

MARTIN COUNTY UTILITY BOARD

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December 29, 2023

Linda Bridwell, P.E.
Executive Director
Public Service Commission
211 Sower Blvd

RE: Cost of Service Study - Martin County Water District

Dear Ms. Bridwell:

Enclosed for filing is original copy of Martin County Water District's Cost of Service Study (COSS) and the Examination of Rate forms (RR-DC & SAO-W) ordered by the Public Service Commission in Case No. 2021-00154. As ordered, the COSS is based on calendar year 2022 as the Test Year, with additional data obtained from 11 months from 2023.

This study has been generated to show the current state of the District's finances, the breakdown of costs in functional areas, and the revenue costs ratios for each customer category. The intent is for this study to assist rate makers in a thorough financial assessment. The data has been collected and compiled according to best practices provided from the American Water Works Association's M1 manual as well as multiple other sources of information.

Great care has been taken to minimize the costs associated with running a District of this size but as all are aware, in today's market, costs continue to rise.

While we realize the economic impact of any changes to the rates of the District, a proper COSS does not consider affordability. It is the hope of District staff to work with outside agencies as well as state and federal legislators to promote opportunities to assist customers through programs that can offer financial assistance to the under privileged. The COSS is submitted without a request for a rate increase. The intention is to review FYE 2023 audited data as well as the COSS to determine if a rate request is needed.

Sincerely,



Craig C. Miller
Division Manager
Alliance Water Resources, Inc

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 22

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	2,542,610.00			2,542,610.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
Total Sales of Water	2,542,610.00	0.00		2,542,610.00
Other Water Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues	395.00			395.00
Rents from Water Property				0.00
Other Water Revenues	423,765.00		1*	423,765.00
Total Other Water Revenues	424,160.00	0.00		424,160.00
Total Operating Revenues	2,966,770.00	0.00		2,966,770.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees				0.00
Salaries and Wages - Officers				0.00
Employee Pensions and Benefits	527,466.00	-527,466.00	2	0.00
Purchased Water	74,988.00			74,988.00
Purchased Power	375,997.00			375,997.00
Fuel for Power Production				0.00
Chemicals				0.00
Materials and Supplies	173,821.00		3	173,821.00
Contractual Services	2,022,084.00			2,022,084.00
Water Testing				0.00
Rents	25.00			25.00
Transportation Expenses				0.00
Insurance	34,932.00			34,932.00
Regulatory Commission Expenses	4,214.00			4,214.00
Bad Debt Expense	30,948.00			30,948.00

Miscellaneous Expenses	26,412.00	105,780.00	4*	132,192.00
Total Operation and Maintenance Expenses	3,270,887.00	-421,686.00		2,849,201.00
Depreciation Expense	787,143.00			787,143.00
Amortization Expense	9,470.00			9,470.00
Taxes Other Than Income				0.00
Income Tax Expense				0.00
Total Operating Expenses	4,067,500.00	-421,686.00		3,645,814.00
Utility Operating Income	-1,100,730.00	421,686.00	5	-679,044.00

References

- 1* -Debt Service Surcharge (DSS) of \$105,780 is in this number
- 2 - Employee Pension Credit in Audit (removed a non cash item)
- 3- This line Item includes repair overages from AWR contract (\$110,650)
- 4*- DSS added back as an expense for outstanding vendor debt
- 5 - If Depreciation were excluded from expenses this number would be \$108,099 to cover debt service (P&I).
The P&I amount for FYE 2022 was \$212,369
The Required Coverage would be another \$42,474

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$2,752,891.00 ***
Plus: Average Annual Debt Principal and Interest Payments*	318,263.00 ****
Debt Coverage Requirement**	63,652.58
Total Revenue Requirement	3,134,806.58
Less: Other Operating Revenue	-424,160.00
Non-operating Revenue	158,397.00
Interest Income	-2,060.00
Revenue Required from Rates	2,866,983.58
Less: Revenue from Sales at Present Rates	-2,542,610.00
Required Revenue Increase	\$324,373.58

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	12.76%
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* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

*** This varies \$ 573,264 from FYE22 Audit based on the Non Cash Pension Fund Credit towards operating Expenses

**** P&I Includes DSS Revenue so that it is used as intended (New Loan Pending)

Cost of Service Study

Martin County Water District Inez, Kentucky



ALLIANCE WATER RESOURCES, INC. 206 S Keene St Columbia, MO 65201

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1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

This Executive Summary presents an overview of the results of the Cost-of-Service Study (COSS) that was conducted for the water system of the Martin County Water District (MCWD), located in Inez Kentucky. The COSS was prepared and conducted as requested by the Public Service Commission (PSC) by Alliance Water Resources, Inc. (AWR). The study was originally meant to be conducted on the audited 2022 financial data, which theoretically would have been one full year of the rates mandated by the PSC after the last rate hearing (CASE NO. 2021-00154 PSC ordered rate increase dated February 8th, 2022). Unfortunately, due to logistics, revenues from the new rate were not collected until September of 2022. This effectively means that 67% or (\$367,320) of the estimated revenue potential in 2022 was not realized. Consequently, the COSS projects 2023 financial data to provide additional, more accurate information for the PSC and District Board to use during the decision-making process.

Additionally, a reading of the above order and the associated opinions from the Commissioners will show that the Commission recognizes: 1) affordability concerns and the burden of rate increases on the community, 2) that for a community water system to be sustainable the rates must be set so that the costs are born equitably by the users of the system, 3) that grants and federal infrastructure funds will not address the ever increasing costs of operation, 4) that mismanagement and political pressure to keep rates low has led to more than twenty years of rates insufficient to maintain the system, and finally, 5) in order for the Commission to make adjustments to the rate structure that may have a positive impact on affordability, data must be provided that identifies customer classes, functional costs, and assigns those costs to the appropriate class in a logical method. (PSC Order dated 8 February 2022, CASE NO.2021-00154)

1.2. OBJECTIVES

The principal objectives or components of the COSS were as follows:

Water Revenue Sufficiency Analysis - Develop and populate a multi-year forecasting model for the District's water system, that will determine the level of annual revenue required to satisfy the projected annual operating, debt service, and capital cost requirements while maintaining adequate debt service coverage ratios.

Cost of Service Analysis - Complete a thorough cost allocation process to reflect the appropriate distribution of system costs to system functions and ultimately rate classes based upon observed data. Currently there are 4 rate classes in the District and of those four classes 91.5% of District customers belong to the same class.

Rate Calculation - Review the District's existing rate structures and develop modifications, as appropriate, to ensure that its rates reflect accepted industry practice and an equitable distribution of costs, while enhancing transparency and adherence to cost-based pricing principals. Set up a model so that rates and what if scenarios can be computed to assist in addressing sustainability issues.

1.3. AFFORDABILITY DISCUSSION

In addition to the technical aspects of the COSS a look at affordability and a brief discussion of the relevant issues that should be considered have been discussed in this document. This includes a link to the affordability paper submitted by the Appalachian Citizens Law Center and an EPA financial capability assessment. The affordability Index (AI) is shown below. The EPA suggest that an AI of over 2.5 is required for grant funding based on economic need in rural systems. “Specifically, it is commonly inferred that EPA would consider a combined annual water and waste- water bill of less than 4.5% of MHI to be affordable (2.5% for water, plus 2% for wastewater services and CSO controls), (*AWWA AFFORDABILITY ASSESSMENT TOOL FOR FEDERAL WATER MANDATES*, © 2013). The AI below is calculated by using the MHI/12 over the monthly charge for 5,000 gallons of water. The calculation below does not include tax or the DSS.

[Kentucky Affordability Paper](#)

[EPA Affordability Assessment Guide](#)

Median Household Income	
\$40,826	Using 5K gallons usage
AI Current	2.28%
AI Proposed No Depreciation	2.66%

1.4. REVENUE SUFFICIENCY

This component of the analysis evaluated the sufficiency or “revenue requirements” of the District’s water revenues to meet all of its current and projected financial requirements over a five-year projection period and determined the level of any rate revenue increases necessary in each year of the projection period to provide sufficient revenues to fund all identified cost requirements. This evaluation was done based on several key factors and calculations were made with and without the normally required *depreciation expense*. (*AWWA M1, 2009-pg 15*)

The recommended financial management plan and corresponding plan of water rate revenue adjustments are based upon the revenue and expense information, beginning balances, and assumptions as described in this report. Section 8 Appendix 3 of this report contains detailed schedules presenting all components of the financials for the District. Additionally, the District has been provided a financial model to allow for future updates to the model as needed.

The recommended five-year rate revenue adjustment plan is presented in the table below and submitted for both the PSC and District Board’s consideration. The debt service requirement has been calculated both with and without the use of depreciation expense. The rationale for the consideration for not fully funding depreciation is discussed in detail in Section 5.

Recommended Plan of Water Rate Revenue Adjustments (RRM)

Martin County Water District Statement of Revenues and Expenditures (in Dollars) Cash Needs Basis

**based on updated financials through Nov23

Use Goal Seek and 1.2 to Calculate % Increase

Actual	Audited	Audited	Audited	Projected	Budget**	Est Budget	Est Budget	Est Budget	Est Budget
Estimated	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase Actual & Estimated	-0.45%	12.04%	5.18%	3.51%	0.00%	8.89%	1.95%	2.14%	1.92%
Revenue Source									
Water Sales	\$ 2,146,384	\$ 2,243,478	\$ 2,542,610	\$ 2,654,139	\$ 2,654,139	\$ 2,890,148	\$ 2,946,559	\$ 3,009,579	\$ 3,067,478
All Other Revenue, Connection Fees	\$ 371,359	\$ 577,290	\$ 424,160	\$ 416,841	\$ 416,841	\$ 416,841	\$ 416,841	\$ 416,841	\$ 416,841
Total Revenue	\$ 2,517,743	\$ 2,820,768	\$ 2,966,770	\$ 3,070,980	\$ 3,070,980	\$ 3,306,988	\$ 3,363,399	\$ 3,426,420	\$ 3,484,319
Actual & Estimated Expense Increase	-0.44%	10.18%	1.90%	1.52%	0.00%	2.00%	2.00%	2.00%	2.00%
Expenditures									
All General & Operating Expenses	\$ 2,421,722	\$ 2,769,377	\$ 2,752,891	\$ 2,869,981	\$ 2,869,981	\$ 2,927,381	\$ 2,985,929	\$ 3,045,647	\$ 3,106,560
Depreciation	\$ 786,741	\$ 773,206	\$ 787,143	\$ 780,000	\$ 794,171	\$ 792,642	\$ 794,808	\$ 796,973	\$ 799,139
Non Operating Expense (Income)	\$ 85,518	\$ 86,711	\$ 158,397	\$ 104,786	\$ 80,458	\$ 80,458	\$ 80,458	\$ 80,458	\$ 80,458
Total Operating Expenditures	\$ 3,293,981	\$ 3,629,294	\$ 3,698,431	\$ 3,754,768	\$ 3,744,610	\$ 3,800,481	\$ 3,861,194	\$ 3,923,078	\$ 3,986,156
Net Income B4 Principal Payments	\$ (776,238)	\$ (808,526)	\$ (731,661)	\$ (683,788)	\$ (673,630)	\$ (493,493)	\$ (497,795)	\$ (496,658)	\$ (501,838)
Net Income - (Without Depreciation)	\$ 10,503	\$ (35,320)	\$ 55,482	\$ 96,212	\$ 120,541	\$ 299,150	\$ 297,013	\$ 300,315	\$ 297,301
P&I Debt Service	\$ 323,431	\$ 319,660	\$ 318,263	\$ 317,399	\$ 246,347	\$ 249,692	\$ 247,512	\$ 250,264	\$ 247,752
Net Revenue after Oper & Debt Exp.	\$ (312,928)	\$ (354,980)	\$ (262,781)	\$ (221,187)	\$ (125,806)	\$ 49,458	\$ 49,501	\$ 50,052	\$ 49,549
DSC (Required Coverage 1.2)	-2.40	-2.53	-2.30	-2.15	-2.73	-1.98	-2.01	-1.98	-2.03
DSC (Depreciation Removed)	0.03	-0.11	0.17	0.30	0.49	1.20	1.20	1.20	1.20
Additional Revenue Needed to Reach the Required 1.2									
	\$377,615	\$418,912	\$326,463	\$284,667	\$175,075	\$0	\$0	\$0	\$0

1.5. COST OF SERVICE

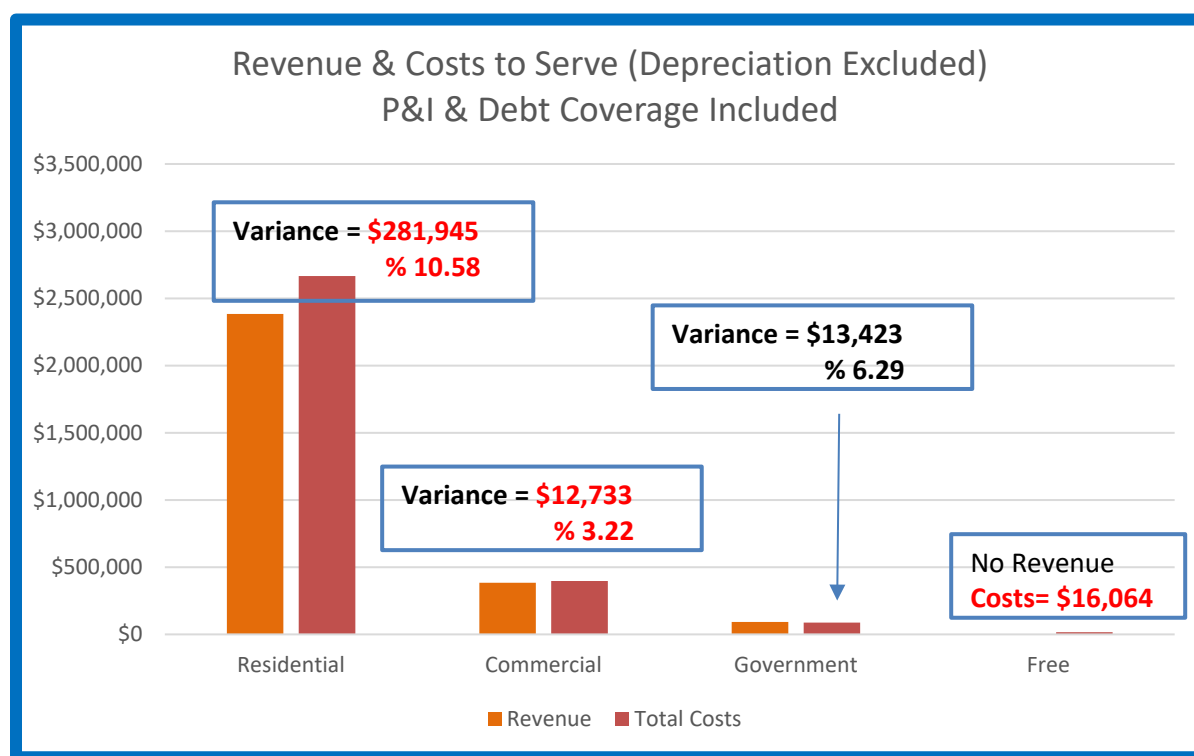
A cost-of-service analysis was performed to identify and allocate the cost of providing water services to the District's respective rate classes. The last COSS was completed in 2017 and submitted for review by the Commission as part of Case No. 2018-00017. This current cost-of-service analysis fundamentally seeks to assign the cost of the respective components for each system proportionality to rate classes based upon their service characteristics and usage of the system. In doing so, this analysis created a strong relationship or nexus between the users of the system and the cost of providing service to each rate class. Importantly, regulations within the State of Kentucky dictate that municipal service providers construct rates that adhere strictly to proportional usage and cost of service principles. Communities that choose to deviate from these guidelines do so at the risk of legal challenge. As such, and in recognition of the environment that the District operates within, every effort has been made to enhance the defensibility of its rates, promote transparency, and ensure that its rates are fair, equitable, and recover the cost requirements of the District.

To determine and assign the cost of the respective components for each system proportionally to rate classes based upon their service characteristics and usage of the system, a model for assigning percentages was created. The results are summarized in the following table. (Red outline is with depreciation included.)

Production Costs	Distribution Costs	Customer Service Costs
\$839,115	\$1,443,098	\$844,055
26.5%	45.6%	27.9%
\$986,236	\$1,762,010	\$950,185
26.7%	47.6%	25.7%

The following graphic displays the comparison between the current cost to serve each rate class and the current revenue remittance by those same rate classes.

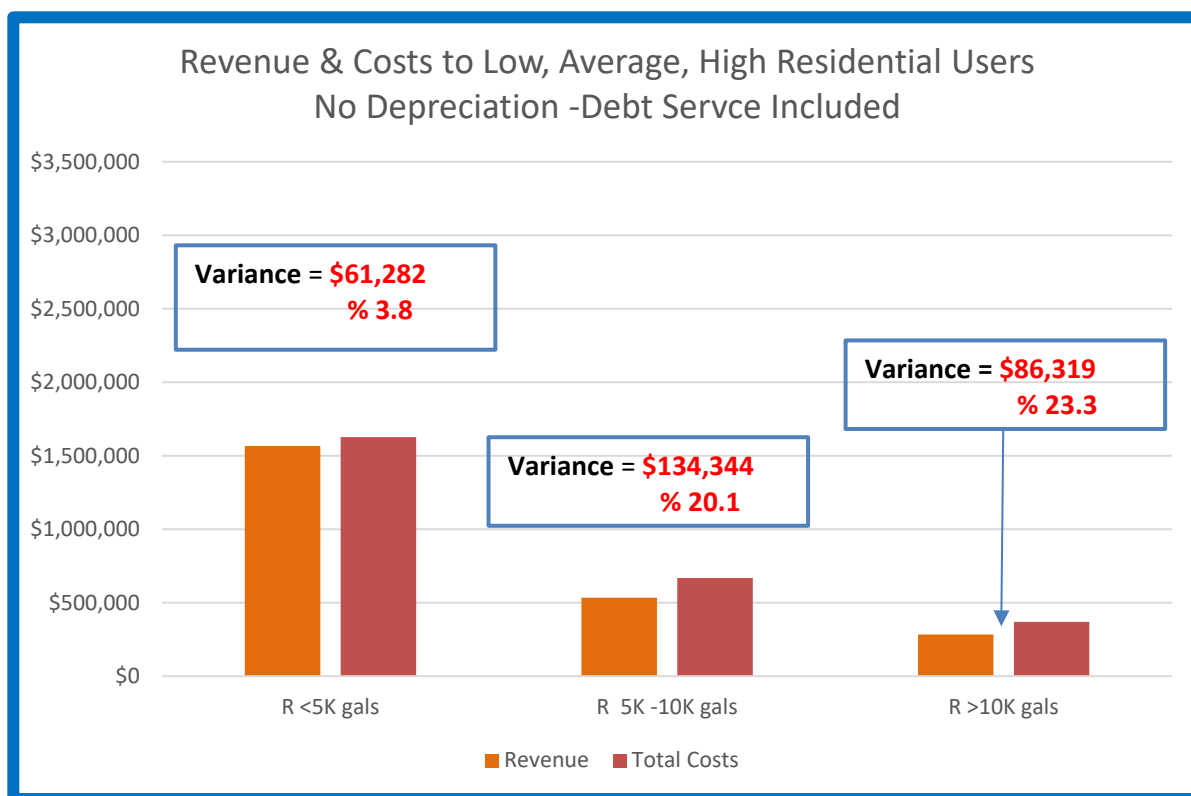
Water cost of service results



	Residential	Commercial	Government	Free	Totals
Revenue	\$2,383,847	\$384,175	\$92,968	\$0	\$2,860,990
Costs- Dep + P&I	\$2,665,792	\$396,948	\$87,464	\$16,064	\$3,166,268
Variance	\$281,945	\$12,773	\$5,504	\$16,064	\$305,278
Costs with Dep	\$3,103,964	\$471,207	\$104,130	\$19,130	\$3,698,431
Variance	\$720,117	\$87,032	\$11,162	\$19,130	\$837,441

In addition to looking at the current classes, the study evaluated breaking down the residential class into three subgroups based on usage. These results are shown on the charts below.

	R <5K gals	R 5K -10K gals	R >10K gals
Revenue	\$1,566,187	\$533,982	\$283,678
Total Costs	\$1,627,469	\$668,326	\$369,997
Variance	(\$61,282)	(\$134,344)	(\$86,319)



MCW	Production Costs	Distribution Costs	Customer Service Costs
% of Total Costs	25.6%	44.1%	30.3%
	\$682,777	\$1,174,230	\$808,785
	R <5K gals	R 5K -10K gals	R >10K gals
Production Costs	\$355,727	\$201,419	\$125,631
Distribution Costs	\$611,774	\$346,398	\$216,058
Customer Svc Costs	\$659,968	\$120,509	\$28,307
Totals Costs	\$1,627,469	\$668,326	\$369,997
Costs Assigned Based on Percentage of Use			AWR
Costs Assigned Based on Number of Units			

1.6. RATE CALCULATION

This COSS examined the District's current water rates and rate structure. Proposed modifications are presented for consideration here that attempt to: 1) fairly and equitably recover the District's current cost of service and revenue requirements from each rate or customer class, 2) conform to accepted local and national industry practices, 3) ensure fiscal stability and reasonable recovery of fixed costs, 4) minimize administrative burden and enhance the ability to be easily understood by residents and customers.

There are two types of rate structures generally recommended for small utilities, single and two block rate structures. Based on information outlined in the AWWA M1 (Water Rates Manual) the two-block rate structure is appropriate for the District's customer profile. This structure will include both fixed and variable charges also commonly referred to as customer and volumetric charges. The fixed portion recovers a portion of system costs in a fixed charge, recognizing that utilities have substantial cost that are customer-specific, such as meter replacement, public fire protection, and customer service costs that are incurred year-round. The District incurs these costs regardless of the level of customer water use. Failure to establish a proper level of fixed cost recovery subjects the District to revenue volatility in certain conditions, such as abnormal weather or economic events.

Specifically, the fixed charge should recover administrative costs (such as customer service, billing and collection, meter reading, etc.) equally per meter, meter replacement cost based on the specific cost and useful life of each meter size, and public fire protection costs based upon meter size that are currently assigned to the Customer Service Costs functional group. The 2022 dollar (audited) amount assigned to this group of costs is (\$935,041).

The second component of the rate structure should include a volumetric charge to cover items like production costs, distribution costs, capital improvements, appropriate depreciation, and capital improvement costs, etc. These costs are generally built into the rate structure on a percentage of volume used basis. This part of the rate may sometimes be referred to as the commodity or usage rate.

The District currently has a base (fixed) rate that includes some type of usage for each meter size. The COSS looks at appropriate rates for maintaining the existing structure and examines the requirements for a base rate that has no minimum usage. The results of that examination are shown below.

Proposed Rates Based on Costs Allocation Including Debt Coverage (P&I*1.2)

BASE RATE	MCWD
Customer Service Costs	\$884,055
Costs/ Equivalent	\$237.55
Monthly Costs /Equivalent	\$19.80
DSS (Debt Service Surcharge)	\$2.63
MIS (Management Infrastructure Surcharge)	\$4.72
Base Rate all fees	\$27.15
2000 gallons	\$30.17
Rate for 0-2000 Gallons	\$57.32

	Gallons Sold FYE 2022
COMMODITY RATE	151280340
Production Costs	\$839,115
Distribution Costs	\$1,443,098
Commodity/ Usage Costs	\$2,763,390
Usage Rate 1,000	\$15.09
Costs Assigned Based on Percentage of Use	
Costs Assigned Based on Number of Units	

The following graphic presents the current water rates, as well as a proposed rate alternative structure provided to assist in decision making.

Proposed Rate Table Excluding Depreciation Expense- Including P&I and Debt Coverage

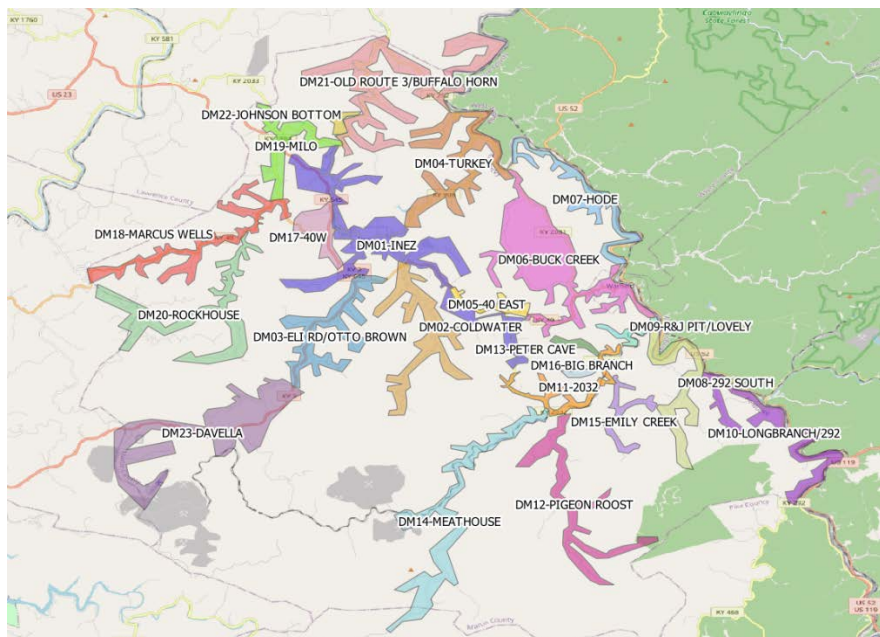
Depreciation Not Included in Costs Calculation							
Current Rates vs Proposed							\$ Impact
Meter Size	1000 Gallons Included	Minimum Bill		Base	Volume Charge	Meter Rates	% Increase
5/8"	2	\$41.42		\$17.81	\$27.14	\$44.94	8.51%
1"	5	\$72.83		\$44.51	\$67.85	\$112.36	54.28%
1 1/2"	10	\$125.18		\$89.03	\$135.69	\$224.72	79.52%
2"	20	\$229.80		\$142.44	\$271.38	\$413.82	80.08%
3"	30	\$334.61		\$284.89	\$407.07	\$691.96	106.80%
4"	50	\$544.02		\$445.14	\$678.45	\$1,123.59	106.53%

2. INTRODUCTION

Alliance Water Resources, Inc. (AWR) has conducted a comprehensive Cost of Service Study (COSS) for the Martin County Water District (collectively referred to as the “District” hereafter). The COSS was ordered by the PSC and meant to assist decision makers in setting equitable rates within the constraints of current regulations. This report presents the approach, methodologies, source data, assumptions, as well as the findings and recommendations of the COSS. The report also attempts to highlight situations that exist which may be driving any revenue shortfall, and give the Board of Directors as well as the Public Service Commissioners as much insight as possible to the unique circumstances of the District. The District has seen a large of amount of State and Federal assistance. The results of that funding on repair expenses, depreciation, capital contributions, etc. may take time to come to fruition.

2.1. BACKGROUND

The District owns and operates a water system that supplies approximately 11,000 people with roughly 3300 connections (this number has declined since 2016 by approximately 100) an average daily water volume of 1.26 million gallons per day (MGD). The service area is approximately 230 square miles of mountainous terrain. The District distributes the water to its customers through 17 booster stations, 13 storage tanks, 2 clearwells and 1,452,000 ft of water main. The following map displays the current water service area for the District.



The District completed its last cost of service study in 2017. One of the major concerns for the PSC with the previous COSS was lack of verified/ audit information. The PSC mandated professional management for the District which began in 2020. In addition, the 2021 rate increase ordered by the

PSC was based on the commission's DSC methodology for determining overall revenue requirement. This was a substantial rate increase on a community already struggling. The increase was a necessary if not popular decision.

A quick review of the Revenue Requirement Model (RRM) snapshot on page 3 of the executive summary will show a shortfall of \$326,463 in FYE2022 and a projected shortfall of \$284,667 for FYE2023. This is despite the projected increase in revenue of \$550,980 from the rate increase. The reasons are important to note here.

1. Additional revenues from the rate increase were not collected until September of 2022. This is an estimated \$367,320 had the rate increase been in place on 1 January 2022.
2. Inflation in 2022 was an average of 8% impacting District expenses.
3. Water sales declined from 2021 to 2022 by 2.4%.
4. FYE 2023 saw District Repair expense \$300,000 over budgeted. It is believed that most of these overages were anomalies and should be able to be reduced significantly in 2024.

2.2. OBJECTIVES

The principal objectives or components of the Study are as follows:

Water Revenue Sufficiency Analysis - Develop and populate multi-year forecasting models for the District's water system, respectively, that will determine the level of annual revenue required to satisfy projected annual operating, debt service, and capital cost requirements while maintaining adequate reserve levels.

Cost of Service Analysis - Complete a thorough cost allocation process to reflect the appropriate distribution of system costs to system functions and ultimately rate classes based on observed data. Look at system and existing customer data to determine the most appropriate functional costs allocation and determine where those costs should be applied to ensure a fair and equitable distribution of costs by rate classification.

Rate Calculation - Review the District's existing rate structure and develop modifications, as appropriate, to ensure that its rates reflect accepted industry practice and the equitable distribution of costs, while enhancing transparency and adherence to cost-based pricing principals.

2.3. AFFORDABILITY

In addition to comprehensively addressing the technical aspects of conducting the COSS, an effort has been made to understand and limit the request for a rate increase if possible. The COSS should enhance transparency and understanding of the rate setting process and the District's water system. In addition, there are unique factors which may allow the Board and PSC the ability to set rates that could be lower than they would be if all the traditional expenses (like depreciation or capital improvement funding) were included.

Martin County Concerned Citizens:

The Martin County Concerned Citizens (MCCC) has been actively involved in gathering customer feedback. This feedback is freely shared with the District. The COSS is not meant to design alternative rates that consider one's ability to pay, but instead provides information that all stakeholders can use to seek alternatives and / or options for addressing in Martin County what is a nationwide affordability crisis in many rural water systems. The table below shows the Affordability Index for surrounding communities. The calculation below for MCWD does not include school taxes or the debt service surcharge (DSS). It is anticipated that the DSS will be eliminated by the end of 2027.

Entity	Monthly Cost for 5000 Gals	Population Served	Median Household Income	Affordability Index
Martin County Water District	\$77.61	10795	\$40,826	2.3%
Prestonsburg City Utilities	\$48.50	8877	\$35,724	1.6%
Prestonburg County Utilities	\$62.50	14526	35,724	2.1%
Paintsville City Utilities	\$27.21	8000	30,575	1.1%
Paintsville County Utilities	\$29.11	8000	26,346	1.3%
Louisa City Water District	\$55.74	849	21,163	3.2%
Lawrence County Water	\$69.03	1539	42,488	1.9%
Mountain Water	\$66.63	16,500	41,324	1.9%
Kermit Water Department	\$50.46	600	32,679	1.9%

3. REVENUE SUFFICIENCY

3.1. DESCRIPTION

This section presents the financial management plan and corresponding plan of water rate revenue adjustments developed in the revenue sufficiency analysis (RSA) that was conducted as part of the COSS. The following sub-sections of the report present a description of the source data, assumptions, and results of the RSA, while Appendices A1 and A2 include detailed supporting schedules for the respective water financial management plans identified herein. While data for the Audited 2022 Financials were used, the FYE 2023 projected (unaudited) numbers have also been referenced, in addition to the Capital Improvements List which is included in Section 3.2.5

In addition, calculations were based with and without the consideration of depreciation.

During the RSA, several alternative ways to evaluate the revenue requirements and corresponding water rate plans were reviewed. During this review, the impact of various inputs or assumptions upon key financial indicators were reviewed by use of graphical representations from interactive computer rate models. In this way, the recommended financial management plan and corresponding plan of annual water revenue adjustments presented in this report, were developed in such a manner as to allow the District to fund its cost requirements throughout the projection period and meet its financial performance goals and objectives. The model also allows for the running of what if scenarios so that the decision makers can easily see the impact of new data as it is presented.

To initialize the RSA, the historical and budgeted financial information regarding the operation of the District, as well as historical customer counts and billed volume data by rate class was obtained. The District also provided its multi-year capital improvement programs (CIP), and current debt service obligations and covenants, or commitments made to lenders, relative to net income coverage requirements, reserves, etc. There were also discussions with District staff regarding other assumptions and policies that would affect the financial performance of the District, such as trends in demands, planned developments/customer growth, debt coverage levels, and levels of reserves and most importantly expenses in the 2022 and 2023 years that could be considered anomalies.

The model created in Excel utilizes all projected available funds in each year and the known expenses. The model is set up to be driven by predicting the needed revenue increase through water sales to meet the required debt service ratio. The model was set up to reflect the rules of cash application as defined and applied by District staff, and it produces a detailed summary of the funding sources to be used for each project in the CIP. At this time the District is not capable of funding any long term capital projects without the use of grants or other alternate forms of funding to the extent that current revenues and unrestricted reserves are not adequate to fund capital projects in any year of the projection period. The concept of a borrowing requirement to fund those projects, or portions thereof was not explored.

3.2. SOURCE DATA

The following presents the key source data relied upon in conducting the RSA:

3.2.1 Fund Balances

The FYE 2022 Audited Financial Report and the Projected 2023 financials were primarily used in the revenue requirement calculations. The FYE 2022 Audit is included in Section 8 Appendix 3. A review of Audits from 2019 forward occurred, and the corresponding revenue and expense data were included on the model.

3.2.2 Revenues

The revenues utilized in the RSA reflect an evaluation of multiple years of historical results, using FYE 2019- FYE2022. In addition, unaudited results for FYE 2023 and updated FYE 2024 Budget numbers were used to assist in the forecasting of revenue requirements. Revenues consist of rate revenue, capital recovery charges, interest income, and other minor revenue from miscellaneous service charges. Rate revenue is based upon actual results for the years 2019-2022, adjusted annually to reflect assumed customer growth, changes in demand, and rate increases. Miscellaneous service charge revenue projections are based upon the amounts within the FY 2019 Proposed Budget. Interest income was calculated annually based upon projected average fund balances and assumed interest rates, and capital recovery charge revenue was calculated based on the assumed growth in accounts and current fees.

3.2.3 Operating Expenditures

The District's operating expenditures include all operating and maintenance expenses, transfers into and out of the fund, debt service requirements, and anticipated emergency repairs. The RSA based operating expenditure projections on the individual expense categories and expense amounts within the FYE 2022 audited numbers, the FYE 2023 Projected numbers and the FYE 2024 Revised Budget Numbers. While a goal of Utilities should be the ability to fund some amount of depreciation if not all, in the case of the Martin County Water District it is not practical. The "cash needs approach" for calculating revenue requirements driven by debt service ratios is appropriate here. The formula below is taken from the *SMALL SYSTEM GUIDE: Understanding Utility Financial Statements* published by the Community Resource Group (Rural Community Assistance Program).

DEBT SERVICE COVERAGE RATIO

This ratio *measures the utility's ability to pay its debt*. The adequate Debt Coverage Ratio will vary from system to system, depending upon the requirements of each lender, or in some cases, state statute. The Rural Utilities Service (USDA/Rural Development) Water and Waste Disposal loan program is a major federal lender for small and rural utilities. The RUS prefers a *minimum* debt service coverage ratio of 1.1 or higher, as calculated by the following formula:

$$\frac{(\text{Net Operating Income} + \text{Depreciation})}{\text{Total Debt Service}} = \text{DEBT SERVICE COVERAGE RATIO}$$

3.2.4 Debt Service

The annual debt service schedules for the existing revenue bonds and state revolving loans were provided by District staff and included in the RSA. In addition, the RSA includes estimated debt service as calculated by the financial planning module for future use of the Debt Service Surcharge. In addition, it should be noted that the debt schedule reduces in years 2024 – 2028 based on the assumption that the KIA pending loan which combines the KRWFC Note (\$1,104,309.66) and the KIA Loan B290-02 (\$219,313.49) into a 20-year 0% interest loan. The following terms are significant in their overall impact on the financial health of the District.

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan with the following consideration:

KIA will provide 50% principal forgiveness on the outstanding loan balance as of July 1, 2027 if two goals are met.

1. Martin County Water District has not had a loan default on this loan through June 30, 2027, and;
2. Martin County Water District has remained in compliance with its agreements with the Public Service Commission through June 30, 2027.

Martin County Water District 2024 Fiscal Year Budget Estimate Debt Schedule											
Debt	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Projected 2023	Scheduled 2024	Scheduled 2025	Scheduled 2026	Scheduled 2027	Scheduled 2028	Notes
Notes Payable - KIA											
Principal	\$53,007	\$54,620	\$56,281	\$57,993	\$59,757	\$61,574	\$63,447	\$65,377	\$33,429		Payments made monthly current payoff 6-1-27
Interest	\$14,440	\$12,827	\$11,166	\$9,454	\$7,690	\$5,873	\$4,000	\$2,070	\$294		
Admin Fee	\$963	\$855	\$744	\$630	\$513	\$392	\$267	\$138	\$20		
KIA N/P Total	\$68,410	\$68,302	\$68,191	\$68,077	\$67,960					\$0	\$68,191 removed Absorbed in New KIA Loan
Lease Payable - KACO											
Principal	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$11,222				Principal due 3/20 each year current payoff 3/20/25
Interest	\$5,763	\$4,910	\$3,968	\$3,968	\$2,092	\$1,157	\$229				
KACO Lease Payable Total	\$15,763	\$19,910	\$18,968	\$18,968	\$17,092	\$16,157	\$11,451	\$0	\$0	\$0	
Bonds Payable - 2015 E Current Refunding											
Principal	\$55,000	\$60,000	\$60,000	\$60,000	\$65,000	\$65,000	\$70,000	\$70,000	\$75,000	\$75,000	Principal is due 1/1 so funded in p/yr
Interest	\$68,939	\$67,784	\$65,324	\$65,324	\$60,404	\$57,739	\$55,724	\$53,554	\$51,296	\$48,784	
2015 E Current Refunding Total	\$123,939	\$127,784	\$125,324	\$125,324	\$125,404	\$122,739	\$125,724	\$123,554	\$126,296	\$123,784	
Outstanding Perishable Debt		\$107,436	\$107,177	\$105,780	\$104,836	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	Current KIA Loan Proposal
Total Debt - All Issues	\$208,111	\$215,995	\$212,483	\$212,369	\$210,456	\$138,896	\$137,175	\$123,554	\$126,296	\$123,784	
Total Interest Expense	\$89,141	\$85,521	\$80,458	\$78,746	\$70,186	\$64,769	\$59,953	\$55,624	\$51,590	\$48,784	
Total Admin Fees Expense	\$963	\$855	\$744	\$630	\$513	\$392	\$267	\$138	\$20	\$0	

3.2.5 Capital Improvement Program

District staff has provided the multi-year CIP in project level detail through the year 2028. The total of the projects identified is currently in excess of \$43,000,000. There are CIP projects that need to be done annually with the appropriate funding. These projects total \$137,000 and funds have been budgeted in the Repair line item but will need additional revenue or expense savings to be covered in full. The revised budget presented for forecasting has the additional funding. A list of projects and costs by year is included on Section 9, Appendix A3. The table below is from the actual 2024 CIP Budget tab and shows the totals and projected funding sources.

Proposed CIP Items Funding Sources From 2024 Budget

2024 Improvements From AML & USCACE	\$ 5,104,518
2024 Improvements Funded From Cash	\$ 348,606
2024 Improvements Funded From Fiscal Court	\$ 70,000
2024 Improvements Funded From FEMA	\$ 1,320,000
2024 Improvements Still Seeking Grant Funding	\$ 66,831,000
Grand Total for 2024 Capital Improvements	\$ 73,674,124

3.3. ASSUMPTIONS

The following presents the key assumptions utilized in the conducting of the RSA.

3.3.1 Cost Escalation

Annual cost escalation factors for the various types of operating and maintenance expenses were set at 2% per year. The average cost increase from 2019- 2023 has been 4.04%. The projected increase for 2023 is 4.52%. While setting the cost escalation at 2% may seem low, it is based on the following: 1) The Repair budget for the District was exceeded in 2023 by over \$330,000. (primarily due to issues with the Raw Water Intake Project that should be resolved in 2024), 2) The plant projects are nearing completion and will allow for a reduction in the expense of purchased water. 3) The District is beginning to make the kind of progress in the system that will mitigate the needs for excessive emergency repairs, and finally 4) Water loss and its associated costs should begin to see a reduction based on the capital improvements, and system repairs that have been funded to date.

3.3.2 Customer Growth & Volume Forecast

New connection and billed volume projections were based upon a review of historical data for each customer class. The population in Martin County has declined annually since 2005 approximately 1.1% per year. The current number of water connections for the month of November is 3,387, this is down from 3,411 for November of 2019. As a result of the two facts mentioned above no, escalator was used for additional growth in the revenue needs model.



Volumetric or demand trends were also evaluated: in 2019 the District sold 14,344,000 gallons as opposed to the 12,236,000 gallons sold in the month of November 2023. This is essentially a 15 % reduction in the amount of water sold. These changes are likely due to economic conditions, weather variability, and increasing water usage efficiency (i.e., a declining usage per account), and declining population.

Table 3-1 Water Billed Volume Projections by Rate Class (in Gallons)

	Residential	Commercial	Government	Free/ Fire Protection
2022	123,094,830	22,230,030	5,029,530	925,950
2023	120,643,036	26,599,036	5,224,080	1,220,215
% Difference	-2.0%	19.7%	3.9%	31.8%

3.3.3 Minimum Reserve Policy

Reserve balances for District systems are funds set aside for a specific cash flow requirement, financial need, project, task, or legal covenant. These balances are maintained in order to meet short-term cash flow requirements, and at the same time, minimize the risk associated with meeting the financial obligations and continued operational and capital needs under adverse conditions. The level of reserves maintained by a District is an important component and consideration of developing a District system multi- year financial management plan.

Many utilities, rating agencies, and the investment community as a whole place a significant emphasis on having sufficient reserves available for potentially adverse conditions. The rationale related to the maintenance of adequate reserves is twofold.

First, it helps to assure a District that it will have adequate funds available to meet its financial obligations during unusual periods (i.e. when revenues are unusually low and/or expenditures are unusually high). Second, it provides funds that can be used for emergency repairs or replacements that can occur because of natural disasters or unanticipated system failures.

The District currently has no clear established financial policies that include minimum reserve levels for the District. Financial policies should articulate how these balances are established, their use, and how to determine the adequacy of the reserve fund balances. Findings in recent audits have pointed out the need maintain appropriate reserve fund balances.

Moreover, a District should review the approach used to establish reserve policies every three to five years. This time frame is appropriate given that debt levels and capital infrastructure activity can vary during this time, which would have an effect on the appropriate level of reserve balances. This type of review allows for the philosophy of establishing reserve targets to be modified to reflect existing conditions and issues.

The financial management plans presented in this report recommend that the District will maintain a minimum reserve that is at least equal to 3 months of operations and maintenance (O&M) expenses for the water funds. These levels of operating reserves are very consistent with 1) observed industry experience for similar systems, 2) the findings of reserve studies conducted by the AWWA, and 3) a healthy level of reserves for a municipal District system per the evaluation criteria published by the municipal District rating agencies (Fitch, Moody's, and Standard & Poor's).

3.3.4 Future Borrowing & Capital Funding

Other than the proposed KIA loan for preexisting perishable debt, no new debt is anticipated during the projection period. Full annual debt service requirements have been projected. It is expected that no new borrowing will be required for the water system during the projection period. However, should grant and federal funding not come to fruition, the District will need to revisit the amount of debt they can cover and consider leveraging debt to maintain the system. The exact amount, timing, and structure of financing will be determined by District staff based upon then-current needs and conditions.

3.3.5 Debt Service and Coverage

One of the most important covenants the District makes relative to the issuance of debt is that its annual net revenues will be at least 1.2 times greater than its senior lien debt service requirements.

It is important to note that these revenue covenants (often referred to as debt service coverage requirements) represent the District's minimum requirements. Should the District be unable to meet these requirements, it could be found in technical default. This would result in the District facing a potential downgrade in its credit rating, which would affect the interest rate and terms of any future financing initiatives.

As a policy decision, utilities often measure revenue sufficiency and set rates based upon a higher debt service coverage level to ensure compliance with these type of covenants in the event future projections of revenue and expenses do not occur as predicted (due to extended drought conditions, unanticipated capital requirements or operating cost increases, natural disasters, etc.). However, recognizing the current state of the District’s finances and the amount of outside project funding being offered, the financial management plan presented herein for the water system reflects a minimum debt service coverage ratio for senior lien as well as subordinate debt that is 1.20 throughout the projection period excluding depreciation as allowed in the debt covenants.

3.4. RESULTS

Based upon the data, assumptions, and policies presented herein, the District's current water rates will not provide sufficient revenue to meet its ongoing debt service, capital, operating, and reserve requirements over a multi-year projection period. As such, the RSA developed a financial management plan and corresponding plan of water rate revenue increases that will meet the District’s current and projected cost requirements. The RSA identified the necessary increases for FY 2025 through FY 2028 that would provide adequate revenue to meet the projected requirements of the District through the projection period. Following PSC and Board Review and discussions with District staff, the rate increase adjustments presented herein are intended for implementation mid-fiscal year in FYE 2024 if approved and at the start of the fiscal year (January 1) in each subsequent fiscal year. In the future a goal would be to have rate adjustments accomplished prior to a projected revenue shortage.

Table 3-2 Rate Revenue Adjustment Projections

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water	0.00%*	8.89%	2.03%	2.03%	2.02%

Appendix A1 Section 6 includes Revenue Requirement Calculation (PSC ARF FORM RR-DC) for test year 2022 (audited) and test year 2023 (projected). Both calculations show a short fall of revenue of **\$324,374** and **\$284,387** respectively.

This is in line with the prediction from the model developed for projecting revenue needs, which showed a cash shortfall of \$323,463. Should District leadership and the PSC choose to make a rate adjustment on the 2023 test year for implementation in 2024, the required adjustment would be approximately 6.7% to add an additional estimated revenue from sales of \$260,438. This would obviously drive down the future rate increases. As an example, a rate increase of 6.7% in 2024 put into the model, produces a future rate increase of just over 1% for 2025.

Finally, the Cost Allocation Model found in Section 7 Appendix 2, produced a revenue shortfall of \$305,278 for the year 2022. The average of the three methods is **\$304,680**. The range of deviation between the three methods is +/- 6% for test year 2022.

4. COST OF SERVICE

A cost-of-service study (COSS) was performed for the Martin County Water District. The purpose is to identify the functional cost of providing each service and to assign that cost proportionality to each rate class based upon their unique contributions to or use of each system function. The legal environment within Kentucky requires that municipal service providers construct rates or user fees that adhere strictly to proportionality and cost of service principles. As such, every effort has been made to enhance the defensibility of the District's cost of service allocations, promote transparency, and ensure that the District's rates are fair and equitable for all customer or rate classifications.

In summary, the COSS determined the allocation of FYE 2022 cost and corresponding revenue requirements between rate classifications using cost allocation guidelines and methods from the American Water Works Association (AWWA) and Water Environment Federation (WEF). Revenue requirements are defined as the amount of money the District must recover from the rates charged to its rate classes in order to meet its annual operating and capital expenditures.

For purposes of evaluating cost allocations to and revenue collection from rate classes, FY 2022 audited and FYE 2023 projected have been put into the Model. As indicated previously, the cost of service-based rate structure adjustments resulting from this Study are intended to be implemented after the PSC and Martin County Water District Directors have had the opportunity to review and comment on the COSS. It is important that the model for the Cost Allocation be flexible and transparent.

Subsequently, the needed increase in rates to satisfy the FY 2024 updated budget numbers will be delayed based on logistics and review time. The impact of any partial year rate adjustment and subsequent impact on future years can easily be shown using the Revenue Requirements Model (RRM).

4.1. REVENUE REQUIREMENT SUMMARY

The annual cost of service for the District's water system includes total operating and capital expenditures (including debt service requirements, reserve contributions, and limited cash funding of CIP). As can be seen in the FYE 2022 Audit found in Section 8 Appendix 3, the District receives revenue from other sources that partially offset its annual cost of service and reduce the portion of the cost of service that has to be recovered from its rates and charges (the remaining portion of the cost of service is often referred to as the "rate revenue requirement"). Specifically, these offsetting funding sources or revenues include:

- System Development Fees
- Miscellaneous Charges and Services & Interest Earnings

Table 4-1 Summary of Cost of Service & Revenue Requirement – FY 2022

%s	Residential	Commercial	Government	Free
Customer Count	91.5%	7.0%	1.3%	0.2%
Gallons Sold	81.37%	14.69%	3.32%	0.61%
Revenue	83.32%	13.43%	3.25%	0.00%
Production Costs	\$682,777	\$123,305	\$27,898	\$5,136
Distribution Costs	\$1,174,230	\$212,057	\$47,978	\$8,833
Customer Service Costs	\$808,785	\$61,586	\$11,588	\$2,095
Revenue	\$2,383,847	\$384,175	\$92,968	\$0
Total Costs Calculated	\$2,665,792	\$396,948	\$87,464	\$16,064
Uncovered Costs	10.58%	3.22%	-6.29%	100.00%
Variance	(\$281,945)	(\$12,773)	\$5,504	(\$16,064)

4.2. FUNCTIONALIZATION OF SYSTEM COSTS

O&M Expenses

The system functions included in the COSS analysis are listed in Table 4-2, which provides a summary of the FY 2022 O&M expenses allocated to each function for the water system. The values reflect a detailed allocation of each line item of the full operating budget performed with District staff.

Table 4-2 Summary of O&M Expenses - FY 2022

DISTRICT COSTS ALLOCATION	Actual	% Production	% Distribution	% Customer Service	Production Costs	Distribution Costs	Customer Service Costs
Mgt & Ops Contract	\$2,022,084	29.1%	48.1%	22.8%	\$589,224	\$972,170	\$460,690
Water Purchased	\$74,988	100.0%	0.0%	0.0%	\$74,988	\$0	\$0
Utilities	\$375,997	5.0%	5.0%	90.0%	\$18,800	\$18,800	\$338,397
Insurance	\$34,932	15.0%	65.0%	20.0%	\$5,240	\$22,706	\$6,986
Repair Expense	\$173,821	10.0%	85.0%	5.0%	\$17,382	\$147,748	\$8,691
Outside Services	\$630	0.0%	100.0%	0.0%	\$0	\$630	\$0
Legal & Accounting	\$17,950	26.3%	47.4%	26.3%	\$4,724	\$8,503	\$4,724
Bad Debt	\$30,948	33.0%	33.0%	34.0%	\$10,213	\$10,213	\$10,522
Dues & Subscriptions	\$3,149	30.0%	65.0%	5.0%	\$945	\$2,047	\$157
Office Expense	\$2,676	5.0%	5.0%	90.0%	\$134	\$134	\$2,408
Rental	\$25	0.0%	0.0%	100.0%	\$0	\$0	\$25
Regulatory Assessment fees	\$4,214	40.0%	55.0%	5.0%	\$1,686	\$2,318	\$211
KY 811 Services	\$1,273	10.0%	85.0%	5.0%	\$127	\$1,082	\$64
Depreciation	\$787,143	28%	60%	12%	\$218,515	\$471,900	\$96,728
Amortization	\$9,470	25.0%	65.0%	10.0%	\$2,368	\$6,156	\$947
Miscellaneous	\$734	30.0%	40.0%	30.0%	\$220	\$294	\$220
Total Operating Expense	\$3,540,034				\$944,564	\$1,664,698	\$930,772

P&I Expenditures & Required Coverage Allocation

Similar to O&M, the long-term debt costs of the District were allocated to system functions. These costs include annual debt service and the required 20% coverage. Depreciation was also allocated above in the O&M Expense allocation but removed in the Revenue Requirement Calculation. These costs were ultimately determined to be best allocated in proportion to total depreciation ratios of the current assets.

Table 4-3 Summary of Long-Term Debt Allocator

DISTRICT COSTS ALLOCATION	Actual	% Production	% Distribution	% Customer Service	Production Costs	Distribution Costs	Customer Service Costs
		% Production	% Distribution	% Customer Service	Production Costs	Distribution Costs	Customer Service Costs
P&I	\$212,483	28.0%	60.0%	12.0%	\$59,495	\$127,490	\$25,498
Debt Coveage Required	\$42,497	28.0%	60.0%	12.0%	\$11,899	\$25,498	\$5,100
Total Debt Service	\$254,980	28.0%	60.0%	12.0%	\$71,394	\$152,988	\$30,598

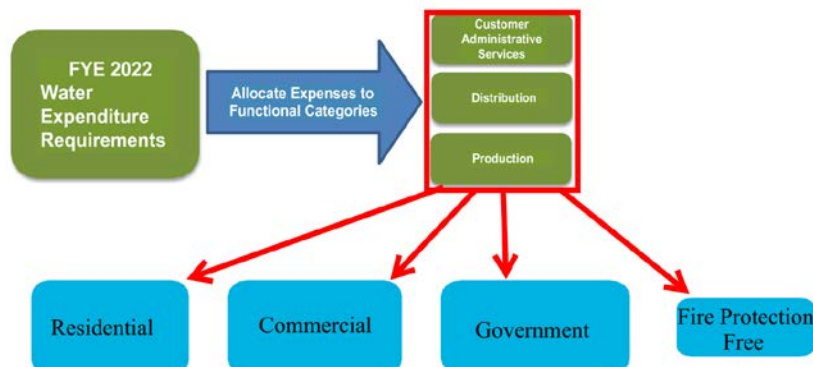
Offsetting Revenue

In a COS analysis, miscellaneous revenue or funding sources received by the District are used to reduce or “offset” the amount of revenue to be recovered from rates and charges. This offsetting revenue and funding sources include sales for resale, use of reserves, capital recovery fees, tap fees, miscellaneous fees, installation charges, and interest earnings. This offsetting revenue was allocated to each rate class based upon customer counts, residential equivalent units, flows, or in proportion to expense allocations, as appropriate. In the Rate Model a credit is given to the required revenue calculation based on the proportional amount of the referenced offsetting revenue.

4.3. COST ALLOCATION FRAMEWORK

The cost-of-service methodology utilized for the water system was the Cost Allocation method as identified in AWWA Manual M-1, Principles of Water Rates, Fees, and Charges.

Graphic 4-4 Summary of Water Cost Allocation Process



Many functions of the water system are appropriately associated with a single unit of service, such as Source of Supply to meeting total or average day demands. However, certain water system functions can be sized for and serve multiple types of demands. In this instance, functions were allocated based on usage ratios of average, daily use provided by District staff.

Table 4-5 Summary of Functional Component Assignment to Units of Service

MCWD	Production Costs	Distribution Costs	Customer Service Costs
W/ Depreciation	\$986,236	\$1,762,010	\$950,185
% of Total Costs	26.7%	47.6%	25.7%
No Depreciation	\$839,115	\$1,443,098	\$884,055
% of Total Costs	26.5%	45.6%	27.9%

Based upon the functionalization of costs and unit of service assignments presented above, the following tables show the resulting allocation of system costs by function to each unit of service category that are then distributed to customer or rate classes based upon their respective units of service.

Table 4-6 Summary of Functional Component Assignment to Customer Classes

%'s	Residential	Commercial	Government	Free
Customer Count	91.5%	7.0%	1.3%	0.2%
Gallons Sold	81.37%	14.69%	3.32%	0.61%
Revenue	83.32%	13.43%	3.25%	0.00%
Production Costs	\$682,777	\$123,305	\$27,898	\$5,136
Distribution Costs	\$1,174,230	\$212,057	\$47,978	\$8,833
Customer Service Costs	\$808,785	\$61,586	\$11,588	\$2,095
Total Costs Calculated	\$2,665,792	\$396,948	\$87,464	\$16,064

4.4. CUSTOMER CHARACTERISTICS

Water System

Individual customer demands may vary, however the design of the system which is very linear as opposed to a traditional looped system, combined with the fact that 91.5% of the customer base falls into the “residential” category lends itself to assigning costs without an extensive demand study. A demand study would be necessary if either the base – extra capacity method or commodity demand method were used for cost allocation. In addition, to successfully perform these types of evaluations more customer usage data would be necessary. The installation of smart meters would be a necessary first step to use either of the aforementioned methods. This would allow for knowing usages by class during average and peak load conditions.

Again, based on the current system profile, customer profile, and lack of needed customer data, the “**functional costs method**” which is normal for smaller rural water utilities is appropriated here. (AWWA M1).

4.5. COST TO SERVICE EACH RATE CLASS

Once the FYE 2022 audited costs were allocated to functions, each rate class's units of service were applied to establish the gross cost to serve each rate class. In addition, the allocation was also performed on FYE 2023 data (through November and projected).

Table 4-7 Summary of Cost to Serve by Customer Class

FYE2022

%s	Residential	Commercial	Government	Free
Customer Count	3088	235	44	8
Gallons Sold (1,000)	123,095	22,230	5,030	926
Revenue	\$2,162,581	\$348,517	\$84,338	\$0
Production Costs	\$682,777	\$123,305	\$27,898	\$5,136
Distribution Costs	\$1,174,230	\$212,057	\$47,978	\$8,833
Customer Service Costs	\$808,785	\$61,586	\$11,588	\$2,095
Total Costs Calculated	\$2,665,792	\$396,948	\$87,464	\$16,064

FYE2023

%s	Residential	Commercial	Government	Free
Customer Count	3058	236	45	8
Gallons Sold (1,000)	120,451	26,367	5,074	1,176
Revenue	\$2,177,732	\$396,396	\$82,069	\$0
Production Costs	\$660,313	\$144,541	\$27,815	\$6,447
Distribution Costs	\$1,135,596	\$248,579	\$47,836	\$11,087
Customer Service Costs	\$807,630	\$62,403	\$11,908	\$2,113
Total Costs Calculated	\$2,603,539	\$455,523	\$87,559	\$19,646

Subsequently, offsetting revenues were allocated to each rate class and deducted from the cost-of-service allocations shown in Table 4-13 to determine the revenue requirement or net cost to serve each rate class shown in the table below.

Table 4-8 Summary of Revenue Requirement for Each Rate Class

FYE2022

	Residential	Commercial	Government	Free
Revenue	\$2,383,847	\$384,175	\$92,968	\$0
Total Costs Calculated	\$2,665,792	\$396,948	\$87,464	\$16,064
Uncovered Costs %	10.58%	3.22%	-6.29%	100.00%
Variance	(\$281,945)	(\$12,773)	\$5,504	(\$16,064)

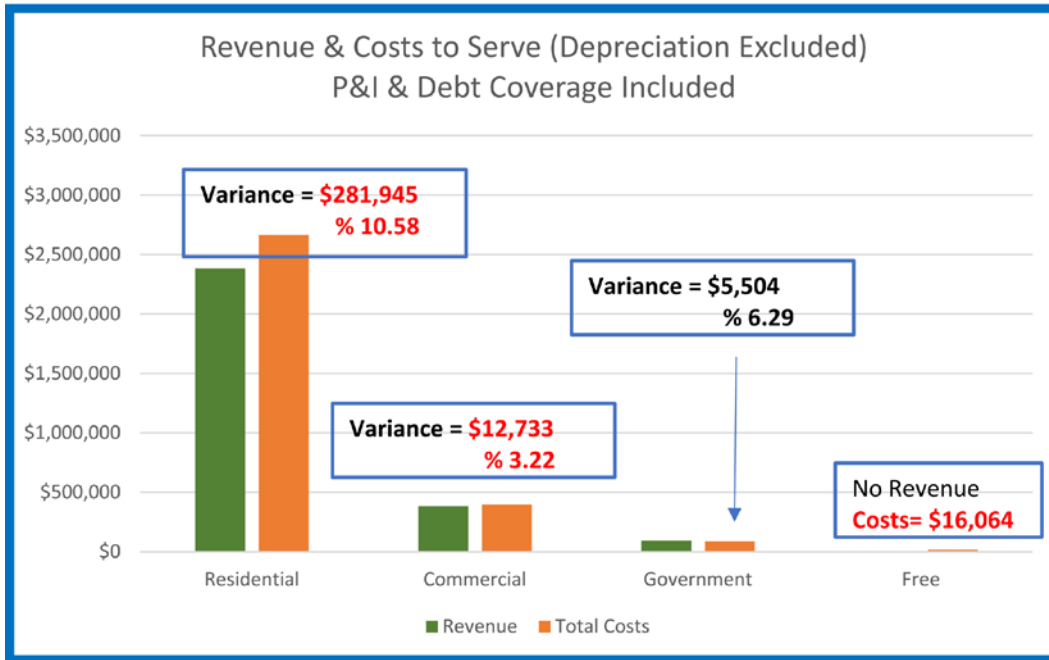
FYE2023

	Residential	Commercial	Government	Free
Revenue	\$2,345,896	\$427,006	\$88,406	\$0
Total Costs Calculated	\$2,603,539	\$455,523	\$87,559	\$19,646
Uncovered Costs %	9.90%	6.26%	-0.97%	100.00%
Variance	(\$257,643)	(\$28,517)	\$847	(\$19,646)

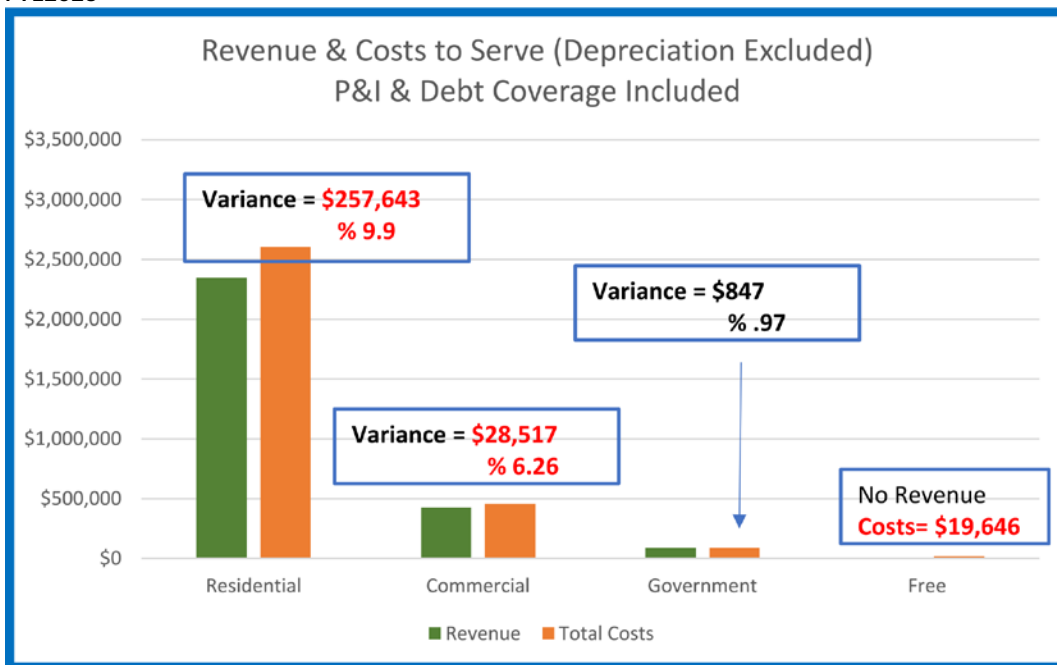
It is important to note that the recommended rate structure presented in the following section of this report does not include a rate revenue adjustment for FYE 2024. The recommended rates presented herein are revenue neutral, and only reflect the distribution of revenue necessary to bring revenue by rate class into alignment with the cost to serve each class. The following graphic displays the results of the cost-of-service analysis for water and shows the relative comparison between the cost to serve each rate class and the current revenue collected from the same rate classes. Given the length of time since the District's last cost of service study, better data from its AMI system, and industry allocation methodology improvements, these types of differences are to be expected.

Graphic 4-9 Current Revenue and Cost to Serve Comparison (No Depreciation)

FYE2022



FYE2023



5. RATE CALCULATION

The COSS included an examination of the District's current water rates and development of recommended rate structure modifications that 1) fairly and equitably recover the District's identified cost to serve each respective rate class, 2) conform to accepted local and national industry practices, 3) ensure fiscal stability and reasonable recovery of fixed costs, and 4) minimize administrative burden and enhance the ability to be easily understood by stakeholders.

The District's existing rate structure is comprised of base fixed charges by meter size and volumetric charges per 1,000 gallons (commonly referred to as a "Unit" for billing purposes). The base charge currently makes no (or very minimal) delineation on meter size other than the additional units (volume) included. There is no distinction between customer categories other than meter size. This COSS does not look at Nonrecurring Charges set by the PSC in 2021.

The following chart shows a summary of the current rates and charges of the District for each meter size.

Monthly Water Rates

5/8- x 3/4-Inch Meter

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

1-Inch Meter

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

1 1/2-Inch Meter

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

2-Inch Meter

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

3-Inch Meter

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

4-Inch Meter

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

5.1. BASE CHARGES

Common industry practice is to develop a two-part rate structure comprised of both fixed (base) and variable (volume/commodity) charges. Generally accepted practice recovers a portion of system costs in a fixed charge, recognizing that utilities have substantial costs that are customer-specific such as meter replacement, public fire protection, and customer service costs that are incurred year-round. Utilities incur these fixed costs regardless of water use. Failure to establish a proper level of fixed cost recovery subjects the District to revenue volatility in certain conditions, such as abnormal weather or economic events.

During the conduct of the COSS, several observations were made relative to the level of the District's fixed charges.

It is recommended that the District update its fixed charges to reflect the current cost for meter replacement, public fire protection, and administrative activities and a proportional rate of the Customer Component of the fixed costs based on usage. Essentially this means that larger meters with access to greater quantities should pay the appropriate portion of those identified and associated fixed costs, not just the volumetric increase (volume/unit) charge for the additional gallons that come with the meter size.

Specifically, the fixed charge should recover administrative costs (such as customer service, billing and collection, meter reading, etc.) equally per meter, meter replacement costs based on the specific cost and useful life of each meter size, and public fire protection costs based upon meter size (in the water charge only). The proposed fees presented below reflect the unique cost of service by meter size for each system, conform to industry practices, and are anticipated to comprise a slightly greater percentage of the District's annual revenue.

To address the issue of proper base rates, the COSS used the equivalent meter method as outlined in the AWWA M1 Water Rates Manual. The chart below shows those calculations.

BASE RATE					
Customer Service Costs			\$884,055		
Costs/ Equivalent			\$237.55		
Monthly Costs /Equivalent			\$19.80		
Meter Size (inches)	Number of Meters	Equivalent Meter / Service ratio	Equivalent 5/8" Meters	BASE RATE	Revenue Generated
5/8	3274	1	3274	\$19.80	\$64,812
1	31	2.5	78	\$49.49	\$1,534
1 1/2	5	5	25	\$98.98	\$495
2	32	8	256	\$158.37	\$5,068
3	4	16	64	\$316.74	\$1,267
4	1	25	25	\$494.90	\$495
Total	3347		3722		\$884,055

Table 5-1 Proposed Water Fixed Charges (Using FYE22 & FYE23 Data)

FYE2022

Meter Size	Base Rate
5/8"	\$19.80
1"	\$49.49
1 1/2"	\$98.98
2"	\$158.37
3"	\$316.74
4"	\$494.90

FYE2023

Meter Size	Base Rate
5/8"	\$16.05
1"	\$40.12
1 1/2"	\$80.25
2"	\$128.40
3"	\$256.79
4"	\$401.23

5.2. VOLUMETRIC CHARGES

As indicated, adjustments to the District's current inclining block rate structure (in number, size, and pricing of each block or tier) are recommended to conform to the current cost to serve, reflect current usage profiles, strengthen legal defensibility, and improve conformance to accepted industry practices.

Currently the Base Rate includes usage at (\$10.49/ gallon). The usage to be included with the various meter sizes is then added to the base rate. If that usage was removed the current effective Base Rate would be as shown below:

Table 5-2 Current Effective Base Rate (No Volume)

Meter Size	Base Rate
5/8"	\$20.44
1"	\$20.38
1 1/2"	\$20.28
2"	\$20.09
3"	\$19.91
4"	\$19.52

This structure does not accurately reflect the equivalent meter method of allocating costs associated with the Customer Service Component. The PSC and District should consider a modification that has a base rate that stands alone. It is fine to add volume to the base rate but all costs should be equitably captured in the rate structure.

The Volumetric rate proposed has production and distribution costs appropriately associated by the per gallon rate and is not intended to recover costs that should be captured (based on recommended industry methods) in the base rate.

Table 5-3 Customer Class Usage Profiles

Class	Residential	Commercial	Government	Free/ Fire Protection
Count	3088	235	44	8
Gallons Sold	123,094,830	22,230,030	5,029,530	925,950
Revenue	\$2,162,581	\$233,594	\$84,338.45	\$0
Percentages %				
Customer Count	91.5%	7.0%	1.3%	0.2%
Gallons Sold	81.4%	14.7%	3.3%	0.6%
Revenue	83.3%	13.4%	3.2%	0.0%

Table 5-4 Volumetric (Commodity) Rate Recommendations

Based on the customer profile data, lack of specific usage data during high demand periods and system structure, only one volumetric rate is being proposed at this time. Below are the tables for volumetric rates based on calculations on FYE 2022 and FYE 2023 data.

FYE 2022	Gallons Sold	FYE 2023	Gallons Sold
COMMODITY RATE	151,280,340	COMMODITY RATE	153,067,740
Production Costs	\$694,006	Production Costs	\$818,844
Distribution Costs	\$1,358,722	Distribution Costs	\$1,423,598
Commodity/ Usage Costs	\$2,052,728	Commodity/ Usage Costs	\$2,242,442
Usage Rate/1,000	\$13.57	Usage Rate/1,000	\$14.65

For all rate classes, a uniform volumetric rate based on the cost to serve each respective class was determined to be the most appropriate rate structure. This is like the current rate structure, which is the most common industry practice for Rural Water Systems with primarily residential customers.

5.3. CUSTOMER IMPACTS

When considering any rate changes, an understanding of how the proposed changes will impact different customers at various levels of water use is essential. As such, several customer impact analyses were prepared as part of the COSS to identify the impact of the proposed rates. The following graphics present a comparison of the current water bill as compared to the bill under the proposed rates for various meter sizes and water usage levels.

Table 5-5 Residential Water Bill Rate Impact

FYE2022 Data

5/8 inch Meter Rates													
Effective Rates August 2022						Proposed Rates Excluding Depreciation							
Usage	Cost	Tax	DSS	MIS	Total	Usage	Cost	Tax	DSS	MIS	Total	% Increase	
0-2,000	\$41.42	\$1.24	\$2.63	\$4.72	\$50.01	0-2,000	\$45.35	\$1.36	\$2.63	\$4.72	\$54.06	8.1%	
3,000	\$51.91	\$1.56	\$2.63	\$4.72	\$60.82	3,000	\$60.00	\$1.80	\$2.63	\$4.72	\$69.15	13.7%	
4,000	\$62.40	\$1.87	\$2.63	\$4.72	\$71.62	4,000	\$74.65	\$2.24	\$2.63	\$4.72	\$84.24	17.6%	
5,000	\$72.89	\$2.19	\$2.63	\$4.72	\$82.43	5,000	\$89.30	\$2.68	\$2.63	\$4.72	\$99.33	20.5%	
6,000	\$83.38	\$2.50	\$2.63	\$4.72	\$93.23	6,000	\$103.95	\$3.12	\$2.63	\$4.72	\$114.42	22.7%	
7,000	\$93.87	\$2.82	\$2.63	\$4.72	\$104.04	7,000	\$118.60	\$3.56	\$2.63	\$4.72	\$129.51	24.5%	
8,000	\$104.36	\$3.13	\$2.63	\$4.72	\$114.84	8,000	\$133.25	\$4.00	\$2.63	\$4.72	\$144.60	25.9%	
9,000	\$114.85	\$3.45	\$2.63	\$4.72	\$125.65	9,000	\$147.90	\$4.44	\$2.63	\$4.72	\$159.69	27.1%	
10,000	\$125.34	\$3.76	\$2.63	\$4.72	\$136.45	10,000	\$162.55	\$4.88	\$2.63	\$4.72	\$174.78	28.1%	
11,000	\$135.83	\$4.07	\$2.63	\$4.72	\$147.25	11,000	\$177.20	\$5.32	\$2.63	\$4.72	\$189.87	28.9%	
12,000	\$146.32	\$4.39	\$2.63	\$4.72	\$158.06	12,000	\$191.85	\$5.76	\$2.63	\$4.72	\$204.95	29.7%	
13,000	\$156.81	\$4.70	\$2.63	\$4.72	\$168.86	13,000	\$206.50	\$6.19	\$2.63	\$4.72	\$220.04	30.3%	
14,000	\$167.30	\$5.02	\$2.63	\$4.72	\$179.67	14,000	\$221.15	\$6.63	\$2.63	\$4.72	\$235.13	30.9%	
15,000	\$177.79	\$5.33	\$2.63	\$4.72	\$190.47	15,000	\$235.80	\$7.07	\$2.63	\$4.72	\$250.22	31.4%	
16,000	\$188.28	\$5.65	\$2.63	\$4.72	\$201.28	16,000	\$250.45	\$7.51	\$2.63	\$4.72	\$265.31	31.8%	
17,000	\$198.77	\$5.96	\$2.63	\$4.72	\$212.08	17,000	\$265.10	\$7.95	\$2.63	\$4.72	\$280.40	32.2%	
18,000	\$209.26	\$6.28	\$2.63	\$4.72	\$222.89	18,000	\$279.75	\$8.39	\$2.63	\$4.72	\$295.49	32.6%	
19,000	\$219.75	\$6.59	\$2.63	\$4.72	\$233.69	19,000	\$294.40	\$8.83	\$2.63	\$4.72	\$310.58	32.9%	
20,000	\$230.24	\$6.91	\$2.63	\$4.72	\$244.50	20,000	\$309.05	\$9.27	\$2.63	\$4.72	\$325.67	33.2%	

Table 5-6 Impact on Various Meter Sizes Using FYE 2022 Data

Depreciation Not Included in Costs Calculation							
Current Rates vs Proposed							\$\$ Impact
Meter Size	1000 Gallons Included	Minimum Bill	Base	Volume Charge	Meter Rates	% Increase	2022
5/8"	2	\$41.42	\$17.81	\$27.14	\$44.94	8.51%	\$3.52
1"	5	\$72.83	\$44.51	\$67.85	\$112.36	54.28%	\$39.53
1 1/2"	10	\$125.18	\$89.03	\$135.69	\$224.72	79.52%	\$99.54
2"	20	\$229.80	\$142.44	\$271.38	\$413.82	80.08%	\$184.02
3"	30	\$334.61	\$284.89	\$407.07	\$691.96	106.80%	\$357.35
4"	50	\$544.02	\$445.14	\$678.45	\$1,123.59	106.53%	\$579.57

Table 5-7 Rate Calculator Based on Base & Volume Costs

Det Service Surcharge	\$105,780
Other Revenue Credit	\$318,380
Production	\$145,109
Distribution	\$84,376
Customer Service	\$88,895
Revenue Shortfall	(\$305,278)
FYE 2022	Gallons Sold
COMMODITY RATE	151,280,340
Production Costs	\$694,006
Distribution Costs	\$1,358,722
Commodity/ Usage Costs	\$2,052,728
Usage Rate/1,000	\$13.57
BASE RATE	
Customer Svce Costs	\$795,160
Costs/ Equivalent	\$213.67
Monthly Costs /Equivalent	\$17.81
DSS	\$2.63
MIS	\$4.72
Base Rate all fees	\$25.16
2000 gallons	\$27.14
Rate for 0-2000 Gallons	\$52.29
	Gallons Sold FYE 2022
COMMODITY RATE	151280340
Production Costs	\$966,333
Distribution Costs	\$1,797,056
Commodity/ Usage Costs	\$2,763,390
Usage Rate1,000	\$13.57

Martin County Water District
Rate Model
Using the FYE 2022
(Audited Data)

FYE 2022 RESULTS

Base Revenue Generated	\$795,160
Volume Revenue Generated	\$2,052,728
Projected Sales Revenue	\$2,847,888
FYE 2022 SALES	\$2,542,610
Additional Revenue	\$305,278
Model Checker	\$0

FYE 2023 RESULTS

Base Revenue Generated	\$716,733
Volume Revenue Generated	\$2,242,442
Projected Sales Revenue	\$2,959,175
FYE 2023 SALES	\$2,654,139
Additional Revenue	\$305,036
Model Checker	\$76

5.4. AFFORDABILITY

Throughout the COSS, District staff and community members expressed a desire to understand and address District bill affordability challenges to the greatest extent possible. As such, this COSS reviewed existing data and varying class scenarios to identify possible avenues to address affordability challenges, understand water usage, and utilize approaches that address affordability to the extent possible within a cost-of-service framework.

Utilities are effectively compelled by legal precedent to set District rates that comport with cost-of-service results and ensure the proportionality of a customer's bill with regards to their usage of the system. The rate setting environment effectively removes the ability of the District to set rates from anything but a cost to serve perspective. Recognizing this constraint, the COSS was able to review changes that would improve affordability.

Residential customers with affordability challenges may be positively impacted in the long run with a change in the Base and Volume structure. First the base rate for larger meters will be appropriate with the volume and system capacity costs available to the larger meters. Currently that cost is shared equally between all customers. Secondly, with the base and volume separate, customers are no longer forced to pay for water they do not use (specifically those who use below the 2,000-gallon minimum).

Additional steps to address affordability can and should be taken outside of the rate setting process. It is recommended that the issue be studied in more detail to understand the number of customers who are challenged. Other actions for consideration include continued partnerships with others in the community to address the issue in an organized fashion and maximize existing resources. Customer service could also provide a key linkage in this effort by proactively providing resources when contact is made with customers with affordability challenges. If existing community resources are found to be inadequate to meet the identified need, additional non-District funding sources could be utilized.

6. APPENDIX 1-Revenue Requirement Calculations

FYE2022 Data

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$2,752,891.00 ***
Plus: Average Annual Debt Principal and Interest Payments*	318,263.00 ****
Debt Coverage Requirement**	63,652.58
Total Revenue Requirement	3,134,806.58
Less: Other Operating Revenue	-424,160.00
Non-operating Revenue	158,397.00
Interest Income	-2,060.00
Revenue Required from Rates	2,866,983.58
Less: Revenue from Sales at Present Rates	-2,542,610.00
Required Revenue Increase	\$324,373.58

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	12.76%
------------------------------------------------------------------------------	--------

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

*** This varies \$ 573,264 from FYE22 Audit based on the Non Cash Pension Fund Credit towards operating Expenses

**** P&I Includes DSS Revenue so that it is used as intended (New Loan Pending)

FYE2023 Data

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$2,869,981.00	
Plus: Average Annual Debt Principal and Interest Payments*	317,319.00	***
Debt Coverage Requirement**	66,366.00	
Total Revenue Requirement	3,253,666.00	
Less: Other Operating Revenue	-416,841.00	
Non-operating Revenue	106,581.00	
Interest Income	-4,880.00	
Revenue Required from Rates	2,938,526.00	
Less: Revenue from Sales at Present Rates	-2,654,139.00	
Required Revenue Increase	\$284,387.00	

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	10.71%
------------------------------------------------------------------------------	--------

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

*** P&I Includes DSS Revenue so that it is used as intended (New Loan Pending)

7. APPENDIX 2-Cost Allocation Data

7.1. FYE2022 DATA- DEPRECIATION COSTS ALLOCATOR

DISTRICT COSTS ALLOCATION	Actual	% Production	% Distribution	% Customer Service	Production Costs	Distribution Costs	Customer Service Costs
Mgt & Ops Contract	\$2,022,084	29.1%	48.1%	22.8%	\$589,224	\$972,170	\$460,690
Water Purchased	\$74,988	100.0%	0.0%	0.0%	\$74,988	\$0	\$0
Utilities	\$375,997	5.0%	5.0%	90.0%	\$18,800	\$18,800	\$338,397
Insurance	\$34,932	15.0%	65.0%	20.0%	\$5,240	\$22,706	\$6,986
Repair Expense	\$173,821	10.0%	85.0%	5.0%	\$17,382	\$147,748	\$8,691
Outside Services	\$630	0.0%	100.0%	0.0%	\$0	\$630	\$0
Legal & Accounting	\$17,950	26.3%	47.4%	26.3%	\$4,724	\$8,503	\$4,724
Bad Debt	\$30,948	33.0%	33.0%	34.0%	\$10,213	\$10,213	\$10,522
Dues & Subscriptions	\$3,149	30.0%	65.0%	5.0%	\$945	\$2,047	\$157
Office Expense	\$2,676	5.0%	5.0%	90.0%	\$134	\$134	\$2,408
Rental	\$25	0.0%	0.0%	100.0%	\$0	\$0	\$25
Regulatory Assesment fees	\$4,214	40.0%	55.0%	5.0%	\$1,686	\$2,318	\$211
KY 811 Services	\$1,273	10.0%	85.0%	5.0%	\$127	\$1,082	\$64
Depreciation	\$787,143	28%	60%	12%	\$218,515	\$471,900	\$96,728
Amortization	\$9,470	25.0%	65.0%	10.0%	\$2,368	\$6,156	\$947
Miscellaneous	\$734	30.0%	40.0%	30.0%	\$220	\$294	\$220
Total Operating Expense	\$3,540,034				\$944,564	\$1,664,698	\$930,772
AWR CONTRACT COSTS ALLOCATION	Actual	% Production	% Distribution	% Customer Service	Production Costs	Distribution Costs	Customer Service Costs
Salaries & Wages	\$905,716	26.3%	47.4%	26.3%	\$238,346	\$429,023	\$238,346
Employee Benefits	\$365,000	26.3%	47.4%	26.3%	\$96,053	\$172,895	\$96,053
Office Expense	\$50,000	5.0%	5.0%	90.0%	\$2,500	\$2,500	\$45,000
Travel Expense	\$66,000	15.0%	65.0%	20.0%	\$9,900	\$42,900	\$13,200
Repair Expense	\$155,000	10.0%	85.0%	5.0%	\$15,500	\$131,750	\$7,750
Chemical Expense	\$110,000	95.0%	5.0%	0.0%	\$104,500	\$5,500	\$0
Materials & Supplies	\$36,267	45.0%	50.0%	5.0%	\$16,320	\$18,133	\$1,813
Outside Services	\$31,485	50.0%	50.0%	0.0%	\$15,743	\$15,743	\$0
Equipment & Insurance	\$67,248	25.0%	70.0%	5.0%	\$16,812	\$47,074	\$3,362
Admin Costs	\$69,907	26.3%	47.4%	26.3%	\$18,397	\$33,114	\$18,397
Total Direct Expense	\$1,856,622				\$534,070	\$898,631	\$423,921
Management Fee	\$165,462	33.3%	44.4%	22.2%	\$55,154	\$73,539	\$36,769
Total Expense	\$2,022,084				\$589,224	\$972,170	\$460,690
% of Total					29.1%	48.1%	22.8%

Total Employees	19	% Allocation
Production	5	26.3%
Distribution	9	47.4%
Customer Service	5	26.3%

7.2. FYE2022 DATA- DEPRECIATION COSTS ALLOCATOR

Asset Group	Description	Amount	% Production	% Distribution	% Customer Service
303	Land/ Land Rights	\$0.00	90.0%	10.0%	0.0%
304	Structures	\$8,915.59	45.0%	45.0%	10.0%
305	Collecting & Impound	\$110.69	100.0%	0.0%	0.0%
306	Lakes Rivers	\$43,309.50	100.0%	0.0%	0.0%
310	Generator	\$0.00	45.0%	45.0%	10.0%
311	Pumping Equipment	\$4,330.45	40.0%	60.0%	0.0%
320	Water Treatment	\$94,227.82	100.0%	0.0%	0.0%
330	Distribution & Reservoir	\$80,550.81	20.0%	80.0%	0.0%
331	Transmission & Distribution	\$524,657.55	10.0%	75.0%	15.0%
334	Meters & Related	\$13,594.18	0.0%	0.0%	100.0%
335	Hdrants	\$89.16	0.0%	50.0%	50.0%
339	Other Plant & Misc	\$4,380.50	90.0%	5.0%	5.0%
340	Office Furniture & Equipment	\$1,410.60	10.0%	10.0%	80.0%
341	Transportation Equipment	\$1,616.67	10.0%	45.0%	45.0%
343	Tools	\$279.39	0.0%	100.0%	0.0%
344	Lab Equipment	\$0.00	100.0%	0.0%	0.0%
345	Power Operate Equip	\$1,276.62	5.0%	90.0%	5.0%
346	Radios Com Equip	\$1,187.29	20.0%	40.0%	40.0%
MCW	Totals	\$779,937	\$216,515	\$467,580	\$95,843
AWR	Allocation Percentages		28%	60%	12%

8. APPENDIX 3-MCWD Financial Data

8.1. FYE 2022 AUDIT

Martin County Water District

Inez, Kentucky

Annual Financial Report

Years Ended December 31, 2022 and 2021

Martin County Water District

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December 31, 2022 and 2021

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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:

	For The Years Ended December 31			2022	
	2022	2021	2020	Change	Percent Change
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	18,024,843	18,561,004	18,797,637	(536,161)	-2.9
Deferred Outflows:					
Deferred outflows of resources related to pensions	\$ -	\$ 134,959	\$ 134,959	(134,959)	-100.0
Total deferred outflows of resources	-	134,959	134,959	(134,959)	-100.0
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	3,560,753	4,707,757	4,702,847	(1,147,004)	-24.4
Deferred Inflows:					
Deferred inflows of resources related to pensions	\$ 372,879	\$ 480,553	\$ 480,553	(107,674)	-22.4
Total deferred inflows of resources	372,879	480,553	480,553	(107,674)	-22.4
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	\$ 14,091,211	\$ 13,507,653	\$ 13,749,196	\$ 583,558	4.3%

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	<u>261,659</u>	<u>566,983</u>	<u>331,046</u>	<u>(305,324)</u>	<u>(53.9)</u>
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	<u>526,114</u>	<u>-</u>	<u>25,580</u>	<u>526,114</u>	<u>N/A</u>
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

Martin County Water District

Statements of Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
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	\$ 687,050	\$ 714,436
Restricted Assets		
Cash - Debt retirement	\$ 196,119	\$ 131,369
Cash - Grants	63	63
Accrued interest receivable	461	2
Total Restricted Assets	\$ 196,643	\$ 131,434
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	-
	\$ 35,627,290	\$ 35,436,144
Less: Accumulated depreciation	(18,476,670)	(17,721,010)
Less: Accumulated amortization ROU leased asset	(9,470)	-
Total Capital Assets	\$ 17,141,150	\$ 17,715,134
Total Assets	\$ 18,024,843	\$ 18,561,004
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	\$ -	\$ 134,959
Total Deferred Outflows of Resources	\$ -	\$ 134,959

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

	<u>2022</u>	<u>2021</u>
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	<u>\$ 578,845</u>	<u>\$ 1,639,744</u>
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	<u>\$ 2,981,908</u>	<u>\$ 3,068,013</u>
Total Liabilities	<u>\$ 3,560,753</u>	<u>\$ 4,707,757</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	\$ 372,879	\$ 480,553
Total Deferred Inflows of Resources	<u>\$ 372,879</u>	<u>\$ 480,553</u>
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	<u>\$ 14,091,211</u>	<u>\$ 13,507,653</u>

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

	2022	2021
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	\$ 2,966,770	\$ 2,820,768
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	\$ 3,012,588	\$ 3,542,583
Operating Income (Expense)	\$ (45,818)	\$ (721,815)
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)	\$ (158,397)	\$ (86,711)
Change in Net Position before Contributions	\$ (204,215)	\$ (808,526)
Capital grants and contributions	261,659	566,983
Change in Net Position	\$ 57,444	\$ (241,543)
Net Position - Beginning of Year	13,507,653	13,749,196
Prior Period Adjustment	526,114	-
Net Position - Ending of Year	\$ 14,091,211	\$ 13,507,653

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

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Martin County Water District
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
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	<u>429,109</u>	<u>448,534</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 472,480</u></u>	<u><u>\$ 429,109</u></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><u>\$ 472,480</u></u>	<u><u>\$ 429,109</u></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><u>\$ (860,519)</u></u>	<u><u>\$ 195,793</u></u>

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

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Notes to the Financial Statements

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.

Martin County Water District

Notes to the Financial Statements
December 31, 2022 and 2021

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.

Martin County Water District

Notes to the Financial Statements
December 31, 2022 and 2021

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%.

Martin County Water DistrictNotes to the Financial Statements
December 31, 2022 and 2021**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%.	1,645,000	1,705,000
Total Debt Payable	3,079,806	2,102,799
Add: Unamortized Premium	20,888	17,362
Less: Current Portion	(134,757)	(132,993)
Long-Term Portion of Debt Payable	<u>\$ 2,965,937</u>	<u>\$ 1,987,168</u>

Martin County Water DistrictNotes 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:

	<u>2022</u>	<u>2021</u>
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.

Martin County Water DistrictNotes to the Financial Statements
December 31, 2022 and 2021**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 DistrictNotes 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:

	Balance at January 1	Additions	Deductions	Balance at December 31
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:

	Balance at January 1	Additions	Deductions	Balance at December 31
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.

Martin County Water DistrictNotes to the Financial Statements
December 31, 2022 and 2021**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	<u>\$ -</u>	<u>\$ 372,879</u>

Martin County Water DistrictNotes to the Financial Statements
December 31, 2022 and 2021**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.

Martin County Water District

Notes to the Financial Statements
December 31, 2022 and 2021

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	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.

Martin County Water DistrictNotes to the Financial Statements
December 31, 2022 and 2021**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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County Employee's Retirement System:									
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.

Compliance Section



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

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

Martin County Water District
Schedule of Findings and Responses
Year Ended December 31, 2022

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.

Martin County Water DistrictSchedule of Findings and Responses
Year Ended December 31, 2022

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.

8.2 MCUD FINANCIALS THROUGH NOVEMBER 23

Martin County Water District
Balance Sheet
November 30, 2023

11/30/23

LIABILITIES AND DISTRICT'S EQUITY**CURRENT LIABILITIES**

Accounts Payable	\$ 149,218.03
Sales Tax Payable	2,602.64
School Tax Payable	6,472.89
Long Term Debt-Current	54,845.14
Accrued Interest Payable	36,498.07
Customer Deposits	98,790.58
Total Current Liabilities	348,427.35

LONG-TERM DEBT

Lease Liability - Rent	16,769.52
Note Payable - KIA	228,875.96
Lease Payable - KACO	26,221.96
Bonds Payable - 2015 E Current Refunding	1,585,000.00
Bonds Premium - 2015 E, Net of A/Amort	15,916.87
Bonds Payable - 2022 B	1,110,000.00
Bonds Premium - 2022 B, Net of A/Amort	658.65
Less Current Portion of L-Term Debt	(54,845.14)
Other Inflow Resources - Pension	372,879.00
Total Long-Term Debt	3,301,476.82

Total Liabilities	3,649,904.17
--------------------------	---------------------

DISTRICT'S EQUITY

Retained Earnings (Deficit)	14,091,210.57
YTD Net Income	(246,117.51)
Total District's Equity	13,845,093.06

Total Liabilities and District's Equity	\$ 17,494,997.23
------------------------------------------------	-------------------------

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

November, 2023			YTD		
Actual	Budget		Actual	Budget	Annual Budget
Operating Revenues					
\$ 179,979	\$ 175,833	Water Sales - Residential	\$ 1,956,963	\$ 1,934,163	\$ 2,110,000
31,278	29,167	Water Sales - Commercial	349,022	320,837	350,000
5,859	10,000	Water Sales - Public Authorities	126,566	110,000	120,000
39	5	Bulk Water Sales	410	45	50
-	2,437	Connection Fees - Tap	24,543	26,807	29,246
5,665	4,583	Late Charge Fees	65,494	50,413	55,000
733	2,650	Reconnect/Meter Sets/Other Fees	21,809	29,150	31,801
8,741	8,917	Debt Service Surcharge	96,100	98,087	107,000
15,686	15,839	Management Infrastructure Surcharge	172,477	174,229	190,070
-	-	Miscellaneous Income	1,681	-	-
247,980	249,431	Total Operating Revenues	2,815,065	2,743,731	2,993,167
Operating Expenses					
6,119	7,500	Water Purchased	24,393	82,500	90,000
168,507	168,507	Management & Operations Contract	1,853,577	1,853,577	2,022,084
20,808	27,917	Utilities	207,596	307,087	335,000
1,381	2,500	Insurance	20,222	27,500	30,000
51,303	5,000	Repairs & Maintenance	360,452	55,000	60,000
39	250	Outside Services	625	2,750	3,000
313	800	Legal Expenses	7,250	8,800	9,600
-	-	Accounting/Audit	7,985	8,000	8,000
4,167	4,167	Bad Debts	45,833	45,837	50,000
-	-	Bond Trustee Fees	900	500	500
423	270	Dues	4,311	2,970	3,235
298	228	Office Expense	3,939	2,508	2,732
-	833	Rent Expense	25	9,163	10,000
-	-	Regulatory Assess Fees	3,863	-	-
134	125	KY 811 Services	1,917	1,375	1,500
259	54	Miscellaneous Expenses	763	594	652
6	4	Customer Deposit Interest Expense	82	44	53
253,756	218,155	Total Operating Expenses	2,543,733	2,408,205	2,626,356
(5,777)	31,276	Net Income B/4 Other Income (Expenses)	271,332	335,526	366,811
Other Income (Expenses)					
-	-	Gain (Loss) on Sale of Assets	1,645	-	-
72,703	-	Capital Contributions	293,605	-	-
467	-	Interest Income	4,473	-	-
(8,760)	(8,333)	Interest Expense	(97,804)	(91,663)	(100,000)
(397)	62	Amortization	(4,368)	691	753
(65,000)	(65,000)	Depreciation	(715,000)	(715,000)	(780,000)
(988)	(73,271)	Total Other Income (Expenses)	(517,450)	(805,972)	(879,247)
\$ (6,764)	\$ (41,995)	Net Income (Loss)	\$ (246,118)	\$ (470,446)	\$ (512,436)

**Martin County Water District
Inez, KY**

Treasury Report

Billing Charges For the Month of:		Nov-23	
Water Revenue	\$	179,979.31	
Water Revenue-Commercial		31,277.59	
Water Revenue-Commercial Exempt		5,858.74	
Late Charges		5,665.11	
Sales Taxes		2,210.38	
Debt Service Surcharge		8,740.53	
School Tax		6,509.93	
Management Infrastructure Surcharge		15,686.39	
Returned Check		571.69	
Interest on Customer Deposits		(6.49)	
Connection Fees		-	
Other Miscellaneous Fees		709.17	
Deposits Applied		(945.00)	
Refund Checks Paid		179.89	
Total Billing Charges	\$	256,437.24	
Gallons Billed		12,235,640	
Customers Billed		3,387	
<hr/>			
Accounts Receivable		Nov-23	
Beginning Balance		355,634.54	
Billing Charges		256,437.24	
Bad Debt (Write Offs) Recoveries		73.25	
Accounts Receivable Collections		(250,247.42)	
End of Month Accounts Receivable		361,897.61	
<hr/>			
Operations Account			
Beginning Balance	\$	(8,883.32)	
Deposits			
Accounts Receivable Collections		250,247.42	
Accounts Receivable Collections - Pmts in EFT Revenue Account		(111,952.56)	
Sewer Billing Collections in Water Bank Acct - Due to MCS		78,509.14	
Customer Deposits Received		1,935.00	
Capital Contributions - KIA draw for Pace		72,703.42	
Miscellaneous Income (Tokens, TOW payment)		62.81	
Transfers from Other District Accts		111,500.00	
Total Deposits		403,005.23	
Disbursements:			
Checks Written		(302,010.38)	
Pmts made to Sanitation for A/R Collections		(57,364.43)	
Transfers to Other District Accts		(44,582.49)	
Auto Drafted Utilities		(16,971.95)	
Returned Checks		(298.69)	
Bank Fees		(15.00)	
Sales and School Tax Payments		(9,225.17)	
End of Month Balance	\$	(36,346.20)	
<hr/>			
Cash Receipts Collected To Date in:	Dec-23	248,401.75	
Bills Submitted for Payment in:	Dec-23	(253,906.38)	
Available Balance		(41,850.83)	

**Martin County Water District
Inez, KY
Treasury Report
Summary of Cash & Investments
November 30, 2023**

Bank Account	Beginning Balance	Deposits	Interest Earned, Net of Fees	Payments	Ending Balance
Operations Account	\$ (8,883.32)	403,005.23	-	(430,468.11)	\$ (36,346.20)
Revenue EFT Account	2,775.90	111,952.56	-	(111,850.00)	2,878.46
Debt Service Surcharge	76,904.84	8,729.98	3.37	-	85,638.19
Management Infrastructure Surcharge	1,000.13	15,667.51	0.09	(15,667.64)	1,000.09
Security Deposits	102,575.17	2,385.00	4.31	(179.89)	104,784.59
Cash on Hand	900.00	-	-	-	900.00
Total Unrestricted Cash	175,272.72	541,740.28	7.77	(558,165.64)	158,855.13
Restricted Cash					
ARC Grant	63.07	-	-	-	63.07
Rockhouse Project	6,924.83	10,800.00	-	(10,450.31)	7,274.52
Regions Bank-KY 2015E Martin County	84,777.75	10,450.31	341.31	-	95,569.37
KIA Bond & Interest	6,961.45	5,800.00	0.08	(5,659.56)	7,101.97
KY Assoc of Counties Leasing Trust	7,218.16	1,200.00	0.13	(153.44)	8,264.85
Depreciation Reserve	1,022.44	-	0.02	-	1,022.46
Cost of Issuance Fund 2022	2,098.00	-	-	-	2,098.00
Certificate Fund - 2022 Debt Svc	20,107.13	-	88.71	-	20,195.84
Revenue Fund - 2022	3,516.49	-	15.51	-	3,532.00
Total Restricted Cash	132,689.32	28,250.31	445.76	(16,263.31)	145,122.08
Total Cash & Investments	\$ 307,962.04	569,990.59	453.53	(574,428.95)	\$ 303,977.21

**Martin County Water District
Billing Summary**

Date	Billed		Gallons (000'S)	Billed # of Customers	Payments Received
	Revenue	YTD Total			
Nov-23	217,116	2,440,483	12,236	3,387	250,247
Oct-23	222,782	2,223,367	12,887	3,377	272,249
Sep-23	239,821	2,000,585	14,662	3,372	278,720
Aug-23	225,013	1,760,764	13,057	3,369	262,899
Jul-23	222,438	1,535,751	12,869	3,363	257,785
Jun-23	222,407	1,313,313	13,007	3,367	249,254
May-23	213,098	1,090,906	12,096	3,361	254,233
Apr-23	224,371	877,808	13,427	3,346	219,648
Mar-23	193,481	653,437	9,299	3,363	249,444
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

8.3 MCUD DEPRECIATION SCHEDULE 23

75446 Martin Co. Water District

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Tax Future Depreciation FYE: 12/31/23

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FYE: 12/31/2022

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 303 - Land - Land rights											
1	Land	1/01/70	19,950.00	0.00	0.00	0.00	0.00	0.00	19,950.00	Land	0.00
2	Land	1/01/73	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	Land	0.00
3	Land - intake - Mills	1/01/94	8,364.00	0.00	0.00	0.00	0.00	0.00	8,364.00	Land	0.00
4	Land	1/01/95	614.00	0.00	0.00	0.00	0.00	0.00	614.00	Land	0.00
5	Land reservoir	11/30/96	14,200.00	0.00	0.00	0.00	0.00	0.00	14,200.00	Land	0.00
6	Land reservoir	8/28/96	6,000.00	0.00	0.00	0.00	0.00	0.00	6,000.00	Land	0.00
7	Land - reservoir legal costs	12/31/96	10,019.00	0.00	0.00	0.00	0.00	0.00	10,019.00	Land	0.00
8	Land - Don Mills	7/16/99	3,500.00	0.00	0.00	0.00	0.00	0.00	3,500.00	Land	0.00
9	Land	1/01/70	350.00	0.00	0.00	0.00	0.00	0.00	350.00	Land	0.00
10	Land - Lonnie Crum	7/08/97	50,000.00	0.00	0.00	0.00	0.00	0.00	50,000.00	Land	0.00
11	Land	1/01/70	4,500.00	0.00	0.00	0.00	0.00	0.00	4,500.00	Land	0.00
12	Land - Spears	1/01/85	3,000.00	0.00	0.00	0.00	0.00	0.00	3,000.00	Land	0.00
13	Land	10/12/01	1,500.00	0.00	0.00	0.00	0.00	0.00	1,500.00	Land	0.00
14	Land	9/25/01	3,000.00	0.00	0.00	0.00	0.00	0.00	3,000.00	Land	0.00
333	Land	1/01/77	500.00	0.00	0.00	0.00	0.00	0.00	500.00	Land	0.00
334	Right of Way	1/01/77	1,652.00	0.00	0.00	0.00	0.00	0.00	1,652.00	Land	0.00
335	Right of way Murphy	6/28/84	2,186.42	0.00	0.00	0.00	0.00	0.00	2,186.42	Land	0.00
336	Right of way	12/24/94	20,129.46	0.00	0.00	0.00	0.00	0.00	20,129.46	Land	0.00
337	Right of way	6/30/96	3,192.50	0.00	0.00	0.00	0.00	0.00	3,192.50	Land	0.00
338	Land from Coleman oil	7/01/98	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00	Land	0.00
339	Land from Don Mills	7/16/99	3,500.00	0.00	0.00	0.00	0.00	0.00	3,500.00	Land	0.00
340	Right of way (Bown property)	5/16/00	700.00	0.00	0.00	0.00	0.00	0.00	700.00	Land	0.00
347	Easement - Grover Murphy	5/29/02	1,500.00	0.00	0.00	0.00	0.00	0.00	1,500.00	Land	0.00
348	Land - Kermit Bowen	5/14/02	6,000.00	0.00	0.00	0.00	0.00	0.00	6,000.00	Land	0.00
369	Land survey - Buffalo Horn tank	8/12/03	3,167.13	0.00	0.00	0.00	0.00	0.00	3,167.13	Land	0.00
386	Easement - Buck Creek (Effie Allen)	11/02/04	6,517.15	0.00	0.00	0.00	0.00	0.00	6,517.15	Land	0.00
502	Clear well tank site	10/17/06	8,019.00	0.00	0.00	0.00	0.00	0.00	8,019.00	Land	0.00
523	John & Icle Copley property	9/20/07	18,575.17	0.00	0.00	0.00	0.00	0.00	18,575.17	Land	0.00
555	Land - James W Copley	6/26/08	3,078.00	0.00	0.00	0.00	0.00	0.00	3,078.00	Land	0.00
632	Land - raw water intake - D Mills	3/08/13	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00	Land	0.00
303 - Land - Land rights			214,713.83	0.00	0.00	0.00	0.00	0.00	214,713.83		
Group: 304 - Structures											
94	Improvements	1/01/70	31,986.00	0.00	0.00	31,986.00	0.00	31,986.00	0.00	S/L	50.00
100	Blacktop	1/01/87	650.00	0.00	0.00	650.00	0.00	650.00	0.00	S/L	10.00
104	Paving Parking Lot	1/01/90	5,350.00	0.00	0.00	5,350.00	0.00	5,350.00	0.00	S/L	10.00
191	New office	1/01/93	15,731.00	0.00	0.00	15,731.00	0.00	15,731.00	0.00	S/L	25.00
240	Septic Tank	1/01/87	767.00	0.00	0.00	767.00	0.00	767.00	0.00	S/L	50.00
361	Plant electrical system improvement	12/01/02	11,547.22	0.00	0.00	4,638.70	230.94	4,869.64	6,677.58	S/L	50.00
387	Warehouse	9/27/04	11,878.62	0.00	0.00	4,340.85	237.57	4,578.42	7,300.20	S/L	50.00
428	Structure improvements	1/06/05	2,500.00	0.00	0.00	900.00	50.00	950.00	1,550.00	S/L	50.00
429	Structure improvement - engineerir	12/21/05	12,125.00	0.00	0.00	4,116.50	242.50	4,359.00	7,766.00	S/L	50.00
481	Engineering	3/27/06	45,050.00	0.00	0.00	15,092.00	901.00	15,993.00	29,057.00	S/L	50.00
503	Grant administration	6/26/06	1,625.00	0.00	0.00	530.50	32.50	563.00	1,062.00	S/L	50.00
504	Grant administration	9/18/06	2,125.00	0.00	0.00	685.50	42.50	728.00	1,397.00	S/L	50.00
505	Engineering and design	11/28/06	84,013.48	0.00	0.00	27,021.35	1,680.27	28,701.62	55,311.86	S/L	50.00
576	Improvements 09	9/17/09	2,400.00	0.00	0.00	636.00	48.00	684.00	1,716.00	S/L	50.00

75446 Martin Co. Water District

Tax Future Depreciation FYE: 12/31/23

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FYE: 12/31/2022

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 304 - Structures (continued)											
577	40 East & West pumping stations	9/02/09	272,515.57	0.00	0.00	72,668.55	5,450.31	78,118.86	194,396.71	S/L	50.00
	304 - Structures		500,263.89	0.00	0.00	185,113.95	8,915.59	194,029.54	306,234.35		
Group: 305 - collecting & impoun											
15	Landfill dam	1/01/70	210,488.00	0.00	0.00	0.00	0.00	0.00	210,488.00	Land	0.00
16	Concrete Spillway	1/01/70	72,180.00	0.00	0.00	72,180.00	0.00	72,180.00	0.00	S/L	50.00
370	Reservoir dam improvements	8/01/03	5,534.65	0.00	0.00	2,153.45	110.69	2,264.14	3,270.51	S/L	50.00
	305 - collecting & impoun		288,202.65	0.00	0.00	74,333.45	110.69	74,444.14	213,758.51		
Group: 306 - Lakes, rivers, & in											
17	River project	1/01/88	752,546.00	0.00	0.00	628,515.60	15,050.92	643,566.52	108,979.48	S/L	50.00
18	River pump modifications	1/01/91	9,822.00	0.00	0.00	7,313.20	196.44	7,509.64	2,312.36	S/L	50.00
19	River pump modifications	1/01/92	3,950.00	0.00	0.00	2,827.00	79.00	2,906.00	1,044.00	S/L	50.00
388	Turkey pumping station	8/18/04	10,297.97	0.00	0.00	3,776.80	205.96	3,982.76	6,315.21	S/L	50.00
430	Tug fork intake	4/13/05	3,075.86	0.00	0.00	1,097.60	61.52	1,159.12	1,916.74	S/L	50.00
431	Tug Fork intake	10/07/05	17,256.50	0.00	0.00	5,951.65	345.13	6,296.78	10,959.72	S/L	50.00
432	Tug fork intake	12/21/05	32,319.30	0.00	0.00	10,983.95	646.39	11,630.34	20,688.96	S/L	50.00
482	Raw water intake	2/23/06	17,585.28	0.00	0.00	5,923.55	351.71	6,275.26	11,310.02	S/L	50.00
483	Raw water intake	3/15/06	888.00	0.00	0.00	301.80	17.76	319.56	568.44	S/L	50.00
524	PR valves	1/01/07	9,095.76	0.00	0.00	2,911.60	181.92	3,093.52	6,002.24	S/L	50.00
525	Raw water intake	1/31/07	4,228.00	0.00	0.00	1,350.80	84.56	1,435.36	2,792.64	S/L	50.00
526	Raw water intake pump service	4/17/07	6,731.05	0.00	0.00	2,113.10	134.62	2,247.72	4,483.33	S/L	50.00
527	Raw water intake	6/08/07	5,604.50	0.00	0.00	1,745.45	112.09	1,857.54	3,746.96	S/L	50.00
608	System air compressor	1/26/11	4,557.14	0.00	0.00	1,085.70	91.14	1,176.84	3,380.30	S/L	50.00
622	Raw water intake pumps & rehab	10/01/12	135,199.34	0.00	0.00	27,715.95	2,703.99	30,419.94	104,779.40	S/L	50.00
644	Pump and deep well rehab	8/01/14	1,132,350.00	0.00	0.00	190,612.00	22,647.00	213,259.00	919,091.00	S/L	50.00
657	Pit ladder	12/15/16	19,967.63	0.00	0.00	2,428.75	399.35	2,828.10	17,139.53	S/L	50.00
	306 - Lakes, rivers, & in		2,165,474.33	0.00	0.00	896,654.50	43,309.50	939,964.00	1,225,510.33		
Group: 311 - Pumping Equipment											
350	2 High service pumps	11/15/02	11,547.20	0.00	0.00	11,547.20	0.00	11,547.20	0.00	S/L	5.00
351	Pump South Eastern lab	1/15/02	12,591.54	0.00	0.00	12,591.54	0.00	12,591.54	0.00	S/L	5.00
371	Flowserv pump overhaul	10/23/03	8,568.37	0.00	0.00	8,568.37	0.00	8,568.37	0.00	S/L	5.00
372	RPM Pump overhaul	2/28/03	5,240.00	0.00	0.00	5,240.00	0.00	5,240.00	0.00	S/L	5.00
373	Otto Brown station pump overhaul	7/17/03	14,677.80	0.00	0.00	14,677.80	0.00	14,677.80	0.00	S/L	5.00
374	Peter Cave pump station	8/11/03	1,282.45	0.00	0.00	1,282.45	0.00	1,282.45	0.00	S/L	5.00
389	Pump - Turkey pumping station	8/16/04	14,281.21	0.00	0.00	14,281.21	0.00	14,281.21	0.00	S/L	5.00
390	Pump Turkey pumping station	8/18/04	2,267.50	0.00	0.00	2,267.50	0.00	2,267.50	0.00	S/L	5.00
433	Sludge & slurry pump	2/21/05	11,048.81	0.00	0.00	11,048.81	0.00	11,048.81	0.00	S/L	5.00
434	Pumps	9/05/05	4,387.36	0.00	0.00	4,387.36	0.00	4,387.36	0.00	S/L	5.00
506	Pump	11/01/06	7,398.17	0.00	0.00	7,398.17	0.00	7,398.17	0.00	S/L	5.00
529	Pump - Moodys of Dayton	1/04/07	29,000.00	0.00	0.00	29,000.00	0.00	29,000.00	0.00	S/L	5.00
530	Pump - Wascon	4/19/07	11,691.00	0.00	0.00	11,691.00	0.00	11,691.00	0.00	S/L	5.00
556		10/15/08	33,324.00	0.00	0.00	33,324.00	0.00	33,324.00	0.00	S/L	5.00

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Group: 311 - Pumping Equipment (continued)											
578	40 East & West pumps	3/24/09	35,600.00	0.00	0.00	35,600.00	0.00	35,600.00	0.00	S/L	5.00
579		11/17/09	668.49	0.00	0.00	668.49	0.00	668.49	0.00	S/L	5.00
580	50 HP pump	11/18/09	3,409.00	0.00	0.00	3,409.00	0.00	3,409.00	0.00	S/L	5.00
581	Goodwin pump GSP300-HV 6	11/25/09	4,426.35	0.00	0.00	4,426.35	0.00	4,426.35	0.00	S/L	5.00
582	River pump install	12/04/09	2,579.20	0.00	0.00	2,579.20	0.00	2,579.20	0.00	S/L	5.00
600	N1 - 10 Deep well pump	1/19/10	39,698.25	0.00	0.00	39,698.25	0.00	39,698.25	0.00	S/L	5.00
609	M110-1200-4 Deep well pump	8/19/11	44,479.00	0.00	0.00	44,479.00	0.00	44,479.00	0.00	S/L	5.00
610	Pump	12/11/11	1,648.50	0.00	0.00	1,648.50	0.00	1,648.50	0.00	S/L	5.00
633	Pumping equip - Replace pump	6/17/13	1,428.00	0.00	0.00	1,428.00	0.00	1,428.00	0.00	S/L	5.00
638	Pump	8/14/13	2,030.16	0.00	0.00	2,030.16	0.00	2,030.16	0.00	S/L	5.00
643	Stenner pump	6/23/14	580.99	0.00	0.00	580.99	0.00	580.99	0.00	S/L	5.00
648	Auuaboo pump	12/18/15	1,299.99	0.00	0.00	1,299.99	0.00	1,299.99	0.00	S/L	5.00
658	Davella pump - Soles electric	3/10/16	5,687.30	0.00	0.00	5,687.30	0.00	5,687.30	0.00	S/L	5.00
659	Pump - soles electric	3/23/16	19,315.63	0.00	0.00	19,315.63	0.00	19,315.63	0.00	S/L	5.00
660	Vertical pump - CI Thromburg	5/02/16	1,658.50	0.00	0.00	1,658.50	0.00	1,658.50	0.00	S/L	5.00
661	5HP pump - Albert Crush	7/16/16	2,209.88	0.00	0.00	2,209.88	0.00	2,209.88	0.00	S/L	5.00
662	Pump - soles electric	9/09/16	19,800.00	0.00	0.00	19,800.00	0.00	19,800.00	0.00	S/L	5.00
673	Toshiba ASI VFD 100hp	8/01/17	5,660.00	0.00	0.00	1,533.00	283.00	1,816.00	3,844.00	S/L	20.00
677	Pump VFD (CI)	5/10/18	14,652.49	0.00	0.00	14,345.20	307.29	14,652.49	0.00	S/L	5.00
678	Soles pump rehab	1/27/18	14,000.00	0.00	0.00	13,766.67	233.33	14,000.00	0.00	S/L	5.00
679	Soles pumping (pump rehab)	7/17/18	7,784.00	0.00	0.00	6,875.87	908.13	7,784.00	0.00	S/L	5.00
683	VFD Install - Raw Water VFD Proj.	5/10/18	7,260.00	0.00	0.00	6,776.00	484.00	7,260.00	0.00	S/L	5.00
684	Altivar VFD	6/26/18	14,960.00	0.00	0.00	13,464.00	1,496.00	14,960.00	0.00	S/L	5.00
709	Otto Brown Pump	3/01/22	12,374.00	0.00	0.00	515.58	618.70	1,134.28	11,239.72	S/L	20.00
311 - Pumping Equipment			430,515.14	0.00	0.00	411,100.97	4,330.45	415,431.42	15,083.72		
Group: 320 - Water treat											
23	Treatment equipment	1/01/70	203,291.00	0.00	0.00	203,291.00	0.00	203,291.00	0.00	S/L	50.00
24	Treatment plant equipment	1/01/88	1,055,302.00	0.00	0.00	1,034,195.20	21,106.80	1,055,302.00	0.00	S/L	50.00
354	Backwash equipment	12/01/02	5,773.61	0.00	0.00	3,514.80	174.96	3,689.76	2,083.85	S/L	33.00
355	Sludge basin/chemical feeders & eq	12/01/02	34,641.66	0.00	0.00	13,917.15	692.83	14,609.98	20,031.68	S/L	50.00
375	AWS plant equipment overhaul	6/02/03	5,640.54	0.00	0.00	2,212.05	112.81	2,324.86	3,315.68	S/L	50.00
391	Water chamber model mlt - I	10/13/04	1,997.00	0.00	0.00	729.70	39.94	769.64	1,227.36	S/L	50.00
436	Bearing for clarifier	6/06/05	17,764.00	0.00	0.00	6,243.40	355.28	6,598.68	11,165.32	S/L	50.00
486	Engineering	5/09/06	30,125.00	0.00	0.00	10,036.50	602.50	10,639.00	19,486.00	S/L	50.00
487	Grant administration	5/09/06	5,000.00	0.00	0.00	1,667.00	100.00	1,767.00	3,233.00	S/L	50.00
557	Clarifier Improvements	1/02/08	40,878.00	0.00	0.00	12,267.80	817.56	13,085.36	27,792.64	S/L	50.00
601	Water treatment clarifier	10/22/10	3,386,415.79	0.00	0.00	824,025.60	67,728.32	891,753.92	2,494,661.87	S/L	50.00
611	Water treatment equipment	9/12/11	259.98	0.00	0.00	58.00	5.20	63.20	196.78	S/L	50.00
612	Fuser	10/27/11	4,042.50	0.00	0.00	903.25	80.85	984.10	3,058.40	S/L	50.00
613	Submersible pump	10/27/11	1,709.80	0.00	0.00	381.00	34.20	415.20	1,294.60	S/L	50.00
634	Dechlorinator	5/02/13	1,930.29	0.00	0.00	375.05	38.61	413.66	1,516.63	S/L	50.00
646	Clarifier rehab	9/29/15	64,449.00	0.00	0.00	9,344.90	1,288.98	10,633.88	53,815.12	S/L	50.00
663	Rehab filter 6	5/11/16	52,449.00	0.00	0.00	6,992.90	1,048.98	8,041.88	44,407.12	S/L	50.00
320 - Water treat			4,911,669.17	0.00	0.00	2,130,155.30	94,227.82	2,224,383.12	2,687,286.05		

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Group: 330 - Dist Reservoir & St											
26	Storage tanks	1/01/70	49,723.00	0.00	0.00	49,723.00	0.00	49,723.00	0.00	S/L	50.00
27	Storage tanks	1/01/81	200,601.00	0.00	0.00	168,522.10	4,012.02	172,534.12	28,066.88	S/L	50.00
78	Water storage facilities & tanks	12/01/01	600,058.25	0.00	0.00	253,021.85	12,001.17	265,023.02	335,035.23	S/L	50.00
341	Water tank #1	1/01/77	71,915.00	0.00	0.00	66,156.50	1,438.30	67,594.80	4,320.20	S/L	50.00
342	Water tank #4	1/01/77	66,524.00	0.00	0.00	61,194.40	1,330.48	62,524.88	3,999.12	S/L	50.00
343	Refurbish watertanks	12/07/90	10,653.00	0.00	0.00	9,238.60	287.92	9,526.52	1,126.48	S/L	37.00
344	Water tank (extension)	12/15/94	331,001.00	0.00	0.00	185,912.10	6,620.02	192,532.12	138,468.88	S/L	50.00
346	Storage tank	1/01/88	136,440.75	0.00	0.00	103,785.10	2,728.82	106,513.92	29,926.83	S/L	50.00
356	Engineering - airport tank	3/20/02	38,682.00	0.00	0.00	16,058.20	773.64	16,831.84	21,850.16	S/L	50.00
357	Engineering - Eden tank	3/20/02	30,650.00	0.00	0.00	12,720.00	613.00	13,333.00	17,317.00	S/L	50.00
358	Airport tank - KY glass line	7/31/02	29,930.17	0.00	0.00	12,227.00	598.60	12,825.60	17,104.57	S/L	50.00
376	Inez tanll improvements - TDM	7/17/03	1,716.03	0.00	0.00	661.60	34.32	695.92	1,020.11	S/L	50.00
377	Turkey Hill tank improvements	7/17/03	1,066.22	0.00	0.00	409.60	21.32	430.92	635.30	S/L	50.00
378	Buffalo Horn tank improvements	8/12/03	20,433.22	0.00	0.00	7,939.30	408.66	8,347.96	12,085.26	S/L	50.00
379	Lick Branch improvements	8/13/03	18,743.20	0.00	0.00	7,280.30	374.86	7,655.16	11,088.04	S/L	50.00
380	Airport project engineering	11/26/03	1,204.00	0.00	0.00	458.40	24.08	482.48	721.52	S/L	50.00
381	Twin tanks improvements	12/08/03	25,000.00	0.00	0.00	9,542.00	500.00	10,042.00	14,958.00	S/L	50.00
392	Twin tanks	6/01/04	34,767.50	0.00	0.00	12,917.75	695.35	13,613.10	21,154.40	S/L	50.00
393	Buffalo horn tank	6/01/04	2,080.70	0.00	0.00	778.05	41.61	819.66	1,261.04	S/L	50.00
488	Fence 292 tank site	2/03/06	2,700.00	0.00	0.00	914.00	54.00	968.00	1,732.00	S/L	50.00
558	Clearwell tanks	10/23/08	1,417,982.15	0.00	0.00	401,765.20	28,359.64	430,124.84	987,857.31	S/L	50.00
614	Buck Creek storage tank	11/29/11	592,044.96	0.00	0.00	131,237.50	11,840.90	143,078.40	448,966.56	S/L	50.00
635	Trace fork	8/15/13	387,585.40	0.00	0.00	72,996.55	7,751.71	80,748.26	306,837.14	S/L	50.00
686	70 gal. fixed diaphragm tank	12/26/18	2,019.57	0.00	0.00	161.56	40.39	201.95	1,817.62	S/L	50.00
330 - Dist Reservoir & St			4,073,521.12	0.00	0.00	1,585,620.66	80,550.81	1,666,171.47	2,407,349.65		
Group: 331 - Transmit & dist											
22	Concrete testing	1/01/88	171.00	0.00	0.00	109.10	3.42	112.52	58.48	S/L	50.00
28	Mains	1/01/88	437,342.25	0.00	0.00	425,489.00	11,853.25	437,342.25	0.00	S/L	33.00
29	Glass lined tanks	6/30/97	162,716.81	0.00	0.00	82,978.70	3,254.34	86,233.04	76,483.77	S/L	50.00
30	Asphalt tank site	11/11/97	7,156.08	0.00	0.00	7,156.08	0.00	7,156.08	0.00	S/L	10.00
31	Security fence	11/11/97	3,695.00	0.00	0.00	3,695.00	0.00	3,695.00	0.00	S/L	20.00
32	Pumps	6/30/97	5,561.74	0.00	0.00	5,561.74	0.00	5,561.74	0.00	S/L	10.00
33	Pump Improvements	9/21/99	782.00	0.00	0.00	782.00	0.00	782.00	0.00	S/L	10.00
34	Water lines	1/01/70	423,124.00	0.00	0.00	423,124.00	0.00	423,124.00	0.00	S/L	33.30
35	Water lines & meters	1/01/72	4,063.00	0.00	0.00	4,063.00	0.00	4,063.00	0.00	S/L	33.30
36	Lines & meters	1/01/72	8,101.00	0.00	0.00	8,101.00	0.00	8,101.00	0.00	S/L	33.30
37	Lines & meters	1/01/74	11,170.00	0.00	0.00	11,170.00	0.00	11,170.00	0.00	S/L	33.30
38	Lines & meters	1/01/75	27,025.00	0.00	0.00	27,025.00	0.00	27,025.00	0.00	S/L	33.30
39	Lines	1/01/75	4,142.00	0.00	0.00	4,142.00	0.00	4,142.00	0.00	S/L	33.30
40	Lines & meters	1/01/75	2,229.00	0.00	0.00	2,229.00	0.00	2,229.00	0.00	S/L	33.30
41	Lines & meters	1/01/76	35,173.00	0.00	0.00	35,173.00	0.00	35,173.00	0.00	S/L	33.30
42	Lines & meters	1/01/76	25,785.00	0.00	0.00	25,785.00	0.00	25,785.00	0.00	S/L	33.30
43	Lines	1/01/78	36,176.00	0.00	0.00	36,176.00	0.00	36,176.00	0.00	S/L	33.30
44	Lines & meters	1/01/79	25,097.00	0.00	0.00	25,097.00	0.00	25,097.00	0.00	S/L	33.30
45	Lines & meters	1/01/80	20,882.00	0.00	0.00	20,882.00	0.00	20,882.00	0.00	S/L	33.30
46	Lines & meters	1/01/81	21,855.00	0.00	0.00	21,855.00	0.00	21,855.00	0.00	S/L	33.30

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Group: 331 - Transmit & dist (continued)											
47	Lines	1/01/82	20,113.00	0.00	0.00	20,113.00	0.00	20,113.00	0.00	S/L	33.30
48	Meters	1/01/82	1,252.00	0.00	0.00	1,252.00	0.00	1,252.00	0.00	S/L	33.30
49	Lines	1/01/83	20,883.00	0.00	0.00	20,883.00	0.00	20,883.00	0.00	S/L	33.30
50	Meters	1/01/82	1,751.00	0.00	0.00	1,751.00	0.00	1,751.00	0.00	S/L	33.30
51	Lines	1/01/84	16,235.00	0.00	0.00	16,235.00	0.00	16,235.00	0.00	S/L	33.30
52	Line pump - Copley Hollow	1/01/86	429.18	0.00	0.00	429.18	0.00	429.18	0.00	S/L	10.00
53	Lines and meters	1/01/85	10,401.00	0.00	0.00	10,401.00	0.00	10,401.00	0.00	S/L	33.30
54	Lines and meters	1/01/86	2,736.00	0.00	0.00	2,736.00	0.00	2,736.00	0.00	S/L	33.30
55	Lines and meters	1/01/87	27,175.00	0.00	0.00	27,175.00	0.00	27,175.00	0.00	S/L	33.30
56	Lines and meters	1/01/88	28,611.00	0.00	0.00	28,611.00	0.00	28,611.00	0.00	S/L	33.30
57	Lines and meters	1/01/89	17,698.00	0.00	0.00	17,698.00	0.00	17,698.00	0.00	S/L	33.30
58	Auxier KY 3 Project	1/01/90	110,795.00	0.00	0.00	108,107.90	2,687.10	110,795.00	0.00	S/L	33.30
59	Rockcastle Creek Project lines-mete	1/01/90	18,541.00	0.00	0.00	18,095.95	445.05	18,541.00	0.00	S/L	33.30
60	Hydrants	1/01/90	23,810.00	0.00	0.00	23,232.10	577.90	23,810.00	0.00	S/L	33.30
61	Lines and meters	1/01/91	42,591.00	0.00	0.00	40,282.05	1,279.01	41,561.06	1,029.94	S/L	33.30
62	Lines, meters, & hydrants	1/01/92	21,305.00	0.00	0.00	19,514.95	639.79	20,154.74	1,150.26	S/L	33.30
63	Auxier KY 3 Project lines meters	1/01/92	7,276.00	0.00	0.00	6,656.50	218.50	6,875.00	401.00	S/L	33.30
64	Hydrants	1/01/93	34,990.00	0.00	0.00	30,980.75	1,050.75	32,031.50	2,958.50	S/L	33.30
65	Lines and meters	1/01/94	32,224.00	0.00	0.00	27,582.45	967.69	28,550.14	3,673.86	S/L	33.30
66	Industry Development Project	1/01/94	751,768.00	0.00	0.00	643,358.10	22,575.62	665,933.72	85,834.28	S/L	33.30
67	Lines and meters	1/01/95	25,760.00	0.00	0.00	21,404.85	773.57	22,178.42	3,581.58	S/L	33.30
68	Lines, meters, and taps	6/30/96	40,734.00	0.00	0.00	32,411.20	1,223.24	33,634.44	7,099.56	S/L	33.30
69	Waterlines	6/30/97	702,277.00	0.00	0.00	537,773.00	21,089.40	558,862.40	143,414.60	S/L	33.30
70	Waterlines	6/30/97	855,203.90	0.00	0.00	651,687.00	25,681.80	677,368.80	177,835.10	S/L	33.30
73	Lines and meters	7/20/99	4,655.50	0.00	0.00	3,277.00	139.80	3,416.80	1,238.70	S/L	33.30
75	Line relocation - Elk Creek	10/31/00	35,642.00	0.00	0.00	23,720.65	1,070.33	24,790.98	10,851.02	S/L	33.30
77	Main lines and extensions	8/31/01	1,715,331.00	0.00	0.00	731,881.10	34,306.62	766,187.72	949,143.28	S/L	50.00
79	Raw water intake & pump station	6/30/01	1,665,131.00	0.00	0.00	716,012.10	33,302.62	749,314.72	915,816.28	S/L	50.00
80	Raw water transmission main projec	6/30/01	817,966.00	0.00	0.00	351,720.60	16,359.32	368,079.92	449,886.08	S/L	50.00
81	Engineering fees for construction pr	6/30/01	305,900.00	0.00	0.00	131,537.00	6,118.00	137,655.00	168,245.00	S/L	50.00
82	Engineering fees for construction pr	8/31/01	334,796.00	0.00	0.00	142,847.60	6,695.92	149,543.52	185,252.48	S/L	50.00
83	Construction legal fees	12/01/01	18,249.49	0.00	0.00	7,694.95	364.99	8,059.94	10,189.55	S/L	50.00
85	Meters	9/30/00	7,106.00	0.00	0.00	4,741.95	213.39	4,955.34	2,150.66	S/L	33.30
88	Water extension & tank	12/01/01	258,218.43	0.00	0.00	108,875.85	5,164.37	114,040.22	144,178.21	S/L	50.00
90	Transmitter	5/15/01	1,248.62	0.00	0.00	1,248.62	0.00	1,248.62	0.00	S/L	10.00
97	Pump motor	1/01/84	3,543.00	0.00	0.00	3,543.00	0.00	3,543.00	0.00	S/L	33.00
98	Pump Motor Improvements	1/01/84	3,737.00	0.00	0.00	3,737.00	0.00	3,737.00	0.00	S/L	33.00
99	Pump motor improvements	1/01/84	9,579.00	0.00	0.00	9,579.00	0.00	9,579.00	0.00	S/L	33.00
101	Survey fence	1/01/88	185.00	0.00	0.00	185.00	0.00	185.00	0.00	S/L	33.00
102	Fencing	1/01/89	7,864.00	0.00	0.00	7,864.00	0.00	7,864.00	0.00	S/L	33.00
103	Pump and pole	1/01/81	11,423.00	0.00	0.00	11,423.00	0.00	11,423.00	0.00	S/L	33.00
154	Water lines	1/01/97	1,240,628.00	0.00	0.00	1,240,628.00	0.00	1,240,628.00	0.00	S/L	33.00
161	Waterlines extension	12/15/94	2,128,815.00	0.00	0.00	1,634,355.75	64,509.55	1,698,865.30	429,949.70	S/L	33.00
359	Distribution equipment	12/15/02	46,188.87	0.00	0.00	28,115.30	1,399.66	29,514.96	16,673.91	S/L	33.00
382	Line improvements	4/01/03	51,721.30	0.00	0.00	30,949.55	1,567.31	32,516.86	19,204.44	S/L	33.00
394	Telemetry	5/28/14	318,951.75	0.00	0.00	179,609.00	9,665.20	189,274.20	129,677.55	S/L	33.00
395	KY RT 40 line relocation	6/01/04	82,543.90	0.00	0.00	46,478.65	2,501.33	48,979.98	33,563.92	S/L	33.00
396	Line relocation	6/01/04	12,098.86	0.00	0.00	6,818.15	366.63	7,184.78	4,914.08	S/L	33.00
397	Pressure recorder	9/14/04	1,847.75	0.00	0.00	1,026.95	55.99	1,082.94	764.81	S/L	33.00

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Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 331 - Transmit & dist (continued)											
398	Capital improvements - AWS	9/16/04	124,247.95	0.00	0.00	68,711.45	3,765.09	72,476.54	51,771.41	S/L	33.00
399	Side Hollow - line extension	11/22/04	15,500.00	0.00	0.00	8,497.50	469.70	8,967.20	6,532.80	S/L	33.00
400	Eastern line extension	11/22/04	11,256.00	0.00	0.00	6,166.45	341.09	6,507.54	4,748.46	S/L	33.00
401	Eastern & Side Hollow line extensic	11/22/04	24,744.00	0.00	0.00	13,561.10	749.82	14,310.92	10,433.08	S/L	33.00
402	Line extension design	11/22/04	6,625.00	0.00	0.00	3,633.80	200.76	3,834.56	2,790.44	S/L	33.00
403	Meathouse line extension	11/22/04	8,925.00	0.00	0.00	4,885.25	270.45	5,155.70	3,769.30	S/L	33.00
437	Trans & Dist engineering	1/01/05	10,854.60	0.00	0.00	5,921.65	328.93	6,250.58	4,604.02	S/L	33.00
438	Trans & dist - Grand Admin	1/06/05	4,050.00	0.00	0.00	2,212.65	122.73	2,335.38	1,714.62	S/L	33.00
439	Mains construction	1/10/05	120,342.20	0.00	0.00	65,644.65	3,646.73	69,291.38	51,050.82	S/L	33.00
440	Trans & Dist Engineering	1/24/05	6,179.40	0.00	0.00	3,352.25	187.25	3,539.50	2,639.90	S/L	33.00
441	Mains construction	1/24/05	29,250.00	0.00	0.00	15,875.80	886.36	16,762.16	12,487.84	S/L	33.00
442	Trans mains	3/15/05	10,453.51	0.00	0.00	5,651.85	316.77	5,968.62	4,484.89	S/L	33.00
443	Trans & dist engineering	5/09/05	19,502.00	0.00	0.00	10,440.85	590.97	11,031.82	8,470.18	S/L	33.00
444	Trans mains	5/13/05	1,255.00	0.00	0.00	671.15	38.03	709.18	545.82	S/L	33.00
445	Trans & dist mains grant admin	5/26/05	1,050.00	0.00	0.00	562.10	31.82	593.92	456.08	S/L	33.00
446	Mains construction & materials	6/27/05	70,229.51	0.00	0.00	37,240.85	2,128.17	39,369.02	30,860.49	S/L	33.00
447	PRV	6/30/05	2,158.00	0.00	0.00	1,139.95	65.39	1,205.34	952.66	S/L	33.00
448	Telemetry	7/18/05	69,587.78	0.00	0.00	36,730.60	2,108.72	38,839.32	30,748.46	S/L	33.00
449	Trans & dist materials	7/30/05	2,510.89	0.00	0.00	1,324.45	76.09	1,400.54	1,110.35	S/L	33.00
450	Mains construction & materials	10/04/05	387,950.30	0.00	0.00	202,791.35	11,756.07	214,547.42	173,402.88	S/L	33.00
451	Trans & dist engineering	10/04/05	53,476.00	0.00	0.00	27,947.40	1,620.48	29,567.88	23,908.12	S/L	33.00
452	Mains construction	10/04/05	9,590.00	0.00	0.00	5,018.05	290.61	5,308.66	4,281.34	S/L	33.00
453	Trans & dist engineering	11/10/05	6,625.00	0.00	0.00	3,448.80	200.76	3,649.56	2,975.44	S/L	33.00
454	Mains construction	11/28/05	39,519.24	0.00	0.00	20,463.75	1,197.55	21,661.30	17,857.94	S/L	33.00
455	Trans & dist engineering	12/01/05	81,122.00	0.00	0.00	41,992.20	2,458.24	44,450.44	36,671.56	S/L	33.00
456	Trans & dist grant administration	12/01/05	4,625.00	0.00	0.00	2,392.75	140.15	2,532.90	2,092.10	S/L	33.00
457	Trans & dist engineering	12/01/05	3,975.00	0.00	0.00	2,052.25	120.45	2,172.70	1,802.30	S/L	33.00
458	Mains construction & materials	12/08/05	265,574.30	0.00	0.00	137,485.55	8,047.71	145,533.26	120,041.04	S/L	33.00
459	Trans & dist engineering	12/08/05	11,879.50	0.00	0.00	6,149.90	359.98	6,509.88	5,369.62	S/L	33.00
460	Mains Construction	12/16/05	6,597.50	0.00	0.00	3,399.60	199.92	3,599.52	2,997.98	S/L	33.00
461	Trans & Dist Grant Administration	12/31/05	3,000.00	0.00	0.00	1,546.55	90.91	1,637.46	1,362.54	S/L	33.00
462	Trans & Dist Mains Construction	12/31/05	1,750.00	0.00	0.00	901.15	53.03	954.18	795.82	S/L	33.00
490	Mains	1/12/06	166,706.80	0.00	0.00	85,882.60	5,051.72	90,934.32	75,772.48	S/L	33.00
491	Engineering	2/06/06	1,000.00	0.00	0.00	509.50	30.30	539.80	460.20	S/L	33.00
492	Mains	3/07/06	132,835.95	0.00	0.00	67,755.65	4,025.33	71,780.98	61,054.97	S/L	33.00
493	Grant Administration	3/07/06	3,450.00	0.00	0.00	1,764.75	104.55	1,869.30	1,580.70	S/L	33.00
494	Engineering	3/29/06	30,886.70	0.00	0.00	15,677.80	935.96	16,613.76	14,272.94	S/L	33.00
495	Telemetry	3/29/06	48,881.97	0.00	0.00	24,808.35	1,481.27	26,289.62	22,592.35	S/L	33.00
498	KY 40 Contract 20 Mains	7/05/06	165,891.23	0.00	0.00	82,946.05	5,027.01	87,973.06	77,918.17	S/L	33.00
499	Mains	7/24/06	11,835.00	0.00	0.00	5,891.20	358.64	6,249.84	5,585.16	S/L	33.00
500	Grant Administration	9/19/06	4,500.00	0.00	0.00	2,211.80	136.36	2,348.16	2,151.84	S/L	33.00
507	Meters	1/01/06	2,016.00	0.00	0.00	1,037.45	61.09	1,098.54	917.46	S/L	33.00
508	Engineering and Design	5/17/06	17,901.55	0.00	0.00	8,990.35	542.47	9,532.82	8,368.73	S/L	33.00
509	Waterline Construction	6/26/06	24,130.76	0.00	0.00	12,063.20	731.24	12,794.44	11,336.32	S/L	33.00
510	Engineering and Design	6/30/06	3,992.07	0.00	0.00	1,995.85	120.97	2,116.82	1,875.25	S/L	33.00
511	Waterline Construction	8/05/06	70,005.00	0.00	0.00	34,821.80	2,121.36	36,943.16	33,061.84	S/L	33.00
512	Engineering and Design	8/10/06	72,983.07	0.00	0.00	36,312.05	2,211.61	38,523.66	34,459.41	S/L	33.00
513	Waterline Construction	10/02/06	69,534.33	0.00	0.00	34,239.50	2,107.10	36,346.60	33,187.73	S/L	33.00
514	Grant Administration	11/01/06	4,300.00	0.00	0.00	2,103.50	130.30	2,233.80	2,066.20	S/L	33.00

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Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 331 - Transmit & dist (continued)											
515	Waterline Construction	11/15/06	55,715.09	0.00	0.00	27,290.70	1,688.34	28,979.04	26,736.05	S/L	33.00
516	Engineering and Design	11/28/06	62,000.00	0.00	0.00	30,219.95	1,878.79	32,098.74	29,901.26	S/L	33.00
517	Maintenance	12/18/06	11,691.00	0.00	0.00	5,665.35	354.27	6,019.62	5,671.38	S/L	33.00
518	Grant Administration	9/18/06	3,000.00	0.00	0.00	1,478.55	90.91	1,569.46	1,430.54	S/L	33.00
532	Repair Booster Pump	1/01/07	2,765.00	0.00	0.00	1,342.95	83.79	1,426.74	1,338.26	S/L	33.00
533	Creek Crossing	1/01/07	390.00	0.00	0.00	191.10	11.82	202.92	187.08	S/L	33.00
534	Tri State Directional Boring	1/18/07	49,100.00	0.00	0.00	23,683.40	1,487.88	25,171.28	23,928.72	S/L	33.00
535	Tri State Directional Boring	3/02/07	3,000.00	0.00	0.00	1,440.55	90.91	1,531.46	1,468.54	S/L	33.00
536	G&W Const	3/20/07	6,850.80	0.00	0.00	3,274.00	207.60	3,481.60	3,369.20	S/L	33.00
537	O'Brien & Gere & Kinder	4/19/07	16,617.80	0.00	0.00	7,893.85	503.57	8,397.42	8,220.38	S/L	33.00
538	Consolidated - Pipes	5/02/07	1,927.08	0.00	0.00	911.00	58.40	969.40	957.68	S/L	33.00
539	G&W Construction	6/05/07	7,486.84	0.00	0.00	3,536.35	226.87	3,763.22	3,723.62	S/L	33.00
540	O'Brien & Gere	6/05/07	4,583.28	0.00	0.00	2,165.45	138.89	2,304.34	2,278.94	S/L	33.00
541	Kinder Const	7/31/07	23,500.00	0.00	0.00	10,977.60	712.12	11,689.72	11,810.28	S/L	33.00
542	Line Replacement	8/23/07	3,900.00	0.00	0.00	1,809.90	118.18	1,928.08	1,971.92	S/L	33.00
543	Line Replacement Eng & Const	8/27/07	21,767.88	0.00	0.00	10,118.15	659.63	10,777.78	10,990.10	S/L	33.00
544	O'Brien & Gere Line Extensions	10/24/07	6,025.89	0.00	0.00	2,773.00	182.60	2,955.60	3,070.29	S/L	33.00
545	Tri State - Line Extensions	11/06/07	205,331.00	0.00	0.00	94,367.75	6,222.15	100,589.90	104,741.10	S/L	33.00
546	O'Brien & Gere - Engineering	12/13/07	46,000.00	0.00	0.00	21,025.70	1,393.94	22,419.64	23,580.36	S/L	33.00
547	Kinder Const - Line Ext	12/20/07	311,437.55	0.00	0.00	141,557.50	9,437.50	150,995.00	160,442.55	S/L	33.00
548	O'Brien & Gere - Engineering	12/27/07	47,840.00	0.00	0.00	21,748.50	1,449.70	23,198.20	24,641.80	S/L	33.00
559	Water Line Upgrade KY645	2/12/08	80,092.78	0.00	0.00	36,203.25	2,427.05	38,630.30	41,462.48	S/L	33.00
560	Water Mains - Master Meters	5/16/08	86,410.28	0.00	0.00	38,181.45	2,618.49	40,799.94	45,610.34	S/L	33.00
561	Water Line Extension 292	10/07/08	88,957.45	0.00	0.00	38,416.40	2,695.68	41,112.08	47,845.37	S/L	33.00
562	Water Line Upgrades - O&G	2/21/08	26,930.00	0.00	0.00	12,104.30	816.06	12,920.36	14,009.64	S/L	33.00
563	Water Line Replacement - BSAD	11/21/08	16,250.00	0.00	0.00	6,931.10	492.42	7,423.52	8,826.48	S/L	33.00
564	Water Line Extension	4/28/08	3,710.45	0.00	0.00	1,645.20	112.44	1,757.64	1,952.81	S/L	33.00
565	Water Line Extension - Little Laure	8/25/08	1,000.00	0.00	0.00	431.50	30.30	461.80	538.20	S/L	33.00
566	Water Line Extension - Modern Co	10/13/08	2,579.20	0.00	0.00	1,112.80	78.16	1,190.96	1,388.24	S/L	33.00
583	Eng Services - Trace Fork	3/02/08	19,500.00	0.00	0.00	8,174.55	590.91	8,765.46	10,734.54	S/L	33.00
584	Grant Admin - Big Sandy Add	5/13/09	1,625.00	0.00	0.00	671.20	49.24	720.44	904.56	S/L	33.00
585	Eng Services 292 Water Lines	5/13/09	16,000.00	0.00	0.00	6,627.25	484.85	7,112.10	8,887.90	S/L	33.00
586	Grant Admin - Leak Detection	8/20/09	1,625.00	0.00	0.00	654.20	49.24	703.44	921.56	S/L	33.00
587	Eng Services 292 Water Lines	8/24/09	4,000.00	0.00	0.00	1,614.05	121.21	1,735.26	2,264.74	S/L	33.00
588	Eng Services - 292 Water Lines	9/28/09	3,279.93	0.00	0.00	1,313.95	99.39	1,413.34	1,866.59	S/L	33.00
589	Wascon Auaboo	12/07/09	1,925.00	0.00	0.00	760.65	58.33	818.98	1,106.02	S/L	33.00
602	Waterline Extensions	3/19/10	4,500.00	0.00	0.00	1,735.80	136.36	1,872.16	2,627.84	S/L	33.00
615	Laura Line Water Line	9/26/11	4,206.77	0.00	0.00	1,431.40	127.48	1,558.88	2,647.89	S/L	33.00
616	Water Line	12/30/11	6,000.00	0.00	0.00	2,001.10	181.82	2,182.92	3,817.08	S/L	33.00
617	Water System Improvements	11/01/11	1,498,827.61	0.00	0.00	507,179.10	45,419.02	552,598.12	946,229.49	S/L	33.00
623	Line Extension USRC	6/25/12	4,000.00	0.00	0.00	1,272.05	121.21	1,393.26	2,606.74	S/L	33.00
624	Line Extension Alpha Branch	6/25/12	40,912.32	0.00	0.00	13,018.85	1,239.77	14,258.62	26,653.70	S/L	33.00
625	Line Extension	10/24/12	11,000.00	0.00	0.00	3,387.65	333.33	3,720.98	7,279.02	S/L	33.00
626	Grant MCFC - Line Extensions	12/01/12	1,667,455.40	0.00	0.00	509,500.75	50,528.95	560,029.70	1,107,425.70	S/L	33.00
636	Laura Lane Line Relocation	5/01/13	2,074.32	0.00	0.00	608.30	62.86	671.16	1,403.16	S/L	33.00
637	Line Relocation 2013	6/01/13	15,000.00	0.00	0.00	4,357.75	454.55	4,812.30	10,187.70	S/L	33.00
641	Water Line Cont. 2013	1/31/13	152,405.57	0.00	0.00	45,796.75	4,618.35	50,415.10	101,990.47	S/L	33.00
664	Line Extension	7/29/16	112,095.86	0.00	0.00	21,796.20	3,396.84	25,193.04	86,902.82	S/L	33.00
665	Line Relocation	12/29/16	11,500.00	0.00	0.00	2,090.40	348.48	2,438.88	9,061.12	S/L	33.00

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Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 331 - Transmit & dist (continued)											
680	KY Engineering (DOT Line Reloca	10/31/18	76,350.00	0.00	0.00	9,640.17	2,313.64	11,953.81	64,396.19	S/L	33.00
685	Kermit Meter Vault	5/13/18	13,923.00	0.00	0.00	1,968.91	421.91	2,390.82	11,532.18	S/L	33.00
694	Pressure Reducing Valve	6/10/19	2,014.84	0.00	0.00	218.80	61.06	279.86	1,734.98	S/L	33.00
697	Lovely Line Replacement	11/30/21	891,785.26	0.00	0.00	27,602.88	25,479.58	53,082.46	838,702.80	S/L	35.00
698	Flush Kiosk	4/01/22	3,623.96	0.00	0.00	90.60	120.80	211.40	3,412.56	S/L	30.00
699	Customer TAP	8/01/22	19,410.00	0.00	0.00	231.07	554.57	785.64	18,624.36	S/L	35.00
700	Customer TAP	8/01/22	3,900.00	0.00	0.00	46.43	111.43	157.86	3,742.14	S/L	35.00
701	Customer TAP	10/01/22	5,775.00	0.00	0.00	41.25	165.00	206.25	5,568.75	S/L	35.00
702	Pressure Reducing Valve	12/01/22	4,127.98	0.00	0.00	9.83	117.94	127.77	4,000.21	S/L	35.00
703	Meters	12/01/22	12,329.82	0.00	0.00	29.36	352.28	381.64	11,948.18	S/L	35.00
704	Customer TAP	12/01/22	3,600.00	0.00	0.00	8.57	102.86	111.43	3,488.57	S/L	35.00
705	Lovely Line Replacement	12/01/22	117,062.97	0.00	0.00	278.72	3,344.66	3,623.38	113,439.59	S/L	35.00
706	Customer TAP	12/01/22	7,837.00	0.00	0.00	18.66	223.91	242.57	7,594.43	S/L	35.00
707	Customer TAP	12/01/22	13,245.00	0.00	0.00	31.54	378.43	409.97	12,835.03	S/L	35.00
708	Meters	12/01/22	2,077.60	0.00	0.00	4.95	59.36	64.31	2,013.29	S/L	35.00
331 - Transmit & dist			21,357,286.12	0.00	0.00	11,796,370.41	524,657.55	12,321,027.96	9,036,258.16		
Group: 334 - Meters & meter inst											
71	Meters	6/30/97	62,030.37	0.00	0.00	47,844.55	1,879.71	49,724.26	12,306.11	S/L	33.00
72	Meters	9/30/98	26,052.50	0.00	0.00	19,107.35	789.47	19,896.82	6,155.68	S/L	33.00
74	Meter replacements	12/01/99	7,482.00	0.00	0.00	5,232.65	226.73	5,459.38	2,022.62	S/L	33.00
84	Meter replacements	12/01/01	12,332.82	0.00	0.00	7,883.60	373.72	8,257.32	4,075.50	S/L	33.00
86	Meters	12/01/01	15,555.00	0.00	0.00	9,927.80	471.36	10,399.16	5,155.84	S/L	33.00
89	Meter replacements	12/01/01	17,677.84	0.00	0.00	11,299.45	535.69	11,835.14	5,842.70	S/L	33.00
272	Meters	1/01/77	19,189.00	0.00	0.00	19,189.00	0.00	19,189.00	0.00	S/L	33.00
275	4" Meter (Kermit) Line	9/19/80	1,629.00	0.00	0.00	1,629.00	0.00	1,629.00	0.00	S/L	33.00
276	Meter Installation	1/01/80	5,321.00	0.00	0.00	5,321.00	0.00	5,321.00	0.00	S/L	33.00
277	5/8 x 3/4 Meters	1/01/81	231.00	0.00	0.00	231.00	0.00	231.00	0.00	S/L	33.00
278	Meter Installation	1/01/81	4,070.00	0.00	0.00	4,070.00	0.00	4,070.00	0.00	S/L	33.00
279	Meters	1/01/82	2,650.00	0.00	0.00	2,650.00	0.00	2,650.00	0.00	S/L	33.00
280	Meter Installation	1/01/82	6,555.00	0.00	0.00	6,555.00	0.00	6,555.00	0.00	S/L	33.00
281	Installation of Meters	1/01/83	4,385.00	0.00	0.00	4,385.00	0.00	4,385.00	0.00	S/L	33.00
282	Installation of Meters	1/01/83	120.00	0.00	0.00	120.00	0.00	120.00	0.00	S/L	33.00
283	Meters	1/01/83	3,044.00	0.00	0.00	3,044.00	0.00	3,044.00	0.00	S/L	33.00
284	Meters	1/01/84	1,196.65	0.00	0.00	1,196.65	0.00	1,196.65	0.00	S/L	33.00
285	Installation	1/01/84	3,660.00	0.00	0.00	3,660.00	0.00	3,660.00	0.00	S/L	33.00
286	Meters	1/01/85	2,721.00	0.00	0.00	2,721.00	0.00	2,721.00	0.00	S/L	33.00
289	Meter Installation	1/01/86	2,285.00	0.00	0.00	2,285.00	0.00	2,285.00	0.00	S/L	33.00
290	Meters	2/01/87	175.00	0.00	0.00	175.00	0.00	175.00	0.00	S/L	33.00
291	Meter Installation	2/01/87	1,772.00	0.00	0.00	1,772.00	0.00	1,772.00	0.00	S/L	33.00
292	Meter Installation	1/01/88	3,910.00	0.00	0.00	3,910.00	0.00	3,910.00	0.00	S/L	33.00
295	Meter Installation	1/01/91	4,145.00	0.00	0.00	4,026.05	118.95	4,145.00	0.00	S/L	33.00
299	27 Meters	6/30/98	10,798.32	0.00	0.00	8,000.10	327.22	8,327.32	2,471.00	S/L	33.00
301	Replacement Meters	12/01/99	4,987.00	0.00	0.00	3,482.60	151.12	3,633.72	1,353.28	S/L	33.00
404	1,000 Water Meters	10/15/04	31,000.00	0.00	0.00	17,138.95	939.39	18,078.34	12,921.66	S/L	33.00
463	2 inch meter	1/11/05	2,258.29	0.00	0.00	1,226.15	68.43	1,294.58	963.71	S/L	33.00
464	Meter installations	12/01/05	1,505.00	0.00	0.00	784.05	45.61	829.66	675.34	S/L	33.00

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Group: 334 - Meters & meter inst (continued)											
549	C1 - Meters	2/16/07	1,008.00	0.00	0.00	487.75	30.55	518.30	489.70	S/L	33.00
550	C1 - Meters	4/19/07	80,818.02	0.00	0.00	38,368.15	2,449.03	40,817.18	40,000.84	S/L	33.00
551	Vanguard - Master Meters	12/21/07	134,789.72	0.00	0.00	61,272.70	4,084.54	65,357.24	69,432.48	S/L	33.00
618	Water meters	11/23/11	3,622.64	0.00	0.00	1,217.90	109.78	1,327.68	2,294.96	S/L	33.00
627	Water Meter - Chelsey Assoc	1/26/12	2,985.65	0.00	0.00	985.35	90.47	1,075.82	1,909.83	S/L	33.00
647	40 Radio read meters & software	7/08/15	19,520.00	0.00	0.00	4,437.60	591.52	5,029.12	14,490.88	S/L	33.00
649	Hach Meter	8/10/15	1,033.00	0.00	0.00	231.50	31.30	262.80	770.20	S/L	33.00
666	16" Rosemount Meter	3/10/16	6,895.00	0.00	0.00	1,427.70	208.94	1,636.64	5,258.36	S/L	33.00
674	100 used water meters	11/16/17	1,200.00	0.00	0.00	174.45	34.29	208.74	991.26	S/L	35.00
681	E Laurel water meters	1/15/18	1,200.00	0.00	0.00	181.80	36.36	218.16	981.84	S/L	33.00
	334 - Meters & meter inst		511,809.82	0.00	0.00	307,651.85	13,594.18	321,246.03	190,563.79		
Group: 335 - Hydrants											
345	Hydrants	1/01/93	2,969.00	0.00	0.00	2,644.80	89.16	2,733.96	235.04	S/L	33.30
	335 - Hydrants		2,969.00	0.00	0.00	2,644.80	89.16	2,733.96	235.04		
Group: 339 - Other plant & misc.											
91	Turbidimeter	12/15/01	12,592.00	0.00	0.00	12,592.00	0.00	12,592.00	0.00	S/L	5.00
92	Water treatment equipment (plant b	1/01/70	216,852.00	0.00	0.00	216,852.00	0.00	216,852.00	0.00	S/L	5.00
93	Improvements	1/01/70	27,562.00	0.00	0.00	27,562.00	0.00	27,562.00	0.00	S/L	5.00
95	Improvement	1/01/80	230,095.00	0.00	0.00	230,095.00	0.00	230,095.00	0.00	S/L	5.00
96	Improvements	1/01/81	6,645.00	0.00	0.00	6,645.00	0.00	6,645.00	0.00	S/L	5.00
105	Turbidity Machine	3/10/98	1,525.74	0.00	0.00	1,525.74	0.00	1,525.74	0.00	S/L	5.00
139	Pipe pusher	11/07/80	1,631.00	0.00	0.00	1,631.00	0.00	1,631.00	0.00	S/L	5.00
140	Meter testing kit	1/01/81	299.39	0.00	0.00	299.39	0.00	299.39	0.00	S/L	5.00
145	Meter test bence	3/05/86	3,595.46	0.00	0.00	3,595.46	0.00	3,595.46	0.00	S/L	10.00
151	Backhoe	7/10/92	9,350.00	0.00	0.00	9,350.00	0.00	9,350.00	0.00	S/L	10.00
155	Water lines	1/01/79	4,389.01	0.00	0.00	3,821.90	87.78	3,909.68	479.33	S/L	50.00
156	Water lines	1/01/80	3,328.92	0.00	0.00	2,835.90	66.58	2,902.48	426.44	S/L	50.00
157	Water lines	1/01/81	6,366.45	0.00	0.00	5,215.65	127.33	5,342.98	1,023.47	S/L	50.00
158	Water lines	1/01/83	16,091.46	0.00	0.00	12,715.15	321.83	13,036.98	3,054.48	S/L	50.00
159	Bone hollow	1/01/88	585.00	0.00	0.00	408.50	11.70	420.20	164.80	S/L	50.00
160	Water lines sammons	10/17/88	700.00	0.00	0.00	464.00	14.00	478.00	222.00	S/L	50.00
162	Waterlines extension	1/01/95	19,865.79	0.00	0.00	11,381.60	397.32	11,778.92	8,086.87	S/L	50.00
163	Waterlines addition	6/30/96	5,211.90	0.00	0.00	2,759.20	104.24	2,863.44	2,348.46	S/L	50.00
164	Pump	2/16/99	7,349.33	0.00	0.00	3,502.95	146.99	3,649.94	3,699.39	S/L	50.00
167	Hydrant	6/30/88	984.00	0.00	0.00	984.00	0.00	984.00	0.00	S/L	33.00
169	Hydrant	2/16/90	90.00	0.00	0.00	90.00	0.00	90.00	0.00	S/L	33.00
170	Hydrant - Pigeon Roost	2/15/91	120.00	0.00	0.00	120.00	0.00	120.00	0.00	S/L	33.00
223	Stone settings	1/01/89	876.00	0.00	0.00	876.00	0.00	876.00	0.00	S/L	20.00
231	Utility marker posts	1/01/90	593.00	0.00	0.00	593.00	0.00	593.00	0.00	S/L	10.00
235	Bench model	1/01/91	703.00	0.00	0.00	703.00	0.00	703.00	0.00	S/L	10.00
242	Testing bench	1/01/88	4,216.00	0.00	0.00	4,216.00	0.00	4,216.00	0.00	S/L	20.00
244	Border	1/01/92	5,498.00	0.00	0.00	5,498.00	0.00	5,498.00	0.00	S/L	10.00
250	Cabinet	1/01/93	194.00	0.00	0.00	194.00	0.00	194.00	0.00	S/L	20.00
251	Chemical tank	1/01/93	797.00	0.00	0.00	797.00	0.00	797.00	0.00	S/L	20.00

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Group: 339 - Other plant & misc. (continued)											
257	Laboratory turbine	1/01/94	1,388.00	0.00	0.00	1,388.00	0.00	1,388.00	0.00	S/L	10.00
259	Water quality lab	1/01/95	2,964.00	0.00	0.00	2,964.00	0.00	2,964.00	0.00	S/L	10.00
260	Metering pumps	10/08/96	3,901.00	0.00	0.00	3,901.00	0.00	3,901.00	0.00	S/L	10.00
261	Chlorine analyser	6/30/96	2,539.00	0.00	0.00	2,539.00	0.00	2,539.00	0.00	S/L	10.00
262	Lab strinner	6/30/96	2,218.00	0.00	0.00	2,218.00	0.00	2,218.00	0.00	S/L	10.00
265	Equipment	10/14/97	1,957.00	0.00	0.00	1,957.00	0.00	1,957.00	0.00	S/L	10.00
267	Backhoe	12/09/97	47,393.00	0.00	0.00	47,393.00	0.00	47,393.00	0.00	S/L	10.00
269	Fencing	4/03/98	1,250.00	0.00	0.00	1,250.00	0.00	1,250.00	0.00	S/L	10.00
270	Paving	11/17/98	2,350.00	0.00	0.00	2,350.00	0.00	2,350.00	0.00	S/L	10.00
271	Gate & fencing	6/22/99	335.00	0.00	0.00	335.00	0.00	335.00	0.00	S/L	10.00
273	Meters	1/01/78	950.00	0.00	0.00	950.00	0.00	950.00	0.00	S/L	33.00
274	Cost of setting meters	1/01/78	2,806.00	0.00	0.00	2,806.00	0.00	2,806.00	0.00	S/L	33.00
287	Installation	1/01/85	4,800.00	0.00	0.00	4,800.00	0.00	4,800.00	0.00	S/L	33.00
288	Meters	1/01/86	759.00	0.00	0.00	759.00	0.00	759.00	0.00	S/L	33.00
293	Meter installation	1/01/89	1,647.50	0.00	0.00	1,647.50	0.00	1,647.50	0.00	S/L	33.00
294	Meter installation	6/30/90	1,680.00	0.00	0.00	1,655.55	24.45	1,680.00	0.00	S/L	33.00
296	Meter installation	6/30/92	3,360.00	0.00	0.00	3,108.10	101.82	3,209.92	150.08	S/L	33.00
297	Meter installations	6/30/93	4,420.00	0.00	0.00	3,951.70	133.94	4,085.64	334.36	S/L	33.00
298	LMI meters	12/15/94	59,814.60	0.00	0.00	50,908.80	1,812.56	52,721.36	7,093.24	S/L	33.00
300	Master meters	2/16/99	2,614.00	0.00	0.00	1,863.50	78.50	1,942.00	672.00	S/L	33.30
302	Meters	1/01/80	893.00	0.00	0.00	893.00	0.00	893.00	0.00	S/L	33.00
304	Meter replacements	12/01/01	5,427.79	0.00	0.00	3,460.40	164.48	3,624.88	1,802.91	S/L	33.00
305	Meters	9/30/00	4,712.00	0.00	0.00	3,156.50	141.50	3,298.00	1,414.00	S/L	33.30
306	Booster station	1/01/77	28,818.00	0.00	0.00	26,515.80	576.36	27,092.16	1,725.84	S/L	50.00
307	Pump	4/27/84	1,807.00	0.00	0.00	1,395.70	36.14	1,431.84	375.16	S/L	50.00
308	Pump	4/27/84	1,649.00	0.00	0.00	1,275.90	32.98	1,308.88	340.12	S/L	50.00
309	Leasehold Improvements	1/01/81	6,478.00	0.00	0.00	6,478.00	0.00	6,478.00	0.00	S/L	7.00
383	Unit air conditioner - lab	4/01/03	970.21	0.00	0.00	970.21	0.00	970.21	0.00	S/L	5.00
466	Leak detector	7/01/05	2,360.84	0.00	0.00	2,360.84	0.00	2,360.84	0.00	S/L	5.00
519	Concrete saw	6/02/06	969.95	0.00	0.00	969.95	0.00	969.95	0.00	S/L	5.00
552	Kinetrol 120 Vac	10/24/07	208.98	0.00	0.00	208.98	0.00	208.98	0.00	S/L	5.00
567	Portable submersable pump	6/18/08	613.74	0.00	0.00	613.74	0.00	613.74	0.00	S/L	5.00
590	DF26BDT90S4-KSMH	3/02/09	1,106.57	0.00	0.00	1,106.57	0.00	1,106.57	0.00	S/L	5.00
603	Kubota Excavator	11/23/10	42,000.00	0.00	0.00	42,000.00	0.00	42,000.00	0.00	S/L	5.00
628	Microcom - Telemetry	9/25/12	8,290.92	0.00	0.00	8,290.92	0.00	8,290.92	0.00	S/L	5.00
639	Leak detection equip	7/17/13	7,064.00	0.00	0.00	7,064.00	0.00	7,064.00	0.00	S/L	5.00
650	Modulating actuator	3/03/15	5,220.00	0.00	0.00	5,220.00	0.00	5,220.00	0.00	S/L	5.00
651	2.5" hole hammer	4/15/15	4,200.00	0.00	0.00	4,200.00	0.00	4,200.00	0.00	S/L	5.00
652	Air compressor	8/18/15	6,000.00	0.00	0.00	6,000.00	0.00	6,000.00	0.00	S/L	5.00
655	CICRO-COM equipment	12/21/15	1,264.00	0.00	0.00	1,264.00	0.00	1,264.00	0.00	S/L	5.00
667	Fire equipment	2/22/16	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	5.00
668	Fire equipment	11/29/16	725.00	0.00	0.00	725.00	0.00	725.00	0.00	S/L	5.00
675	Mapping software	1/01/17	3,725.00	0.00	0.00	3,725.00	0.00	3,725.00	0.00	S/L	5.00
676	Samsun tablet cover & SD cards	2/28/17	479.08	0.00	0.00	479.08	0.00	479.08	0.00	S/L	5.00
339 - Other plant & misc.			876,235.63	0.00	0.00	838,442.18	4,380.50	842,822.68	33,412.95		

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Group: 340 - office furn & equip											
21	Equip improvements	10/22/99	2,975.48	0.00	0.00	2,975.48	0.00	2,975.48	0.00	S/L	5.00
108	File cabinet	1/01/90	442.00	0.00	0.00	442.00	0.00	442.00	0.00	S/L	20.00
110	Bulletin Board	1/01/91	320.00	0.00	0.00	320.00	0.00	320.00	0.00	S/L	10.00
111	File cabinet	1/01/89	169.00	0.00	0.00	169.00	0.00	169.00	0.00	S/L	20.00
123	Filing cabinets	1/01/81	489.00	0.00	0.00	489.00	0.00	489.00	0.00	S/L	10.00
124	Desk	1/01/81	470.00	0.00	0.00	470.00	0.00	470.00	0.00	S/L	10.00
126	Executive filing cabinet	4/24/92	458.00	0.00	0.00	458.00	0.00	458.00	0.00	S/L	8.00
131	Office furniture	2/15/00	4,014.60	0.00	0.00	4,014.60	0.00	4,014.60	0.00	S/L	10.00
179	Desk	1/01/87	624.00	0.00	0.00	624.00	0.00	624.00	0.00	S/L	20.00
181	File cabinets	1/01/88	188.00	0.00	0.00	188.00	0.00	188.00	0.00	S/L	20.00
182	File cabinets	1/01/88	169.00	0.00	0.00	169.00	0.00	169.00	0.00	S/L	20.00
187	Computer work station	1/01/92	530.00	0.00	0.00	530.00	0.00	530.00	0.00	S/L	5.00
192	Stack chairs	1/01/93	278.00	0.00	0.00	278.00	0.00	278.00	0.00	S/L	10.00
194	File cabinet	1/01/93	356.00	0.00	0.00	356.00	0.00	356.00	0.00	S/L	20.00
195	Table	1/01/93	126.00	0.00	0.00	126.00	0.00	126.00	0.00	S/L	20.00
207	Carpet	11/16/99	611.35	0.00	0.00	611.35	0.00	611.35	0.00	S/L	10.00
208	File cabinet	1/01/88	414.00	0.00	0.00	414.00	0.00	414.00	0.00	S/L	20.00
254	Ariel prints	1/01/94	3,350.00	0.00	0.00	3,350.00	0.00	3,350.00	0.00	S/L	5.00
266	Safe	11/11/97	714.00	0.00	0.00	714.00	0.00	714.00	0.00	S/L	5.00
317	4 Dr file cabinet	1/01/82	211.00	0.00	0.00	211.00	0.00	211.00	0.00	S/L	5.00
326	Office carpet	2/28/85	450.00	0.00	0.00	450.00	0.00	450.00	0.00	S/L	5.00
331	File cabinet	1/02/86	405.00	0.00	0.00	405.00	0.00	405.00	0.00	S/L	8.00
349	Carpet	4/16/02	431.57	0.00	0.00	431.57	0.00	431.57	0.00	S/L	5.00
362	Office Equipment	12/01/02	5,773.61	0.00	0.00	5,773.61	0.00	5,773.61	0.00	S/L	5.00
406	Executive Chair	9/08/04	259.98	0.00	0.00	259.98	0.00	259.98	0.00	S/L	5.00
407	File Cabinet	9/10/04	639.96	0.00	0.00	639.96	0.00	639.96	0.00	S/L	5.00
408	File Cabinet	9/10/04	179.99	0.00	0.00	179.99	0.00	179.99	0.00	S/L	5.00
409	Executive Chair	9/21/04	129.99	0.00	0.00	129.99	0.00	129.99	0.00	S/L	5.00
410	Folding Chairs	9/21/04	49.98	0.00	0.00	49.98	0.00	49.98	0.00	S/L	5.00
411	Cash Box	9/21/04	9.99	0.00	0.00	9.99	0.00	9.99	0.00	S/L	5.00
413	Work Table	9/24/04	159.98	0.00	0.00	159.98	0.00	159.98	0.00	S/L	5.00
415	Work Table	9/24/04	149.98	0.00	0.00	149.98	0.00	149.98	0.00	S/L	5.00
416	Corner Work Table	9/24/04	199.98	0.00	0.00	199.98	0.00	199.98	0.00	S/L	5.00
417	Storage Bins	9/28/04	460.51	0.00	0.00	460.51	0.00	460.51	0.00	S/L	5.00
423	Shelf	10/06/04	158.33	0.00	0.00	158.33	0.00	158.33	0.00	S/L	5.00
569	Software for Masters Meters	8/02/08	3,869.95	0.00	0.00	3,869.95	0.00	3,869.95	0.00	S/L	5.00
592	Table	1/26/09	335.00	0.00	0.00	335.00	0.00	335.00	0.00	S/L	5.00
594	6 chairs	3/04/09	588.00	0.00	0.00	588.00	0.00	588.00	0.00	S/L	5.00
595	Office equipment	5/19/09	445.20	0.00	0.00	445.20	0.00	445.20	0.00	S/L	5.00
604	Acer computer	1/22/10	639.00	0.00	0.00	639.00	0.00	639.00	0.00	S/L	5.00
605	Dell computer 230 slim tower	8/13/10	739.00	0.00	0.00	739.00	0.00	739.00	0.00	S/L	5.00
619	Toshiba notebook	9/17/11	805.59	0.00	0.00	805.59	0.00	805.59	0.00	S/L	5.00
629	Dell poweredge server	2/28/12	1,868.50	0.00	0.00	1,868.50	0.00	1,868.50	0.00	S/L	5.00
669	Copier	3/07/16	2,045.00	0.00	0.00	2,045.00	0.00	2,045.00	0.00	S/L	5.00
695	Computers	1/31/19	2,499.00	0.00	0.00	1,957.55	499.80	2,457.35	41.65	S/L	5.00
696	Computers	1/31/19	4,554.00	0.00	0.00	3,567.30	910.80	4,478.10	75.90	S/L	5.00
340 - office furn & equip			44,756.52	0.00	0.00	43,228.37	1,410.60	44,638.97	117.55		

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Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 341 - Transportation Equi											
133	Equipment	1/27/96	5,022.00	0.00	0.00	5,022.00	0.00	5,022.00	0.00	S/L	10.00
135	Equipment	6/30/96	3,682.00	0.00	0.00	3,682.00	0.00	3,682.00	0.00	S/L	5.00
218	Tool box	1/01/91	285.00	0.00	0.00	285.00	0.00	285.00	0.00	S/L	3.00
219	Tanker truck	1/01/92	27,201.00	0.00	0.00	27,201.00	0.00	27,201.00	0.00	S/L	5.00
221	Truck tank	1/01/93	3,378.00	0.00	0.00	3,378.00	0.00	3,378.00	0.00	S/L	5.00
473	5x8 Box trailer	9/07/05	1,688.60	0.00	0.00	1,688.60	0.00	1,688.60	0.00	S/L	5.00
571	2009 F-350	9/22/08	52,853.00	0.00	0.00	52,853.00	0.00	52,853.00	0.00	S/L	5.00
597	Trailer	7/24/09	2,700.00	0.00	0.00	2,700.00	0.00	2,700.00	0.00	S/L	5.00
599	Trailer	11/05/09	3,963.85	0.00	0.00	3,963.85	0.00	3,963.85	0.00	S/L	5.00
670	2004 Chevy Blazer	4/06/16	3,500.00	0.00	0.00	3,500.00	0.00	3,500.00	0.00	S/L	5.00
671	1994 F-350 Dump truck	4/07/16	5,500.00	0.00	0.00	5,500.00	0.00	5,500.00	0.00	S/L	5.00
672	Ford F-150 Ext cab - white	6/21/16	18,000.00	0.00	0.00	18,000.00	0.00	18,000.00	0.00	S/L	5.00
682	Ford truck (R Hill)	6/04/18	5,000.00	0.00	0.00	4,583.33	416.67	5,000.00	0.00	S/L	5.00
688	2010 Ford F250	10/04/19	6,000.00	0.00	0.00	3,900.00	1,200.00	5,100.00	900.00	S/L	5.00
341 - Transportation Equi			138,773.45	0.00	0.00	136,256.78	1,616.67	137,873.45	900.00		
Group: 343 - Tools											
237	Pipe wrenches	7/10/85	525.00	0.00	0.00	525.00	0.00	525.00	0.00	S/L	5.00
640	Small tools 2013	8/08/13	399.99	0.00	0.00	399.99	0.00	399.99	0.00	S/L	5.00
690	Stihl Saw	4/17/19	1,396.94	0.00	0.00	1,024.43	279.39	1,303.82	93.12	S/L	5.00
343 - Tools			2,321.93	0.00	0.00	1,949.42	279.39	2,228.81	93.12		
Group: 344 - Lab equipment											
363	Lab equipment	4/16/02	6,048.20	0.00	0.00	6,048.20	0.00	6,048.20	0.00	S/L	5.00
364	Lab equipment	5/29/02	4,005.22	0.00	0.00	4,005.22	0.00	4,005.22	0.00	S/L	5.00
365	Lab equipment - so East lab	9/03/02	1,839.89	0.00	0.00	1,839.89	0.00	1,839.89	0.00	S/L	5.00
475	Lab testing equipment	7/15/05	2,509.50	0.00	0.00	2,509.50	0.00	2,509.50	0.00	S/L	5.00
344 - Lab equipment			14,402.81	0.00	0.00	14,402.81	0.00	14,402.81	0.00		
Group: 345 - Power operate equip											
476	Inverter	7/06/05	1,827.91	0.00	0.00	1,827.91	0.00	1,827.91	0.00	S/L	7.00
477	Kubota Excuvator & Trailer	7/18/05	41,365.00	0.00	0.00	41,365.00	0.00	41,365.00	0.00	S/L	7.00
689	Equipment - Holbrook Impl	1/18/19	8,936.34	0.00	0.00	5,000.09	1,276.62	6,276.71	2,659.63	S/L	7.00
345 - Power operate equip			52,129.25	0.00	0.00	48,193.00	1,276.62	49,469.62	2,659.63		
Group: 346 - Communications equi											
692	Radios	3/06/19	8,311.00	0.00	0.00	4,551.27	1,187.29	5,738.56	2,572.44	S/L	7.00
346 - Communications equi			8,311.00	0.00	0.00	4,551.27	1,187.29	5,738.56	2,572.44		

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Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Grand Total			35,593,355.66	0.00	0.00	18,476,669.72	779,936.82	19,256,606.54	16,336,749.12		

9. APPENDIX 4- CAPITAL IMPROVEMENT PROJECTS

MARTIN COUNTY WATER DISTRICT 5 YEAR CAPITAL ITEMS							
CAPITAL PROJECTS IN GRANT PROCESS	Pnum	PRIORITY	GRANT PORTAL YEAR	CONSTRUCTION YEAR	COST	FUNDING SOURCE	COMMENTS
RT 40E - WATER IMPROVEMENT PROJECT	WX21159019	1	2023		\$ 975,000	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	WX21159026	2	2023		\$ 6,822,000	IN GRANT PORTAL	REPLACING LINE FROM THE WATER PUMP 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	WX21159023	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	WX21159025	1	2023		\$ 681,000	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 & Hydrants in the Warfield Area	WX21159006	3	2019		\$ 1,260,658	AML	EXISTING PROJECT BIDDING SOON
Projects 113-19-05 & 113-19-06 Rehabilitation 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	WX21159015	1	2022		\$ 1,320,000	FEMA	WILL BE GENERATOR AT 40E AND 40W BOOSTER STATIONS AND THE RAW WATER INTAKE
METER REPLACEMENT PROJECT	WX21159013	1	2023		\$ 2,000,000	IN GRANT PORTAL	REDUCE WATER LOSS/ EFFECENCY IN OPERATIONS AND ELIMINATION OF HUMAN ERROR IN METER READING
HIGH SCHOOL PUMP STATION CHECK VALVE		1	2022		\$ 81,000.00		ENABLE THE DISTRICT TO USE THE HIGH SCHOOL TANK TO PROVIDE WATER TO OTHER AREAS OF THE SYSTEM BESIDES THE HIGH SCHOOL. THIS PROJECT WILL REQUIRE A PVT INSTALLED IN THE GROUND ALONG WITH THE CHECK VALVE.
OLD ROUTE 3 - WATER IMPROVEMENT PROJECT	WX21159024	1	2023		\$ 5,066,000.00	IN GRANT PORTAL - UNFUNDED	THIS PROJECT WILL REPLACE TRANSMISSION LINE, SERVICE LINE AND METERS ALONG OLD ROUTE 3. A LINE THAT TYPICALLY SEES A LOT OF LINE LEAKS. IT WILL INSTALL VALVES EVERY 500' FOR FUTURE LEAK DETECTION.
MARTIN COUNTY WATER DISTRICT - LEAD SERVICE LINE INVENTORY	WX21159018	3	2023		\$ 299,250.00	IN GRANT PORTAL - UNFUNDED	This project is for the Utility to conduct a Lead Service Line Inventory as required under 40 CFR 141.84. This project consists of a system wide Lead Service Line (LSL) Inventory. This shall include a comprehensive inventory of each service connection within the system to determine the service line material on both sides of the meter.
WATER SYSTEM CONTROLS AND RAW WATER MODIFICATIONS PHASE III	WX21159018	3	2022		\$ 2,563,852.00	IN GRANT PORTAL - UNFUNDED	1) Replacement of Treatment Unit No. 2's Sludge Collector Drive, 2) An additional 20-Foot Section of the 10-inch DR 11 HDPE 4710 Pipe and an additional 20-Foot Section of 12" DR1 HDPE Pipe, 3) Paving of the Access Road at the Raw Water Intake Site, 4) Replacement of Carbon Steel Tube Settler Supports with 304/304L Stainless Steel Supports, 5) 60-Foot and 20-Foot Sections of 10-inch DR1 HDPE 4710 Flanged Pipe, 6) A second Pump Trailer, 7) Various Unit Price Items, 8) The project will replace existing main lines, service lines, and hydrants in an area that has been a perpetual source of leaks and breaks for the MCWD. The project will replace approximately 14,500 L.F. of the mainline, associated service line, and appurtenances
TOTAL					\$ 30,487,760		

MARTIN COUNTY WATER DISTRICT CAPITAL ITEMS				
PROJECTS NOT IN GRANT PROCESS	PRIORITY	YEAR	COST	COMMENTS
INEZ WATER LINE AND VALVE REPLACEMENT	1		\$ 5,318,000.00	OLDEST SECTION OF THE SYSTEM CONSISTING OF AC LINE AND OLD SERVICES. 90% WATER LOSS
DISTRIBUTION BUILDING AND PIPE YARD	3		\$ 897,000.00	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		\$ 9,293,000.00	BOOSTER STATION IS UNDERGROUND AND SUBJECT TO FLOODING. ONLY 1 PUMP IS OPERATIONAL. A MASTER METER NEEDS INSTALLED AT THE PUMP STATION FOR LEAK DETECTION.
BIG ELK WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	2		\$ 2,433,000.00	BOOSTER STATION IS UNDERGROUND AND SUBJECT TO FLOODING. ONLY 1 PUMP IS OPERATIONAL. A MASTER METER NEEDS INSTALLED AT THE PUMP STATION FOR LEAK DETECTION.
BUFFALO HORN WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	2		\$ 2,186,000.00	BOOSTER STATION IS UNDERGROUND AND SUBJECT TO FLOODING. ONLY 1 PUMP IS OPERATIONAL AND THE CHECK VALVES HAVE FAILED. THIS AREA CURRENTLY HAS 65% WATER LOSS AND A MASTER METER NEEDS INSTALLED AT THE PUMP STATION FOR LEAK DETECTION.
645 WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3		\$ 1,255,000.00	BOOSTER STATION IS UNDERGROUND AND SUBJECT TO FLOODING. THIS STATION NEEDS EQUIPPED WITH A MASTER METER FOR LEAK DETECTION IN THIS AREA.
WOLF CREEK/PIGEON ROOST WATER LINE REPLACEMENT	2		\$ 1,315,000.00	THE WATER LINE IN THIS AREA IS SUBJECT TO MULTIPLE BREAKS EACH YEAR AND CURRENTLY HAS 60% WATER LOSS. NEW LINE IN THIS AREA WITH VALVES WILL REDUCE WATER LOSS AND AID IN LEAK DETECTION IN OTHER LARGE PORTIONS OF THE SYSTEM.
MEATHOUSE WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3		\$ 7,652,000.00	THIS WATER LINE IS THE FARTHEST AWAY FROM THE SYSTEM AND AN AREA THAT HAS SHOWN POTENTIAL FOR DBP ISSUES. THE BOOSTER STATION ONLY HAS ONE OPERATIONAL PUMP THAT MUST BE MANUALLY OPERATED CAUSING OPERATIONAL ISSUES. THIS STATION IS SUBJECT TO MULTIPLE POWER OUTAGES AND HAS NOT BACKUP POWER.
HODE WATER LINE REPLACEMENT	2		\$ 5,226,000.00	THIS AREA HAS BEEN SUBJECT TO MULTIPLE LEAKS. IT CURRENTLY

CASSELL BRANCH WATER LINE REPLACEMENT AND BOOSTER STATION REHABILITATION	3		\$	1,574,000.00	EXISTING BOOSTER STATION ONLY HAS 1 FUNCTIONAL PUMP. NO TELEMTRY TO PLANT AND NO BACK UP POWER. SEVERAL HYDRAULIC ISSUES WITH THE WATER LINES THAT HAVE LED TO LOW PRESSURE FOR CUSTOMERS AND MANY LEAKS.
CREEK CROSSING REPLACEMENT	2		\$	1,000,000.00	STATISTICALLY CREEK CROSSINGS CAN BE A MAJOR AREA FOR WATER LOSS THAT IS DIFFICULT TO FIND. NEW CREEK CROSSINGS IN STRATEGIC AREAS WOULD HELP REDUCE WATER LOSS AND INCREASE THE LONGEVITY OF THE SYSTEM.
VALVE INSERTION	2		\$	750,000.00	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		\$	850,000.00	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	1		\$	15,000.00	WOULD ALLOW THE DISTRICT TO DO IT'S 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		\$	1,877,000.00	EXISTING BOOSTER STATION ONLY HAS 1 FUNCTIONAL PUMP. NO TELEMTRY TO PLANT AND NO BACK UP POWER. SEVERAL HYDRAULIC ISSUES WITH THE WATER LINES THAT HAVE LED TO LOW PRESSURE FOR CUSTOMERS AND MANY LEAKS.
PETER CAVE WATER LINE REPLACEMENT AND BOOSTER STATION REHAB	3		\$	1,457,000.00	EXISTING BOOSTER STATION IS STRUCTURALLY UNSOUND AND ONLY HAS 1 FUNCTIONAL PUMP. NO TELEMTRY TO PLANT AND NO BACK UP POWER. SEVERAL HYDRAULIC ISSUES WITH THE WATER LINES THAT HAVE LED TO LOW PRESSURE FOR CUSTOMERS.
KERMIT WATER LINE CONNECTION					
TOTAL			\$	43,300,626.00	

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
TOTAL		\$ 137,000.00	

Notes

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