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1-1-2008

## Annual Financial Statements, 2007

Public Water Supply District C1 of Jefferson County

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**PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
ANNUAL FINANCIAL STATEMENTS  
MAY 31, 2007**

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**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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OF JEFFERSON COUNTY, MISSOURI  
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# Daniel Jones & Associates

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Public Water Supply District C-1  
of Jefferson County, Missouri

Dear Members of the Board:

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of Public Water Supply District C-1 of Jefferson County, Missouri as of and for the year ended May 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of Public Water Supply District C-1 of Jefferson County, Missouri as of May 31, 2007, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Public Water Supply District C-1 of Jefferson County, Missouri has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2007, 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 grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information and budgetary comparison information on page 20 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. These statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

July 12, 2007

**BASIC FINANCIAL STATEMENTS**



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS  
MAY 31, 2007

ASSETS

CURRENT ASSETS		
Cash funds - Unrestricted (Page 25)		1,720,251.72
Customer accounts receivable (net of allowance for doubtful accounts: \$13,700)		286,181.77
Miscellaneous accounts receivable		2,053.61
Accounts receivable - Brookshire taps		32,480.00
Accrued interest receivable		17,477.00
NSF Checks		(161.48)
Inventory - Materials		192,216.21
Prepaid - Transmission Pipeline		474,041.72
Prepaid insurance		128,120.08
Unamortized bond costs - Current portion		
2000 issue	10,011.00	
2002 issue	17,425.20	
2005 issue	<u>5,767.92</u>	33,204.12
Original issue discount - Current portion		
2002 issue		<u>                    </u>
TOTAL CURRENT ASSETS		<u>2,885,864.75</u>
CAPITAL ASSETS		
Organization costs		61,584.28
Land and land rights		274,014.24
Waterworks plant		22,002,609.39
Structures and improvements		403,087.63
Transportation and maintenance equipment		496,657.01
Office furniture and fixtures		150,075.12
MXU meters		1,607,687.32
Bond issue project - Phase I		7,225,001.04
Bond issue project - Phase II		10,551,239.33
Transmission pipeline		<u>12,650,333.32</u>
		55,422,288.68
Less: Accumulated Depreciation		<u>(10,497,135.48)</u>
TOTAL CAPITAL ASSETS - NET BOOK VALUE		44,925,153.20
OTHER ASSETS		
Cash funds - Restricted (Page 25)		3,607,576.44
Unamortized bond costs - Long-term		
2000 issue	175,191.64	
2002 issue	323,818.17	
2005 issue	<u>96,263.92</u>	595,273.73
Original issue discount - Long-term - 2002 issue		27,656.32
Seckman Road relocation		88,260.03
Old Antonia Road		16,251.28
Out of service wells		<u>1,419,552.32</u>
TOTAL OTHER ASSETS		<u>5,754,570.12</u>
TOTAL ASSETS		<u><u>53,565,588.07</u></u>

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

PUBLIC WATER SUPPLY DISTRICT C-1  
 OF JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF NET ASSETS  
 MAY 31, 2007

LIABILITIES

CURRENT LIABILITIES

Accounts payable	109,703.62
Bond issues outstanding - Current portion	745,000.00
Lease payable - Transmission pipeline	75,158.95
Bank Overdraft	49,392.41
Customer meter deposits	650,720.56
Accrued wages	71,618.35
Accrued and withheld payroll taxes	4,607.68
Sales tax and primacy fees payable	9,475.47
Deferred taps	71,667.00
TOTAL CURRENT LIABILITIES	1,787,344.04

LONG-TERM LIABILITIES

Bond issues payable	23,725,000.00
Less: Current maturities - Above	(745,000.00)
Deferred funding - 2000 series	(95,088.55)
Deferred funding - 2005 series	(207,043.30)
Total Bond Issues	22,677,868.15
Lease payable - Transmission pipeline	11,199,826.47
Less - Current maturities - Above	(75,158.95)
Total Lease Payable	11,124,667.52
TOTAL LONG-TERM LIABILITIES	33,802,535.67

TOTAL LIABILITIES

35,589,879.71

DISTRICT EQUITY

Restricted (Page 6)	14,794,339.66
Unrestricted (Page 6)	3,181,368.70
TOTAL DISTRICT EQUITY	17,975,708.36
TOTAL LIABILITIES AND DISTRICT EQUITY	53,565,588.07

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



PUBLIC WATER SUPPLY DISTRICT C-1  
 OF JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN DISTRICT EQUITY  
 FOR THE YEAR ENDED MAY 31, 2007

OPERATING REVENUE	
Water sales	5,023,363.95
Late charges	93,028.00
Reconnect fees	64,385.00
Tap on fees	156,040.27
Material sales	53,461.00
Other customer charges	2,703.00
Customer service charges	97.74
Construction and permit fees	43,466.56
Disposition of equipment	4,470.50
Miscellaneous income	19,914.64
TOTAL OPERATING REVENUE	5,460,930.66
OPERATING EXPENSES	
Field expenses (Page 23)	2,025,130.83
Administrative expenses (Page 23)	803,344.44
TOTAL OPERATING EXPENSES	2,828,475.27
NET OPERATING REVENUE	2,632,455.39
NON-OPERATING REVENUE AND EXPENSES	
Revenue	
Interest income	197,966.66
Total revenue	197,966.66
Expenses	
Depreciation	1,302,144.57
Refinancing charges	26,518.02
Interest expense - Bond issues	1,150,898.75
Interest expense - Lease	1,349,644.83
Amortization of bond fees	17,542.86
Amortization of original issue discount	1,294.59
Bond fees	7,270.13
Abandoned wells	0.00
Total Expense	3,855,313.75
EXCESS OF NON-OPERATING EXPENSES OVER REVENUE	(3,657,347.09)
NET INCOME (LOSS)	(1,024,891.70)

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

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF DISTRICT EQUITY  
MAY 31, 2007

RESTRICTED:

CONTRIBUTED CAPITAL

Balance - Beginning of year	14,370,660.41
Additions - Current year 5/31/07	<u>423,679.25</u>
Balance - End of year	<u>14,794,339.66</u>

UNRESTRICTED:

SURPLUS

Balance - Beginning of year	4,206,260.40
Net income (loss)	<u>(1,024,891.70)</u>
Balance - End of year	<u>3,181,368.70</u>

TOTAL DISTRICT EQUITY, END OF YEAR

17,975,708.36

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

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	5,437,750.28
Payments to suppliers and employees	(2,952,346.43)
Other Operating Revenue	453,169.56
Interest received	308,335.82
Interest paid	<u>(2,460,363.58)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	786,545.65
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property and equipment	<u>(458,435.32)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(458,435.32)
CASH FLOWS FROM INVESTING ACTIVITIES	
Debt reduction	(660,000.00)
Unamortized bond costs - 2000 issue	10,010.96
Unamortized bond costs - 2002 issue	17,425.17
Unamortized bond costs - 2005 issue	5,767.92
Deferred refunding - 2000 issue	5,004.60
Deferred refunding - 2005 issue	11,502.46
Capital lease - Transmission pipeline	(72,480.17)
Original issue discount - 2002 issue	1,412.28
Contributions in aid of construction	<u>423,679.25</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(257,677.53)</u>
NET INCREASE (DECREASE) IN UNRESTRICTED CASH	70,432.80
UNRESTRICTED CASH, BEGINNING OF YEAR	<u>1,649,818.92</u>
UNRESTRICTED CASH, END OF YEAR	<u><u>1,720,251.72</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	(1,024,891.70)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,302,144.57
Decrease in restricted funds	453,169.56
Increase in accounts receivable	(23,180.38)
Decrease in accrued interest receivable	110,367.16
Increase in NSF Checks	161.48
Increase in inventory	(48,849.27)
Decrease in payables	(17,070.16)
Increase in prepaids	(53,245.52)
Increase in bank overdraft	49,392.41
Decrease In accrued compensation and taxes	(1,632.50)
Increase in Customer Deposits	40,180.00
Total adjustments	<u>1,811,437.35</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>786,545.65</u></u>

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



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Public Water Supply District C-1 of Jefferson County, Missouri have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**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 C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. Fund equity, (i.e., net total assets) is segregated into contributed capital and Reserved and/or Unreserved net Assets. Enterprise fund type statement of activities present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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 Information

The District annually adopts the Budget Resolution in order to comply with the budget guidelines for political subdivisions in the State of Missouri as provided in the Revised Missouri Statutes. Budgetary control is legally maintained by District management and the Board of Directors. Budget amounts are presented as part of the supplementary information strictly as a management tool for use by the Board of Directors and District management.

E. Inventory

An actual count of materials was taken on or about May 31, 2007, which was the last working day of the fiscal year. The inventory on the balance sheet represents the actual total cost value of the materials counted on this date.

F. Capital Assets

All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

During the year, the District received donated lines with a cost of \$ 423,679.25. The donated lines will begin depreciation in the 2007/2008 fiscal year.



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

G. Compensated Absences

Vacation time and sick leave are considered as expenditures in the year paid. Vacation time not used by the end of a given year is not accrued and carried over into future years, nor is it paid out to the employee at the end of the year. However, vacation time accrued during the year of termination is paid to the employee at the time of termination. Sick leave not used by the end of the year may be carried over into future years. Accrued sick leave is not paid at the time of termination.

**II. CASH AND INVESTMENTS**

A. Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations if Missouri or its agencies and instrumentalities that have a market value of not less than the principle amount of the deposits. The District's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at May 31, 2007. At year-end, the carrying amount of the District's deposits was \$ 5,327,828.16 with respective bank balances totaling \$5,308,216.57. Of the total bank balance, all of the funds were covered by Federal Depository Insurance Corporation (FDIC) or covered by collateral held by the Federal Reserve Bank in the District's name under a joint safekeeping agreement with Various Banks.

B. Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the financial statements at May 31, 2007, as follows:

Included in the following fund financial statement captions:

Deposits & Investments:

Petty Cash	\$	600.00
Deposits		1,993,425.43
Restricted Deposits		11,316.48
Total Petty Cash and Deposits		2,005,341.91
Investments		2,750,375.42
Restricted Investments		572,110.83
Total Investments		3,322,486.25
<b>Total Cash &amp; Investment as of May 31, 2007</b>		<b>\$ 5,327,828.16</b>

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**II. CASH AND INVESTMENTS (CONTINUED)**

As of May 31, 2007, the district's investments were as follows:

**Investments May 31, 2007**

<u>Type</u>	<u>Maturities</u>	<u>Amount</u>
<b>Unrestricted Investments</b>		
Certificate of Deposit	01/12/08	\$ 90,000.00
Certificate of Deposit	01/12/08	97,000.00
Certificate of Deposit	01/13/08	58,000.00
Certificate of Deposit	01/13/08	50,000.00
Certificate of Deposit	10/05/06	72,000.00
Certificate of Deposit	01/13/08	98,000.00
Certificate of Deposit	01/10/10	136,542.50
Certificate of Deposit	09/09/09	98,037.67
Certificate of Deposit	09/09/09	500,000.00
Certificate of Deposit	09/09/09	500,000.00
Certificate of Deposit	09/15/09	95,000.00
Certificate of Deposit	09/16/09	95,000.00
Certificate of Deposit	09/24/09	95,000.00
Certificate of Deposit	09/24/09	95,000.00
Certificate of Deposit	09/14/09	12,104.43
Certificate of Deposit	09/14/09	32,962.33
Certificate of Deposit	09/14/09	100,000.00
Certificate of Deposit	01/10/08	50,000.00
Certificate of Deposit	12/10/07	50,000.00
Certificate of Deposit	11/19/07	75,000.00
Certificate of Deposit	01/04/10	75,024.66
Certificate of Deposit	01/12/08	94,000.00
Certificate of Deposit	01/13/08	99,000.00
Certificate of Deposit	01/13/08	52,000.00
Certificate of Deposit	09/18/07	30,703.83
Total Unrestricted		<u>\$ 2,750,375.42</u>

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**II. CASH AND INVESTMENTS (CONTINUED)**

**Investments May 31, 2007**

Type	Maturities	Amount
<b>Restricted Investments</b>		
Certificate of Deposit	12/29/07	90,000.00
Certificate of Deposit	01/04/10	35,054.63
Certificate of Deposit	10/01/08	100,000.00
Certificate of Deposit	12/12/08	82,348.85
Certificate of Deposit	06/17/09	61,934.43
Certificate of Deposit	10/29/09	67,037.67
Certificate of Deposit	10/24/07	60,863.42
Certificate of Deposit	09/18/07	74,871.83
Total Restricted		\$ 572,110.83
<b>Total Investments</b>		\$ 3,322,486.25

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year end May 31, 2007.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments.

Custodial Credit Risk – Investments

All investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**II. CASH AND INVESTMENTS (CONCLUDED)**

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year end May 31, 2007.

**III. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS**

Accounts receivable represents the balance due from current water users of the District as well as those from former residents who still owe the District for past service. A separate account was set up to reflect amounts due for miscellaneous charges to developers and commercial customers. The Reserve for Bad Debts account represents an estimate of what the District feels will ultimately be uncollectable from customers.

**IV. CAPITAL ASSETS**

The following is a summary of proprietary fund-type capital assets at May 31, 2007:

	<u>Balances</u> 06/1/06	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 05/31/07
<b>Assets Not Being Depreciated</b>				
Land and Land Rights	\$ 273,510.24	\$ 504.00	\$ 0	\$ 274,014.24
Boundry Adjustment	27,735.00	0	0	27,735.00
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets Not Being Depreciated</b>	<b>\$ 301,245.24</b>	<b>\$ 504.00</b>	<b>\$ 0</b>	<b>\$ 301,749.24</b>

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**IV. CAPITAL ASSETS – PROPRIETARY FUND TYPES (CONTINUED)**

	Balances 06/1/06	Additions	Deletions	Balances 05/31/07
<b>Assets Being Depreciated</b>				
Miller Road Main Replacement	\$ 8,000.00	\$ 0	\$ 0	\$ 8,000.00
Old Antonia Main Replacement	135,160.40	0	0	135,160.40
Organizational Costs	61,584.28	0	0	61,584.28
Tuckahae Service Repairs	15,931.07	0	0	15,931.07
Parkton Tank	910,398.72	0	0	910,398.72
Computer System	95,226.94	2,314.92	(1,189.93)	96,351.93
Office Furniture & Equipment	150,075.12	0	0	150,075.12
Maintenance & Misc. Equipment	81,789.02	0	0	81,789.02
Miscellaneous Plant	636,114.76	0	0	636,114.76
Tower/Standpipe – Meadow Dr.	473,842.19	0	0	473,842.19
Fences	17,637.64	0	0	17,637.64
Supply Mains	1,104,965.57	0	0	1,104,965.57
Weber Road Valve	7,539.79	0	0	7,539.79
Trans & Distr Lines	16,873,438.20	423,679.25	0	17,297,117.45
Structures & Improvement	403,087.63	0	0	403,087.63
Trans & Constr Equipment	487,052.12	52,988.00	(43,383.11)	496,657.01
Garage	320,964.74	0	0	320,964.74
MXU Meters	1,577,080.02	30,607.30	0	1,607,687.32
District Share Line	21,000.00	0	0	21,000.00
Barnhart Tank	454,721.76	0	0	454,721.76
Moss Hollow Sewer Ext.	100,240.64	0	0	100,240.64
E. Rock Creek Equipment	85,865.75	0	0	85,865.75
Old Lemay Ferry Relocate	79,655.21	0	0	79,655.21
Transmission Pipeline	12,650,333.32	0	0	12,650,333.32
61/67 Pipeline	0	127,577.75	0	127,577.75
Bond Issue Project Phase I	7,225,002.04	0	(1.00)	7,225,001.04
Bond Issue Project Phase II	10,524,019.62	27,219.71	0	10,551,239.33
<b>Total Assets Being Depreciated</b>	<u>54,500,726.55</u>	<u>664,386.93</u>	<u>(44,574.04)</u>	<u>55,120,539.44</u>
Total Fixed Assets	54,801,971.79	664,890.93	(44,574.04)	55,422,288.68
Less Accumulated Depreciation	<u>(9,236,975.02)</u>	<u>(1,302,727.72)</u>	42,567.26	<u>(10,497,135.48)</u>
Net Fixed Assets	<u>\$ 45,564,996.77</u>	<u>\$ (637,836.79)</u>	<u>\$ (2,006.78)</u>	<u>\$ 44,925,153.20</u>



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**IV. CAPITAL ASSETS – PROPRIETARY FUND TYPES (CONCLUDED)**

The following estimated useful lives are used to compute depreciation:

Waterworks	10-50 years
Structures and Improvements	25-35 years
Transportation Equipment	5-10 years
Miscellaneous Equipment	10-15 years
Office Furniture and Fixtures	10 years

**V. LONG-TERM DEBT**

**A. Unamortized Bond Costs**

These costs represent the fees paid in the issuance of the Series 2000, 2002 and 2005 Bonds. These costs were capitalized and are being amortized on a straight-line basis over the full 25 year lives of Series 2000 and 2002 and 20 years for Series 2005.

**B. Original Issue Discount**

This amount represents the net original discount on the Series 2002 issue and is being amortized on a straight line basis over the 25 year life of the Series.

**C. Bonds Payable**

December 15, 2000, the outstanding 1991 Waterworks Refunding Bonds were called in accordance with provisions provided in the 1991 bond agreement. These bonds were called and paid by funds from the issuance of \$8,800,000 Waterworks Refunding and Improvements Revenue Bonds dated December 1, 2000. The funds remaining after payment of the 1991 Issue and associated costs with issuing the 2000 Series are to provide funds for the expansion and upgrading of the current water supply system. The Waterworks Refunding & Improvement Revenue Bonds Series 2000 carry maturity dates through December 2025 with interest rates varying from 4.500 percent to 5.300 percent.

March 2002 the District issued \$17,590,000 Series 2002 Bonds. The 2002 Series carry maturity dates through December 2027 with interest rates varying from 3.000 percent to 5.250 percent.

May 2005 the District issue \$3,815,000 Waterworks System Refunding Revenue Bonds Series 2005 with the intent to call \$3,560,000 of the Improvement portion of the Series 2000 Issue. The proceeds of the 2005 Issue were deposited into an Escrow Fund held by UMB Bank, N.A., until such time as the bonds are callable, December 2008. Interest on these callable bonds will be paid from the escrow account. The callable bonds are considered defeased by the District and have been removed from the District's balance sheet.

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**V. LONG-TERM DEBT (CONTINUED)**

D. Lease Payable

In October 2000 the District entered into a thirty year noncancelable lease agreement with the St. Louis County Water Company, now American Water, (the Company). Per the agreement, the Company will build a transmission pipeline that upon completion will supply the District's water supply. This lease qualifies as a capital lease. The original agreement set a maximum of \$12,000,000 to be expended by the Company and if the cost were greater than \$12,000,000 the additional cost would be born by the Company; however, if the cost were less than the \$12,000,000 the District's obligation would be decreased by the savings. The original yearly payment by the District was \$1,500,000. Subsequently, the cost of the project was \$11,377,000 reducing the District's principal obligation by \$623,000 and the yearly payment to \$1,422,125. The related asset and lease obligation have been reduced by the \$623,000 savings.

Long-Term Debt

Waterworks Refunding & Improvement Revenue Bonds – Series 2000 – 4.5% to 5.3%; Interest payable semi-annually	\$ 3,650,000
Waterworks Refunding & Improvement Revenue Bonds – Series 2002 – 3.0% to 5.25%; Interest payable semi-annually	16,290,000
Waterworks System Refunding Revenue Bonds Series 2005 – 3.5% to 4.375%; interest payable Semi-annually	<u>3,785,000</u> 23,725,000
Less – Current maturities	\$ (745,000)
Deferred funding - Series 2000	( 95,089)
Deferred funding - Series 2005	<u>(207,043)</u>
Total current maturities	<u>(1,047,132)</u>
Total Bonds	\$ 22,677,868
Lease payable – Transmission pipeline	11,199,826
Less – Current maturities	<u>(75,159)</u>
Total Lease Payable	<u>11,124,667</u>
Total Long- Term Debt	<u>\$ 33,802,535</u>



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**V. LONG-TERM DEBT (CONTINUED)**

Annual requirements to amortize the bond debt outstanding including interest payments are as follows:

Fiscal year <u>Ending May 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	745,000.00	1,137,798.76	1,882,798.76
2009	770,000.00	1,108,423.76	1,878,423.76
2010	800,000.00	1,076,863.76	1,876,863.76
2011	860,000.00	1,040,953.76	1,900,953.76
2012	910,000.00	1,001,503.76	1,911,503.76
2013 - 2017	4,985,000.00	4,568,976.30	9,553,976.30
2018 - 2022	6,245,000.00	3,034,568.80	9,279,568.80
2023 - 2027	8,410,000.00	1,317,292.54	9,727,292.54
<b>TOTAL</b>	<b><u>23,725,000.00</u></b>	<b><u>14,286,381.44</u></b>	<b><u>38,011,381.44</u></b>

Annual requirements to amortize the Lease Payable including interest payments are as follows:

Fiscal year <u>Ending May 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	75,159.00	1,346,965.92	1,422,124.92
2009	75,159.00	1,346,965.92	1,422,124.92
2010	75,159.00	1,346,965.92	1,422,124.92
2011	75,159.00	1,346,965.92	1,422,124.92
2012	75,159.00	1,346,965.92	1,422,124.92
2013 - 2017	375,795.00	6,734,829.60	7,110,624.60
2018 - 2022	375,795.00	6,734,829.60	7,110,624.60
2023 - 2027	375,795.00	6,734,829.60	7,110,624.60
2028 - 2032	375,795.00	6,734,829.60	7,110,624.60
2033 - 2037	375,795.00	6,734,829.60	7,110,624.60
2038 - 2042	375,795.00	6,734,829.60	7,110,624.60
2043 - 2047	375,795.00	6,734,829.60	7,110,624.60
2048 - 2052	375,795.00	6,734,829.60	7,110,624.60
2053 - 2057	375,795.00	6,734,829.60	7,110,624.60
2058 - 2062	375,795.00	6,734,829.60	7,110,624.60
2063 - 2067	375,795.00	6,734,829.60	7,110,624.60
2068 - 2072	375,795.00	6,734,829.60	7,110,624.60
2073 - 2077	375,795.00	6,734,829.60	7,110,624.60

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**V. LONG-TERM DEBT (CONCLUDED)**

2078 - 2082	375,795.00	6,734,829.60	7,110,624.60
2083 - 2087	375,795.00	6,734,829.60	7,110,624.60
2088 - 2092	375,795.00	6,734,829.60	7,110,624.60
2093 - 2097	375,795.00	6,734,829.60	7,110,624.60
2098 - 2102	375,795.00	6,734,829.60	7,110,624.60
2103 - 2107	375,795.00	6,734,829.60	7,110,624.60
2108 - 2112	375,795.00	6,734,829.60	7,110,624.60
2113 - 2117	375,795.00	6,734,829.60	7,110,624.60
2118 - 2122	375,795.00	6,734,829.60	7,110,624.60
2123 - 2127	375,795.00	6,734,829.60	7,110,624.60
2128 - 2132	375,795.00	6,734,829.60	7,110,624.60
2133 - 2137	375,795.00	6,734,829.60	7,110,624.60
2138 - 2142	375,795.00	6,734,829.60	7,110,624.60
2143 - 2147	375,795.00	6,734,829.60	7,110,624.60
2148 - 2152	375,795.00	6,734,829.60	7,110,624.60
2153 - 2157	301,771.47	6,734,829.60	7,036,601.07
	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>11,199,826.47</b>	<b>202,044,888.00</b>	<b>213,244,714.47</b>

**E. Deferred Refunding Costs**

**2000 Issue**

Deferred Refunding – 2000 Issue represents the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. The deferred refunding originally totaled \$241,584 and will be written off over the life of the 2000 bond issue, a period of twenty-five years, at \$9,663 per year. In May 2005 a portion of the 2000 Issue was refunded and \$93,806 attributable to the refunded bonds was transferred to the 2005 issue. Therefore, the remaining \$105,097 balance will be written off over the remaining twenty-one years at \$5,004 per year.

**2005 Issue**

Deferred Refunding – 2005 Issue represents the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. The deferred refunding originally totaled \$230,048 and will be written off over the life of the 2005 Issue, a period of twenty years, at \$11,502 per year.

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2007

**VI. PENSION PLAN OBLIGATIONS**

Effective July 1, 1985, the District entered into a defined contribution pension plan which is available to all eligible employees of the District. Plan funds are administered according to a trust agreement created by the District. Contributions are made to the plan by the District on a monthly basis based on nine percent of the eligible employee's earnings. Contributions and expenses for fiscal 2006-2007 totaled \$111,119.47.

**VII. OUT OF SERVICE WELLS**

Out of Service Wells included in Other Assets represent wells that were taken out of service when Phase I and II were activated but that will continue to be monitored by the District and only used in case of some sort of emergency or need arises. These assets are carried at the lower of carrying value or fair value as determined by the service units approach as of May 31, 2007. The Board will review the serviceability of these wells on a yearly basis.

**VIII. LITIGATION**

The District is not a defendant in any litigation as of May 31, 2007.



REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED MAY 31, 2007

	BUDGET	ACTUAL	VARIANCE UNDER/(OVER)
OPERATING REVENUE			
Water sales	5,219,474.00	5,023,363.95	196,110.05
Late charges	93,953.00	93,028.00	925.00
Reconnect fees	59,529.00	64,385.00	(4,856.00)
Tap on fees	261,896.00	156,040.27	105,855.73
Material sales	77,905.00	53,461.00	24,444.00
Other customer charges	7,500.00	2,703.00	4,797.00
Customer service charges	0.00	97.74	(97.74)
Construction and permit fees	19,000.00	43,466.56	(24,466.56)
Disposition of equipment	3,500.00	4,470.50	(970.50)
Miscellaneous income	3,000.00	19,914.64	(16,914.64)
TOTAL OPERATING REVENUE	<u>5,745,757.00</u>	<u>5,460,930.66</u>	<u>284,826.34</u>
OPERATING EXPENSES			
Field expenses (Page 15)	1,928,096.00	2,025,130.83	(97,034.83)
Administrative expenses (Page 15)	850,599.00	803,344.44	47,254.56
TOTAL OPERATING EXPENSES	<u>2,778,695.00</u>	<u>2,828,475.27</u>	<u>(49,780.27)</u>
NET OPERATING REVENUE	<u>2,967,062.00</u>	<u>2,632,455.39</u>	<u>334,606.61</u>
NON-OPERATING REVENUE AND EXPENSES			
Revenue			
Interest income	125,000.00	197,966.66	(72,966.66)
Total revenue	<u>125,000.00</u>	<u>197,966.66</u>	<u>(72,966.66)</u>
Expenses			
Depreciation	1,304,121.00	1,302,144.57	1,976.43
Refinancing charges	26,451.00	26,518.02	(67.02)
Interest expense - Bond issues	1,339,797.00	1,150,898.75	188,898.25
Interest expense - Lease	1,320,000.00	1,349,644.83	(29,644.83)
Amortization of bond fees	17,380.00	17,542.86	(162.86)
Amortization of original issue discount	1,408.00	1,294.59	113.41
Bond fees	0.00	7,270.13	(7,270.13)
Abandoned wells	0.00	0.00	0.00
Total expense	<u>4,009,157.00</u>	<u>3,855,313.75</u>	<u>153,843.25</u>
EXCESS OF NON-OPERATING EXPENSES OVER REVENUE	<u>(3,884,157.00)</u>	<u>(3,657,347.09)</u>	<u>226,809.91</u>
NET INCOME (LOSS)	<u>(917,095.00)</u>	<u>(1,024,891.70)</u>	<u>(107,796.70)</u>

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



# Daniel Jones & Associates

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To The Board of Directors  
Public Water Supply District C-1  
of Jefferson County, Missouri

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Public Water Supply District C-1, as of and for the year ended May 31, 2007, and have issued our report thereon dated July 12, 2007. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Public Water Supply District C-1's internal control over financial reporting as a basis of designing our auditing procedures 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 Public Water Supply District C-1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Public Water Supply District C-1's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Public Water Supply District C-1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

July 12, 2007

SUPPLEMENTARY INFORMATION



PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEAR ENDED MAY 31, 2007

FIELD EXPENSES

Wages - Gross	564,986.47
Less - Labor charged elsewhere	(60,727.45)
Wages - Net	504,259.02
Chemicals	3,171.85
Engineering services	3,104.10
Equipment maintenance	8,358.14
Group insurance	107,399.19
Group retirement	62,242.25
Insurance	117,994.34
Miscellaneous plant expense	9,154.48
Payroll taxes	48,185.11
Plant repairs and maintenance	300,825.54
Power - pumps	151,474.30
Tools and supplies	13,780.19
Truck expense	60,342.74
Uniforms	6,051.11
Water purchased	628,788.47

TOTAL FIELD EXPENSES	2,025,130.83
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ADMINISTRATIVE EXPENSES

Wages	487,497.48
Less: Labor charged elsewhere	0.00
Wages - Net	487,497.48
Accounting and audit	23,232.09
Bad debts	13,106.78
Data processing expense	1,794.00
Dues and subscriptions	5,535.60
Education expense	(1,021.68)
Election costs	0.00
General office supplies and expense	57,910.21
Group insurance	77,907.31
Group retirement	48,877.22
Legal	6,375.60
Mileage	489.61
Miscellaneous	12,328.00
Office repairs and maintenance	1,052.46
Payroll taxes	31,870.82
Public information	14,010.06
Travel and convention expense	6,639.44
Utilities and telephone	15,739.44

TOTAL ADMINISTRATIVE EXPENSES	803,344.44
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The accompanying notes are an integral part of the financial statements.

PUBLIC WATER SUPPLY DISTRICT C-1  
OF JEFFERSON COUNTY, MISSOURI  
SCHEDULES OF OPERATING EXPENSES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED MAY 31, 2007

FIELD EXPENSES	BUDGET	ACTUAL	VARIANCE UNDER/(OVER)
Wages - Gross	595,665.00	564,986.47	30,678.53
Less - Labor charged elsewhere	(58,575.00)	(60,727.45)	2,152.45
Wages - Net	537,090.00	504,259.02	32,830.98
Chemicals	1,000.00	3,171.85	(2,171.85)
Engineering services	4,000.00	3,104.10	895.90
Equipment maintenance	11,101.00	8,358.14	2,742.86
Group insurance	106,442.00	107,399.19	(957.19)
Group retirement	46,164.00	62,242.25	(16,078.25)
Insurance	138,691.00	117,994.34	20,696.66
Miscellaneous plant expense	21,975.00	9,154.48	12,820.52
Payroll taxes	45,568.00	48,185.11	(2,617.11)
Plant repairs and maintenance	160,000.00	300,825.54	(140,825.54)
Power - pumps	161,640.00	151,474.30	10,165.70
Tools and supplies	14,029.00	13,780.19	248.81
Truck expense	58,226.00	60,342.74	(2,116.74)
Uniforms	4,000.00	6,051.11	(2,051.11)
Water purchased	618,170.00	628,788.47	(10,618.47)
<b>TOTAL FIELD EXPENSES</b>	<b>1,928,096.00</b>	<b>2,025,130.83</b>	<b>(97,034.83)</b>
<b>ADMINISTRATIVE EXPENSES</b>			
Wages	528,627.00	487,497.48	41,129.52
Less: Labor charged elsewhere	(5,000.00)	0.00	5,000.00
Wages - Net	523,627.00	487,497.48	36,129.52
Accounting and audit	33,041.00	23,232.09	9,808.91
Bad debts	2,000.00	13,106.78	(11,106.78)
P R Program	0.00	0.00	0.00
Data processing expense	1,260.00	1,794.00	(534.00)
Dues and subscriptions	7,500.00	5,535.60	1,964.40
Education expense	2,500.00	(1,021.68)	3,521.68
Election costs	10,000.00	0.00	10,000.00
General office supplies and expense	42,273.00	57,910.21	(15,637.21)
Group insurance	83,620.00	77,907.31	5,712.69
Group retirement	40,968.00	48,877.22	(7,909.22)
Legal	20,000.00	6,375.60	13,624.40
Mileage	0.00	489.61	(489.61)
Miscellaneous	10,975.00	12,328.00	(1,353.00)
Office repairs and maintenance	1,000.00	1,052.46	(52.46)
Payroll taxes	40,400.00	31,870.82	8,529.18
Public information	5,000.00	14,010.06	(9,010.06)
Travel and convention expense	10,000.00	6,639.44	3,360.56
Utilities and telephone	16,435.00	15,739.44	695.56
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>850,599.00</b>	<b>803,344.44</b>	<b>47,254.56</b>

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

PUBLIC WATER SUPPLY DISTRICT C-1  
 OF JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF CASH FUNDS  
 FOR THE YEAR ENDED MAY 31, 2007

UNRESTRICTED FUNDS

General Funds

Operating

Cash on hand	600.00
Checking account	0.00
Total operating	600.00

Transmission pipeline reserve

Money markets	1,493,597.80
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Capital improvements

Money markets	193,595.72
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Surplus

Money markets	1,754.37
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Certificates of deposit	30,703.83
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Total Unrestricted Funds	1,720,251.72
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RESTRICTED FUNDS

Sinking fund

Money market	304,477.54
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Bond reserve fund

Certificates of deposit	2,324,646.93
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Customer meter deposit account

Checking	11,316.48
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Certificates of deposit	572,110.83
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Operating and maintenance

Certificates of deposit	150,024.66
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Depreciation and replacement

Certificates of deposit	245,000.00
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Bond fund

Certificates of deposit	0.00
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Money market	0.00
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Total restricted funds	3,607,576.44
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TOTAL CASH FUNDS	5,327,828.16
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The accompanying notes are an integral part of the financial statements.