>
Capital grants and contributions	261,659	566,983
Change in Net Position	<u>\$ 57,444</u>	<u>\$ (241,543)</u>
Net Position - Beginning of Year	13,507,653	13,749,196
Prior Period Adjustment	526,114	-
Net Position - Ending of Year	<u>\$ 14,091,211</u>	<u>\$ 13,507,653</u>

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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from customers	\$ 2,986,678	\$ 2,831,506
Cash payments for goods and services	(3,847,197)	(2,635,713)
Net Cash Provided (Used) by Operating Activities	<u>\$ (860,519)</u>	<u>\$ 195,793</u>
Cash Flows from Capital and Related Financing Activities		
Payments for capital assets	\$ (199,126)	\$ (566,980)
Principal repayments	(132,993)	(131,281)
Principal payments on lease liability	(8,695)	-
Proceeds from long term debt	1,110,000	-
Interest and other charges paid	(81,134)	(84,052)
Debt issuance costs paid	(47,422)	-
Capital grants	261,659	566,983
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 902,289</u>	<u>\$ (215,330)</u>
Cash Flows from Investing Activities		
Interest received	\$ 1,601	\$ 112
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,601</u>	<u>\$ 112</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 43,371	\$ (19,425)
Cash and Cash Equivalents - Beginning of Year	429,109	448,534
Cash and Cash Equivalents - End of Year	<u>\$ 472,480</u>	<u>\$ 429,109</u>
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 276,298	\$ 297,677
Restricted cash and cash equivalents		
Cash - Debt retirement	196,119	131,369
Cash - Grants	63	63
Total Cash and Cash Equivalents	<u>\$ 472,480</u>	<u>\$ 429,109</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ (45,818)	\$ (721,815)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	796,613	773,206
Change in assets and liabilities:		
Accounts receivable	(965)	33,578
Unbilled receivables	12,124	(30,504)
Inventory	2,609	(991)
Prepaid expenses	(7,761)	4,146
Accounts payable	(1,099,925)	132,454
Customer deposits	8,749	7,664
Sales tax payable	1,301	(1,945)
Net pension obligation	(527,446)	-
Net Cash Provided (Used) By Operating Activities	<u>\$ (860,519)</u>	<u>\$ 195,793</u>

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

**Notes to the
Financial Statements**

DRAFT

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) 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

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) 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, 2022, the carrying amount of the District's deposits was \$472,480 and the bank balances totaled \$466,999. As of December 31, 2022, \$250,000 was covered by federal depository insurance, \$59,312 was collateralized with a letter of credit in First State Bank's name for the coverage of the District's deposit balances, and \$157,687 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 on the Statement of Net Position and Statement of Cash Flows.

4) Accounts Receivable

The receivables are reported on the accompanying Statements of Net Position, net of an allowance for doubtful accounts, which amounted to \$28,000 as of December 31, 2022 and 2021. 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.

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 February 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, 2022 and 2021, amounted to \$755 and \$765, respectively.

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 is due on the loan until the maturity date of February 1, 2024, at which time the principal balance is due in full. 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 year ended December 31, 2022, amounted to \$2,756.

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

	<u>2022</u>	<u>2021</u>
Kentucky Infrastructure Authority Loan		
\$1,329,826 loan due in monthly installments of \$5,620.58 from 1991 through June 2027, interest rate is 3.00%.	\$ 283,584	\$ 341,577
Kentucky Association of Counties Equipment Lease		
\$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%.	41,222	56,222
Assistance Agreement (Loan) - KRW Series 2022B Revenue Bonds		
\$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	-
Assistance Agreement (Loan) - KRW Series 2015E Refunding Bond		
\$2,010,000 loan due in yearly installments of \$30,000 to \$55,000 from January 2016 through June 2045, interest rates at 2.10% to 4.10%.	<u>1,645,000</u>	<u>1,705,000</u>
Total Debt Payable	3,079,806	2,102,799
Add: Unamortized Premium	20,888	17,362
Less: Current Portion	<u>(134,757)</u>	<u>(132,993)</u>
Long-Term Portion of Debt Payable	<u>\$ 2,965,937</u>	<u>\$ 1,987,168</u>

Martin County Water District

Notes to the Financial Statements

December 31, 2022 and 2021

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
2023	\$ 119,757	\$ 105,399	\$ 15,000	\$ 1,866
2024	1,236,574	82,982	15,000	1,046
2025	128,447	60,731	11,222	208
2026	135,377	56,709	-	-
2027	103,429	52,719	-	-
2028-2032	395,000	222,473	-	-
2033-2037	430,000	142,496	-	-
2038-2042	325,000	64,475	-	-
2043-2045	165,000	10,149	-	-
	<u>\$ 3,038,584</u>	<u>\$ 798,133</u>	<u>\$ 41,222</u>	<u>\$ 3,120</u>

The changes in long-term debt for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Balance, Beginning	\$ 2,102,799	\$ 2,234,080
Additions	1,110,000	-
Retirements	(132,993)	(131,281)
Balance, Ending	<u>\$ 3,079,806</u>	<u>\$ 2,102,799</u>

6) Litigation

At December 31, 2022, 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 \$196,643 and \$131,434 as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the District's Restricted Net Position consists of net investments in capital assets, restrictions on debt retirement, restrictions on management infrastructure, and restrictions on capital projects.

8) Restricted Assets and Net Position (Concluded)**Net Investment in Capital Assets**

	<u>2022</u>	<u>2021</u>
Total Capital Assets	\$ 17,141,150	\$ 17,715,134
Less:		
Long-term portion of debt (net)	(2,965,937)	(1,987,168)
Current portion of long-term debt	<u>(134,757)</u>	<u>(132,993)</u>
Total net investment in capital assets	<u>\$ 14,040,456</u>	<u>\$ 15,594,973</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

	<u>2022</u>	<u>2021</u>
Sinking funds	\$ 189,617	\$ 130,347
Surcharge fund	54,631	1,917
Depreciation fund	<u>1,022</u>	<u>1,022</u>
Restricted cash and investments - Debt retirement	245,270	133,286
Add: Accrued interest receivable	461	2
Less: Payable from restricted assets Accrued interest	<u>(46,026)</u>	<u>(28,151)</u>
Restricted for debt retirement	<u>\$ 199,705</u>	<u>\$ 105,137</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

	<u>2022</u>	<u>2021</u>
Management infrastructure surcharge fund	\$ 9,865	\$ 6,587
Restricted for management infrastructure	<u>\$ 9,865</u>	<u>\$ 6,587</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

	<u>2022</u>	<u>2021</u>
Restricted cash - capital projects	\$ 63	\$ 63
Restricted for capital projects	<u>\$ 63</u>	<u>\$ 63</u>

Martin County Water District

Notes to the Financial Statements
December 31, 2022 and 2021

9) Capital Assets

Capital assets during the year ended December 31, 2022, consisted of the following:

	<u>Balance at January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31</u>
Water Supply & Distribution System	\$ 28,206,274	\$ 192,989	\$ -	\$ 28,399,263
Buildings	500,264	-	-	500,264
Equipment & Furniture	6,369,882	12,374	(41,915)	6,340,341
Vehicles & Trailers	138,773	-	-	138,773
Land	214,714	-	-	214,714
Construction in Progress	6,237	133,986	(140,223)	-
ROU Leased Asset	-	33,935	-	33,935
	<u>35,436,144</u>	<u>373,284</u>	<u>(182,138)</u>	<u>35,627,290</u>
Accumulated Depreciation	(17,721,010)	(787,143)	31,483	(18,476,670)
Accumulated Amortization				
ROU Leased Asset	-	(9,470)	-	(9,470)
Total Capital Assets	<u>\$ 17,715,134</u>	<u>\$ (423,329)</u>	<u>\$ (150,655)</u>	<u>\$ 17,141,150</u>

Capital assets during the year ended December 31, 2021, consisted of the following:

	<u>Balance at January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31</u>
Water Supply & Distribution System	\$ 27,316,475	\$ 891,785	\$ (1,986)	\$ 28,206,274
Buildings	500,264	-	-	500,264
Equipment & Furniture	6,398,523	-	(28,641)	6,369,882
Vehicles & Trailers	307,474	-	(168,701)	138,773
Land	214,714	-	-	214,714
Construction in Progress	331,042	566,980	(891,785)	6,237
	<u>35,068,492</u>	<u>1,458,765</u>	<u>(1,091,113)</u>	<u>35,436,144</u>
Accumulated Depreciation	(17,142,379)	(773,206)	194,575	(17,721,010)
Total Capital Assets	<u>\$ 17,926,113</u>	<u>\$ 685,559</u>	<u>\$ (896,538)</u>	<u>\$ 17,715,134</u>

Depreciation expense for the years ended December 31, 2022 and 2021, amounted to \$787,143 and \$773,206, respectively.

10) Related Party Transactions

There were no related party transactions during the year ended December 31, 2022 and 2021.

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, 2022, 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, 2022 employers were required to contribute 21.40% of the member's salary. During the year ended December 31, 2022, 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, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2021 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, 2022. At December 31, 2022 the District's proportion was 0.00%.

For the year ended December 31, 2022, the District recognized pension expense of \$(527,446) related to CERS. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	372,879
Total	\$ -	\$ 372,879

12) Pension Plan (Continued)

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. These will be recognized in pension expense as follows:

<u>Year Ended</u>	
2023	\$ (350,428)
2024	(22,451)
2025	-
2026	-
2027	-
	<u>\$ (372,879)</u>

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, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2021.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2022:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
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%
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. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the PUB-2010 Disabled Mortality with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010, is used for the period after disability retirement.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	0.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount Rate:

The discount rate used to measure the total pension liability was 6.25%. 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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
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, 2022.

13) Commitments

The District has a full service operating agreement with Alliance Water Resources, Inc., through December 31, 2024, 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, 2023, 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:

Year	Principal	Interest	Total
2023	\$ 9,269	\$ 684	\$ 9,953
2024	9,870	374	10,244
2025	6,101	67	6,168
Totals	<u>\$ 25,240</u>	<u>\$ 1,125</u>	<u>\$ 26,365</u>

15) Prior Period Adjustment

A prior period adjustment was necessary in order to properly reflect the District's deferred outflows and deferred inflows of resources related to pensions and net pension liability as a result of the Kentucky Retirement Systems reports not being available to present updated pension information in the 2021 audited financial statements. Deferred outflows of resources related to pensions was decreased by \$129,545, deferred inflows of resources related to pensions was increased by \$425,186, and net pension liability decreased by \$1,080,845 in order to adjust balances for the changes occurring during the year ended December 31, 2021. These changes resulted in a net prior period adjustment of \$526,114, which is shown in the Statement of Revenues and Expenses and Changes in Net Position.

16) Subsequent Events

Subsequent events have been considered through March 10, 2023, the date the financial statements were available to be issued.

17) Recently Issued Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases* (GASB 87). The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The District adopted this standard for the year ended December 31, 2022. It has not been deemed necessary to restate prior periods as the effect would be immaterial to the overall financial statements.

Required Supplementary Information

DRAFT

Martin County Water District

Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 December 31, 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)
County Employee's Retirement System:								
District's proportion of the net pension liability	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	\$ -	\$ -	\$ 1,080,845	\$ 1,739,483	\$ 1,459,298	\$ 1,255,723	\$ 1,065,280	\$ 750,000
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	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	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. Additional years will be displayed as they become available.

Martin County Water District
 Required Supplementary Information
 Schedule of Contributions
 December 31, 2022

County Employee's Retirement System:	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ -	\$ 69,664	\$ 101,193	\$ 85,993	\$ 82,452	\$ 84,846	\$ 104,892	\$ 97,385
Contributions in relation to the contractually required contribution	-	-	69,664	101,193	85,993	82,452	84,846	104,892	97,385
Contribution deficiency (excess)	<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	\$ 559,494
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	16.23%	14.58%	14.36%	12.23%	17.67%	17.41%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DRAFT

Compliance Section

DRAFT

**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, 2022, 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 10, 2023.

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 2022-001, 2022-002, and 2022-003.

**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 10, 2023
Hannibal, Missouri

DRAFT

Compliance Findings

2022-001 - 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 work with vendors to make payment plans where necessary and work toward making payments within 30 days as required.

2022-002 – Debt Service Requirements

Criteria:

Per loan agreement, the District has covenanted to maintain a depreciation and replacement reserve special account and to fund it until such account is equal to five percent (5%) of the original principal amount of the loan, \$66,491, in order to ensure loan obligations can be paid.

Condition:

The District is not in compliance with loan covenants.

Cause:

The District did not deposit the required amounts into a depreciation and replacement reserve special account during 2022.

Effect:

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

Recommendation:

Procedures should be put in place to immediately fund the full reserve requirement of \$66,491.

Views of Responsible Officials:

Management will make a plan to fully fund depreciation and replacement reserve account per loan covenant.

Compliance Findings (Concluded)

2022-003 – Debt Service Requirements

Criteria:

Per loan agreement, 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 loan 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 loan covenant.

DRAFT

Martin County Water District, Inez KY
List of Bills for Consideration
28-Mar-23

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Operations Account		
1 AEP	Electric (26 bills) Estimated	\$ 12,522.50
2 Big Sandy RECC	Electric (9 bills) Estimated	\$ 2,865.12
3 Paintsville Utilities	Electric for token (1/03/22 to 2/03/23) Estimated	\$ 27.96
4 Martin County Public Library	Rent (Apr)	\$ 819.40
5 Martin County Water District	Sanitation (Feb)	\$ 141.67
6 Sales tax	2/2023 (estimated)	\$ 1,734.09
7 School tax	2/2023 (estimated)	\$ 6,517.52
8 Alliance Water Resources	3/1/23-3/15/23 O&M services	\$ 84,253.50
9 Alliance Water Resources	3/16/23-3/31/23 O&M services	\$ 84,253.50
10 Alliance Water Resources	Insurance Policy Installment (3/10)	\$ 1,809.60
11 Alliance Water Resources	2022 Fiscal Year End Repair Limit Overage	\$ 110,650.00
12 Management Inf. Surcharge	Estimated (actual collected will be paid)	\$ 18,847.72
13 Debt Service Surcharge	Estimated (actual collected will be paid)	\$ 10,501.83
14 Brian Cumbo	Legal Fees	\$ 1,487.50
15 Prestonsburg City's Utilities	Purchased Water	\$ 4,418.75
16 Kentucky Underground	811 Services (Feb)	\$ 108.00
17 Mountain Citizen	Advertising of Bids	\$ 388.72
18 Estech Systems	Phone System (Mar)	\$ 216.86
19 NexBillPay	Fees (Feb)	\$ 83.00
20 Consolidated Pipe	Meters/Radios	\$ 2,540.00
21 Consolidated Pipe	Maintenance Repairs/Parts	\$ 4,040.99
22 Consolidated Pipe	Meters/Radios	\$ 2,540.00
TOTAL		\$ 350,768.23

Operations Account - Debt Service Funding

		Transfer Amounts
1 KIA	Monthly funding for KIA Bond/Loan	\$ 5,800.00
2 KACo	Monthly funding for lease payment	\$ 5,200.00
3 KRW/Regions Bank	Monthly funding for loan	\$ 10,800.00
TOTAL		\$ 21,800.00

TOTAL OPERATIONS

\$ 372,568.23

**Martin County Water District, Inez KY
List of Bills for Consideration
28-Mar-23**

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Security Deposit Account		
Customer		
1 Paul Hensley	Deposit refund due to customer	\$ 12.28
2 James H. Presley	Deposit refund due to customer	\$ 59.99
3 Travis Preece	Deposit refund due to customer	\$ 99.01
4 Seth Marcum	Deposit refund due to customer	\$ 49.46
5 Dorse Jude	Deposit refund due to customer	\$ 59.33
TOTAL		\$ 280.07

**OUR
MISSION**

We partner with communities to deliver the finest water and wastewater services available at a competitive price. We are committed to keeping water safe and clean while serving people and taking care of communities with improved technical operations, careful management, and financial oversight, and ensured regulatory compliance.

Alliance Water Resources, Inc.

**206 S. Keene
St. Columbia,
MO 65201**

(573) 874-8080

February 2022

Administrative

Staff is in the process of closing any completed service orders. This will help keep the customer accounts up to date with pertinent information.

Water Treatment

WTP Operators performed routine backwashing of filters on Clarifiers 2 & 3 to ensure proper filtration. WTP operators also collected bi-weekly bacteriological and fluoride distribution system samples for system monitoring and compliance

Joshua Vaughan was hired as a Water Treatment Plant Trainee with an anticipated mid-March start date

Replaced Stenner peristaltic Post Chlorine pump with a rebuilt unit to ensure proper Post Chlorine dosage

Hauled 25+ loads of sludge from the decant pit at IWTP to increase available volume for wasting sludge from clarifiers due to increased raw water turbidity

Cleaned and calibrated all online turbidimeters and flushed turbidimeter feed lines to ensure accurate readings and ensure Division of Water compliance

Revised SOPs for calibrating online turbidimeters

Removed raw water intake pump and VFD due to high water conditions at the raw water intake site

WTP Operators continuously adjusted chemical dosages and treatment processes to help efficiently remove high raw water turbidity and ensure sustainable filter run-times

Changed CI17 chlorine analyzer buffers and feed tubing to ensure accurate readings for Post CI2 levels

Pace Construction installed a new 12" flanged fitting on the plant effluent line


Professional Water and Wastewater Operations
Martin County Water District

at the WTP. This will ensure there are no pressure-related issues and improve durability of the effluent line

Pace Construction completed painting on the walkway of Clarifier 2. All three clarifier exteriors have now been repainted

Fabtech and Pace Construction continued to locate and repair leaks in the center basin and underdrains of Clarifier 1

Xylem delivered our 1.8 MGD raw water intake pump to the raw water intake site. Awaiting AEP to set two new power poles at the site so that permanent power can be ran to the site to allow set-up of our raw water intake pump

Started a pumping schedule with Prestonsburg Utilities to limit pressure issues within the Davella pressure zone. The current schedule (7 A.M. – 3 P.M.) has allowed us to consistently pump for over two weeks with no pressure-related issues

Resumed feeding Caustic Soda to adjust pH levels of finished water and limit corrosion throughout the distribution system

Microcomm Inc. repaired signal to Davella BPS and Airport GST, restored discharge and suction pressure readings at Little Petercave BPS, restored tank level reading at Calloway GST, and began developing a plan to remedy the remainder of our telemetry issues

Southern Flow continued setting up SCADA to Clarifier 1. Southern Flow will be onsite once Clarifier 1 is ready for operation to ensure proper and troubleshoot and any issues

Distribution:

3 employees applied for new or higher levels of distribution system licensing

On February 17th we started leak detection in the Inez pressure zone that had not previously been performed. Team members organized and conducted methodical leak detection to help determine the areas of highest water loss. This included closing and opening valves located at Old Rt. 3, Old Middle Fork Road, Coldwater, Little Blacklog, and Eli Road. This method of detection has brought a better understanding of the Inez pressure zone and helped determine which areas need attention

Distribution team members repaired eighteen ¾" service leaks, two 1" service leaks, and one 1-1/2" service leaks this month. They also repaired the following main leaks: 6" Main Old Rt 3, 8" main 1169 Davella Road, 8" Main 1023 Davella Road, 4" main Pigeon Roost, 3" main 138 Cook Drive

Distribution team members removed a setter from Jarrett Trailer Park due to theft of water



Martin County Water District

Team members completed two pre-tap inspections, completed service orders, flushed lines, completed line locates, and replaced faulty shut-offs

Team members performed maintenance and repairs on several trucks this month, which included replacing spindles, fan blowers, batteries, and brakes. Distribution members also cleaned and completed routine maintenance on all equipment

Safety

The monthly safety meeting was held on February 7th and covered Bloodborne Pathogens and CPR microlearning

Training

Customer Service:

Staff had a customer call the office who was very thankful and appreciative of staff informing her of a leak on the customer side and the options she had for a leak adjustment. She appreciated all the hard work staff provided to help her understand how to check for leaks as well.

Project Updates

SOURCE	AMOUNT	PROJECTS
AML Pilot Nexus Grant-2017	\$3,450,000	A, B, C, D
COE 531 (25% Match)	\$1,869,718	B, C
ARC Grant	\$1,200,000	F
AML Pilot Nexus Grant-2018	\$2,000,000	I
Total Grant	\$8,519,718	

Regulatory

The Martin County Water Treatment Plant performs operational water quality monitoring to ensure compliance with all state and federal safe drinking water act requirements, including chlorine, fluoride, iron, pH, manganese, solids, turbidity, and bacteriological analysis.



Professional Water and Wastewater Operations

Martin County Water District

Water Plant Operation

Water Pumped FEBRUARY	
Total Water Production (gallons)	39,694,000
Total Water Metered/Billed (gallons)	12,515,000
Other Water Used (gallons)	635,000
Total Water Loss (gallons)	27,651,000
Portion of TWL due to Main Breaks (gallons)	13,091,000
Average Daily Flow (Million Gallons per Day)	1.417 MGD
Maximum Daily Flow (Million Gallons per Day)	1.713 MGD
Fluoride Used (lbs.)	401.7
Chlorine Used (lbs.)	1,204.1
Lab Tests	3,448

Water Quality Analysis

Test	Routine	Special	Repeat
Bacteriological	10 (Pass)	3 (Pass)	0
		Reported	Minimum Limit
Fluoride Plant Sample	28	0.71 mg/l Average	0.6 mg/l
Chlorine Distribution Sample	Total-34 Free-34	Low Readings Total - 0.63mg/L Free - 0.72 mg/L	0.2 mg/l

Customer Service Request and Work Orders

Meter Reads	3332
Meter Sets	20
Turn offs-Close account	14
Taps	0
Meter Changes	22
Disconnects for Non-payment	27
Boil Notices	0
Line Locates	72
Water Leaks/Breaks	44
Other/Investigates	81



Martin County Water District

Water Main Breaks & Service Lines

Date	Location	Loss (MGD)
2/1/23	35 Gayle Carter Rd	21,446
2/6/23	140 Milo Subdivison	59,087
2/6/23	251 Hinkle Pl	64,338
2/7/23	129 Tipple Rd	551,481
2/7/23	194 Tipple Rd	21,446
2/8/23	174 Rockhouse Rd	21,446
2/8/23	60 Alex Pl	21,446
2/8/23	Mouth of Alex Pl	21,446
2/8/23	2135 Tomahawk Rd	171,568
2/8/23	675 W Main St	118,174
2/8/23	17 Gordon Hollow	39,391
2/10/23	4416 N Milo Rd	857,840
2/12/23	3764 Coldwater Rd	275,740
2/13/23	2347 Blacklog Rd	1,115,192
2/13/23	1404 S Milo Rd	59,087
2/13/23	127 White Rd	150,122
2/13/23	11 Dick Fannin Ln	21,446
2/14/23	423 Blackberry Rd	169,546
2/14/23	6609 Old rt 3	64,338
2/15/23	Little Laurel Ln	48,363
2/15/23	8186 Meathouse Rd	386,903
2/17/23	6056 Meathouse Rd	193,452
2/22/23	Maynard Ln	19,696
2/22/23	Black Burn Trl Prk	171,568
2/23/23	4 Bowen Cem Rd	96,726
2/23/23	1023 Davella	5,531,431
2/23/23	James Ln	580,355
2/24/23	1226 Coldwater	772,056
2/24/23	22 Stepp Bottom	945,396
2/28/23	1169 Davella Rd	477,596

Repair Expenses Ending January 2023

Expended	Actual YTD	Annual Budget	% Budget / Line Item
Bldg. & Grounds Maintenance	\$0	\$5,000	0%
Vehicle Maintenance	\$4,483	\$20,000	22%
Water Plant Maintenance	\$134	\$10,000	1%
Distribution System Maintenance	\$41,229	\$50,000	83%
Water Meter Maintenance	\$2,565	\$10,000	26%
Street Maintenance	\$38	\$3,141	1%
Totals	\$48,449	\$98,141	49%

Chemical Expenses Ending January 2023

Expended	Actual YTD	Annual Budget	% Budget / Line Item
Sodium Hydroxide	\$0	\$11,000	0%
Polymer	\$0	\$15,000	0%
Alum (DELPAC)	\$0	\$30,000	0%
Chlorine	\$0	\$20,000	0%
Permanganate	\$0	\$19,000	0%
Fluoride	\$0	\$7,000	0%
Chemicals Other - Water	\$0	\$8,000	0%
Totals	\$0	\$110,000	0%

WATER RESOURCES®
Alliance
Professional Water and Wastewater Operations
Martin County Water District

Notes:

- 1) Building & Grounds Maintenance
 - a. \$0.00

- 2) Vehicle Maintenance
 - a. Comdata \$1.95
 - b. Advance Auto \$13.03
 - c. Advance Auto Parts \$10.15
 - d. Capital Tire \$1,141.66
 - e. Butchers Exhaust and Garage \$175.00
 - f. Advance Auto \$244.29
 - g. Advance Auto \$50.86
 - h. Carbon Auto (Steven Dennison) \$150.00
 - i. Carbon Auto (Steven Dennison) \$326.78
 - j. Capital Tire \$1,395.69
 - k. Advance Auto \$10.59
 - l. Advance Auto \$6.88
 - m. Advance Auto \$27.55
 - n. Capital Tire \$238.34
 - o. Advance Auto \$96.44
 - p. Advance Auto \$57.84
 - q. Oil Changers \$57.84
 - r. Oil Changers \$87.95
 - s. Oil Changers \$44.51
 - t. Advance Auto \$42.38
 - u. Advance Auto \$15.89
 - v. O'Reilly Auto \$247.96

- 3) Water Plant Maintenance
 - a. Evans Hardware \$17.35
 - b. Evans Hardware \$116.59

- 4) Well Maintenance
 - a. \$0.00

- 5) Distribution System Maintenance
 - a. Service Pump & Supply \$1,619.58
 - b. CITCO Water \$9,850.46
 - c. CITCO Water \$576.34
 - d. Consolidated Pipe & Supply \$1,473.40
 - e. Consolidated Pipe & Supply \$3,186.41
 - f. Consolidated Pipe & Supply \$739.46
 - g. Consolidated Pipe & Supply \$161.12
 - h. Consolidated Pipe & Supply \$53.00
 - i. Consolidated Pipe & Supply \$113.78
 - j. Consolidated Pipe & Supply \$58.30

WATER RESOURCES®
Alliance
Professional Water and Wastewater Operations
Martin County Water District

- k. Consolidated Pipe & Supply \$910.71
- l. Consolidated Pipe & Supply \$1,489.59
- m. Citco Water \$1471.10
- n. Warren Pump and Supply \$1,523.28
- o. Consolidated Pipe & Supply \$423.29
- p. Consolidated Pipe & Supply \$1,297.44
- q. R&J Building & Supply \$25.99
- r. R&J Building & Supply \$5.29
- s. Consolidated Pipe & Supply \$1,099.22
- t. Consolidated Pipe & Supply \$254.40
- u. Core & Main LP \$5,413.88
- v. Evans Hardware \$26.67
- w. Evans Hardware \$57.16
- x. Evans Hardware \$21.72
- y. Evans Hardware \$5.91
- z. Evans Hardware \$3.16
- aa. Evans Hardware \$30.20
- bb. Western Auto \$28.61
- cc. Consolidated Pipe & Supply \$989.67
- dd. Jabo Supply \$3,699.76
- ee. Tencarva Machinery \$686.29
- ff. Consolidated Pipe & Supply \$713.27
- gg. Consolidated Pipe & Supply \$642.01
- hh. Advance Auto Parts \$20.97
- ii. Jabo Supply \$450.92
- jj. Consolidated Pipe & Supply \$279.31
- kk. Service Pump & Supply \$1,159.13
- ll. Jabo Supply \$608.31
- mm. Evans Hardware \$37.60
- nn. Evans Hardware \$28.77

6) Meter Maintenance

- a. Consolidated Pipe and Supply \$1,219.00
- b. Consolidated Pipe and Supply \$1,346.20

7) Sodium Bisulfite

- a. \$0

8) Sodium Hydroxide

- a. \$0.00

9) Lime/Caustic Soda

- a. \$0.00

10) Polymer

- a. \$0.00

WATER RESOURCES[®]
Alliance
Professional Water and Wastewater Operations
Martin County Water District

- 11) Alum
 - a. \$0
- 12) Chlorine
 - a. \$0
- 13) Permanganate
 - a. \$0.00
- 14) Fluoride
 - a. \$0.00
- 15) Chemicals Other – Water
 - a. \$0

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Martin County Water District

For the Month of: February Year: 2023

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED AND PURCHASED	
2	Water Produced	39,694
3	Water Purchased	1,117
4	TOTAL PRODUCED AND PURCHASED	40,811
5		
6	WATER SALES	
7	Residential	8,572
8	Commercial	3,943
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Public Authorities	
13	Other Sales (explain)	
14	TOTAL WATER SALES	12,515
15		
16	OTHER WATER USED	
17	Utility and/or Water Treatment Plant	635
18	Wastewater Plant	
19	System Flushing	
20	Fire Department	10
21	Other Usage (explain)	
22	TOTAL OTHER WATER USED	645
23		
24	WATER LOSS	
25	Tank Overflows	
26	Line Breaks	13,091
27	Line Leaks	14,560
28	Excavation Damages	
29	Theft	
30	Other Loss	
31	TOTAL WATER LOSS	27,651
32		
33	Note: Line 14 + Line 22 + Line 31 MUST Equal Line 4	
34		
35	WATER LOSS PERCENTAGE	
36	(Line 31 divided by Line 4)	67.75%

* Production numbers used for this report were from the new meter installed by Pace. This meter was out of calibration and confirmed by a third party. This month's flow numbers are not consistent with the rest of the year partially because of this. Meter was replaced on February 7th, 2023

MARTIN COUNTY WATER & SANITATION DISTRICT
LEAK ADJUSTMENT REQUESTS
3/23/2023

customer had a leak; repaired

BILLED GALLONS/COST	168,000	1782.70	
AVG GALLONS/BILL	5,000	72.89	
LEAK GALLONS/PURCH CO	163,000	326.00	
PAY (avg+leak cost)		398.89	
WRITE OFF (billed-avg-purch cost)		1383.81	1,562.08
LATE PENALTIES TO ADJ		178.27	
SEWER	168,000	2491.46	2,414.03
SEWER ADJ	5,000	77.43	
SWR PENALTIES TO ADJ		249.14	3,976.11

customer had a leak; repaired

BILLED GALLONS/COST	860,690	9049.08	
AVG GALLONS/BILL	2,000	41.42	
LEAK GALLONS/PURCH CO	858,690	1717.38	
PAY (avg+leak cost)		1758.80	
WRITE OFF (billed-avg-purch cost)		7290.28	8,195.19
LATE PENALTIES TO ADJ		904.91	

Line break; repaired

BILLED GALLONS/COST	16,390	192.93	
BILLED GALLONS/COST	7,900	122.19	
AVG GALLONS/BILL	3,000	51.91	
LEAK GALLONS/PURCH CO	13,390	26.78	
LEAK GALLONS/PURCH CO	4,900	9.80	
PAY (avg+leak cost)		78.69	
WRITE OFF (billed-avg-purch cost)		226.63	226.63
LATE PENALTIES TO ADJ		28.24	28.24

customer had a leak; shut off failed, causing water to register thru meter

BILLED GALLONS/COST	15,530	183.35	
AVG GALLONS/BILL	2,000	41.42	
LEAK GALLONS/PURCH CO	13,530	27.06	
PAY (avg+leak cost)		68.48	
WRITE OFF (billed-avg-purch cost)		114.87	133.21
LATE PENALTIES TO ADJ		18.34	

customer had broken line; replaced

BILLED GALLONS/COST	7,000	93.87	
AVG GALLONS/BILL	5,000	72.89	
LEAK GALLONS/PURCH CO	2,000	4.00	

PAY (avg+leak cost)		76.89	
WRITE OFF (billed-avg-purch cost)		16.98	26.37
LATE PENALTIES TO ADJ		9.39	
SEWER	7,000	107.05	29.62
SEWER ADJ	5,000	77.43	
SWR PENALTIES TO ADJ		10.71	55.99

hot water tank busted; replaced tank

BILLED GALLONS/COST	7,000	100.90	
AVG GALLONS/BILL	2,000	41.42	
LEAK GALLONS/PURCH CO	5,000	10.00	
PAY (avg+leak cost)		51.42	
WRITE OFF (billed-avg-purch cost)		49.48	49.48
LATE PENALTIES TO ADJ		0.00	

leak at water spigot; replaced

BILLED GALLONS/COST	6,000	83.48	
AVG GALLONS/BILL	2,000	41.42	
LEAK GALLONS/PURCH CO	4,000	8.00	
PAY (avg+leak cost)		49.42	
WRITE OFF (billed-avg-purch cost)		34.06	34.06
LATE PENALTIES TO ADJ		0.00	

small leak on customer side; repaired

BILLED GALLONS/COST	34,890	386.44	
AVG GALLONS/BILL	2,000	41.42	
LEAK GALLONS/PURCH CO	32,890	65.78	
PAY (avg+leak cost)		107.20	
WRITE OFF (billed-avg-purch cost)		279.24	310.73
LATE PENALTIES TO ADJ		31.49	

broken water lines; repaired

BILLED GALLONS/COST	44,830	490.71	
AVG GALLONS/BILL	4,000	62.40	
LEAK GALLONS/PURCH CO	40,830	81.66	
PAY (avg+leak cost)		144.06	
WRITE OFF (billed-avg-purch cost)		346.65	386.15
LATE PENALTIES TO ADJ		39.50	

lines under home froze and burst; repaired

BILLED GALLONS/COST	6,560	89.25	
BILLED GALLONS/COST	4,270	65.23	
AVG GALLONS/BILL	3,000	51.91	
LEAK GALLONS/PURCH CO	3,560	7.12	
LEAK GALLONS/PURCH CO	1,270	2.54	
PAY (avg+leak cost)		59.03	
PAY (avg+leak cost)		54.45	

WRITE OFF (billed-avg-purch cost)		30.22	
WRITE OFF (billed-avg-purch cost)		10.78	41.00
LATE PENALTIES TO ADJ		0.00	0.00
SEWER	6,560	100.53	52.72
SEWER	4,270	66.62	18.81
SEWER ADJ	3,000	47.81	
SWR PENALTIES TO ADJ		0.00	0.00
			112.53

leak was at meter; repaired

BILLED GALLONS/COST	96,610	1033.88	
BILLED GALLONS/COST	6,060	84.01	
AVG GALLONS/BILL	3,000	51.91	
LEAK GALLONS/PURCH CO	93,610	187.22	
LEAK GALLONS/PURCH CO	3,060	6.12	
PAY (avg+leak cost)		239.13	
WRITE OFF (billed-avg-purch cost)		872.64	872.64
LATE PENALTIES TO ADJ		0.00	0.00

broken water lines; repaired

BILLED GALLONS/COST	48,470	528.99	
BILLED GALLONS/COST	28,520	319.10	
AVG GALLONS/BILL	3,000	51.91	
LEAK GALLONS/PURCH CO	45,470	90.94	
LEAK GALLONS/PURCH CO	25,520	51.04	
PAY (avg+leak cost)		142.85	
WRITE OFF (billed-avg-purch cost)		654.20	654.20
LATE PENALTIES TO ADJ		0.00	0.00

leak was at hot water tank; repaired

BILLED GALLONS/COST	14,280	170.24	
BILLED GALLONS/COST	10,980	135.62	
AVG GALLONS/BILL	5,000	72.89	
LEAK GALLONS/PURCH CO	9,280	18.56	
LEAK GALLONS/PURCH CO	5,980	11.96	
PAY (avg+leak cost)		91.45	
PAY (avg+leak cost)		84.85	
WRITE OFF (billed-avg-purch cost)		78.79	
WRITE OFF (billed-avg-purch cost)		50.77	129.56
LATE PENALTIES TO ADJ		17.02	17.02
SEWER	14,280	214.87	137.44
SEWER	10,980	165.99	88.56
SEWER ADJ	5,000	77.43	
SWR PENALTIES TO ADJ		21.49	21.49
			372.58

broken line under home; repaired; leak carried over to 2nd month

BILLED GALLONS/COST	16,280	191.22	
AVG GALLONS/BILL	2,000	41.42	

LEAK GALLONS/PURCH CO	14,280	28.56	
PAY (avg+leak cost)		69.98	
WRITE OFF (billed-avg-purch cost)		121.24	121.24



MEETING AGENDA
PROGRESS MTG #43
MARTIN COUNTY WATER DISTRICT
MARTIN COUNTY, KENTUCKY
March 14, 2023

LOCATION: Via Teams
TIME: 3:30 PM
Present: Announcement of those present

SUMMARY OF PROJECT FUNDING:

<u>Source</u>	<u>Amount</u>	<u>Associated Project(s)</u>
AMLER (2017)	\$3,450,000	A,B,C,D
COE 531 Partnership (25% Match)	\$1,869,718	B,C
ARC Grant	\$1,200,000	E
AMLER (2018)	<u>\$2,000,000</u>	G
TOTAL GRANT	\$8,519,718	

A. CONTRACT 113-19-02

RWI&WTP IMPROVEMENTS

1. The WTP and RWI sites were surveyed.
2. Basins were documented for condition assessment.
3. The Preliminary Engineering Report for the project was completed and distributed.
4. The Phase I Environmental Site Assessment required by the Corps of Engineers was completed and submitted.
5. Vendor proposals for replacement equipment were requested and reviewed.
6. Plans and specifications were developed.
7. Project mapping for NEPA purposes was submitted to AML on February 6, 2020.
8. Project description and Opinion of Probable Construction Costs were submitted to AML on February 17, 2020.
9. Project was submitted for DOW review on March 13, 2020. DOW Construction Permit issued on June 3, 2020.
10. Project was submitted for a COE 4345 Permit Application review on March 20, 2020. Permit was issued on June 8, 2020.
11. The AML Authorization to Proceed was granted on July 31, 2020.
12. The Project was submitted to DOW for a Permit to Construct Along or Across a Stream on April 14, 2020. The DOW requested a public notice be run in the Mountain Citizen newspaper. The notice ran on June 24th, July 1st and July

- 8th. The period for public comments or objections related to the project ran through July 29th. The permit was issued on August 13, 2020.
13. Project was submitted to Corps of Engineers for Plan and Specification Review March 20, 2020. Corps provided review comments on April 28, 2020. Final plans and specifications including all electrical and structural components of the project were forwarded to the Corps of Engineers for final review during the week of July 13th. The Corps of Engineers completed its review of the final plans / specifications including the opinion of probable cost and certified the package.
 14. The Corps of Engineers advertised the Draft Environmental Assessment (DEA) and Finding of No Significant Impact (FONSI) for the project on August 4, 2020 for the 30-day public comment period. KY SHPO requested further consultation. The FONSI was issued October 29, 2020.
 15. Project was sent out for bidding on November 11, 2020.
 16. A pre-bid meeting for interested contractors was held @ 1:00 p.m. on December 1, 2020.
 17. Bids for the project were originally received on December 15, 2020 at 1:00 p.m. Only one bid was received (submitted by Pace Contracting). The project bid was in excess of the available funds.
 18. The project was rebid.
 19. Bids for the project rebid were opened on April 13th at 1:00 p.m. at the office of the Big Sandy Area Development District. There were four plan holders for the rebid. Only one bid was received (submitted by Pace Contracting).
 20. The bid submitted by Pace was \$3,858,387.00.
 21. The base bid of \$3,858,387.00 submitted compares to a base bid of \$3,396,220.00 submitted by Pace in December 2020. The difference was \$462,167.00 between the bids.
 22. The combined base bids for the RWI/WTP Project and Water Line Replacement in the Beauty/Lovely Project exceeded the funds available for construction activities. Given the grave condition of the Raw Water Intake and Water Treatment Plant, the MCWD took the following actions:
 - A. Defer the construction of the Water Line Replacement in the Beauty / Lovely area until a later date and use the funds budgeted for this project for construction of the RWI/WTP Project.
 - B. Continued submitting funding requests in an effort to obtain funding to construct the Water Line Replacement Project in the Beauty / Lovely area as soon as possible.
 - C. Awarded the Raw Water Intake / Water Treatment Plant Project to Pace Contracting based on the base bid received with the deletions outlined in Table 1.

TABLE 1

DESCRIPTION	PRIORITY TO ADD BACK	AMOUNT
Base Bid submitted by Pace Contracting, Inc.	N/A	\$3,858,387.00
Delete - Backup Generator	1	\$ (175,000.00)
Delete - Roof Replacement over Garage	2	\$ (31,818.00)
Delete - 60' & 20' Sections of 10-Inch Pipe	3	\$ (11,143.00)
Delete - Cash Allowance for Second Trailer	4	\$ (20,000.00)
Delete - Temporary Piping	N/A	\$ (10,000.00)
Change - Augur Cast Piles to Micro Piles	N/A	\$ (17,000.00)
Change - Buried Conduit from Rigid to PVC	N/A	\$ (20,000.00)
Reduce - Pace Markup	N/A	\$ (50,000.00)
Reduce - Various Unit Price Items	N/A	\$ (50,000.00)
TOTAL AWARD AMOUNT		\$ 3,473,426.00

23. A letter awarding the project to Pace under the conditions outlined in Table 1 and subject to concurrence of all the state and federal agencies was sent to Pace on July 9 2021.
24. Authorization to Proceed was received from AML on September 1, 2021. The USACE had previously granted approval.
25. Executed contract books and bonds were received from Pace on September 8, 2021.
26. A preconstruction meeting was held on September 22, 2021 at the offices of the Big Sandy Area Development District.
27. Contract books were signed and dated by the Big Sandy Area Development District at the preconstruction meeting.
28. A Notice to Proceed (NTP) was issued at the preconstruction meeting. The contract required the contractor be given ten days from the issuance of the NTP before the contract time started.
29. The Contract time began on October 4, 2021.
30. The contractor has performed the following major items of work since the meeting of February 14th:
 - Tested/Repaired leaks at concrete to steel wall joint below filters.
 - Installed new 12" flanged adapter at high service flow meter.
 - Installed valve box cover for 3' plug valve on Unit 1.
 - Completed preliminary Unit 1 equipment calibration/troubleshooting.
 - Began permanent power switch at RWI.
31. Major equipment deliveries we are awaiting:
 - Generator Transfer Switch -- Shipping has been delayed from 03/08/23 to 4/8/23. Anticipate delivery two months later.
 - RWI Pump Trailer - Revisions / changes are in progress.

**B. CONTRACT 113-19-03
LINE IMPROVEMENTS**

1. Bell was able to locate several sets of As-Built Drawings of the water distribution system. Bell scanned copies of all plan sets and returned to MCWD with digital copies of plan sets for MCWD future use.
2. Bell and MCWD personnel have been in the field multiple times locating existing lines, surveying existing meters, valves and fire hydrants and determining routing of new water lines.
3. Location of features affecting alignment of the waterline have been completed.
4. The Phase I Environmental Site Assessment required by the Corps of Engineers was completed and submitted.
5. Plans and specifications have been developed.
6. Project mapping for NEPA purposes was submitted to AML on February 10, 2020.
7. Project description and Opinion of Probable Construction Costs were submitted to AML on February 17, 2020.
8. Project was submitted for DOW review on March 13, 2020. DOW Construction Permit was issued on April 27, 2020.
9. Project submitted to Corps of Engineers Plan and Specification Review March 20, 2020. Corps provided review comments on April 28, 2020. Bell responded to comments and resubmitted plans/specifications on May 7, 2020. The Corps of Engineers completed its review of the final plans / specifications including the opinion of probable cost and certified the package.
10. Project was submitted to KYTC on April 6, 2020 for review. KYTC Encroachment Permit was issued on May 13, 2020.
11. Submitted to DOW for Permit to Construct Along or Across a Stream April 14, 2020. The permit was issued on June 17, 2020.
12. The AML Authorization to Proceed was granted on July 31, 2020.
13. The Corps of Engineers advertised the Draft Environmental Assessment (DEA) and Finding of No Significant Impact (FONSI) for the project on August 4, 2020 for the 30-day public comment period. KY SHPO requested further consultation. The FONSI was issued October 29, 2020.
14. Project was sent out for bidding on November 11, 2020.
15. A pre-bid meeting for interested contractors was held @ 11:00 a.m. on December 1, 2020.
16. Bids for the project were originally received on December 15, 2020 at 11:00 a.m. Five bids were received.
17. The project was rebid.

18. Bids for the project rebid were opened on March 30, 2021 at 11:00 a.m. at the office of the Big Sandy Area Development District. There were six plan holders for the rebid. Three bids were received (BP Pipeline, Buchannan Contracting, and Conkurs, LLC).
19. The low bid was submitted by Conhurst with a base bid of \$910,810.00 and a total bid with alternate of \$1,744,066.00.
20. \$1.5M in additional project funding through the Corps of Engineers is now available. Several revisions are being made to the project plans. Anticipate rebidding the project within the next 4-5 weeks.

C. WATER SYSTEM CAPITAL IMPROVEMENT PLAN / HYDRAULIC MODELING

1. Document is required by PSC
2. Bell has completed field review of RWI, WTP, Storage Tanks, Pumping Stations and PRV's.
3. Bell & UK met in Martin County on June 21, 2019 to coordinate collection of field data the week of July 8, 2019. This effort was for calibration of the Hydraulic Model.
4. UK professors and 3 students traveled to Martin County on July 8, 2019 to begin effort of collecting field data (pressures and flows) at key points throughout the water distribution system. Bell had a team of four individuals that were to join the UK team on July 10, 2019; however, MCWD had some major line breaks on July 9, 2019 and were unable to recover water supply during the week to allow flowing water from hydrants.
5. The effort to collect flow data was rescheduled for August 6 and 7, 2019, however, on August 5, 2019 MCWD has a failure of a PRV which would not allow the flowing of the hydrants.
6. The collection of the field data was rescheduled and occurred on August 14 and 15, 2019.
7. Field data has been reviewed. UK returned to the field in an effort to repeat two tests for the Hazen Williams coefficient that appeared suspect.
8. Money is in place to pay for the Hydraulic Model through AML 2017 Grant. OSM refused to allow for payment of the CIP through the 2018 Grant. The funds associated with that have been realigned toward additional waterline replacement.
9. UK delivered testing forms to Bell.
10. PRVs, tanks, lines, etc. have been input into the model.
11. Alliance Resources provided usage data and address information for each customer to effectively distribute demand throughout the system.
12. Model was calibrated using field collected data.
13. Bell has been working with UK to coordinate modeling efforts.

14. A Zoom meeting was held between the Kentucky Division of Water, University of Kentucky and Bell on July 1, 2020 to discuss the modeling. A second Zoom meeting was held on July 7, 2020 between UK and Bell to further discuss items that are needed.
15. Data has been shared between UK and Bell.
16. A trip to obtain additional field data was made in mid-July 2020.
17. The hydraulic model is operational and has been checked against previously recorded field observations. The results being output by the model are consistent with the observations obtained in the field.
18. Bell and UK are sharing model information.

D. CONTRACT 113-19-04

ARC WATERLINE REPLACEMENT PROJECT

1. Bell received the signed contract on August 2, 2019.
2. Bell and MCWD personnel have been in the field multiple times locating existing lines, surveying existing meters, valves and fire hydrants and determining routing of new water lines.
3. Location of all features affecting alignment of the waterline has been completed including gas lines.
4. Plans and specifications have been developed.
5. Project was submitted for DOW review on March 27, 2020. DOW Construction Permit issued April 27, 2020.
6. Project was submitted to KYTC on April 6, 2020 for review. KYTC Encroachment Permit was issued April 24, 2020.
7. Bids for the project were opened on May 29, 2020. Three bids were received for the project. The low bid in the amount of \$390,725.00 was submitted by Boca Enterprises, Inc.
8. A conversation was held with DLG representative on June 8, 2020 concerning using the remaining funds to continue laying additional mainline & service lines, along with, installing new meters in the Lovely area. ARC approved allowing the funds to be used to replace additional mainline, service line and water meters.
9. Issues were resolved with the Contractor concerning contract time associated with the additional construction activities.
10. The Contract has been executed and the Contractor has submitted the required performance and payment bonds.
11. A preconstruction meeting was held on September 9, 2020 at the offices of Alliance Water Resources.
12. Project construction was completed.
13. Record Drawings have been forwarded to the MCWD. Bell received the final signed Contractor pay request, the release of liens and claims and consent of

surety. This information was forwarded on to the District and Big Sandy Area Development District for execution and processing.

14. The project is closed. We are maintaining it on the project list through the warranty period.
15. There is \$85,832 in unspent funds from this project. The District is looking to add telemetry to the KY 292 Pumping Station and KY 292 South Tank with these funds. This will allow the district to monitor tank levels and water usage remotely and respond in a timely manner to breaks in the line. Bell is working on project design now.
16. The ADD has worked with DLG and determined this project will have to be advertised for bidding. Bid documents for the project are being prepared.

E. USP BIG SANDY, EASTERN KENTUCKY BUSINESS PARK & BIG SANDY AIRPORT WATER PROJECT

1. Project budget was revised and sent to AML on September 19, 2019.
2. The Memorandum of Agreement between AML and BSADD was signed by BSADD on September 25th. The MOA was signed by AML on October 1, 2019.
3. A contract for engineering services has been executed by the Big Sandy Area Development District.
4. Bell and MCWD personnel went to the field to review potential tank and pump station sites.
5. The Preliminary Engineering Report for the project is complete and has been distributed.
6. Plans have been prepared for the 250,000-gallon water storage tank.
7. Bell, Alliance and MCWD coordinated with the mineral lease holder and the surface owner concerning location of the proposed tank and pump station. BSADD, Bell and Alliance representatives met with the property owner on January 30, 2020.
8. On March 3rd, the property owner advised most of the property is permitted with only a phase one bond release.
9. Bell and Alliance met on-site with the property owner on May 5, 2020 and permission to move forward was granted.
10. The site was surveyed on May 27, 2020 and topographic mapping was developed.
11. At the request of the MCWD, work on this project was previously paused.
12. A request was submitted to AML asking that the project scope be revised. Components that would remain in the project include:

- Upgrade of the existing Davella Pumping Station
- Construction of a Master Meter

- Construction of a Booster Chlorination System

Proposed revised scope components:

- Relocate the proposed Pump Station so that it replaces the existing Otto Brown Station. This station is beyond its useful life and subject to confined space constraints.
- Replace existing waterline in the vicinity of the Otto Brown Station that is subject to leaks.
- Provide Modifications to the Middle Fork Tank rather than construct a new tank.

13. The request was approved by OSM.

14. Project design is continuing. Bell has made multiple trips to the field and we to perform surveying and line layout. We have also attached pressure recorders to four different hydrants to monitor pressure in the area for purposes of pump station design. Anticipate project design being complete in April.

F. CONTRACT 113-20-02

WATER LINE RELOCATION HUNTER'S LANE

1. Met on-site with Bizzack Construction, Alliance Water Resources and representatives of other utilities on May 28, 2020.
2. A scope of work for the project is being developed.

G. KY 908 GUARDRAIL PROJECT

1. Met on-site with KYTC multiple times.
2. KYTC has advised additional funds have been requested to perform this work. They will release the project for design when those funds are approved.

H. SESTER BRANCH UTILITY RELOCATION

1. Representatives of KYTC, Alliance, Bell Engineering and the gas company met onsite to discuss the project on January 18th. Bell has prepared a preliminary alignment for the work to be performed and will survey the site tomorrow in order to prepare a profile.
2. Both Engineering and construction related costs will be paid by KYTC.

I. HIGH SCHOOL PUMP STATION CHECK VALVE

1. Met With Alliance to discuss issues.
2. Preparing plans to add a valve vault and check value to give operations personnel more control over the direction of flow of water from the tank.
3. Project to move forward when funded.

J. FEMA BACKUP GENERATOR PROJECT

1. Seeking FEMA funding for a project that includes the following:
 - One Generator to operate 750-HP VFD Controlled RWI Pump
 - Two Generators to operate 60-HP VFD Controlled Pumping Stations
2. On April 25, 2022 Kentucky Emergency Management forwarded a request to the Disaster Implementation Branch, Mitigation Division requesting the project be funded. The total project budget is \$1,320,000 with the federal share being \$990,000 and Kentucky Emergency Management providing \$158,000. The remaining funds would be the responsibility of the Martin County Water District. Bell provided answers to additional questions posed by the funding agency for the project on August 4th. We are awaiting further information concerning the project. The ADD and Bell answered a request for additional information from FEMA this past month.

K. SPICY MOUNTAIN WATER EXTENSION

1. An opinion of probable project cost for delivery of water from the Johnosn County side of the Mountain has been prepared.

L. TURKEY TANK REHABILITATION

1. Bell has finalized and forwarded an opinion of probable cost to rehabilitate the Turkey Tank. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

M. INEZ UTILITY REPLACEMENT

1. Met to discuss options for replacing the utilities in Inez. Since the streets will be torn up to replace these utilities, we are attempting to incorporate some economic development components as the streets are built back. These could include wayfinding signs, trails, parks, pavilions and streetscape improvements. Bell has finalized a contract for preliminary work that will

and forwarded it to the Martin County Water District for consideration. The district has forwarded it to the City of Inez and Martin County Fiscal Court for consideration.

N. 40E WATER IMPROVEMENT PROJECT

1. Project would remove existing water connections from a waterline that is leaking and move them to a 10" parallel line. The leaking line would then be removed from service. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

O. COLDWATER WATER IMPROVEMENT PROJECT

1. Project would replace the existing waterline, service line and meters in the Coldwater area. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

P. OLD ROUTE 3 WATER IMPROVEMENT PROJECT

1. Project would replace the existing waterline, service line and meters in the Old Route 3 area of the county. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

Q. WATER IMPROVEMENT PROJECT BETWEEN WTP AND TURKEY TANK

1. Project would replace the existing waterline, service line and meters between the WTP and the Turkey Tank. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

R. COUNTYWIDE METER REPLACEMENT PROJECT

1. Project would replace all meters (residential and commercial) in the Martin County Water District system. An opinion of probable project cost has been prepared and forwarded to AML for funding consideration.

S. DISCUSSION OF KIA PORTAL

March 28th, 2023

TO: Martin County Water District
Board of Directors

INFORMATION & DECISION

FROM: Staff

RE: High Service Pump 2 Variable Frequency Drive (VFD)

The Martin County Water Treatment Plant's current VFD for High Service Pump 2 is obsolete, inoperable, and in need of replacement. Staff is requesting a motion to select a Vendor for replacement.

The quotes for a new VFD include:

High Service Pump 2 Variable Frequency Drive			
Vendor	Model/HP	VFD & Installation Cost	Anticipated Delivery
Service Pump	Toshiba VFAS3/200HP Heavy Duty	\$14,233	Aug-23
Layne/DEQ	WEG CFW11/200HP	\$22,250	Jun-23
CITCO	ABB Powerflex/200HP	\$25,035, no installation	N/A
USBPT	ABB 880/250HP	\$25,498	23-Jul

If the board agrees, Staff recommends purchasing the WEG VFD through Layne/DEQ or the Allen-Bradley (ABB) drive through USBPT due to these Vendors having past experience with the Water Treatment Plant and specifically our High Service Pumps and related VFDs.

However, due to cost savings associated with Service Pump and the Toshiba VFD, Staff would recommend Service Pump as a secondary option.

March 28th, 2023

TO: Martin County Water District
Board of Directors

INFORMATION & DECISION

FROM: Staff

RE: Five (5) year CIP

Staff is presenting the board with a five (5) year CIP list of improvements. The list has a scaling of one (1) to three (3). District staff has already set priorities; however, the Board should review and decide if they agree.

MARTIN COUNTY WATER DISTRICT 5 YEAR CAPITAL ITEMS						
CAPITAL PROJECTS IN GRANT PROCESS	PRIORITY	GRANT PORTAL YEAR	CONSTRUCTION YEAR	COST	FUNDING SOURCE	COMMENTS
40E SERVICE LINE REPLACEMENT AND 6" ABANDONMENT	1	2023		\$ 760,000	IN GRANT PORTAL	MOVING 50+ CUSTOMERS TO NEWER 10" LINE AND ELIMINATING OLD 6" LINE THAT IS BELIEVED TO BE LEAKING
TURKEY WATER LINE REPLACEMENT	2	2023		\$ 6,822,000	IN GRANT PORTAL	REPLACING LINE FROM THE WATER PLANT TO THE TURKEY TANK. THIS LINE HAS HAD MULTIPLE LEAKS OVER THE YEARS AND IS A CRITICAL POINT FOR A LARGE SERVICE AREA IN THE SYSTEM.
COLDWATER LINE REPLACEMENT	2	2023		\$ 8,419,000	IN GRANT PORTAL	UP TO 4 WATER LINES IN THE SAME AREA WITH MANY WEAK POINTS
WATER PLANT CLARIFIER III REHAB	1	2020	2023	\$ 250,000	AML	THIS PROJECT WILL BE COMPLETED AS PART OF A LARGER PROJECT CURRENTLY UNDERWAY, RAKE DRIVE BEARING IS OUT.
TURKEY STORAGE TANK REHAB	1	2023		\$ -	IN GRANT PORTAL	TANK IS ONE OF THE OLDEST AND IN THE WORST CONDITION IN OUR SYSTEM
Project 113-19-03 Replace Existing Mainline, Water Meters, Service Line, Valves &	3	2019		\$ 1,260,658	AML	EXISTING PROJECT BIDDING SOON
Projects 113-19-05 & 113-19-06 Renabilitation of Otto Brown Booster Station, Line replacement to Middlefork Tank, Upgrade of Davella Booster Station	1	2019 Scope changed 2022		\$ 750,000		REPLACING FAILING UNDERGROUND BOOSTER STATION IN THE SYSTEM TO ASSIST IN PROVIDING WATER TO THE AIRPORT, PRISON AND DAVELLA REGION.
FEMA BACKUP GENERATOR PROJECT	1	2022		\$ 1,320,000	FEMA	WILL BE GENERATOR AT 40E AND 40W BOOSTER STATIONS AND THE RAW WATER INTAKE
METER REPLACEMENT PROJECT	1	2023		\$ 2,000,000	IN GRANT PORTAL	REDUCE WATER LOSS, EFFECIENCY IN OPERATIONS AND ELIMINATION OF HUMAN ERROR IN METER READING
HIGH SCHOOL PUMP STATION CHECK VALVE	3	2022		\$ 70,000.00		ENABLE THE DISTRICT TO USE THE HIGH SCHOOL TANK TO PROVIDE WATER TO OTHER AREAS OF THE SYSTEM BESIDES THE HIGHSCHOOL

MARTIN COUNTY WATER DISTRICT CAPITAL ITEMS				
PROJECTS NOT IN GRANT PROCESS	PRIORITY	YEAR	COST	COMMENTS
INEZ WATER LINE AND VALVE REPLACEMENT	1			OLDEST SECTION OF THE SYSTEM CONSISTING OF AC LINE AND OLD SERVICES. 90% WATER LOSS
DISTRIBUTION BUILDING AND PIPE YARD	3			CURRENT STAFF USE THE WATER PLANT PARKING LOT FOR STORAGE OF VEHICLES AND PARTS. THE CURRENT EQUIPMENT AND VEHICLES ARE LEFT IN THE ELEMENTS WHICH CAUSE DAMAGE OVER TIME
292 BOOSTER STATION AND WATER LINE REPLACEMENT	1			BOOSTER STATION HAS PASSED ITS USEFUL LIFE AND NEEDS COMPLETE REHABILITATION
BIG ELK WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	2			UNDER GROUND BOOSTER STATION IS PASSED ITS USEFUL LIFE AND NEEDS TO BE ABOVE GROUND WITH REDUNDANCY
BUFFALO HORN WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	2			UNDERGROUND BOOSTER STATION IS PASSED ITS USEFUL LIFE AND NEEDS TO BE ABOVE GROUND WITH REDUNDANCY
645 WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3			UNDERGROUND BOOSTER STATION IS PASSED ITS USEFUL LIFE AND NEEDS REHABILITATION. CURRENTLY A HIGH WATER LOSS.
WOLF CREEK/PIGEON ROOST WATER LINE REPLACEMENT	2			HIGH AMOUNT OF BREAKS IN THIS AREA CAUSE REPEATED OUTAGES AND LINES ARE BURIED DEEP
MEATHOUSE WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3			MEATHOUSE HAS NO REDUNDANCY AND NO SCADA TELEMETRY. THIS STATION NEEDS UPGRADED WITH REDUNDANT PUMPS AND TELEMETRY TO TOGGLE PUMPS ON AND OFF FROM THE PLANT.
HODE WATER LINE REPLACEMENT	2			MANY BREAKS IN THE WATER
CASSELL BRANCH WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3			BOOSTER STATION HAS ONE PUMP AND NEEDS TO HAVE REDUNDANCY.
CREEK CROSSING REPLACEMENT	2			MANY POINT TO WHICH THE WATER PLANT
VALVE INSERTION	2			MANY VALVES IN THE SYSTEM ARE INOPERABLE AND IN NEED OF REPLACEMENT. ADDITIONALLY, VAVLES ARE NEEDED FOR CONTINUED LEAK DETECTION
WATER PLANT HIGH SERVICE PUMP REPLACEMENT	1		\$ 250,000.00	BOTH PUMPS HAVE BEEN IN SERVICE FOR A LONG TIME AND ARE IN MUCH NEED OF REPLACEMENT
PASSENGER TRUCK 4X4	1	2024	\$ 60,000.00	CURRENT VEHICLES ARE INOPERABLE
1 ton 4x4 tool truck with Hoist, Generator, and Compressor	1	2023	\$ 120,000.00	CURRENT TRUCK IS OWNED BY SANITATION DISTRICT
ROAD BORE MACHINE	2		\$ 15,000.00	WOULD ALLOW THE DISTRICT TO DO ITS OWN TAPS AND BORES FOR WATER LINE INSTEAD OF CONTRACTING IT OUT.
ONLINE TURBIDIMETERS AND CONTROLLER	2		\$ 22,626.00	CURRENT TURBIDIMETERS ARE OBSOLETE
BIG LICK WATER LINE REPLACEMENT AND BOOSTER STATION REHAB	3			BOOSTER STATION HAS NO REDUNDANCY AND NEEDS A NEW BUILDING. THIS BOOSTER STATION ALSO HAS NO TELEMETRY AND CANNOT BE MONITORED FROM THE PLANT
PETER CAVE WATER LINE REPLACEMENT AND BOOSTER STATION REHAB	3			BOOSTER STATION HAS NO REDUNDANCY AND SEVERAL LEAKS HAVE CAUSED MANY CUSTOMER OUTAGES. BOOSTER NEEDS REHABILITATED AND LINES NEED REPLACED.
KERMIT WATER LINE CONNECTION	3			INTERCONNECT BETWEEN KERMIT AND MARTIN COUNTY IS BROKEN SOMEWHERE IN THE MIDDLE OF THE TUG RIVER. THIS INTERCONNECT NEEDS REPAIRED OR A NEW LINE NEEDS CONNECTED

MARTIN COUNTY WATER DISTRICT ANNUAL CAPITAL ITEMS

RECURRING PROJECTS	YEAR	COST	COMMENTS
10% METER REPLACEMENT	ANNUALLY	\$ 80,000.00	AS REQUIRED BY PSC
TANK INSPECTIONS/CLEANING	ANNUALLY	\$ 7,000.00	1 TANK PER YEAR SHOULD HAVE THEM INSPECTED EVERY 10 YEARS
VEHICLE REPLACEMENT	ANNUALLY	\$50,000.00	ROUTINE FLEET MAINTENANCE AND CHANGE OUT NOT EQUIPMENT EXPENSE