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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE OPERATING)
CAPACITY OF MARTIN COUNTY WATER) CASE NO. 2016-00142
DISTRICT PURSUANT TO KRS 278.280)

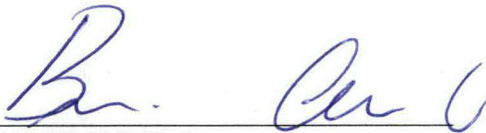
**MARTIN COUNTY WATER
DISTRICT'S RESPONSE TO
MARTIN COUNTY CONCERNED
CITIZENS INC.'S REQUEST
FOR INFORMATION**

CERTIFICATE OF SERVICE

This will certify that a true and correct copy of the foregoing was mailed, postage paid, on this the 9 day of January, 2018, to the following:

Public Service Commission
ATTN: Jeb Pinney
P.O. Box 615
Frankfort, KY 40602

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



BRIAN CUMBO

1. Describe any updates regarding the negotiation of the lease with Prestonsburg City Utilities Commission provided as Exhibit 3 during the hearing of October 17, 2017. Provide copies of any new drafts or finalized lease agreements.

RESPONSE: Request stricken by PSC.

2. Describe the circumstances leading to the resignation of the Martin County Utility Board members. List each member who resigned and his or her time on the Board. Provide the reason given for each resignation. Describe measures being undertaken to find replacement members for the Martin County Utility Board.

RESPONSE: Request stricken by PSC.

3. Provide water use reports for October and November 2017. This is a continuing request.

RESPONSE: Request stricken by PSC.

4. Describe how MCVYA used or plans to use the \$250,182 provided as a grant from the county's coal severance fund in August 2017. (See MCWD's November 9, 2017 response, Ex. 2.)

RESPONSE: Request stricken by PSC.

5. Provide all communications between MCWD and Greg Heitzman and between the Martin County Utility Board and Greg Heitzman since October 17, 2017. Provide a copy of Mr. Heitzman's recommendations, whether in draft or final form. State whether those recommendations have been presented to the Martin County Utility Board. If they have not been presented, describe why the recommendations were not presented to the Board.

RESPONSE: Request stricken by PSC.

6. Provide copies of all communications since October 17, 2017 regarding MCWD's attempts to secure Abandoned Mine Land funding. Provide copies of all plans or specifications regarding implementation of the projects outlined in the Exhibit 3 of MCWD's November 9, 2017 response. Discuss whether there has been a change in the projects for which funding is sought since the Exhibit 3 document was provided to the Commission. Describe MCWD's prioritization of the three project areas described in the Exhibit 3 application.

RESPONSE: Request stricken by PSC.

7. Describe all progress made to finalize and implement the draft water loss and leak detection program submitted as part of the February 16, 2017 supplemental filing. This is a continuing request.

RESPONSE: Going out around midnight to leak detect has allowed the District to find and repair leaks in a timely manner.

PLAN	CURRENT	REMEDIAL
Leak Detection and Water Loss	Locating and repairing service lines	Ongoing
	Continue to replace old water meters	Ongoing (1000 old meters will be replaced with new meters)
To purchase up to date leak detection equipment	Purchased equipment and training has been completed by KRWA personnel	Purchase leak detection equipment. Train employees to properly use the leak detection equipment and set up a schedule on a weekly basis to do leak detection (ongoing)
Upgrade telemetry system	Individual traveling to tanks checking the capacity of tanks not on the Telemetry System to ensure no overflows.	Due to aging of the current Scada System (Telemetry) the District is seeking to replace the radio system with Internet Telemetry.
	Line break (main lines) currently being monitored by the old radio Telemetry System is not reliable due to not receiving signals from the Telemetry System.	With upgrading of the Telemetry System we will be better equipped to monitor more closely the drop in line pressure in all areas.
	Inline Master Meters (very few installed) at present.	Install more inline master meters and by-pass meters to check for leaks (as revenue permits)
	As of November 2017 our current water loss is 55%.	Continue to strive for a 15% water loss (ongoing) and will take some time to achieve the PSC goals.

8. Provide copies of all boil water advisories issued since the last hearing. For each advisory, provide a description of the events leading to the advisory, a statement of how long the advisory was in effect, an estimate of the number of customers affected, and descriptions of measures taken to correct the problem and measures taken during the advisory to ensure the safety of the water being delivered to MCWD customer. If the advisory was issued due to a leak, describe whether the leak occurred in a main or distribution line and describe how the leak was repaired. This is a continuing request.

RESPONSE: See Exhibit #1 – Boil Water Advisories.

9. Describe all measures taken to date to prepare to implement the terms of the ARC grant, including all measures taken to facilitate oversight of the disposition of grant monies by DLG, KIA or any other and measures taken to ensure management of project implementation.

RESPONSE: The District has signed the Agreement with ARC and awaiting the go ahead with the Project.

10. Provide any plans or specifications provided by Kentucky Engineering Group, KRWA, or any other entity regarding implementation of the ARC grant money.

RESPONSE: Request stricken by PSC.

11. Describe whether recent events, including the events leading to the boil water advisory issued Thanksgiving week, have lead to MCWD to reprioritize or attempt to reprioritize how the ARC grant money will be used. Describe all communications with ARC, DLG, KIA or any other agency regarding any such reprioritization.

RESPONSE: No reprioritization. However, an application for an AML grant has been prepared and filed. See Exhibit #3 AML application.

12. Provide copies of all communications between MCWD and EEC regarding MCWD's development of the Corrective Action Plan. Describe each measure taken to come into compliance with the Safe Drinking Water Act since October 2016 and the cost of each, and describe the measure(s) that remain to be completed and the projected cost of each.

RESPONSE: Request stricken by PSC.

13. Describe all progress made to date in minimizing and investigating water theft, including any development of plans to provide an amnesty period for those committing water theft and methods used to incentivize meter readers to report theft. Describe each measure to date used to determine the amount of water loss attributable to theft and the results of such analysis.

RESPONSE: The District's policy is to send letters to customers that are 30, 60 and 90 days behind on their water bill. They are given 10 days to respond. Meters are pulled after 10 days if a payment plan is not arranged. A work order is prepared to check for any bypass that may have been installed. If any are found, they are turned over to the County Attorney's Office for prosecution. Periodically, meter boxes that have not had legal service for a long period of time are checked.

14. Provide all correspondence between the MCWD and Linda Sumpter from January 1, 2016 to the present.

RESONSE: Request stricken by PSC.

15. Provide a complete copy of the White & Associates PSC Report on the audit of the financial statements for the year ended December 31, 2015, including all pages of the audit and all footnotes. Provide a complete copy of the auditor's adjusting entries for the White & Associates PSC report on the audit of the financial statements for the year ended December 31, 2015.

RESPONSE: See Exhibit #4 – Audit report 2015.

16. Provide a complete copy of any other audit of MCWD's financial statement from 2010 to the present and include with that all auditors adjusting entries for each report.

RESPONSE: Request stricken by PSC.

17. Provide accounts receivable aging reports for 12/31/14 thru 12/31/16.

RESPONSE: Request stricken by PSC.

18. Describe any guidance, procedures, or other internal controls regarding employee purchasing. If any written guidance or procedures exists, provide copies of those.

RESPONSE: See Exhibit #5 – Procurement and Procedures.

19. Describe how MCWD is prioritizing payment of its accounts payable.

RESPONSE: Request stricken by PSC.

20. Provide a copy of KWRA's cost of service analysis.

RESPONSE: Request stricken by PSC.

VERIFICATION

I, Joe Hammond, of the Martin County Water District, hereby verify that the responses and exhibits attached hereto are true and correct to the best of my knowledge.



JOE HAMMOND

STATE OF KENTUCKY)

COUNTY OF MARTIN)

SUBSCRIBED, SWORN and ACKNOWLEDGED before me by Joe Hammond
this 9th day of January, 2018.

My Commission Expires: 9-18-18.



NOTARY PUBLIC, STATE AT LARGE

Exhibit #1
Boil Water Advisories

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued January 09, 2017

Time Issued 4:00 PM

N/C #: 2420619

A Boil Water Advisory is in effect for the customers of: Beginning on Route 40 East at Jude's Produce to the intersection of Route 2032 and Route 40 East. Located in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in an 8 inch main line. This affects approximately 368 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued as a precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Robert Beck, Division of Water

Issued By: Joe Hammond, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Sulte 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

January 11, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on January 9, 2017, N/C # 2420619 has been released for customers beginning on Route 40 East at Jude's Produce to the intersection of Route 2032 and Route 40 East.

These areas are located in Martin County, KY. This Advisory has been released as of January 11, 2017 at 3:55 p.m. The above advisory has been lifted by Mr. Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

**MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224**

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: January 17, 2017

Time Issued 4:55 PM

N/C #: 2017-0264

A Boil Water Advisory is in effect for the customers of: Union Road on RT. 908, Turkey. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 10 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Updike, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

January 24, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on January 17, 2017, N/C # 2017-0264 has been released for customers of Union Rd on Rt. 908, Turkey.

This area is located in Martin County, KY. This Advisory has been released as of January 24, 2017 at 12:13 p.m. The above advisory has been lifted by Mr. Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: January 22, 2017

Time Issued 4:15 PM

N/C #: 2017-0337

A Boil Water Advisory is in effect (when service is restored) for the customers of: Old Rt. 3, from the by-pass bridge to Abbs Lane. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 100 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Compton, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

January 24, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on January 22, 2017, N/C # 2017-0337 has been released for customers of Old Rt. 3, from the by-pass bridge to Abbs Lane.

This area is located in Martin County, KY. This Advisory has been released as of January 24, 2017 at 12:13 p.m. The above advisory has been lifted by Mr. Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: February 2, 2017

Time Issued 6:15 PM

N/C #: 2017-0508

A Boil Water Advisory is in effect (when service is restored) for the customers of: Beginning at Milo Bridge on Old Rt. 3 and continuing through Milo to the bottom of Calloway hill at Tomahawk. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: turning valves off. This affects approximately 115 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Updike, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

February 7, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on February 2, 2017, N/C # 2017-0508 has been released for customers of: Beginning at Milo Bridge on Old Rt. 3 and continuing through Milo to the bottom of Calloway hill at Tomahawk.

This area is located in Martin County, KY. This Advisory has been released as of February 7, 2017 at 2:25 p.m. The above advisory has been lifted by Mr. Wade Maggard with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: February 8, 2017

Time Issued 4:20 PM

N/C #: 2421899

A Boil Water Advisory is in effect (when service is restored) for the customers of: Groundhog Hollow in Warfield. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: turning valves off. This affects approximately 15 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued as a precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Joshua George, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

February 10, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on February 8, 2017, N/C # 2421899 has been released for customers of: Groundhog Hollow in Warfield, KY.

This area is located in Martin County, KY. This Advisory has been released as of February 10, 2017 at 1:20 p.m. The above advisory has been lifted by Mr. Lee Pigman with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT

HC 69 BOX 875

INEZ, KY 41224

606-298-3885-OFFICE

606-298-4913-FAX

BOIL WATER ADVISORY

Date Issued: 02/15/2017

Time Issued: 7:00 pm

N/C #: 2017-0729

A Boil Water Advisory is in effect for the customers of Rockhouse Fork, beginning at the resident of Ernie Delong located in Tomahawk in Martin County, Kentucky.

This Advisory has been issued due to the following reason: A 4" (4) inch Water Main broke. This affected approximately 40 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore, this boil water advisory has been issued as a precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Keri, Division of Water

Issued By: Joe Hammond, Martin County Water District Staff

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

February 21, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on February 15, 2017, N/C # 2017-0729 has been released for customers of: Rockhouse Fork, beginning at the resident of Ernie Delong.

This area is located in Martin County, KY. This Advisory has been released as of February 21, 2017 at 8:20 a.m. The above advisory has been lifted by Mr. Robert Back with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: February 23, 2017

Time Issued 8:20 PM

N/C #: 2017-0870

A Boil Water Advisory is in effect (when service is restored) for the customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge to Milo Bridge. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 100 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Updike, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

February 27, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on February 23, 2017, N/C # 2017-0870 has been released for customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge to Milo bridge.

This area is located in Martin County, KY. This Advisory has been released as of February 25, 2017 at 9:35 a.m. The above advisory has been lifted by Mr. David Leo with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: March 3, 2017

Time Issued 8:05 AM

N/C #: 2422769

A Boil Water Advisory is in effect (when service is restored) for the customers of: Inez, from Evans Hardware, and continuing through to Rt. 40 East & 645 Intersection. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 120 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Joshua George, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

March 4, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on March 3, 2017, N/C # 2422769 has been released for customers of: Inez, from Evans Hardware and continuing to 40 East & 645 Intersection.

This area is located in Martin County, KY. This Advisory has been released as of March 4, 2017 at 8:05 a.m. The above advisory has been lifted by Mr. David Leo with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: March 15, 2017

Time Issued 2:30 PM

N/C #: 2423357

A Boil Water Advisory is in effect (when service is restored) for the customers of: Coldwater. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 280 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Ashton Johnson, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

March 17, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on March 15, 2017, N/C # 2423357 has been released for customers of: Coldwater.

This area is located in Martin County, KY. This Advisory has been released as of March 17, 2017 at 11:05 a.m. The above advisory has been lifted by Lee Pigman with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: April 6, 2017

Time Issued 2:00 PM

N/C #: 2424127

A Boil Water Advisory is in effect (when service is restored) for the customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge to Milo Bridge. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 100 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Ashton Johnson, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

April 8, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on April 6, 2017, N/C # 2424127 has been released for customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge to Milo bridge.

This area is located in Martin County, KY. This Advisory has been released as of April 8, 2017 at 1:45 p.m. The above advisory has been lifted by David Leo with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: May 7, 2017

Time Issued 10:25 AM

N/C #: 20172182

A Boil Water Advisory is in effect (when service is restored) for the customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge (Town Point Curve) to Milo Bridge. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 100 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Baggett, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

May 10, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on May 7, 2017, N/C # 20172182, has been released for customers of: Old Rt. 3 (Rockcastle), from the by-pass bridge (Town Point Curve) to Milo bridge.

This area is located in Martin County, KY. This Advisory has been released as of May 10, 2017 at 9:28 a.m. The above advisory has been lifted by Robert Back with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: June 1, 2017

Time Issued 3:40 PM

N/C #: 2426278

A Boil Water Advisory is in effect (when service is restored) for the customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 280 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Joshua George, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Sulte 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

June 8, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on June 1, 2017, N/C # 2426278, has been released for customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater.

This area is located in Martin County, KY. This Advisory has been released as of June 8, 2017 at 10:25 a.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: June 7, 2017

Time Issued 8:12 PM

N/C #: 2017-2804

A Boil Water Advisory is in effect for the customers: All of Tomahawk, including Rockhouse, North Milo and South Milo. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line due to the state working on the bridge at Tomahawk. This affects approximately 500 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Officer Updyke, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

June 9, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on June 7, 2017, N/C # 2017-2804, has been released for customers of: All of Tomahawk, including Rockhouse, North and South Milo.

This area is located in Martin County, KY. This Advisory has been released as of June 9, 2017 at 10:28 a.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: June 19, 2017

Time Issued 11:30 AM

N/C #: 2426865

A Boil Water Advisory is in effect for the customers: From the by-pass bridge on Rockcastle Road (Old Rt. 3) to Milo Bridge. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 75 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Robert Back, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

June 22, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on June 19, 2017, N/C # 2426865, has been released for customers of: From the by-pass bridge on Rockcastle Rd (Old Rt. 3) to Milo bridge.

This area is located in Martin County, KY. This Advisory has been released as of June 22, 2017 at 1:51 p.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: July 10, 2017

Time Issued 3:00 PM

N/C #: 2477793

A Boil Water Advisory is in effect (when service is restored) for the customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: A break in the main line. This affects approximately 280 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Angie Terry, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

July 12, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on June 1, 2017, N/C # 2477793, has been released for customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater.

This area is located in Martin County, KY. This Advisory has been released as of July 12, 2017 at 10:29 a.m. The above advisory has been lifted by Jerry Back with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: July 12, 2017

Time Issued 3:20 PM

N/C #: 2427883

A Boil Water Advisory is in effect (when service is restored) for the customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: State contractors broke a line while doing road work. This affects approximately 280 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Nicole Smith, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Sulte 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

July 17, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on July 12, 2017, N/C # 2427883, has been released for customers of: Coldwater, beginning at Stepp Bottom and continuing to the end of Coldwater.

This area is located in Martin County, KY. This Advisory has been released as of July 17, 2017 at 2:41 p.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Katrina Sansom
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued: July 25, 2017

Time Issued 1:30 PM

N/C #: 2428326

A Boil Water Advisory is in effect for the customers of New Rt. 3, from the Davella pump station to Airport Rd. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: 8" main line leak. This affects approximately 30 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Angie Terry, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Sulte 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 1, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on July 25, 2017, N/C # 2428326, has been released for customers of: New Rt. 3, from the Davella pump station to Airport Rd.

This area is located in Martin County, KY. This Advisory has been released as of August 1, 2017 at 10:56 a.m. The above advisory has been lifted by Wade Maggard with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued August 4, 2017

Time Issued 10:15 PM

N/C #: 2017-3987

A Boil Water Advisory is in effect (when service is restored) for the customers of New Rt. 3, from the Davella pump station to Airport Rd. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: 8" main line leak. This affects approximately 30 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Brewer, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 9, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on August 4, 2017, N/C # 2017-3987, has been released for customers of: New Rt. 3, from the Davella pump station to Airport Rd.

This area is located in Martin County, KY. This Advisory has been released as of August 9, 2017 at 10:38 a.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued August 14, 2017

Time Issued 6:40 PM

N/C #: 2017-4197

A Boil Water Advisory is in effect (when service is restored) for the customers of: beginning at Johnson Bottom on Rockcastle Creek and continuing to (and through) Buffalo Horn, Yellow Creek, and ending at Calf Creek. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: 6" main line leak. This affects approximately 150 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Baggett, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 16, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on August 14, 2017, N/C # 2017-4197, has been released for customers of: beginning at Johnson Bottom on Rockcastle Creek and continuing to (and through) Buffalo Horn, Yellow Creek, and ending at Calf Creek.

This area is located in Martin County, KY. This Advisory has been released as of August 16, 2017 at 3:30 p.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued August 15, 2017

Time Issued 11:05 PM

N/C #: 2017-4218

A Boil Water Advisory is in effect (when service is restored) for the customers of: beginning at the bottom of Buck Creek hill and continuing through Beauty to the Pike County line. Areas included are also Poplar Fork, Big Elk (to Gospel Light Church), Hode (to Jarrell Branch), Wolf Creek (to Webbville). This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: main line leak. This affects approximately 800 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Brewer, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 17, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on August 15, 2017, N/C # 2017-4218, has been released for customers of: beginning at the bottom of Buck Creek hill and continuing through Beauty to the Pike County line. Areas included are also Poplar Fork, Big Elk (to Gospel Light Church), Hode (to Jarrell Branch), Wolf Creek (to Webbville).

This area is located in Martin County, KY. This Advisory has been released as of August 17, 2017 at 3:40 p.m. The above advisory has been lifted by Lonnie Klopp with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued August 26, 2017

Time Issued 9:15 A.M.

N/C #: 2017-4428

A Boil Water Advisory is in effect (when service is restored) for the customers of: Hall Branch in Tomahawk. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: 4" main line leak. This affects approximately 40 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Bagget, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued August 28, 2017

Time Issued 11:15 A.M.

N/C #: 2429567

A Boil Water Advisory is in effect (when service is restored) for all customers of: Coldwater. This location is in Martin County Kentucky.

This Advisory has been issued due to the following reason: contractors broke a main line. This affects approximately 280 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Robert Back, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 30, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on August 26, 2017, N/C # 2017-4428, has been released for customers of: Hall Branch in Tomahawk.

This area is located in Martin County, KY. This Advisory has been released as of August 30, 2017 at 1:10 p.m. The above advisory has been lifted by Angie Terry with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140

INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

August 30, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on August 28, 2017, N/C # 2429567, has been released for customers of: Coldwater.

This area is located in Martin County, KY. This Advisory has been released as of August 30, 2017 at 1:10 p.m. The above advisory has been lifted by Angie Terry with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued September 13, 2017

Time Issued 2:38 P.M.

N/C #: 2403220

A Boil Water Advisory is in effect (when service is restored) for customers from the Calloway pump station at Tomahawk (Junction 40 & 1884) through South and North Milo, to Fannin bridge and continuing north to Buffalo Horn and south to Town Point curve in Inez.

This Advisory has been issued due to the following reason: contractors broke a main line. This affects approximately 500 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Joshua George, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

September 19, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on September 13, 2017, N/C # 2403220, **has been released** for customers of: from the Calloway pump station at Tomahawk (Junction 40 & 1884) through South and North Milo, to Fannin bridge and continuing north to Buffalo Horn and south to Town Point curve in Inez.

This area is located in Martin County, KY. This Advisory has been released as of September 19, 2017 at 2:50 p.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued September 20, 2017

Time Issued 9:54 A.M.

N/C #: 2430414

A Boil Water Advisory is in effect (when service is restored) for customers from 292 Long Branch to the Pike County line.

This Advisory has been issued due to the following reason: a rock slide caused a line break. This affects approximately 160 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Ashton Johnson, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

September 27, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on September 20, 2017, N/C # 2430414, **has been released** for customers of: from 292 Long Branch to the Pike County line.

This area is located in Martin County, KY. This Advisory has been released as of September 27, 2017 at 1:00 p.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued October 6, 2017

Time Issued 11:28 A.M.

N/C #: 2430910

A Boil Water Advisory is in effect (when service is restored) for customers in Lovely, KY from R & J Hardware to the railroad bridge and continuing through North Wolf Creek to Webbville.

This Advisory has been issued due to the following reason: repair of a main line leak. This affects approximately 100 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Lee Piggman, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

October 11, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on October 6, 2017, N/C # 2430910, **has been released** for customers of: Lovely, KY from R & J Hardware to the railroad bridge and continuing through North Wolf Creek to Webbville.

This area is located in Martin County, KY. This Advisory has been released as of October 11, 2017 at 10:20 a.m. The above advisory has been lifted by Angie Terry with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued October 23, 2017

Time Issued 7:42 P.M.

N/C #: 2017-5629

A Boil Water Advisory is in effect (when service is restored) for customers from the Blacklog pump station (beside Giovanni's) and continuing through to the railroad bridge in Lovely. This also includes all areas such as 2032, Wolf Creek, Pigeon Roost, Meathouse, Emily Creek, Hode, Elk Creek (to Gospel Light Church), Beauty, and Warfield. This Advisory has been issued due to the following reason: repair of a main line leak. This affects approximately 1000 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Baggett, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

October 26, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on October 23, 2017, N/C # 2017-5629, **has been released** for customers of: from the Blacklog pump station (beside Giovanni's) and continuing through to the railroad bridge in Lovely. This also includes all areas such as 2032, Wolf Creek, Pigeon Roost, Meathouse, Emily Creek, Hode, Elk Creek (to Gospel Light Church), Beauty, and Warfield.

This area is located in Martin County, KY. This Advisory has been released as of October 26, 2017 at 2:38 p.m. The above advisory has been lifted by Joshua George with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued November 1, 2017

Time Issued 3:08 P.M.

N/C #: 2431812

A Boil Water Advisory is in effect (when service is restored) for customers from the Odd fellows Lodge on Rt. 40 West and continuing to Twelve Oaks Rd beside Save A Lot. This Advisory has been issued due to the following reason: repair of a main line leak. This affects approximately 17 customers.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Angie Terry, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

November 6, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on November 1, 2017, N/C # 2431812, **has been released** for customers of: from the Odd Fellows lodge on Rt. 40 West and continuing to Twelve Oaks Rd beside Save A Lot.

This area is located in Martin County, KY. This Advisory has been released as of November 6, 2017 at 8:25 a.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued November 21, 2017

Time Issued 8:45 A.M.

N/C #: 2432344

A Boil Water Advisory is in effect (when service is restored) for **All customers of Martin County Water**. This is due to main line breaks.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Ashton Johnson, Division of Water

Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Suite 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

November 28, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on November 21, 2017, N/C # 2432344, **has been released, for All customers of Martin County Water.**

This area is located in Martin County, KY. This Advisory has been released as of November 28, 2017 at 10:45 a.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

MARTIN COUNTY WATER DISTRICT
387 E. Main Street, Suite 140
INEZ, KY 41224

298-4913 FAX

606-298-3885

BOIL WATER ADVISORY

Date Issued December 3, 2017

Time Issued 10:45 A.M.

N/C #: 2017-6289

A Boil Water Advisory is in effect (when service is restored) for the customers from the Calloway pump station and continuing through all of Tomahawk (40 West) to the end of the line. This is due to a main line break at Hall Branch.

Following such an event, the potential exists for bacteriological contamination of the water supply; therefore this boil water advisory has been issued precautionary measure. Until further notice, boil all water used for drinking and cooking, bringing the water to a rolling boil for three (3) minutes before using.

This advisory will remain in effect until the situation has been corrected, and test results have shown the water to be of an acceptable quality.

Issued By: Duty Officer Baggett, Division of Water
Issued By: Marcie Dials, Martin County Water

MARTIN COUNTY WATER DISTRICT

387 East Main St Sulte 140
INEZ, KY 41224

606-298-3885 OFFICE

606-298-4913 FAX

December 6, 2017

Release of Boil Water Advisory

A Boil Water Advisory issued on December 3, N/C # 2017-6289, **has been released** for the customers from the Calloway pump station and continuing through all of Tomahawk (40 West) to the end of the line.

This area is located in Martin County, KY. This Advisory has been released as of December 6, 2017 at 1:15 p.m. The above advisory has been lifted by Ashton Johnson with the Division of Water, Hazard, KY.

Thank You

Marcie Dials
Martin County Water District

Exhibit #2
Signed Agreement with ARC

**Grant Agreement
Between
Appalachian Regional Commission
and
Martin County Water District**

**(Fiscal Agent for Martin County Water District: Kentucky Department for
Local Government)**

ARC Contract Number: KY-19063-2017	
Project Title: Martin County Water System Improvements	
ADMINISTRATIVE/FISCAL AGENT:	Kentucky Department for Local Government 1024 Capital Center Drive Frankfort, KY 40601
Fiscal Agent's EIN:	61-0600439
Fiscal Agent Contact:	
	GRANTEE: Martin County Water District 387 East Main Street Inez, KY 41224-0309 Project Director: William Harvey 606-298-3885
	ARC Project Coordinator: Catherine Feerick 202-884-7769 State Administration/Liaison Officer: Peggy Satterly 502-573-2382
Part I - Special Provisions	

1. Statement of Purpose - Incorporation of Proposal:

This agreement implements a grant made under the authorities of Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, (40 USC 14321) to provide funding for the replacement of failing service lines in two areas within Martin County suffering significant water loss. The project will replace 1,000 service lines and meters in the Beauty and Warfield areas.

ARC funds are being made available to the project through the Kentucky Department for Local Government (KDLG) and will be administered in accordance with the Memorandum of Understanding (MOU) between KDLG and the Appalachian Regional Commission, executed on December 16, 2016, which is attached to and hereby incorporated into this agreement.

This project shall be carried out in general accord with Grantee's proposal, received at ARC on August 30, 2017. Grantee's proposal is incorporated by this reference as a supplement to this agreement. To the extent the Articles of this grant agreement conflict with the incorporated proposal, the Articles shall control.

2. Order of Precedence:

This grant agreement is subject to the provisions of the ARDA, the ARC Code and Project Guidelines, these Special Provisions (Part I), the attached Grant Agreement: General Provisions (Part II), the Memorandum of

Understanding, the Registered State Basic Agency Grant Administration Manual, and any other incorporated Supplements. Any conflicts among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed above.

3. Reports:

The Grantee shall submit reports for this project to the Fiscal Agent semi-annually, or at a greater frequency determined by the Fiscal Agent. An annual report for this project shall be submitted by the Fiscal Agent to ARC, as required by the Memorandum of Agreement referenced in Article 1 on a schedule to be agreed to between the Fiscal Agent and the ARC Project Coordinator.

4. Consideration and Method of Payment:

A. Total.

For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed \$1,200,000 of actual, reasonable and eligible project costs. Payments under this Agreement shall be made to the Grantee through the Kentucky Department for Local Government, as Fiscal Agent. The Grantee shall not incur any project-related costs nor begin construction without prior approval from the Fiscal Agent.

B. Method.

Progress payments in the full amount of the total ARC-approved funds are authorized under this agreement. Upon Grantee's satisfactory completion of the agreement, Grantee shall receive any balance of funds, which may be due under this agreement. Payments under this agreement shall be made under the Automated Standard Application for Payments (ASAP) process or, if necessary, upon the receipt of the Fiscal Agent's invoice.

5. Budget:

Costs will be determined in general accord with the budget (which is attached to and hereby incorporated into this agreement), subject to the terms of this Grant Agreement, the Registered State Basic Agency Grant Administration Manual, and pertinent ARC Code Provisions.

6. Period of Performance:

The grant period of performance shall be 9/30/2017 through 9/29/2020.

7. Federal Retention of Interest:

Title to equipment and/or real property purchased with grant funds resides with the Grantee and assignees and successors approved by ARC, but the equipment and/or real property must be accounted for during and after the end of the project period. Accountability may be satisfied by continued use in the same or other projects related to objectives of the ARC, as approved by ARC. If the equipment and/or real property is disposed of or transferred to a use outside the scope of the ARC objectives, an amount equal to the value of the ARC share at the time of disposal must be refunded to ARC. It shall be Grantee's responsibility to monitor all use to ascertain that the equipment and/or real property is being used primarily for the purposes of the grant and to notify ARC promptly in the event that the equipment and/or real property is no longer being used for such purposes.

Charles Howard-9/11/2017

9/11/2017

Charles Howard
General Counsel

Date

William Harvey-9/15/2017

9/15/2017

William Harvey
Chairman

Date

Part II
Appalachian Regional Commission
Grant Agreement: General Provisions

Article 1 General Procedures.

ARC grants shall be administered in accord with the Office of Management and Budget guidelines, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards found in Chapter 2 of Title 2 of the Code of Federal Regulations and other Federal regulations as applicable.

Article 2 Restrictions on Use of ARC Funds.

Grantee warrants that it is cognizant of Section 224(b)(1) of the ARDA, which prohibits the use of ARDA funds to assist businesses to relocate from one area to another; and that, further, in keeping with Commission policy, it will not utilize ARDA funds actively to engage in any activity, the purpose of which is to encourage businesses now operating in one state to relocate into another state. No funds provided under this agreement will be used to publish or distribute material which would solicit such relocation.

Article 3 Work Plan/Detailed Budget.

(1) Grantee shall submit, as required by the ARC Project Coordinator, a work plan and/or budget for any and/or all of the tasks specified in Part I.

(2) Prior to submission of any work plan and/or budget so required by the ARC Project Coordinator, no costs shall be eligible for reimbursement, except those costs directly related to the preparation of such work plan and/or budget. Within one week after receipt, ARC shall complete a preliminary review of the work plan and/or budget and shall immediately advise the Grantee either that it is unacceptable or that it is preliminarily approved. After such preliminary approval by ARC, the Grantee may proceed with work on the project immediately with such modifications in the work plan and/or budget as required by ARC.

Article 4 Reports.

(1) Progress Reports. Grantee shall prepare and submit to the ARC Project Coordinator, progress reports indicating the work accomplished under the agreement to date, any problems encountered and ameliorative actions taken, and a forecast of work for the next report period.

(2) Final Report. Within one (1) month after the period of performance (see Part I), Grantee shall prepare and submit to the ARC Project Coordinator for approval, a final report (2 copies and a reproducible master) of all work accomplished under this Agreement including recommendations and conclusions based on the experience and results obtained.

Article 5 Contracting Procedures

In contracting for services and/or purchasing equipment under this Agreement, Grantee shall assure that (1) all contracting shall be at prices and on terms most advantageous to the Grantee and to the project; and (2) all interested parties shall have a full and fair chance at doing business with the Grantee. Grantee shall arrange for all contracting through competitive bidding, or, if permitted by state law, other negotiating and contracting procedures that will assure compliance with (1) and (2) above.

Article 6 Subcontracting.

The Grantee shall not enter into subcontracts for any of the work contemplated under this Agreement without obtaining the prior written approval of the Project Coordinator, and subject to conditions and provisions as the Project Coordinator may deem necessary, in his/her discretion, to protect the interests of the Commission: Provided, however, that notwithstanding the foregoing unless otherwise provided herein, such prior written approval shall not be required for the purchase by the Grantee of articles, supplies, equipment and services which are both necessary for and merely incidental to the performance of the work required under this Agreement: Provided, further, however, that no provision of this article and no such approval by the Project Coordinator of any subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation by the Commission in addition to the total grant amount and the Commission shall not be responsible for fulfillment of Grantee's obligations to subcontractors: Provided, further, that no subcontracting shall be deemed to relieve the Grantee of any obligations under this Agreement.

Article 7 Coordination and Non-Duplication.

In carrying out the project under this Agreement, Grantee shall assure that the planning, design work and implementation of activities are coordinated with activities conducted by Grantee under other related ARC grants, if any, and shall assure that there shall be no duplication of effort or funding under this Agreement of any work or payments under those grants.

Article 8 Project Personnel.

ARC reserves the right to approve or disapprove the selection or continued participation of any personnel supported with funds made available under this Agreement.

Article 9 Compliance with Applicable Laws.

Grantee shall assure that all provisions of applicable federal, state, and local laws shall be complied with in the conduct of activities under this grant agreement. The ARC reserves the right to suspend or terminate this agreement in the event that applicable federal, state, and local laws and regulations are not complied with. Such right shall not be exclusive and does not affect rights and remedies provided elsewhere by law, regulation, or agreement.

Article 10 Retention of Rights.

Title to equipment purchased with grant funds resides with the Grantee and assignees and successors approved by ARC, but the equipment must be accounted for during and after the end of the project period. Accountability may be satisfied by continued use during its useful life in the same or other projects related to objectives of the ARC, as approved by ARC. If the equipment is disposed of or transferred during its useful life to a use outside the scope of the ARC objectives, an amount equal to the resale value or the value of the ARC share at the time of disposal must be deposited in the grant account if still open, or the federal share must be refunded to ARC or an ARC-designated successor. ARC reserves the right to transfer such equipment and title thereto or other interest therein, to ARC, or an agency of the federal government or to another Grantee, in the event equipment, leased or purchased with funds under this agreement, is no longer used primarily for the purposes for which it is dedicated under this agreement, or is not used in substantial accord with the applicable provisions of this agreement.

It shall be Grantee's responsibility to monitor all use to ascertain that all such equipment is being used primarily for the purposes outlined herein. Grantee may propose to ARC that the equipment be transferred to another agency or entity which could utilize it for the purposes outlined in this agreement. Such transfers shall be subject to prior approval by the ARC Project Coordinator and to the reservation of rights in this Article.

Article 11 Method of Payment.

(1) Progress Payments. Grantee may receive progress payments (a) on the basis of the work performed; (b) upon ARC concurrence as to reasonableness of costs and submission of Form SF 270 (Request for Advance or Reimbursement); and; (c) upon submission to ARC of, and with the same frequency as, progress reports; and (d) upon determination by the ARC that the requirements of the agreement are being met. The total of such progress payments shall not exceed ninety (90) percent of the total grant amount unless specifically authorized in Part I of this agreement.

(2) Advance Payments. Grantee may receive advances of funds, in amounts sufficient to meet scheduled payroll costs and other related costs, including payments to subcontractors on the following basis: (a) Grantee's certification that a firm commitment has been obtained from each employee appointed under this agreement, or that firm, formal subcontracts have been executed which will require payments for goods and services to be delivered during the period for which advance is sought; (b) upon submission of form SF 270 (Request for Advance or Reimbursement) and on the basis of cost estimates approved by the ARC Project Coordinator; (c) Grantee's certification that any previous advance has been exhausted (if previous advance has not been exhausted, this remainder must be used to meet scheduled expenses payable during the next period); any additional advance subject to ARC concurrence as to need; and (d) satisfactory progress on tasks specified in Part I and the incorporated proposal.

Total Advance Payments shall not exceed 90 percent of the total grant amount unless specifically authorized in Part I of this agreement.

(3) Final Payment. Upon Grantee's satisfactory completion of the Agreement, Grantee shall receive any balance of funds which may be due under this Agreement.

(4) Disbursements. All disbursements shall be for obligations incurred, after the effective date, in the performance of this Agreement, and shall be supported by contracts, invoices, vouchers and other data, as appropriate, evidencing the disbursements.

NOTE: All payment requests must show the 9-digit taxpayer identifying number (TIN) assigned by the Internal Revenue Service. For individuals, the Social Security Number serves as the TIN; for businesses, the Employer Identification Number serves as the TIN.

Article 12 Grant-Related Income.

Grant-related income means gross income earned by Grantee from grant supported activities and shall include, but not be limited to, income from service fees, sale of commodities, or usage or rental fees. All grant-related income shall be reported to ARC in the progress and final reports required by this Agreement.

Article 13 Rebates and Discharges from Liability.

Grantee agrees that any refunds, rebates or credits, or other amounts (including interest earned thereon) received by the Grantee (or any Assignee) shall be paid to the Commission to the extent that they are properly allocable to costs for which the Grantee has been reimbursed under this Article. Grantee will, when requested, assign such amounts to the Commission and execute such releases as may be appropriate to discharge the Commission, its officers and agents from liabilities arising out of this Agreement.

Article 14 Records /Audit.

(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The documentation in support of each action in the accounting records shall be filed in such a manner that it can be readily located. Grantee shall maintain custody of time records, payrolls, and other data, as appropriate, to substantiate all services reported to the Commission as Contributed Services under this Agreement.

(2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit.

(3) Any payment may be reduced for overpayment(s) or increased for underpayment(s) on preceding invoices or vouchers. In the event of overpayment(s) ARC reserves the option of requiring the Grantee to reimburse the Commission for the amount of the overpayment(s).

(4) If Grantee has not provided either cash or contributed services of a value determined by the Commission to be sufficient to support the payments made by the Commission, or has failed to obligate or disburse any such sums for the purpose of this Agreement, the final payment shall be reduced, or the Grantee shall make an appropriate refund.

(5) The Grantee agrees that the Federal Co-Chairman of the ARC, the Comptroller General of the United States, the ARC, or the duly authorized representatives of any of them shall, until the expiration of three years after final payment under this Agreement, have access to and the right to examine any books, documents, papers, and records of the Grantee involving transactions related to this Agreement.

(6) The Grantee will, in each subcontract, require the subcontractor to agree to the application of the provisions of this article in a similar manner to the subcontractor's records relating to said subcontract.

Article 15 Responsibilities.

Notwithstanding any other provisions of this Agreement, it is expressly agreed that:

(1) Grantee will carry out the program under this Agreement as an independent contractor and not as agent of the Commission;

(2) Grantee assumes sole and complete responsibility for the conduct of the program in such a manner as to assure the safety and welfare of all persons participating in or in any way involved in, or affected by, any activities conducted under this Agreement; and

(3) The Commission, by its provision of funds for this project, undertakes no responsibility in this regard.

Article 16 Grantee's Principal Personnel.

The Project Director shall be responsible for the general guidance and overall supervision of Grantee's efforts. The Project Director shall maintain liaison with the Commission's Project Coordinator. In the event the replacement of the Project Director becomes necessary, the Grantee will advise the Commission, in writing, of the change. The Commission reserves the right to disapprove any proposed substitute or addition.

Article 17 ARC Representative.

The Project Coordinator is responsible for (i) providing liaison between the Commission and the Grantee, and (ii) obtaining approval of work accomplished by Grantee. The Commission may, in its discretion, change the Project Coordinator at any time, in which event it shall notify the Grantee in writing of the change.

Article 18 State Administration and Liaison Officer.

Grantee shall submit copies of all correspondence, reports and requests for payment required to be submitted to ARC simultaneously to the State Administration and Liaison Officer named in this Agreement.

Article 19 Disputes.

(1) Procedure. Except as otherwise provided in this Agreement, in the event of any dispute arising under this Agreement concerning a question of fact which is not disposed of by agreement, a decision regarding the dispute shall be rendered by the Executive Director. The Grantee may, within 20 days from receipt of the Executive Director's written decision, submit to the Commission's Contract Review Committee (ARC-CRC), a written request for a review to which the ARC-CRC shall respond in writing within 60 days. Alternatively, the Grantee and the Executive Director may mutually agree to select any alternative means of dispute resolution to resolve such dispute. The decision of either the ARC-CRC or the arbitrator retained for the purpose of dispute resolution, shall be final and conclusive. Pending final decision under either alternative, the Grantee shall proceed diligently with the performance of the Agreement in accordance with the Executive Director's decision.

(2) Consideration of Questions of Law. This Article does not preclude the consideration of questions of law in connection with decisions provided for in the above paragraph; provided that nothing in this grant shall be construed as making final any decision of any administrative official, representative, or the ARC-CRC on a question of law.

(3) ARC Contract Review Committee. The ARC-CRC shall consist of the Federal Co-Chairman and the States' Co-Chairman or their appointed representatives. In a dispute in which one of the parties is either the State of the States' Co-Chairman or a Grantee from said State, the States' Vice Co-Chairman, or his/her representative, shall replace the States' Co-Chairman on the ARC-CRC for that dispute alone. Nothing herein shall operate in any way as a restriction on the powers of the Federal Co-Chairman or any state member of the Commission under the ARDA.

Article 20 Suspension/Termination for Cause.

The ARC shall have the right, upon written notice to the Grantee, to suspend or terminate this Agreement for cause, whenever the Federal Co-Chairman determines there is reasonable basis to believe there has been malfeasance, embezzlement, misappropriation, unauthorized application of federal funds or material false statement in the conduct of this Agreement or any other ARC grant agreement.

Article 21 Termination for Default.

The ARC may, by written notice to Grantee, terminate this Agreement in whole or in part in accordance with Part 52.249 of the Federal Acquisition Regulations' "Default (Fixed-Price Supply and Service)" clause in effect on the date of this Agreement including, but not limited to provisions regarding failure to perform due to causes beyond the control of Grantee, the status of completed and partially completed work after termination for default, excusable default, ARC's right to reprocure, and other remedies. Such regulations are incorporated by reference as part of this Agreement. The rights and remedies of the ARC provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

Article 22 Termination for Convenience.

The ARC may, by written notice to the Grantee, terminate this Agreement in whole or in part for the convenience of the Commission, whenever the ARC determines that such action is in its best interest. If this Agreement is so terminated, the rights, duties and obligations of the parties, including compensation of the Grantee, shall be in accordance with Part 49 of the Federal Acquisition Regulation in effect on the date of this Agreement and such regulations are incorporated by reference as part of this Agreement.

Article 23 Official Not to Benefit.

No member or delegate to Congress, or resident Commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement if made with an incorporated entity for its general benefit.

Article 24 Covenant Against Contingent Fees.

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty the Commission shall have the right to annul this Agreement without liability or in its discretion to deduct from the grant amount or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

Article 25 Equal Opportunity.

Grantee shall carry out all programs and activities in compliance with Title VI of the Civil Rights Act of 1964, and other federal laws prohibiting discrimination, and in such a manner that no person shall, on the grounds of race, color, national origin, religion, sex, age or disability be excluded from participation in, be denied the benefits of, or be subject to discrimination with respect to any such programs or activities.

Article 26 Patent Rights.

All research and development grants are subject to the government-wide Patent Policies outlined in Department of Commerce regulations (37 CFR Part 401).

Article 27 Statement of Federal Funding.

When issuing statements, press releases, requests for proposals, bid solicitations, and any and all other public documents or announcements describing the project or program funded by this Agreement, Grantee agrees and warrants that it shall clearly state:(1) the percentage of the total cost of the program or project which will be financed with federal money, and (2) the dollar amount of federal funds for the project or program.

Article 28 Lobbying.

No funds made available under this Agreement may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress; however, this Article does not bar communications with Members of Congress as described in Title 18, section 1913, of the U.S. Code.

Article 29 Copyrights.

The Federal Government, through the Appalachian Regional Commission (ARC), reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal government purposes, any work developed under a contract, grant, subgrant, or contract under a grant or subgrant, and to use, and authorize others to use, for federal government purposes, any rights of copyright to which a grantee, a subgrantee or a contractor purchases ownership with grant support or contract funds. Such license to use includes, but is not limited to, the publication of such work on an ARC Web site. Use of such works for purposes related to Appalachia

and the development of the Region is generally authorized by ARC to State and local governments in the ARC Region and to other public and private not-for-profit organizations serving the Region, including the Appalachian Local Development Districts.

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 50,000 .00	\$.00	\$ 50,000 .00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 0 .00	\$.00	\$ 0 .00
3. Relocation expenses and payments	\$ 0 .00	\$.00	\$ 0 .00
4. Architectural and engineering fees	\$ 70,800 .00	\$.00	\$ 70,800 .00
5. Other architectural and engineering fees	\$ 17,700 .00	\$.00	\$ 17,700 .00
6. Project inspection fees	\$ 58,750 .00	\$.00	\$ 58,750 .00
7. Site work	\$ 0 .00	\$.00	\$ 0 .00
8. Demolition and removal	\$ 0 .00	\$.00	\$ 0 .00
9. Construction	\$ 906,500 .00	\$.00	\$ 906,500 .00
10. Equipment	\$ 0 .00	\$.00	\$ 0 .00
11. Miscellaneous	\$ 5,550 .00	\$.00	\$ 5,550 .00
12. SUBTOTAL (sum of lines 1-11)	\$ 1,109,300 .00	\$ 0.00	\$ 1,109,300 .00
13. Contingencies	\$ 90,700 .00	\$.00	\$ 90,700 .00
14. SUBTOTAL	\$ 1,200,000 .00	\$ 0.00	\$ 1,200,000 .00
15. Project (program) income	\$ 0 .00	\$.00	\$ 0 .00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 1,200,000 .00	\$ 0.00	\$ 1,200,000 .00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X <u>100.00</u> %		\$ 1,200,000 .00

Exhibit #3
AML Application

2017 AML Economic and Community Development Pilot Program
 Open Application Period Aug. 4, 2017 -- Nov. 3, 2017

For AML Use Only

If a Project Involves Water or Sewer
 Activities

2017

WRIS Number WX21159009

PROJECT TITLE: Water System Controls and Raw Water Modifications

PROJECT ADDRESS/LOCATION: Various: Tug Fork, Crum Reservoir, Turkey Creek 908, KY
 3 North, etc.

APPLICANT

Name	Agency	Telephone Number	E-mail address		
William J. Harvey	Martin County Water District	606-298-3885	jdhammond58@outlook.com		
Street or P. O. Box	City	County	State	ZIP Code	
387 Main Street Suite 140	Inez	Martin	KY	41224	

CONTACT PERSON

Name	Firm/Agency	Telephone Number	E-mail address		
Brandon Montgomery	Big Sandy ADD	606-886-2374	Brandon.montgomery@bigsandy.org		
Street or P. O. Box	City	County	State	ZIP Code	
110 Resource Court	Prestonsburg	Floyd	KY	41653	

LIST OF COUNTIES TO BE SERVED

Martin

Number of Clients Served
 3600

Project Period
 From: 11/01/2017 To: 12/31/2018

Area Development District
 Big Sandy



2017 AML Economic and Community Development Pilot Program

Open Application Period Aug. 4, 2017 – Nov. 3, 2017

BRIEF DESCRIPTION OF PROJECT (Attach a separate sheet if necessary)

This project will include raw water intake modifications. A secondary intake will be added in the Tug Fork River providing redundancy. Piping, pumps, and controls will be upgraded to provide for the second intake. In addition to the second raw water intake, the raw water transmission main will be extended from the Crum Reservoir to the water treatment plant and a new reservoir intake structure will be constructed. The transmission main will be 3,500 linear feet of 16 inch ductile iron pipe.

Also part of this project will be the replacement of water mains in three locations. The locations are Turkey Creek (KY 908), Wolf Creek - Meathouse Branch to Pigeon Roost, and Town Point Curve on KY 3 north of Inez. The replacement lines will all be 6 inch SDR 17, Class 250 PVC.

Another portion of this project is the installation of system wide telemetry SCADA system and the replacement of approximately 1,000 individual customer service lines in the Inez area.

AML Nexus

The current status of the system makes it difficult to attract new business or industry to the region due to the inadequate infrastructure and water quality/capacity.

The Martin County Water District serves all of Martin County including the Eastern Kentucky Business Park, a multi-county, regional industrial park, located in southern Martin County adjacent to the USP-Big Sandy as well as Big Sandy Regional Airport. The industrial property is being actively marketed by One East Kentucky (a newly formed regional economic development organization), utility providers such as AEP, and local/regional officials. In addition, the project site for the new Martin County high school is adjacent to an economic development site holding potential for further commercial growth. The ability to provide adequate water capacity to each of these economic development sites is vital to business and job growth in the region and particularly in Martin County.

Martin County has a long history of mining activity however; mining has declined sharply in recent years. The Eastern Kentucky Business Park and USP-Big Sandy are located on formerly mined lands. This economic development site is the only property that is publicly owned and currently available for the purpose of industrial development. It is a vital piece of the economic development of the region and specifically for Martin County. Economic diversification will, going forward, be contingent upon the availability of fully developed sites/buildings with adequate infrastructure having excess capacity for potential employers. The area's regional economic development entity, One East Kentucky, responsible for marketing properties must, to have success, be able to assure industrial prospects that infrastructure is adequate to meet employer needs. The successful completion of this project will greatly enhance the current and planned industrial/commercial sites located in the county.

2017 AML Economic and Community Development Pilot Program
Open Application Period Aug. 4, 2017 – Nov. 3, 2017

PROJECT BENEFITS (Attach a separate sheet if necessary)

The benefits from this project are numerous. The second intake structure will provide security when the river level is low and protection during flood events. The piping, pump, and control upgrades will provide more reliability than the current system alone. The locations for the water main replacement were originally installed in the early 1970s and are PVC Class 160, SDR 26 that is no longer used in water systems and has been a source of considerable water loss through many leaks over the years. These three locations will be replaced with new higher class water main with new service connections.

The transmission main extension from the reservoir to the plant will give the water district flexibility to bring water directly from the river to the water treatment plant, bypassing the reservoir. This is beneficial due to the fact that during certain times of the year, primarily in the fall, organics get very high in the reservoir impacting the final water quality.

The new SCADA system will allow for continuous readout at a central location from all storage tanks, pump stations, and control valves. This will reduce water loss by detecting problems sooner and reducing down time when there is a problem.

The existing service lines were installed in the 1960s and 1970s and the material used was greatly inferior to the materials used today. It has been determined through leak detection that most of the water loss in this area is through these service lines and not the main lines. The service lines will be replaced using 1 inch Endot EndoPure SDR 9 Class 200 polyethylene service tubing. The replacement of these service lines should greatly reduce water loss in this area.

As stated in the previous section the economic benefits and impacts of this project are far reaching. This project would have positive impacts by providing additional capacity to meet the needs of any prospective industry that could potentially look to locate in Martin County. This project also addresses PSC concerns and the longstanding issues related to high water loss across the District. The 2016 Consumer Confidence Report released by the PSC cites 8 instances were violations occurred in 2016 related to system wide issues caused issues the above project will seek to eliminate.

2017 AML Economic and Community Development Pilot Program

Open Application Period Aug. 4, 2017 -- Nov. 3, 2017

FINANCING

Include all funding amounts and sources. Please complete all appropriate columns and specify whether funds are Approved, Pending, or currently under Negotiation.

Source	Planning & Operations	Construction & Renovation	Equipment	Total	Percent	Status of Funds
AMI Pilot Funds	\$841,750.00	\$3,960,000.00		\$4,801,750.00	100%	Pending
AMI Regular Funds						
State						
Local						
In-Kind						
Other Federal Funds:						
Other Funds:						
TOTAL	\$841,750.00	\$3,960,000.00		\$4,801,750.00	100%	

NAME AND SIGNATURE OF AUTHORIZED REPRESENTATIVE.

William J. Harvey
Signature of Authorized Officer

William J. Harvey
Name Printed

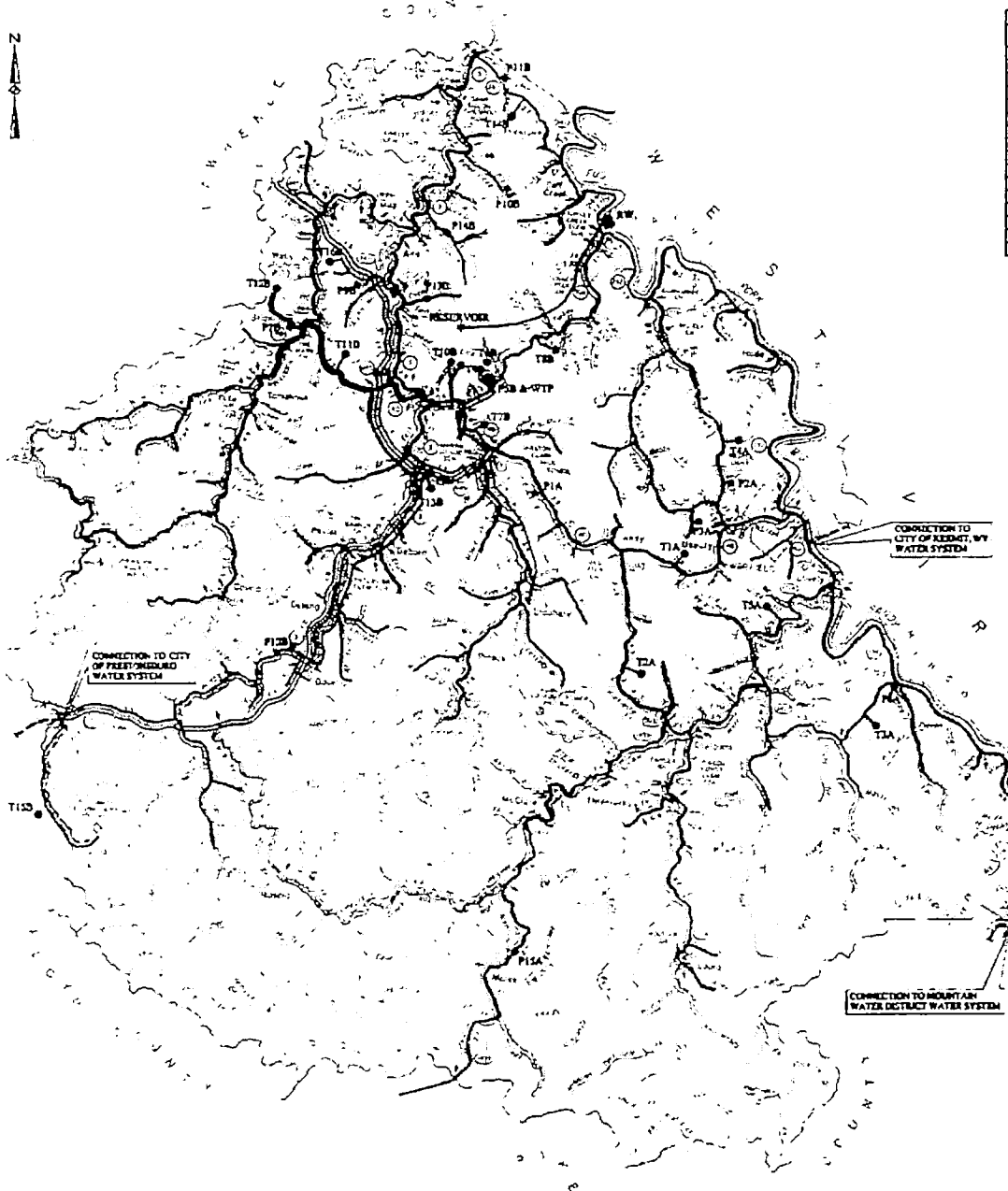
Chairman
Title

9/8/17
Date

Note:

All Applications are to be submitted in both Word and PDF format. Applications shall be emailed to Bob Scott, Director KDAML, at BobF.Scott@ky.gov and Justin Adams, at justin.adams@ky.gov

If Applications are too large to email, then a CD/DVD or USB flash drive with electronic files and 8 paper copies shall be submitted to Bob Scott, Director KDAML, at 300 Sower Blvd, Frankfort Ky. 40601.



TANK INDEX			
ID	NAME	SIZE/GAL	CAPACITY G.P.Y.
T101	BLACK CREEK	200	1000
T102	LITTLE ROCK CREEK	200	1000
T103	NO. BRANCH	200	1113
T104	NO. BR.	200	1000
T105	NO. J. CREEK	200	1000
T106	CLEARWELL	100	500
T107	CO. BRANCH	100	500
T108	TURKEY	20	100
T109	BR.	200	1000
T110	BR.	200	1000
T111	KY 46 W	200	1000
T112	CA. LORRY	200	1000
T113	MIDDLE FORK	200	1000
T114	SUPP. BRANCH	20	100
T115	NO. BRANCH	200	1000
T116	KY 46	20	100

PUMP STATION INDEX			
ID	NAME	CPM	QTY
P101	KY 46 E	200	1000
P102	NO. BR.	200	1000
P103	NO. BRANCH	20	100
P104	KY 46 W	200	1000
P105	TURKEY	20	100
P106	KY 46 W	100	500
P107	CA. LORRY	20	100
P108	MIDDLE FORK	200	1000
P109	KY 46	20	100
P110	PETER CA. C.	100	500
P111	BR. BR.	20	100
P112	DAVEILA ROAD	20	100
P113	CARROLL BRANCH	20	100
P114	BR. BR.	20	100
P115	MOUNTAIN BRANCH	20	100

OTHER STATIONS			
ID	NAME	CPM	QTY
W1	SAWYER BRIDGE	1000	1000
W2	WATER PLANT	-	100

LEGEND	
—	1993
—	1996
—	1998
—	EARLY 70's
—	MID 2000's to LATE 2012

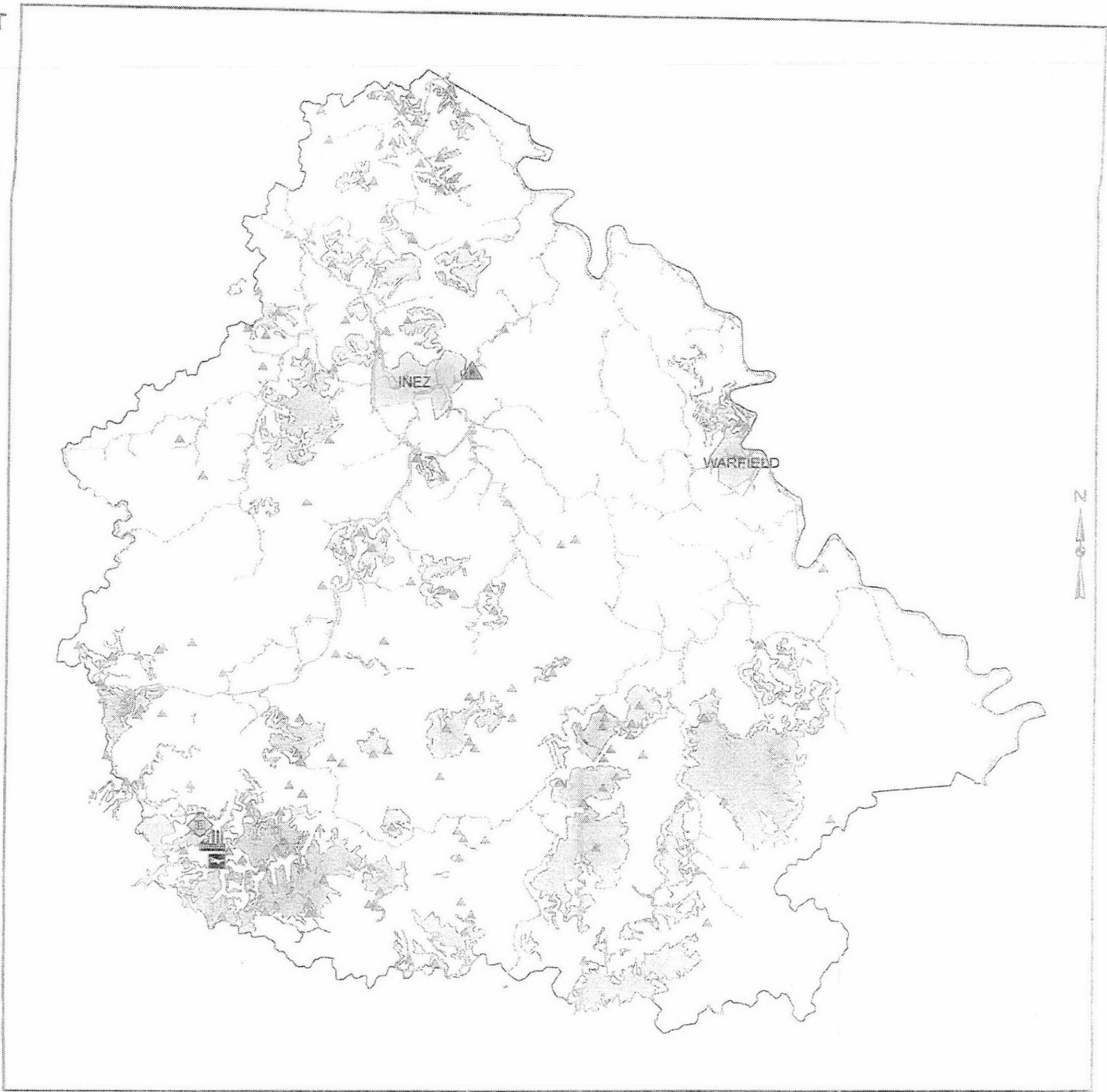


WATER SYSTEM MAP



MARTIN COUNTY WTP PROJECT RECLAIMED/RELEASED MINE LANDS

- Martin County Reclaimed Mines
- Martin County Released Mined-out Areas
- Martin Cities
- Roads
- ▲ Martin County Water Treatment Plant
- ◆ Big Sandy Correctional Facility
- 🏭 Honey Branch Industrial Park
- ✈ Big Sandy Regional Airport



Map prepared by the
Geographic Information Systems Department
of the
Big Sandy Area Development District



Exhibit #4
Audit Report 2015

MARTIN COUNTY WATER DISTRICT
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

Prepared by:

White & Associates PSC
CERTIFIED PUBLIC ACCOUNTANTS
1407 Lexington Road
Richmond, Kentucky 40475
Phone 859.624.3926
Fax 859.625.0227

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White & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS
1407 Lexington Road
Richmond, Kentucky 40475

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund of the Martin County Water District (District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of the District, as of December 31, 2015, and the respective changes in financial position, and where

applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 6 to the financial statements, in 2015, the District adopted new accounting guidance, GASB *Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

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 as listed in the table of contents be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the remaining 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 September 30, 2016, on our consideration of the 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 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 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 the District's internal control over financial reporting and compliance.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
September 30, 2016

Martin County Water District
STATEMENT OF NET POSITION
December 31, 2015

	2015
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 94,137
Accounts receivable	
Customer, net	235,876
Other, net	12,481
Inventory	24,067
Prepaid expenses	24,484
Accrued utility revenues	258,199
Total current assets	649,244
Noncurrent assets:	
Restricted cash and cash equivalents	288,317
Capital assets not being depreciated	234,681
Capital assets, net of accumulated depreciation	20,790,640
Total noncurrent assets	21,313,639
Deferred outflows of resources:	
Deferred outflows of resources related to pensions	52,952
Total Assets	\$ 22,015,835
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 609,534
Accrued liabilities:	
Payroll taxes	2,566
Other	60,923
Interest	52,860
Customer deposits	139,998
Current portion of long-term debt:	
Bonds	30,000
Note	48,450
Capital lease	10,000
Total current liabilities	954,331
Noncurrent liabilities:	
Net pension liability	750,000
Noncurrent portion of long-term debt:	
Bonds	1,980,000
Note	606,852
Capital lease	116,222
Total noncurrent liabilities	3,453,074
Deferred Inflows of Resources	
Inflow of resources related to current refunding premium	21,893
Inflow of resources related to pensions	84,000
Total deferred outflows of resources	105,893
Total liabilities	4,513,298
NET POSITION	
Net Investment in capital assets	18,233,797
Restricted for:	
Reserves	288,317
Unrestricted	(1,019,577)
Total net position	17,502,538
Total liabilities and net position	\$ 22,015,835

See the accompanying notes to the financial statements.

Martin County Water District
STATEMENT OF REVENUES, EXPENSES and CHANGES In NET POSITION
For the Year Ended December 31, 2015

	2015
OPERATING REVENUES:	
Water sales:	
Residential	\$ 1,624,198
Commercial	361,679
Industrial	9,836
Martin Fire Department	2,270
Other	724
Unmetered	304
Other sales:	
Public authorities	4,540
Penalties	74,965
Other	3,073
Vendors	286
Miscellaneous	15,621
Total operating revenues	2,097,496
OPERATING EXPENSES:	
Salaries and wages	550,131
Employee benefits	249,646
Purchased water	426,314
Chemicals	114,987
Materials & supplies	223,500
Contractual services	182,458
Rental	126,831
Transportation	66,616
Insurance	55,847
Bad debt	53,516
Regulatory assess fees	4,298
Depreciation	773,303
Miscellaneous	38,324
Total operating expenses	2,865,772
OPERATIONS INCOME (LOSS)	(768,276)
NONOPERATING REVENUES (EXPENSES)	
Earnings on investments	284
Amortization of deferrals	470
Bond issuance costs	(67,250)
Interest expense	(102,016)
Total nonoperating revenues (expenses)	(168,512)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(936,788)
Tap fees	14,352
Contributions	52,615
Total capital contributions	66,967
CHANGE IN NET POSITION	(869,821)
NET POSITION, BEGINNING	19,121,149
Prior period adjustment	(748,791)
RESTATED NET POSITION, BEGINNING	18,372,358
NET POSITION, ENDING	\$ 17,502,538

See the accompanying notes to the financial statements.

Martin County Water District
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

	2015
Cash flows from operating activities:	
Cash received from customers and other sources	\$ 2,097,496
Cash payments to suppliers for goods and services	(882,331)
Cash payments for employees and benefits	(852,729)
Net cash provided (used) by operating activities	362,436
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(70,987)
Principal payments on long-term debt	(18,020)
Bond issuance costs	(67,250)
Amortization of deferral of resources	470
Interest paid on long-term debt	(102,016)
Net cash provided (used) by capital and related financing activities	(257,802)
Cash flows from investing activities:	
Interest on note	0
Other cash flows	1,209
Investment income received	284
Net cash provided (used) by investing activities	1,493
Net increase (decrease) in cash and cash equivalents	106,126
Cash and cash equivalents, beginning of year	276,328
Cash and cash equivalents, end of year	\$ 382,454
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (768,276)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation/Amortization	773,303
Accounts receivable	5,926
Inventory	2,205
Prepaid expenses	(5,495)
Accrued revenues	(14,546)
Deferrals	52,941
Accounts payable	261,812
Accrued liabilities	47,917
Customer deposits	6,649
Net cash provided (used) by operating activities	\$ 362,436

Noncash items:

Capital contributions were \$66,987.

Interest expense:

Interest expense was \$102,016.

See the accompanying notes to the financial statements.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 1 – Reporting entity and significant accounting policies

(a) Description of the reporting entity

The Martin County Water District (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, for financial purposes, includes the transactions relevant to the operation of the Martin County Water District. The financial statements presented herein do not include other agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Martin County Water District.

(b) Basis of accounting

The District operates and reports as an enterprise utilizing the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

(c) Applicable accounting standards

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for financial statements of state and local governments. The District has elected to follow all pronouncements of the GASB.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation of capital

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(d) *Investments*

Investments are reported in the accompanying statement of net position at fair value, except for certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with the District's investment policy, the District may invest in the following:

Certificates of Deposit
U.S. Treasury Bills, Notes and Bonds
Local Agency Investment Fund
Money Market Mutual Funds

Currently, the District has no investments.

(e) *Statement of cash flows*

For the purposes of the statement of cash flows, cash and cash equivalents are defined to be cash on hand, demand deposits, restricted cash and cash equivalents, and highly liquid investments with a maturity of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as cash and cash equivalents and restricted cash and cash equivalents.

(f) *Restricted cash and cash equivalents*

Restricted cash and cash equivalents represent amounts held in trust at the bank and are set aside for bond sinking, operation and depreciation funds as required by the bond ordinance. Currently, the District has no restricted investments.

(g) *Capital assets*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
 For the Year Ended December 31, 2015

All reported capital assets are depreciated with the exception of land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10-50 years
Buildings and improvements	10-25 years
Technology equipment	5-20 years
Equipment	5-50 years

(h) *Employee leave benefits*

The District's policy on vacation shall accrue at the rate of eighty (80) hours per year for one (1) to five (5) years of full time employment, henceforth employees' may earn an additional eight (8) hours per year up to a maximum of one hundred and twenty (120) hours. Maximum accrual of each employee is one hundred and sixty (160) hours. No monetary value is given to the accrual of vacation.

The District's employees' shall accrue sick leave at the rate of eight (8) hours per month to a maximum of four hundred and eighty (480) hours. No monetary value is given to the accrual of sick leave.

(i) *Use of estimates*

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(j) *Inventory*

The District maintains a detailed inventory of supplies needed to maintain the water infrastructure. Inventory is recorded at historical cost and expensed when used.

(k) *Prepaid expenses*

Payments made by the District that benefit periods beyond December 31st are classified as prepaid expenses. A current asset is recorded at the time of purchase and an expense is made per the consumption method. The prepayment of expenses is for the numerous insurances required on behalf of the District's employees' and its infrastructure.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

(l) *Accrued utility revenues*

Accrued utility revenues are the accrual of water sales at December 31st that has not been billed to customers.

(m) *Accounts receivable, net*

The District accounts for the billings to customers as Customer accounts receivable less the amounts determined not to be collectable.

(n) *Capital contributions*

Capital contributions include the amounts paid by state and local governments that arise from contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

(o) *Reserves for net position*

The amount restricted in net position is the amount that has been set aside for payments of long-term debt. The restricted amount equals the restricted cash and cash equivalents as reported in the statement of net position.

(p) *Net investment in capital assets*

Net investment in capital assets is the net amount of the capital assets less the amounts payable for long-term debt financing those capital assets.

(q) *Customer deposits*

Deposits required by the District for each customer to receive services. The deposits are maintained by the District and returned when services are no longer used or other qualifying event by the District's policy.

(r) *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 fiduciary net position have been determined on the same basis as they are reported by the pensions. 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.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

(s) *New accounting pronouncements*

The District implemented Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting of Pensions" (GASB 68). GASB 68 replaced the requirements of GASB 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB 50, "Pension Disclosures", as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability to comprehensively and comparably measure the annual costs of pension benefits. Cost-sharing governmental employers, such as the District, are required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

NOTE 2 – Budgetary data

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.

NOTE 3 – Cash and cash equivalents

Cash and cash equivalents as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 94,137
Restricted cash and cash equivalents	<u>288,317</u>
Total cash and cash equivalents	<u>\$ 382,454</u>

Cash and cash equivalents as of December 31, 2015 consist of the following:

Cash on hand	\$ 900
Deposits with financial institutions	<u>381,554</u>
Total cash and cash equivalents	<u>\$ 382,454</u>

Custodial risk

Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of a another party. As of June 30th, the District's deposits with financial institutions are non-interest bearing, and have a limited insurance coverage with the federal deposit insurance corporation up to \$250,000. As of December 31, 2015, the District deposits with financial institutions exceeded the federal depository insurance limits by \$158,045. The difference has been covered by securities pledged by the financial institution holding the deposits.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

NOTE 4 – Capital assets

Capital asset activity for the calendar year ended December 31, 2015, was as follows:

	<u>12/31/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2014</u>
Land	\$ 214,714	\$ -	\$ -	\$ 214,714
Construction in progress	57,500		57,500	-
Structures	500,264			500,264
Collecting & Impounding Reservoirs	288,203			288,203
Lakes, rivers and intakes	1,021,403	1,132,350		2,153,753
Pumping Equip	308,887	581		309,468
Water Treatment Equipment	4,812,970			4,812,970
Distribution reservoir & standpipes	4,071,502			4,071,502
Transmission & Distribution mains	20,060,075			20,060,075
Meters & meter installation	483,949			483,949
Hydrants	2,969			2,969
Other plant & misc equip	861,964			861,964
Office Furniture & equipment	175,251			175,251
Transportation equipment	324,570			324,570
Tools	29,534			29,534
Lab Equipment	14,403			14,403
Power Operated equipment	43,193			43,193
Communication equipment	16,897			16,897
Total at historical cost	\$ 33,288,246	\$ 1,132,931	\$ 57,500	\$ 34,363,677
Less: Accumulated depreciation				
Structures	\$ 97,892	\$ 10,183	\$ -	\$ 108,075
Collecting & Impounding Reservoirs	63,959	1,555		65,514
Lakes, rivers and intakes	524,668	29,865		554,533
Pumping Equip	268,642	21,725		290,367
Water Treatment Equipment	1,291,307	92,253		1,383,560
Distribution reservoir & standpipes	854,392	81,505		935,897
Transmission & Distribution mains	7,303,779	494,624		7,798,403
Meters & meter installation	185,083	14,118		199,201
Hydrants	1,843	89		1,932
Other plant & misc equip	753,894	16,256		770,150
Office Furniture & equipment	171,917	1,402		173,319
Transportation equipment	311,355	7,314		318,669
Tools	29,167	80		29,247
Lab Equipment	14,401	-		14,401
Power Operated equipment	43,192	-		43,192
Communication equipment	15,647	899		16,546
Total accumulated depreciation	\$ 11,931,138	\$ 771,868	\$ -	\$ 12,703,006
Capital Assets-net	\$ 21,357,108	\$ 361,063	\$ 57,500	\$ 21,660,671

Depreciation expense was \$773,303 for the year.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

NOTE 5 – Long-term debt

Long-term debt activity for the calendar year ended December 31, 2015, was as follows:

Note payable

The amounts shown in the accompanying financial statements as a note payable represents the District’s future obligations to make payments related to a loan obtained from the Kentucky Infrastructure Authority (KIA) to provide water to customers in the Martin County area.

The District is obligated to make payments in amounts sufficient to satisfy debt service. The original amount of the outstanding note, maturity date, interest rate, and outstanding balance at December 31, 2015 is summarized below:

<u>Note Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2014 Debt Outstanding</u>	<u>Additions</u>	<u>Retirements</u>	<u>2015 Debt Outstanding</u>
KIA	\$ 1,329,826	2027	3%	\$ 702,323		\$ 47,020	\$ 655,302

The current amount due for the note payable as of December 31, 2015, is \$48,450. The collateral for the revenue is service revenue. Payments accrue monthly. Future note payable obligation is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 48,450	\$ 18,997	\$ 67,447
2017	49,924	17,523	67,447
2018	51,443	16,004	67,447
2019	53,007	14,440	67,447
2020	54,620	12,827	67,447
2021-2025	299,052	38,183	337,235
2026-2027	98,806	2,364	101,170
	<u>\$ 655,302</u>	<u>\$ 120,338</u>	<u>\$ 775,640</u>

Capital lease

The amount shown in the accompanying financial statements as capital lease represents the District’s purchase of vehicles and equipment by obtaining funding from the Kentucky Association of Counties (KACO).

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

The District is obligated to make payments in amounts sufficient to satisfy the debt service. The original amount of outstanding capital lease, maturity date, interest rate, and outstanding balance, at December 31, 2015 is summarized below:

<u>Capital Lease Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2014 Lease Outstanding</u>	<u>Additions</u>	<u>Retirements</u>	<u>2015 Lease Outstanding</u>
KACO	\$ 200,000	2025	1.85%	\$ 136,222		\$ 10,000	\$ 126,222

The current amount due for the capital lease as of December 31, 2015, is \$10,000. The collateral for the revenue is service revenue. Payments accrue monthly. Future capital lease obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,000	\$ 5,264	\$ 15,264
2017	10,000	4,834	14,834
2018	10,000	4,431	14,431
2019	10,000	4,013	14,013
2020	15,000	3,596	18,596
2021-2025	71,222	8,597	79,819
	<u>\$ 126,222</u>	<u>\$ 30,735</u>	<u>\$ 156,957</u>

Bonds payable

The amounts shown in the accompanying financial statements as bonds payable represents the District's initiation and improvements of its water system by obtaining funding from the United States Department of Agriculture (USDA) Division of Rural Development (RD). The RD loans were refunded on May 12, 2015 from the Kentucky Rural Water Finance Corporation Public Projects.

Series 2015E Current Refunding

RD loans of \$2,008,100 were refunded on May 12, 2015 by \$2,010,000 par amount public project fund bond from the Kentucky Rural Water Finance Corporation. The new debt bears interest from 2.1 – 4.1% maturing on February 1, 2044. The net fair value cash flow savings is \$223,252, and the net present value savings of \$112,269, a savings of 4.06%. The District will receive a net future value benefit of \$185,746 of refunding with the new debt a 3.72% savings.

The District is obligated to make payments in amounts sufficient to satisfy the new debt service. The original amount of outstanding bonds, maturity date, interest rate, and outstanding balance, at December 31, 2015 is summarized below:

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

<u>Bond Issues</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2014 Debt</u>			<u>2015 Debt</u>
				<u>Outstanding</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding</u>
RD 1	\$ 554,000	2038	4.5%	\$ 422,500		\$ 422,500	\$ -
RD 5	600,000	2040	4.5%	503,600		503,600	-
RD 8	910,000	2047	4.375%	856,000		856,000	-
RD 10	241,000	2047	4.375%	226,000		226,000	-
Refunding KRW	\$ 2,010,000	2045	2.1-4.1%	-	2,010,000		2,010,000
				<u>\$ 2,008,100</u>	<u>\$ 2,010,000</u>	<u>\$ 2,008,100</u>	<u>\$ 2,010,000</u>

The current amount due for the bonds as of December 31, 2015, is \$30,000. The collateral for the revenue is service revenue. Payments accrue monthly. Future bond obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 30,000	\$ 91,300	\$ 121,300
2017	50,000	73,974	123,974
2018	55,000	72,321	127,321
2019	55,000	70,066	125,066
2020	55,000	68,361	123,361
2021-2025	310,000	308,084	618,084
2026-2030	370,000	249,181	619,181
2031-2035	430,000	176,416	606,416
2036-2040	390,000	93,275	483,275
2041-2045	<u>265,000</u>	<u>27,778</u>	<u>292,778</u>
	<u>\$ 2,010,000</u>	<u>\$ 1,230,756</u>	<u>\$ 3,240,756</u>

NOTE 6 – Pension Plan

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

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 Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
Unreduced retirement		27 years service or 65 years old
Reduced retirement		At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date,	September 1, 2008 – December 31, 2015
Unreduced retirement		At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
Reduced retirement		At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2015
Unreduced retirement		At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
Reduced retirement		Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for non-service-related disability benefits.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

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

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

At December 31, 2015, the District reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the District as its proportionate share of the net pension liability is as follows:

District's proportionate share of CERS's net pension liability \$ 750,000

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2014, the District's proportion was .023123% (percent).

For the year ended December 31, 2015, the District recognized pension expense of \$85,209 related to CERS. At December 31, 2015, 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 of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	84,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	52,952	-
	\$ 52,952	\$ 84,000

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

\$52,952 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Year Ended 12/31</u>
2016	\$ 10,590
2017	10,590
2018	10,590
2019	10,590
2020	<u>10,590</u>
	<u>\$ 52,952</u>

Actuarial assumptions-- the total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	3.50%	3.50%
Projected salary increases	4.50%	4.0-8.2%
Investment rate of return, net of investment expense & inflation	7.75%	7.50%

For CERS, mortality rates for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired employees and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other employees. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering calendar years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Discount rate—For CERS, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by the pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	6.75%	7.75%	8.75%
District's proportionate share of net pension liability	846,996	750,000	653,397

Pension plan fiduciary net position—detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

NOTE 7 – Change in accounting principle and related changes to certain beginning balances.

Government Accounting Standards Board (GASB) No. 68, “Accounting and Financial Reporting for Pensions” required retrospective application. Since the District only presents one year of financial information, the beginning net position was adjusted to reflect the retrospective application. The adjustment resulted in a \$748,791 reduction in beginning net position on the Statement of Revenues, Expenses and Changes in Net Position and an increase of \$84,000 of deferred inflows of resources – and \$52,952 in deferred outflows of resources – District contributions subsequent to the measurement date

Martin County Water District
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended December 31, 2015

NOTE 8 – Risk management

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/ destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omission, and general liability coverage, the District purchased commercial insurance coverage.

NOTE 9 – Subsequent events

The District has evaluated subsequent events through September 30, 2016, the date the financial statements were available to be issued.

Martin County Water District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended December 31, 2015

	Reporting Fiscal Year (Measurement Date)
	2015 (2014)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:	
Districts' proportion of the net pension liability	0.02%
District's proportionate share of the net pension liability	\$ 750,000
State's proportionate share of the net pension liability associated with the District	-
Total	\$ 750,000
District's covered-employee payroll	\$ 693,688
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.12%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

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

See the accompanying notes to the required supplementary information.

Martin County Water District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:		
Contractually required contribution	\$ 104,892	\$ 97,385
Contributions in relation to the contractually required contribution	<u>104,892</u>	<u>\$ 97,385</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 693,688	\$ 593,711
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	15.12%	16.40%

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

See the accompanying notes to the required supplementary information.

Martin County Water District
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2015

Changes in terms –None

Changes in assumptions - None

White & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

1407 Lexington Road
Richmond, Kentucky 40475

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 Commissioners of the 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 Standard* issued by the Comptroller General of the United States, the financial statements of the enterprise fund of Martin County Water District (District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
September 30, 2016

MARTIN COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS
Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None reported N/A
Was any material noncompliance reported (GAGAS)?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings.

MARTIN COUNTY WATER DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2015

There were no findings from the prior year.

White & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS
1407 Lexington Road
Richmond, Kentucky 40475

September 30, 2016

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

We have audited the financial statements of the enterprise fund of the Martin County Water District for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Martin County Water District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives and residual values of capital assets is based on historical trends. We evaluated the key factors and assumptions used to develop the useful lives and residual values of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
September 30, 2016

Exhibit #5
Procurement Procedures

MARTIN COUNTY UTILITY BOARD

PROCUREMENT POLICY & PROCEDURES & RELATED CODE OF ETHICS PROVISIONS

In order to assure best utilization of available public resources, assure equity to vendors/providers, and effect compliance with applicable State and Federal regulations and attendant audit requirements. The Martin County Utility Board (Utility Board) does hereby establish and create this Procurement Policy and Procedures.

A. Policy

1. Authority

For purposes of administration of these policies and KRS 45A, the chief officer shall be the Chairperson. With delegation and in the absence of the Chairperson, responsibility shall be passed to the Treasurer.

2. Scope

The Utility Board shall obtain and/or acquire all goods and services required by the Utility Board in the course of its responsibility to operate, maintain and manage the Martin County Water District and the Martin County Sanitation District, pursuant to laws, regulations and procedures as referenced or as set out herein.

B. IMPLEMENTATION PROCEDURE FOR PURCHASING BY BIDS

1. In all purchasing, the Utility Board shall comply with KRS 45A.345-460, OMB Circular A-102, and such other state or federal statutes or regulations as may be required in compliance with the governmental accounting standards and applicable audit guidelines for governmental agencies. This Policy shall be deemed to include any and all legislated or regulatory amendments made by the Commonwealth or the Federal Government.
 - a. All purchases or contracts for goods or services in a total or aggregate amount of \$20,000 or more shall be acquired as provided in KRS 45A.365, KRS 45A.370, KRS 45A.375 or KRS 45A.380. The term "services" may or may not apply, at the discretion of the Utility Board, to the selection of professional services such as certified public accountant, civil engineer, archaeologist, attorney, architect, etc., or where provision is made for an alternative manner for such selection by statute or regulation.
 - b. No bid for goods or services shall be considered under KRS 45A.365, KRS 45A.370, or KRS 45A.375 when any Commissioner serving on the Utility Board or any employee, officer or agent of the Utility Board and the supplier or service provider have a relationship creating a conflict of interest as described in KRS 45A.344 (a), (b) or (c), with the exception that the affected Board member or individual may declare, on

record, that a relationship with a prospective vendor exists and from that point in time the party ceases any and all involvement, direct or indirect, in the procurement process.

- c. All solicitations or bids for goods and services and subsequently, all purchases and contracts allowed under Sections 2 and 3 shall be specifically authorized by the Board of Commissioners in a regular or special meeting, and so reflected in meeting minutes.
 - d. All bids for goods and services in response to a solicitation by the Utility Board shall be mailed or delivered to the General Manager, opened and considered in a regular or special meeting of the Board of Commissioners.
 - e. Amounts approved by the Board for payment for all purchases of goods and services, including incremental payments for operations and/or construction contract services shall be paid by check signed by two authorized officers of the Board of Commissioners.
2. The Chairperson or the Treasurer in the absence of the Chairperson, may determine that bidding procedures provided for under 1.b shall be followed for certain purchases having a total or aggregate cost of more than \$500, but less than \$20,000. In such instances, the determination shall be made in writing and shall state: a) the likelihood of savings shall be greater than the cost and time delays of the bidding process; b) the taking of bids shall not discriminate against any possible supplier; and c) the goods or services to be purchased are of a single kind or class for which taking a bid is practicable.
 3. All bank statements on all Utility Board accounts shall be mailed/delivered to the Utility Board's designated, independent accountant and reconciled monthly by the accountant and other designated individual(s).
 4. All contracts for goods and services to be provided to the Utility Board shall be signed by the Chairperson of the Utility Board and witnessed by the Secretary or another board member.

C. IMPLEMENTATION PROCEDURES FOR NON-BID PURCHASING

The following practices shall be followed in the purchase of consumable items and miscellaneous office supplies wherein such purchases do not require application of procedures as provided in B.1.a., above.

1. All purchases shall be made in such manner as to afford the lowest cost for the highest combination of quality and quantity. All purchases shall be made in a manner assuring fair and equitable treatment to all potential suppliers.
2. A purchase order or requisition system shall be used to track all acquisitions. The Chair or General Manager or his designated representative shall review all purchase orders to determine necessity and affordability. For purchases totaling or expected to aggregate to not

more than \$500 within one year, the Chairperson will confer with the Board of Commissioners and the General Manager to determine the best method of acquisition to apply.

3. For all non-bid purchases of goods and services, it shall be the Utility Board's practice to solicit price quotations for the goods and services to be acquired from at least three (3) qualified parties. Such solicitation may be for specific prices on specific or generic items or for a discount rate on the purchase of varied items. The solicitation may be done in person, by telephone or mailed invitation, and the offer, terms, and date of the offer by each respondent shall be recorded in writing and dated. The Chairperson shall review the offers prior to the acceptance of any offer. Records of offers shall be maintained and opened for review by any supplier to determine that his offer was fairly recorded and considered.

D. RECORDS

All documentation, records, and written materials required by these policies and such other statutes or regulations as noted above shall be maintained in the Utility Board's office. A copy of this policy and of the required documentation and reports shall be kept in such manner as to be available for public inspection.

E. PREFERRED SOURCE

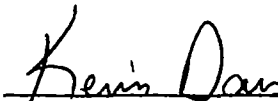
Acquisition of materials, supplies, and equipment through the Kentucky Surplus Property Program, appropriate State Price Contract, and competitive lease arrangements shall be pursued whenever it is determined to be in the best interest of the Utility Board.

F. REQUIRED ACTIONS OF CONTRACTOR RELATING TO PROCUREMENT POLICY & CODE OF ETHICS POLICY

1. No individual or company seeking to be, or already under contract to perform a service for the Utility Board may act in any manner which may create a conflict of interest in the performance of their duties or the appearance of a conflict of interest to ensure the best interest of the Utility Board.
2. No individual or company under contract to perform a service for the Utility Board may perform any additional service on the same project that a reasonable person would believe to be a conflict of interest.
3. The principals of any contractor providing services to the Utility Board may respond to a bid notice or other solicitation for goods or services, pursuant to this Procurement Policy, under the name of a second company as long as such action is declared, in writing at the time of the bid and include a statement that the performance under either contract shall not be impaired, made subservient to or otherwise limited as a result of the principals controlling both contracting firms.

4. No Commissioner, employee or attorney, inspector, engineer, accountant, project administrator or consultant under contract to the Utility Board to perform certain services may have any ownership interest in or receive any payment from any contractor who bids on or is selected to construct project(s) for the Utility Board.
5. All inspectors under contract to provide inspection services for the Utility Board shall provide a signed monthly report documenting their activities and findings to the Board of Commissioners. Inspectors will provide a copy of their report to the engineer of record for the particular construction project and the construction contractor. All contractors serving as inspectors for the Utility Board shall attend regular monthly meetings of the Utility Board, or other meetings as directed, to answer any questions.
6. All Utility Board contractors, engineers, accountants, contract operations and management contractor(s), inspectors, construction contractors, project administrators, consultants, and any others, will be issued and required to sign a statement acknowledging receipt and acceptance of this Procurement Policy, and specifically acknowledge awareness of and commitment to comply with statements contained in the Utility Board's Code of Ethics Policy including conflict of interest provisions that affect all individuals associated with the Utility Board in any way.

This Policy approved by the Board of Commissioners April 27, 2009.


Secretary