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1-1-2009

## Financial Statements, 2008

Public Water Supply District #7 of Jefferson County

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PUBLIC WATER SUPPLY DISTRICT NO. 7  
OF JEFFERSON COUNTY, MISSOURI

FINANCIAL STATEMENTS

MAY 31, 2008



CROUCH, FARLEY & HEURING, PC

CERTIFIED PUBLIC ACCOUNTANTS

**PUBLIC WATER SUPPLY DISTRICT NO. 7  
OF JEFFERSON COUNTY, MISSOURI**

**FINANCIAL STATEMENTS**

**MAY 31, 2008**

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# CROUCH, FARLEY & HEURING, PC

Certified Public Accountants

JOHN R. CROUCH, CPA, ABV  
MARION R. FARLEY, CPA  
TERRY L. HEURING, CPA, CMA, CFM  
RICK L. HEURING, EA



LAUREL SUNDHAUSEN, CPA  
MICHAEL P. O'SHEA, CPA  
ANITA SKAGGS, CPA  
ROBERT D. MATHES, CPA

Financial Measurement, Analysis  
and Communication

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August 12, 2008

To the Board of Directors  
Public Water Supply District No. 7 of  
Jefferson County, Missouri

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the Public Water Supply District No. 7 of Jefferson County, Missouri as of and for the year ended May 31, 2008, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America. 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 statement 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 the Public Water Supply District No. 7 of Jefferson County, Missouri as of May 31, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 thru 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied 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.

The accompanying schedules 1 through 3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination 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.

*Crouch, Farley & Heuring, PC*

## **Management's Discussion and Analysis**

This section of Public Water Supply District No. 7 of Jefferson County, Missouri's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended May 31, 2008. Please read it in conjunction with the District's financial statements, which follow this section:

### **Fund Financial Statements**

The Water District has only a proprietary fund which contains an enterprise fund. Enterprise funds essentially encompass the same functions reported as business-type activities. The Water District's annual report includes three fund financial statements. These statements provide both long-term and short-term information about the Water District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of the fund financial statements is the Statement of Fund Net Assets. This presents information that includes all of the Water District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator whether the financial position of the Water District as a whole is improving or deteriorating.

The second fund financial statement is the Statement of Revenues, Expenses, and Changes in Fund Net Assets which reports how the Water District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The third fund financial statement is the Statement of Cash Flows. This presents details of transactions that impacted the change in cash balances during the year.

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

The supplemental information provides users of the report with additional data that supplements the basic financial statements.

### **Financial Highlights**

- The District's net assets were \$4,102,495.
- Total revenues were \$904,707.
- Total expenses were \$806,009.
- The total cost incurred for fixed asset additions and construction in progress was \$188,655.
- The District issued \$590,000 in Waterworks System Revenue Bonds – Series 2007 B for the purpose of paying off the UMB Bank capital lease.
- The District paid \$721,638 on long term debt.



# Financial Analysis of the District

Following is a summary of the revenue and expenses with a comparison to the prior year and the amount of increase or decrease:

	2008 Amount	2007 Amount	Increase (Decrease) over 2007	% of Increase (Decrease)
<u>Revenue</u>				
Water Sales	\$ 819,805	\$800,221	\$ 19,584	2
Labor	11,987	20,683	(8,696)	(42)
Tap Fees	18,722	31,616	(12,894)	(41)
Interest	39,334	30,742	8,592	28
Other	<u>14,859</u>	<u>10,756</u>	<u>4,103</u>	38
Total	<u>\$ 904,707</u>	<u>\$ 894,018</u>	<u>\$ 10,689</u>	
<u>Expenses</u>				
Plant	\$416,576	\$387,404	\$ 29,172	8
Transportation	22,856	18,246	4,610	25
G & A	341,451	314,467	26,984	9
Interest	21,068	25,085	(4,017)	(16)
Amortization	<u>4,058</u>	<u>1,311</u>	<u>2,747</u>	210
Total	<u>\$806,009</u>	<u>\$746,513</u>	<u>\$ 59,496</u>	

Following is a budget comparison for actual revenue and expenses and the amount of increase or decrease.

	Budget	Actual	Variance
<u>Revenue</u>			
Water Sales	\$ 847,044	\$819,805	\$(27,239)
Labor	20,000	11,987	(8,013)
Tap Fees	30,000	18,722	(11,278)
Interest	18,000	39,334	21,334
Other	<u>9,000</u>	<u>14,859</u>	<u>5,859</u>
Total	<u>\$924,044</u>	<u>\$904,707</u>	<u>\$(19,337)</u>
<u>Expenses</u>			
Plant	\$ 411,870	\$416,576	\$ (4,706)
Transportation	20,000	22,856	(2,856)
General & Administ.	324,503	341,451	(16,948)
Interest	23,959	21,068	2,891
Amortization	<u>0</u>	<u>4,058</u>	<u>(4,058)</u>
Total	<u>\$780,332</u>	<u>\$806,009</u>	<u>\$(25,677)</u>

## Capital Assets and Debt Administration

### Capital Assets (Net of Depreciation)

At May 31, 2008, the district has \$3,344,912 invested in capital assets, net of depreciation as follows:

Water source of supply	\$ 595,862
Water pumping plant	370,967
Water transmission and distribution plant	2,221,378
General plant	<u>156,705</u>
Total	<u>\$ 3,344,912</u>

This represents a net decrease of \$128,112 or 3.8% less than last year. The district has also invested \$142,532 in construction that is in progress.

### Long Term Debt

At May 31, 2008, the District had \$2,666,649 in long term debt. Following is a summary of the transactions to long term debt:

	<u>UMB Bank Capital Lease</u>	<u>Waterworks Revenue Bonds – Series 2007</u>	<u>UMB Bank USDA Loan</u>
Balance, June 1, 2007	\$ 581,638	\$ 2,114,717	\$ 0
Debt incurred	0	0	100,000
Amortization of Discount	0	1,932	0
Payments	<u>(581,638)</u>	<u>0</u>	<u>0</u>
Balance, May 31, 2008	<u>\$ 0</u>	<u>\$ 2,116,649</u>	<u>\$ 100,000</u>

  

	<u>Waterworks Revenue Bonds – Series 2007 B</u>	<u>Total</u>
Balance, June 1, 2007	\$ 0	\$2,696,355
Debt incurred	590,000	690,000
Amortization of Discount	0	1,932
Payments	<u>(140,000)</u>	<u>(721,638)</u>
Balance, May 31, 2008	<u>\$ 450,000</u>	<u>\$2,666,649</u>

**PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI**  
**Statement of Fund Net Assets**  
**Proprietary Fund**  
**May 31, 2008**

<b>ASSETS</b>	<b>Enterprise Fund</b>
<b>Current Assets</b>	
Cash - On Hand and Checking (Schedule 2)	\$ 100,814
Short-Term Investments (Schedule 2)	748,754
Accounts Receivable - Net of Allowance for Bad Debts of \$3,705	89,012
Interest Receivable	1,885
Inventory	33,209
Prepaid Insurance	19,117
Other Receivables	600
Total Current Assets	<u>\$ 993,391</u>
<b>Non-Current Assets</b>	
Restricted Cash (Schedule 2)	\$ 2,362,008
Fixed Assets - Net of Accumulated Depreciation (Schedule 3)	3,344,912
Construction in Progress	173,803
Organizational Costs	3,028
Capitalized Customer List - Net of Accumulated Amortization	20,208
Bond Issuance Costs - Net of Accumulated Amortization	28,340
Loan Fees - Net of Accumulated Amortization	9,829
Total Non-Current Assets	<u>\$ 5,942,128</u>
<b>Total Assets</b>	<u>\$ 6,935,519</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 9,050
Accruals -	
Accrued Vacation	17,549
Sales and Payroll Taxes	2,015
Employee Benefits	4,353
Accrued Interest	445
Primacy Fee	5,188
Current Portion of Long Term Debt	86,114
Total Current Liabilities	<u>\$ 124,714</u>
<b>Non-Current Liabilities</b>	
Customer Meter Deposits	\$ 127,775
Note Payable - UMB Bank	100,000
Waterworks System Revenue Bonds - Series 2007, Net of Discount	2,116,649
Waterworks System Revenue Refunding Bonds	450,000
Less Current Portion of Long Term Debt	(86,114)
Total Non-Current Liabilities	<u>\$ 2,708,310</u>
<b>Total Liabilities</b>	<u>\$ 2,833,024</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	\$ 2,894,912
Restricted - Project Fund	356,301
Unrestricted	851,282
<b>Total Net Assets</b>	<u>\$ 4,102,495</u>

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



**PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI**  
**Statement of Revenues and Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Year Ended May 31, 2008**

	<u>Enterprise Fund</u>
<b><u>Operating Revenue</u></b>	
Water	\$ 819,805
Labor	11,987
Tap Fees	18,722
Reconnection, Inspection, Other Fees	14,859
Gross Operating Revenues	<u>\$ 865,373</u>
<b><u>Operating Expenses</u></b>	
Plant	
Chemicals	\$ 2,031
Consulting Fee	1,001
Depreciation - Utility Plant	158,839
Engineering	2,898
Insurance	14,743
Maintenance Contracts	4,071
Payroll Taxes	10,058
Repairs and Maintenance	52,134
Salaries	128,916
Small Tools and Supplies	906
Utilities	40,979
Total Plant	<u>\$ 416,576</u>
Transportation	
Gas, Oil, Maintenance, etc.	\$ 19,388
Insurance	3,468
Total Transportation	<u>\$ 22,856</u>
General and Administrative	
Depreciation - General Plant	\$ 15,395
Other (Schedule 1)	326,056
Total General and Administrative	<u>\$ 341,451</u>
Total Operating Expenses	<u>\$ 780,883</u>
Operating Income	<u>\$ 84,490</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Interest Income	\$ 39,334
Interest Expense	(21,068)
Amortization	(4,058)
Net Nonoperating Revenues (Expenses)	<u>\$ 14,208</u>
Income Before Contributions	<u>\$ 98,698</u>
Capital Contributions	<u>\$ -</u>
Changes in Net Assets	<u>\$ 98,698</u>
Net Assets Beginning of Year	<u>\$ 4,019,861</u>
Prior Period Adjustment	<u>\$ (16,064)</u>
Net Assets - End of Year	<u>\$ 4,102,495</u>

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

**PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended May 31, 2008**

	<u>Enterprise Fund</u>
<b><u>Cash Flows From Operating Activities</u></b>	
Water Sales	\$ 827,980
Labor	11,987
Reconnect Fees	6,200
Tap Fees	18,722
Other Operating Revenue	8,659
Cash Payments to Suppliers for Goods and Services	(253,155)
Cash Payments to Employees for Services	(375,637)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 244,756</b>
<b><u>Cash Flows From Non Capital Financing Activities</u></b>	
	\$ -
Net Cash Provided (Used) by Non Capital Financing Activities	\$ -
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Bond Costs	\$ (7,316)
Proceeds from Revenue Bonds	590,000
Proceeds from Loan at UMB Bank	100,000
Principal Paid on Bonds, Notes and Lease Obligations	(721,638)
Interest Paid on Bonds, Notes and Lease Obligations	(52,111)
Loan Fees Paid	(9,884)
Construction in Progress	(142,532)
Acquisition of Capital Assets	(46,123)
Customer Meter Deposits	8,010
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>\$ (281,594)</b>
<b><u>Cash Flows From Investing Activities</u></b>	
Interest Income	\$ 39,173
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$ 39,173</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 2,335</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$ 3,209,241</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,211,576</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>	
<b><u>Provided (Used) by Operating Activities</u></b>	
Operating Income (Loss)	\$ 84,490
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	-
Depreciation	174,234
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	8,178
(Increase) Decrease in Inventory	955
(Increase) Decrease in Prepaid Insurance	(650)
Increase (Decrease) in Accounts Payable	(25,026)
Increase (Decrease) in Accrued Sales & Payroll Taxes	(9)
Increase (Decrease) in Accrued Vacation	1,485
Increase (Decrease) in Employee Benefits	989
Increase (Decrease) in Primacy Fee	110
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 244,756</b>

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



**PUBLIC WATER SUPPLY DISTRICT NO. 7  
OF JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2008**

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**I. Summary of Significant Accounting Policies**

**Nature of Operations**

The Public Water Supply District No. 7 of Jefferson County, Missouri is a political subdivision of the State of Missouri organized under the provisions of section RSMo. 247.010 - 247.220. The Water District provides water to commercial and residential consumers for a fee within its boundaries.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recognized when a liability is incurred. Capital outlay expenditures are capitalized and are depreciated when placed into service. The Water District is accounted for as an Enterprise Fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is for costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through users charges; or 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. The Water District does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Inventories**

Inventories are stated at cost, (first-in, first-out) and consist of items held for the maintenance and expansion of the District's water distribution system.

**Fixed Assets**

Fixed assets are stated at cost as of the date of acquisition or completion and include cost of installation, if any, or fair value as of the date of receipt in the case of gifts. Installation costs consist of outside contractors and direct labor for installation time by the District's employees. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful life of the asset are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets. Buildings, hydrants, wells, reservoirs, mains and stand pipes are depreciated over 50 years. Equipment, furniture and vehicles are depreciated over 5 to 15 years. Schedule 3 provides a summary of fixed assets as of May 31, 2008. Depreciation included in operating expenses for the current year is \$174,234.

**Capitalization of Interest**

Interest is capitalized applying the provision of SFAS No. 62 applicable to enterprise funds, which requires the capitalization of the "net effect" of interest revenue and interest expense during the capitalization period. Interest expensed for the year is \$21,068.

<u>Total Interest Cost Incurred</u>	<u>Interest Revenue Used to Offset Interest Costs</u>	<u>Capitalized Interest</u>
\$ 120,143	\$ 67,643	\$ 31,432

**Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents consist of cash on hand, bank demand accounts and certificates of deposit. At May 31, 2008 cash equivalents amount to \$3,211,576.

**Short-Term Investments**

Short-term investments consisting of certificates of deposit at local area financial institutions are stated at cost.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Operating Income**

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and costs of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**II. Capitalized Customer List**

Capitalized customer list represents the value assigned to four customers received in 1974 in settlement of a receivable. This receivable was obtained in the sale of Pevely Water Company. The original value assigned to the four customers was the expected gross service charges to the customers over a four-year period. This amount is being amortized over a fifty-year period using the straight-line method.

**III. Concentrations of Credit Risk**

The Water District provides water to the general public in its service area. Credit is extended to these customers and its ability to collect the amounts due it is effected by general economic conditions of its service area. Credit losses, if any, have been provided for in the financial statements and have been generally within management's expectations.



**IV. Cash and Investments**

At May 31, 2008, the Water District's bank demand accounts and certificates of deposit book balances were \$3,211,402, while the bank balances were \$3,244,831. Of the bank balances, Federal Depository Insurance (FDIC) covered \$400,000 at May 31, 2008 with the depository banks. The remaining balances were secured by collateral held in safekeeping at correspondent banks of the Water District's depository banks. The collateral consists of U.S. Treasury Notes and/or U.S. Government Agency Issues.

**V. Restricted Cash**

The District has established the various funds called for in the Bond Resolution for the issuance of Waterworks System Revenue Bonds, Series 2007. The resolution requires the board to transfer specific monthly amounts to these funds to meet bond obligations. The required amounts have been transferred to the various funds and are presented in the balance sheets as restricted assets.

**VI. Pension Plan****A. Plan Description**

Jefferson County Public Water Supply District No. 7 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.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

**B. Funding Status**

Jefferson County Public Water Supply District No. 7's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarial determined rate; the current rate is 21.5% (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.

**C. Annual Pension Cost**

For 2007, the political subdivision's annual pension cost of \$39,440 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 of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2005	\$35,765	100%	\$0
06/30/2006	37,854	100	0
06/30/2007	39,440	100	0

#### REQUIRED SUPPLEMENTARY INFORMATION Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2005	\$ 56,857	\$253,024	\$196,167	22%	\$ 180,792	109%
02/29/2006	105,334	296,710	191,376	36	171,622	112
02/28/2007	156,803	352,255	195,452	45	213,486	92
02/28/2007*	156,803	408,078	251,275	38	213,486	118

\* After benefit changes.

#### **VII. Self-Insurance Risk Pool**

The Water District provides for its workers compensation insurance through a retrospectively rated policy from Missouri Rural Services Workers' Compensation Insurance Trust, a self-insured risk pool. The Water District is liable for its share of the pool's losses and receives its share of the pool's gains. No liability for future potential liabilities has been accrued, as any amount that may be due cannot be estimated.



**VIII. Long Term Debt**

The following is a summary of the transactions affecting long term debt of the District for the year ended May 31, 2008:

	<u>UMB Bank Capital Lease</u>	<u>Waterworks Revenue Bonds – Series 2007</u>	
Balance, June 1, 2007	\$ 581,638	\$ 2,135,000	
Debt incurred	0	0	
Payments	<u>(581,638)</u>	<u>0</u>	
Balance, May 31, 2008	<u>\$ 0</u>	<u>\$ 2,135,000</u>	

  

	<u>UMB Bank USDA Loan</u>	<u>Waterworks Revenue Bonds – Series 2007 B</u>	<u>Total</u>
Balance, June 1, 2007	\$ 0	\$ 0	\$2,716,638
Debt incurred	100,000	590,000	690,000
Payments	<u>0</u>	<u>(140,000)</u>	<u>(721,638)</u>
Balance, May 31, 2008	<u>\$ 100,000</u>	<u>\$ 450,000</u>	<u>\$2,685,000</u>

**UMB Bank Capital Lease –**

On July 1, 2005, the district entered into an agreement with UMB Bank, N.A. for the construction of a 500,000 gallon water tank, a new well, and improvements to enable a scata system to be installed. The construction was financed under the provisions of a lease/purchase agreement with an initial term to expire on May 31, 2006, subject to the District's option to extend the term of the lease for six (6) consecutive one year renewal terms, commencing June 1, 2006. This lease was paid off on June 12, 2007 with proceeds from the Waterworks Revenue Refunding Bonds – Series 2007B.

**Waterworks Revenue Bonds – Series 2007 –**

On May 15, 2007, the district issued \$2,135,000 in Waterworks System Revenue Bonds – Series 2007 for the purpose of extending and improving the system. The bonds will be paid from the Debt Service Fund with a maturity date from June 1, 2013 to June 1, 2027, and interest from 4.05% to 4.80%. These bonds were issued at a discount of \$20,283. The discount will be amortized over the life of the bonds. The remaining bond discount to amortize at May 31, 2008 is \$18,351. The face value of the bonds at May 31, 2008 is \$2,135,000. The value of the bonds after being reduced for the discount at May 31, 2008 is \$2,116,649.

On June 12, 2007, the District issued \$590,000 in Waterworks Revenue Refunding Bonds – Series 2007B with an average interest rate of 4.02%. The bonds were issued to advance pay off the UMB Bank Capital Lease with an average interest rate of 4.25. The balance at May 31, 2008 is \$450,000.

### UMB Bank – USDA Loan

On May 7, 2008, the District borrowed \$100,000 from UMB Bank. This loan has a 30 year term. The interest rate will be 6.5% for the first five years of the loan. Interest is payable on April 1 and October 1 of each year. A principal payment is made on April 1 of each year. The balance on this loan at May 31, 2008 is \$100,000.

The following is a summary of the District's future annual debt service requirements for the Waterworks System Revenue Bonds - Series 2007 and the Waterworks Revenue Refunding Bonds – Series 2007 B, the proceeds of which were used to pay off the remaining balance of the UMB Bank Capital Lease:

Year Ending May 31	Waterworks System Revenue Bonds – Series 2007		Waterworks Revenue Refunding Bonds – Series 2007 B	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 0	\$ 48,349	\$ 85,000	\$ 9,128
2010	0	96,698	85,000	14,898
2011	0	96,698	90,000	11,498
2012	0	96,697	95,000	7,852
2013	45,000	95,786	65,000	3,957
2014 – 2018	500,000	424,385	30,000	1,260
2019 – 2023	625,000	301,475	0	0
2024 – 2028	<u>965,000</u>	<u>135,172</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,135,000</u>	<u>\$1,295,260</u>	<u>\$450,000</u>	<u>\$48,593</u>

Year Ending May 31	<u>UMB Bank - USDA Loan</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,114	\$ 5,868	\$ 86,114	\$ 63,345
2010	1,188	6,428	86,188	118,024
2011	1,268	6,350	91,268	114,546
2012	1,353	6,268	96,353	110,817
2013	1,444	6,180	111,444	105,923
2014 – 2018	8,814	29,359	538,814	455,004
2019 – 2023	12,201	26,083	637,201	327,558
2024 – 2028	16,887	21,548	981,887	156,720
2029 – 2033	23,375	15,271	23,375	15,271
2034 – 2038	<u>32,356</u>	<u>6,582</u>	<u>32,356</u>	<u>6,582</u>
Total	<u>\$ 100,000</u>	<u>\$129,937</u>	<u>\$2,685,000</u>	<u>\$1,473,790</u>



**IX. Prior Period Adjustment**

The net assets at the beginning of the year were reduced by \$16,064 from \$4,019,861 to \$4,003,797. The adjustment was made to record the accrued vacation balance at the beginning of the year.

## PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI

## Schedule 1

## Schedules of General and Administrative Expenses

For the Year Ended May 31, 2008

	<u>Enterprise Fund</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
Salaries	
Supervisory	\$ 37,559
Clerical	61,313
Accounting	11,451
Bad Debts	1,788
Dues and Subscriptions	2,755
Election Cost	(692)
Insurance - General	12,940
Insurance - Employee Benefits	85,022
Legal	14,717
Miscellaneous	1,570
Payroll Taxes	7,805
Postage, Printing and General Office	27,923
Rent	247
Retirement Benefits	47,448
Uniform Rental	4,814
Utilities and Telephone	9,396
Total	<u>\$ 326,056</u>

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



## PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI

## Schedule 2

Analysis of Cash Holdings  
For the Year Ended May 31, 2008

UNRESTRICTED CASH	Enterprise Fund
<b>CASH ON HAND AND CHECKING</b>	
Change and Petty Cash Fund	\$ 175
National City Bank:	
Operation and Maintenance Checking Account #984759385	36,373
Water Revenue Checking Account #984759377	700
UMB Bank - Construction Lease Acct #98-7157-046-0	63,566
Total Cash on Hand and Checking	<u>\$ 100,814</u>
<b>CASH IN SAVINGS</b>	
Eagle Bank and Trust Company	
Construction/Savings Acct #666578	\$ 152,846
Total Cash in Savings	<u>\$ 152,846</u>
<b>SHORT TERM INVESTMENTS</b>	
Bank of Hillsboro	
Certificate of Deposit #90026	\$ 60,773
Certificate of Deposit #90027	60,773
Certificate of Deposit #90028	60,773
Certificate of Deposit #90029	60,773
Certificate of Deposit #90030	60,773
Certificate of Deposit #300374	35,333
Certificate of Deposit #300392	79,789
Eagle Bank and Trust Company	
Certificate of Deposit #49398	58,974
Certificate of Deposit #49399	58,974
Certificate of Deposit #49400	58,974
Total Short Term Investments	<u>\$ 595,908</u>
Total Unrestricted Cash and Cash Equivalents	<u><u>\$ 849,568</u></u>
<b>RESTRICTED CASH</b>	
Bank of Hillsboro	
Debt Service Fund Account #52881	\$ 233,130
UMB Bank - Waterworks System Project Fund	1,932,712
UMB Bank - Debt Service Reserve Fund	196,166
Total Restricted Cash	<u><u>\$ 2,362,008</u></u>

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

## PUBLIC WATER SUPPLY DISTRICT NO. 7 OF JEFFERSON COUNTY, MISSOURI

Schedule 3  
Fixed Assets  
May 31, 2008**UTILITY PLANT****WATER SOURCE OF SUPPLY**

	Cost	Accumulated Depreciation	Net Book Value
Land and Land Rights	\$ 14,101	\$ -	\$ 14,101
Wells	778,661	196,925	581,736
Other Water Sources	502	477	25
Total	<u>\$ 793,264</u>	<u>\$ 197,402</u>	<u>\$ 595,862</u>

**WATER PUMPING PLANT**

Land and Land Rights	\$ 1,675	\$ -	\$ 1,675
Structures and Improvements	569,287	245,468	323,819
Electrical and Pumping Equipment	129,671	84,198	45,473
Total	<u>\$ 700,633</u>	<u>\$ 329,666</u>	<u>\$ 370,967</u>

**WATER TRANSMISSION AND DISTRIBUTION PLANT**

Land and Land Rights	\$ 59,023	\$ -	\$ 59,023
Distribution Reservoirs	808,158	266,579	541,579
Mains and Standpipes	2,061,375	852,765	1,208,610
Meters and Installation	833,046	480,808	352,238
Hydrants	89,840	29,912	59,928
Total	<u>\$ 3,851,442</u>	<u>\$ 1,630,064</u>	<u>\$ 2,221,378</u>

Total Utility Plant

<u>\$ 5,345,339</u>	<u>\$ 2,157,132</u>	<u>\$ 3,188,207</u>
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**GENERAL PLANT**

Land and Land Rights	\$ 19,103	\$ -	\$ 19,103
Buildings and Structures	244,503	122,881	121,622
Equipment, Furniture and Vehicles	198,197	182,217	15,980
Total General Plant	<u>\$ 461,803</u>	<u>\$ 305,098</u>	<u>\$ 156,705</u>

Total Fixed Assets

<u>\$ 5,807,142</u>	<u>\$ 2,462,230</u>	<u>\$ 3,344,912</u>
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The accompanying notes are an integral part of the financial statements.