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Audit Report, 2006/2007

Public Water Supply District #5 of Jefferson County

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PUBLIC WATER SUPPLY DISTRICT NO. 5
 13261 STATE RD CC
 DE SOTO, MO. 63020

ANNUAL BUDGET PROPOSAL
 YEAR 2008

	BUDGET 2007	ACTUAL 2007	BUDGET 2008
OPERATING REVENUE:			
Water SalesA/R	760,000.00	720,779.55	760,000.00
Late Penalties	15,000.00	18,766.21	19,000.00
Reconnection Fees	9,000.00	9,720.00	10,000.00
Capital Improvement Income	36,000.00	30,714.54	36,000.00
Miscellaneous Income	2,000.00	14,400.58	2,000.00
Special Services to Customers	2,000.00	1,456.75	2,000.00
Access Fees/System Upgrade	15,000.00	6,000.00	9,000.00
	<hr/>		
TOTAL	839,000.00	801,837.63	838,000.00
NON-OPERATING REVENUE			
Interest Income	33,000.00	38,917.80	40,000.00
TOTAL	872,000.00	840,755.43	878,000.00

EXPENSES:	BUDGET 2007	ACTUAL 2007	BUDGET 2008
Engineering services	38,000.00	13,681.92	30,000.00
Repairs & Maintenance	7,500.00	5,677.49	7,000.00
Well Repairs	20,000.00	12,277.25	20,000.00
Water Analysis Fee	300.00	230.27	300.00
Truck Expense	14,000.00	11,625.66	14,000.00
Audit/Accountant Fee	4,000.00	4,000.00	4,000.00
Insurance Expense	30,000.00	24,834.00	28,000.00
Legal/Recording Expenses	10,000.00	643.50	5,000.00
Miscellaneous Expense	2,500.00	641.81	2,000.00
Election Expense	5,000.00	5,000.00	5,000.00
Office Expense	22,000.00	19,795.24	22,000.00
Power & Energy	45,000.00	41,898.30	45,000.00
Outside Services Employed	2,500.00	1,160.00	2,500.00
Employees' Salaries	236,000.00	236,894.31	245,000.00
FICA Employer's Portion	19,000.00	18,122.35	19,000.00
Cont. To Employ Security	2,000.00	1,062.89	2,000.00
Employees' Benefits(Health/Life/Ret)	89,000.00	84,274.11	89,000.00
Office Utilities	11,000.00	7,880.37	11,000.00
Chemicals	14,000.00	14,869.00	16,000.00
Supplies	3,000.00	2,211.22	3,000.00
Seminar & Travel Expense	3,000.00	1,151.61	3,000.00
Uniforms-Men	2,500.00	2,119.74	2,500.00
Maint Agrmts/Tank/Wells	9,500.00	9,252.62	9,500.00

TOTAL EXPENSES	589,800.00	519,021.04	584,800.00
NET INCOME	282,200.00	321,734.39	293,200.00

PUBLIC WATER SUPPLY DISTRICT #5

OF JEFFERSON COUNTY

DESOTO, MISSOURI

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

KRIEG, LOHBECK & CO.

Certified Public Accountants

FENTON, MO 63026

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
Public Water Supply District #5
of Jefferson County

Dear Members of the Board:

We have audited the accompanying Balance Sheets of Public Water Supply District #5 of Jefferson County as of December 31, 2007 and December 31, 2006, and the related statements of Revenues and Expenses, District Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Water Supply District #5 of Jefferson County at December 31, 2007 and December 31, 2006, and the results of its operation and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purposes of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 11 through 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Krieg, Lohbeck & Co CPAs LLC
Krieg, Lohbeck & Co., C.P.A.'s, LLC
February 6, 2008

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
BALANCE SHEETS
DECEMBER 31,

ASSETS

	<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS</u>		
Cash funds - Unrestricted - page 13	\$ 95,126	\$ 65,339
Accounts receivable (Net of allowance for doubtful accounts of \$3,929 and \$4,486, respectively)	52,774	64,535
Prepaid expenses	2,783	3,106
<i>Total current assets</i>	\$ 150,683	\$ 132,980
<u>FIXED ASSETS - Net Book Value - Page 8</u>	3,474,774	3,301,613
<u>OTHER ASSETS</u>		
Cash funds - Restricted - Page 13	1,031,405	1,059,338
<u>TOTAL ASSETS</u>	\$ 4,656,862	\$ 4,493,931

LIABILITIES AND DISTRICT EQUITY

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 5,628	\$ 48,478
Meter deposits payable	92,230	88,990
Contribution in aid of construction	360	360
Accrued and withheld taxes	6,305	5,135
Accrued payroll	963	0
<i>Total current liabilities</i>	\$ 105,486	\$ 142,963
<u>DISTRICT EQUITY - Page 4</u>	4,551,376	4,350,968
<u>TOTAL LIABILITIES AND DISTRICT EQUITY</u>	\$ 4,656,862	\$ 4,493,931

*The accompanying notes are an integral part
of the financial statements.*

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 721,353	\$ 642,378
Capital improvement income	30,715	26,260
Reconnect fees	9,720	8,260
Penalties and late charges	18,766	14,860
Other customer charges	1,457	1,538
Miscellaneous income	3,309	6,029
Gain on sale of trucks	8,030	0
Access fee	6,000	1,200
<i>Total operating revenues</i>	<u>\$ 799,350</u>	<u>\$ 700,525</u>
<u>OPERATING EXPENSES</u>		
	642,387	595,019
<u>OPERATING INCOME</u>		
	<u>\$ 156,963</u>	<u>\$ 105,506</u>
<u>NON-OPERATING REVENUE</u>		
Interest income	43,445	30,530
<u>NET INCOME</u>		
	<u><u>\$ 200,408</u></u>	<u><u>\$ 136,036</u></u>

*The accompanying notes are an integral part
of the financial statements.*

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
STATEMENTS OF DISTRICT EQUITY
FOR THE YEARS ENDED DECEMBER 31.

	<u>2007</u>	<u>2006</u>
<u>CONTRIBUTED CAPITAL</u>		
Balance, Beginning of year	\$ 1,602,684	\$ 1,576,334
Additions during the year	0	26,350
	_____	_____
<i>Balance, End of year</i>	\$ 1,602,684	\$ 1,602,684
	_____	_____
<u>RETAINED EARNINGS</u>		
Balance, Beginning of year	\$ 2,748,284	\$ 2,612,248
Add - Net income for year	200,408	136,036
	_____	_____
<i>Balance, End of year</i>	\$ 2,948,692	\$ 2,748,284
	_____	_____
<u>TOTAL DISTRICT EQUITY</u>		
<u>END OF YEAR</u>	<u>\$ 4,551,376</u>	<u>\$ 4,350,968</u>

*The accompanying notes are an integral part
of the financial statements.*

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net income for the year	\$ 200,408	\$ 136,036
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	129,861	124,051
Gain on sale of trucks	(8,030)	0
Contributed capital	0	26,350
<i>(Increase) or decrease in:</i>		
Accounts receivable - Net	11,761	(11,300)
Prepaid expenses	323	(934)
<i>Increase or (decrease) in:</i>		
Accounts payable	(42,850)	29,734
Meter deposits payable	3,240	3,170
Accrued and withheld taxes	1,170	3,075
Accrued payroll	963	0
<i>Net cash provided from operating activities</i>	\$ 296,846	\$ 310,182
<u>CASH FLOW USED IN INVESTING ACTIVITIES</u>		
Capital expenditures	\$ (303,022)	\$ (188,548)
Proceeds from sale of trucks	8,030	0
<i>Net cash used in investing activities</i>	\$ (294,992)	\$ (188,548)
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>		
	\$ 1,854	\$ 121,634
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>		
	1,124,677	1,003,043
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>		
	\$ 1,126,531	\$ 1,124,677

The accompanying notes are an integral part of the financial statements.

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles Used to Determine Scope of Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the customers of the District should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

B. Basis of Presentation

The financial transactions of the District are recorded in a single enterprise fund. An enterprise fund is a type of proprietary government fund which is normally used by water and other utility districts. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

C. Basis of Accounting

Enterprise funds such as this are accounted for using the accrual basis of accounting which is accepted under Generally Accepted Accounting Principles. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. Budgetary Data

The District's Governing Board annually adopts the budget resolution for the operations of the District. All budget amounts presented in the supplementary information has been presented as originally adopted by the Board.

E. Assets, Liabilities and District Equity

1. Cash & Cash Equivalents:

The District has defined cash and cash equivalents to include cash on hand, demand deposits and certificates of deposit.

2. Property, Plant & Equipment:

Property, Plant and Equipment purchased or acquired is carried at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>YEARS</u>
Buildings and Improvements	5-50
Equipment	5-15
Vehicles	5

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

II. DETAIL NOTES

A. Property, Plant & Equipment

	<u>BALANCE</u> <u>12/31/2006</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>12/31/2007</u>
Office Building	\$ 41,252	\$ 0	\$ 0	\$ 41,252
Land and Land Rights	53,006	0	0	53,006
Office Equipment	94,912	494	0	95,406
Structures and Improvements	665,864	0	0	665,864
Power and Pump Equipment	416,799	634	0	417,433
Distribution Systems	1,500,563	238,607	0	1,739,170
Motor Vehicles	83,271	36,512	35,054	84,729
Tools & Work Equipment	63,101	1,294	0	64,395
Gifts/Capital Improvements	1,484,769	0	0	1,484,769
Capital Improvements	1,115,827	25,481	0	1,141,308
TOTAL	<u>\$ 5,519,364</u>	<u>\$ 303,022</u>	<u>\$ 35,054</u>	<u>\$ 5,787,332</u>
Less Accumulated Depreciation	2,217,751	129,861	35,054	2,312,558
<u>NET FIXED ASSETS</u>	<u>\$ 3,301,613</u>	<u>\$ 173,161</u>	<u>\$ 0</u>	<u>\$ 3,474,774</u>

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,2007

B. Pension Plan

1. Plan Description

The Jefferson County Water District #5 participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo, 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

2. Funding Policy

The Jefferson County Water District #5's full-time employees do not contribute to the pension plan. The political subdivision is required by state statute to contribute at an actuarially determined rate; the current rate is 16.8% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

B. Annual Pension Cost

For 2007, the political subdivision's annual pension cost of \$ 39,561 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2007 was 20 years.

Three-Year Trend Information

Fiscal Year	Annual Pension Cost	Percentage of APC	Net
<u>Ending</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Pension</u>
		<u>Obligation</u>	<u>Obligation</u>
6-30-05	\$41,158	100%	\$ -0-
6-30-06	\$43,112	100%	\$ -0-
6-30-07	\$40,708	100%	\$ -0-

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

	(a)	(b)	(b-a)		(c)	[(b-a)/c]
Actuarial Valuation	Actuarial Value	Entry Age Actuarial Liability	Unfunded Accrued Liability	(a/b)	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
<u>Date</u>	<u>of Assets</u>	<u>Liability</u>	<u>(UAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Payroll</u>
2-28-05	\$ 89,948	\$374,638	\$284,690	24%	\$203,669	140%
2-28-06	144,919	412,385	267,466	35	214,807	125
2-28-07	204,422	466,833	262,411	44	227,529	115

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

C. Management's Discussion and Analysis

As required by Government Accounting Standards Board (GASB), a discussion was had with management reviewing financial highlights and operations of the District. Budget analysis and variations were noted. Currently known facts and conditions that may effect future financial positions and results were discussed. In all discussions, there were no negative positions taken.

PUBLIC WATER SUPPLY DISTRICT #5

OF JEFFERSON COUNTY

SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
COMPARATIVE STATEMENT OF OPERATIONS-BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u>	<u>Actual</u>	<i>Over/(Under)</i> <u>Budget</u>
<u>OPERATING REVENUES</u>			
Water Sales	\$ 760,000	\$ 721,353	\$ (38,647)
Capital improvement income	36,000	30,715	(5,285)
Reconnect fees	9,000	9,720	720
Penalties and late charges	15,000	18,766	3,766
Other customer charges	2,000	1,457	(543)
Miscellaneous income	2,000	3,309	1,309
Access fee	15,000	6,000	(9,000)
Gain on sale of trucks	0	8,030	8,030
<i>Total operating revenues</i>	\$ 839,000	\$ 799,350	\$ (39,650)
<u>OPERATING EXPENSES</u>			
Accounting	\$ 4,000	\$ 4,000	\$ 0
Bad debt provisions	0	3,895	3,895
Chemicals	14,000	14,869	869
Depreciation	0	129,861	129,861
Election expense	5,000	3,539	(1,461)
Employee benefits	89,000	84,274	(4,726)
Engineering services	38,000	0	(38,000)
Insurance	30,000	25,155	(4,845)
Legal and professional	10,000	644	(9,356)
Miscellaneous expense	2,500	642	(1,858)
Office supplies and expense	22,000	20,866	(1,134)
Outside services	2,500	1,160	(1,340)
Payroll taxes	21,000	19,185	(1,815)
Power and energy	45,000	42,986	(2,014)
Repairs and maintenance	37,000	26,712	(10,288)
Supplies	3,000	2,290	(710)
Travel and seminars	3,000	1,152	(1,848)
Uniforms	2,500	2,318	(182)
Utilities - Office	11,000	8,158	(2,842)
Vehicle expense	14,000	12,593	(1,407)
Wages	236,000	237,858	1,858
Water analysis	300	230	(70)
<i>Total operating expenses</i>	\$ 589,800	\$ 642,387	\$ 52,587
<u>OPERATING INCOME</u>	\$ 249,200	\$ 156,963	\$ (92,237)
<u>NON-OPERATING REVENUE AND EXPENSE</u>			
<i>Revenue -</i>			
Interest income	28,000	43,445	15,445
<u>NET INCOME</u>	\$ 277,200	\$ 200,408	\$ (76,792)

*The accompanying notes are an integral part
of the financial statements.*

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
STATEMENTS OF CASH FUNDS
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>UNRESTRICTED FUNDS</u>		
Operating fund	\$ 94,813	\$ 65,072
Cash on hand and petty cash	313	267
	_____	_____
<i>Total unrestricted funds</i>	\$ 95,126	\$ 65,339
	_____	_____
<u>RESTRICTED FUNDS</u>		
Replacement and extension fund	\$ 309,957	\$ 215,683
Guarantee deposit fund	78,047	74,607
Reserve - Certificates of deposit	643,401	769,048
	_____	_____
<i>Total restricted funds</i>	\$ 1,031,405	\$ 1,059,338
	_____	_____
<u>TOTAL CASH FUNDS</u>	\$ 1,126,531	\$ 1,124,677
	=====	=====

*The accompanying notes are an integral part
of the financial statements.*

PUBLIC WATER SUPPLY DISTRICT #5 OF JEFFERSON COUNTY
SCHEDULES OF OPERATING EXPENSES
DECEMBER 31,

<u>OPERATING EXPENSES</u>	<u>2007</u>	<u>2006</u>
Accounting	\$ 4,000	\$ 4,000
Bad debt provision	3,895	2,667
Chemicals	14,869	10,997
Depreciation	129,861	124,051
Election expense	3,539	69
Employee benefits	84,274	83,084
Insurance	25,155	24,829
Legal and professional	644	1,409
Miscellaneous expense	642	1,231
Office supplies and expense	20,866	17,750
Outside services	1,160	0
Payroll taxes	19,185	18,633
Power and energy	42,986	41,035
Repairs and maintenance	26,712	16,941
Supplies	2,290	2,225
Travel and seminars	1,152	565
Uniforms	2,318	1,983
Utilities - Office	8,158	7,641
Vehicle expense	12,593	10,555
Wages	237,858	225,194
Water analysis	230	160
<i>Total operating expenses</i>	<u>\$ 642,387</u>	<u>\$ 595,019</u>

*The accompanying notes are an integral part
of the financial statements.*