

**CONSOLIDATED PUBLIC WATER SUPPLY  
DISTRICT NO. 4  
OF CLINTON COUNTY, MISSOURI**

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**AUDITED FINANCIAL STATEMENTS  
AND AUDIT REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2016 AND 2015**

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**INDEPENDENT AUDITORS' REPORT**

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Board of Directors  
Consolidated Public Water Supply District No. 4  
of Clinton County, Missouri  
Lathrop, Missouri

We have audited the accompanying financial statements of the business-type activities of the Consolidated Public Water Supply District No. 4 as of and for the years ended June 30, 2016 and 2015, which comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Consolidated Public Water Supply District No. 4, Clinton County, Missouri, as of June 30, 2016 and 2015 and the respective changes in net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that management's discussion on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Karlin & Song, LLC  
Lenexa, KS  
August 17, 2016

## Public Water Supply District #4 of Clinton County Management's Discussion and Analysis FY 2016

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. This portion of the Water District's annual financial report is intended to provide an easily read analysis of the District's financial activities and condition, based on current known facts, for the fiscal year ending June 30, 2016. This information is presented in conjunction with the audited financial statements that follow.

### Organizational and Business

This Water District provides water services. Water is purchased from the City of Plattsburg and distributed to the District's customers. The District is currently serving approximately 2,057 customers. The water is supplied mainly to residential customers and a few business customers.

### Overview of the Financial Statements

This annual report consists of the following parts: 1) Management's Discussion and Analysis, 2) Basic Financial Statements, 3) Other Required Supplementary Information in the form of Notes.

### Financial Statements

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The District's assets and liabilities are reported on the Statement of Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of the District's operations over the course of the fiscal year and provides information as to how the net assets changed during the year. This statement can be used as an indicator that the District is successfully recovering costs through fees and other charges.

The Statement of Cash Flows presents changes in cash and cash equivalents resulting from operation, capital, non-capital, and investing and financing activities. From the Statement of Cash Flows, the reader can obtain comparative information on the source and use of cash and the change in the cash and cash equivalents balance for each of the last two fiscal years.

Financial Analysis

*Financial Highlights* (see table 1 below)

- The total assets of the District exceed total liabilities by \$7,353,533.
- The total assets increased from last year by \$83,929 or 1%.
- Capital assets decreased during the fiscal year by \$225,660 or 5%.
- The District's total net assets increased by \$83,222 or 1% during the year.

Table 1  
Condensed Statements of Net Assets

	2016	2015	Variance	% Change
Current and Other Assets	\$3,291,300	\$2,981,711	\$309,589	10%
Capital Assets, Net	\$4,740,851	\$4,966,511	(\$225,660)	(5%)
<b>Total Assets</b>	<b>\$8,032,151</b>	<b>\$7,948,222</b>	<b>\$83,929</b>	<b>1%</b>
Long-Term Debt	\$398,458	\$412,505	(\$14,047)	(3%)
Other Liabilities	\$280,160	\$265,406	\$14,754	6%
<b>Total Liabilities</b>	<b>\$678,618</b>	<b>\$677,911</b>	<b>\$707</b>	<b>0%</b>
Net Assets invested in capital assets, net of related debt	\$4,328,344	\$4,540,591	(\$212,247)	(5%)
Net Assets restricted for debt service	\$67,261	\$66,792	\$469	1%
Unrestricted net assets	\$2,957,928	\$2,662,928	\$295,000	11%
<b>Total Net Assets</b>	<b>\$7,353,533</b>	<b>\$7,270,311</b>	<b>\$83,222</b>	<b>1%</b>

Results of Operations

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Table 2 below shows changes in the District's net assets for the year.

Table 1  
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2016	2015	Variance	% Change
<b>Revenues:</b>				
Operating Revenues	\$1,411,848	\$1,239,899	\$171,949	14%
Non Operating Revenues	\$12,755	\$11,599	\$1,156	10%
<b>Total Revenues</b>	<b>\$1,424,603</b>	<b>\$1,251,498</b>	<b>\$173,105</b>	<b>14%</b>
<b>Expenses:</b>				
Operating Expenses	\$1,064,905	\$935,250	\$129,655	14%
Depreciation	\$257,057	\$202,362	\$54,695	27%
Non Operating Expenses	\$19,419	\$21,000	(\$1,581)	(8%)
<b>Total Expenses</b>	<b>\$1,341,381</b>	<b>\$1,158,612</b>	<b>\$182,769</b>	<b>16%</b>
Increase in Net Assets	\$83,222	\$92,886	(\$9,664)	(10%)
Change in Net Assets	\$83,222	\$92,886	(\$9,664)	(10%)
Beginning Net Assets	\$7,270,311	\$7,177,425	\$92,886	1%
<b>Ending Net Assets</b>	<b>\$7,353,533</b>	<b>\$7,270,311</b>	<b>\$83,222</b>	<b>1%</b>

- The District's total revenues of \$1,424,603 for the year increased by \$173,105 or 14%.
- The District's total expenses less depreciation increased by \$128,074 or 13%.
- The District's net assets increased by \$83,222 or 1% for the year.
- The District's total operating revenues increased by \$171,949 or 14% for the year.
- Operating expenses increased by \$129,655 or 14% for the year.

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Capital Assets

The District had \$4,732,705 in capital assets, (net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction or improvements of those assets).

Long Term Debt

The District will continue to pay a Loan held by USDA.

Additional Financial Information

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Water District Clerk at 8544 SE V Hwy, Lathrop, MO 64465.

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**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4**  
**CLINTON COUNTY, MISSOURI**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

Assets:	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 1,503,148	\$1,207,394
Certificates of deposit	1,391,557	1,383,583
Accounts receivable - net	119,684	121,171
Inventory	30,767	26,921
Interest receivable	989	984
Prepaid expense	<u>7,461</u>	<u>7,759</u>
Total unrestricted current assets	3,053,606	2,747,812
Restricted cash		
Restricted cash	<u>237,694</u>	<u>233,899</u>
Total current assets	3,291,300	2,981,711
Capital assets:		
Nondepreciable capital assets:		
Land	8,146	8,146
Construction in Progress	<u>-</u>	<u>-</u>
Total nondepreciable capital assets	<u>8,146</u>	<u>8,146</u>
Depreciable capital assets:		
Property and equipment	8,730,155	8,698,758
Less accumulated depreciation	<u>(3,997,450)</u>	<u>(3,740,393)</u>
Total depreciable capital assets	<u>4,732,705</u>	<u>4,958,365</u>
Total capital assets, net	<u>4,740,851</u>	<u>4,966,511</u>
Total noncurrent assets	<u>4,740,851</u>	<u>4,966,511</u>
Total assets	<u>8,032,151</u>	<u>7,948,222</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	<u>95,678</u>	<u>84,884</u>
Total current liabilities	95,678	84,884
Liabilities from restricted assets:		
Customer deposits	170,433	167,107
Current portion of long term debt	<u>14,049</u>	<u>13,415</u>
Total liabilities from restricted assets	184,482	180,522
Bond discounts	-	-
Long term debt, net	<u>398,458</u>	<u>412,505</u>
Total liabilities	<u>678,618</u>	<u>677,911</u>
Invested in capital assets, net of related debt	4,328,344	4,540,591
Restricted for debt service	67,261	66,792
Unrestricted	<u>2,957,928</u>	<u>2,662,928</u>
Total net position	<u>\$ 7,353,533</u>	<u>\$ 7,270,311</u>

See accompanying notes to financial statements

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**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI**  
Statements of Revenues, Expenses and Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Water sales	\$ 1,296,409	\$ 1,191,639
Connection charges	98,419	37,230
Tower rental	4,800	2,400
Other	<u>12,220</u>	<u>8,630</u>
Total operating revenues	<u>1,411,848</u>	<u>1,239,899</u>
Operating expenses:		
Water purchases	607,415	525,594
Management contract	168,000	168,000
Utilities and telephone	30,351	29,478
Insurance	14,781	13,889
Professional fees	14,294	14,446
Depreciation and amortization	257,057	202,362
Repairs	99,722	58,860
Salaries and payroll taxes	95,992	89,449
Office expense	13,489	14,443
Other operating expenses	<u>20,861</u>	<u>21,091</u>
Total operating expenses	<u>1,321,962</u>	<u>1,137,612</u>
Operating income (loss)	<u>89,886</u>	<u>102,287</u>
Nonoperating revenues (expenses):		
Investment income	12,755	11,599
Interest expense	<u>(19,419)</u>	<u>(21,000)</u>
Net Nonoperating revenues (expenses)	<u>(6,664)</u>	<u>(9,401)</u>
Increase in net position	83,222	92,886
Net position:		
Beginning of year	<u>7,270,311</u>	<u>7,177,425</u>
End of year	<u>\$ 7,353,533</u>	<u>\$7,270,311</u>

See accompanying notes to financial statements

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT**  
**CLINTON COUNTY, MISSOURI**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,413,335	\$ 1,228,274
Cash payments to suppliers for goods and services	(958,341)	(810,629)
Cash payments to employees for services	<u>(95,992)</u>	<u>(89,449)</u>
Net cash provided by operating activities	<u>359,002</u>	<u>328,196</u>
Cash flows from capital and related financing activities:		
Principal paid on debt	(13,413)	(11,832)
Interest paid on debt	<u>(19,419)</u>	<u>(21,000)</u>
Net cash used in capital and related financing activities	<u>(32,832)</u>	<u>(32,832)</u>
Cash flows from investing activities:		
Payments for capital assets	(31,397)	-
Certificate of deposits purchase	(7,974)	(7,914)
Cash released from restricted assets	(3,795)	(3,410)
Interest received	<u>12,750</u>	<u>11,558</u>
Net cash used in investing activities	<u>(30,416)</u>	<u>234</u>
Net increase (decrease) in cash and cash equivalents	295,754	295,598
Cash and cash equivalents, beginning of year	<u>1,207,394</u>	<u>911,796</u>
Cash and cash equivalents, end of year	<u>\$ 1,503,148</u>	<u>\$ 1,207,394</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 89,886	\$ 102,287
Adjustments:		
Depreciation and amortization	257,057	202,362
Allowance for bad debt	444	444
Changes in assets and liabilities:		
Accounts receivable	1,043	(12,069)
Inventory	(3,846)	(3,074)
Prepaid expense	298	2,488
Accounts payable and accrued expenses	10,794	32,813
Customer deposits payable	<u>3,326</u>	<u>2,945</u>
Net cash provided by operating activities	<u>\$ 359,002</u>	<u>\$ 328,196</u>

See accompanying notes to financial statements

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – BUSINESS ACTIVITY**

The Consolidated Public Water Supply District #4 of Clinton County was formed in 1979 and organized as a tax-exempt utility for the purpose of providing water to residents in parts of Caldwell, Clay, Clinton, and Ray Counties in Missouri. The District was organized by joining four areas: Northwest Holt, the converse Red Top area, Lake Arrowhead and Paradise, Missouri.

The District is governed by a five-member Board of Directors who manages the affairs of the District and holds monthly meetings open to the property owners and residents of the District. The Board of Directors is responsible for appointing a Clerk and a Treasurer, neither of whom may be members of the Board. Routine maintenance of the waterworks distribution system and all of the customer service work is provided by an outside contractor.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The District's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that compromise the District's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets (i.e. total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2016 and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

**Cash and cash equivalents**

For the purpose of the statement of cash flows the District considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

A provision for doubtful accounts has been established for those accounts management feels may become uncollectible. As of June 30, 2016 and 2015 the balance of the allowance for doubtful accounts for both years was \$444.

**Investments**

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between related parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are reported in the operating statement as increases or decreases in investment income.

**Inventories**

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method.

**Capital assets**

The cost of additions to the water system and major replacements are capitalized. Cost of new water lines and meters includes direct labor and materials. The cost of current repairs and maintenance is charged to expense. Depreciation is computed on all assets using the straight-line method over the estimated useful lives of the related assets, which range as follows:

	<u>Years</u>
Building and improvements	30
Transmission lines	35-50
Towers and pump houses	50
Equipment and meters	10
Office equipment and furniture	5-10

CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes**

The District is a political subdivision and as such is exempt from federal and state income taxes.

**Compensated Absences**

The District awards vacation time to its employees based on their years of service on a calendar year basis. Up to 10 unused vacation days can be carried forward to subsequent years. Accrued vacation days awarded but unused as of June 30, 2016 was \$6,560.

**Net Assets**

Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

*Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

*Restricted* – This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions enabling legislation.

*Unrestricted* – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – CASH AND INVESTMENTS**

**Cash and equivalents**

Cash and investments are presented on the accompanying statement of net assets as of June 30, 2016 and 2015 as follows:

	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 1,503,148	\$1,207,394
Certificates of deposit	1,391,557	1,383,583
Restricted cash	237,694	233,899
Restricted cash and investments	-	-
<b>Total cash and investments</b>	<b><u>\$ 3,132,399</u></b>	<b><u>\$ 2,824,876</u></b>

All of the District's cash, certificates of deposit, and restricted cash were deposited into financial institutions in demand accounts or certificates of deposit. As of June 30, 2016 the carrying amount of the District's deposits was \$3,132,399 and the bank balance was \$3,216,241. As of June 30, 2015 the carrying amount of the District's deposits was \$2,824,876 and the bank balance was \$2,901,952. The difference between the bank balance and the carrying amount represents outstanding checks and deposits.

At June 30, 2016 and 2015, the entire outstanding bank balances are collateralized by federal depository insurance or collateralized by the pledging financial institutions.

CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1 2015	Transfers in and additions	Transfers out and retirements	Balance June 30 2016
<i>Capital assets, not being depreciated:</i>				
Land	\$ 8,146	\$ -	\$ -	\$ 8,146
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>8,146</u>	-	-	<u>8,146</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	63,134	-	-	63,134
Transmission lines	6,196,936	31,397	-	6,228,333
Towers and pumphouses	2,005,695	-	-	2,005,695
Equipment and meters	372,798	-	-	372,798
Office equipment	<u>60,195</u>	-	-	<u>60,195</u>
Total capital assets being depreciated	<u>8,698,758</u>	<u>31,397</u>	-	<u>8,730,155</u>
Less accumulated depreciation	<u>(3,740,393)</u>	<u>(257,057)</u>	-	<u>(3,997,450)</u>
Total capital assets, net	<u>\$ 4,966,511</u>	<u>\$ (225,660)</u>	-	<u>\$ 4,740,851</u>

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – CAPITAL ASSETS (continued)**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1 2014	Transfers in and additions	Transfers out and retirements	Balance June 30 2015
<i>Capital assets, not being depreciated:</i>				
Land	\$ 8,146	\$ -	\$ -	\$ 8,146
Construction in Progress	<u>426,572</u>	<u>-</u>	<u>426,572</u>	<u>-</u>
Total capital assets not being depreciated	<u>434,718</u>	<u>-</u>	<u>(426,572)</u>	<u>8,146</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	63,134	-	-	63,134
Transmission lines	5,770,364	426,572	-	6,196,936
Towers and pumphouses	2,005,695	-	-	2,005,695
Equipment and meters	372,798	-	-	372,798
Office equipment	<u>60,195</u>	<u>-</u>	<u>-</u>	<u>60,195</u>
Total capital assets being depreciated	<u>8,272,186</u>	<u>426,572</u>	<u>-</u>	<u>8,698,758</u>
Less accumulated depreciation	<u>(3,538,032)</u>	<u>(202,362)</u>	<u>-</u>	<u>(3,740,393)</u>
Total capital assets, net	<u>\$ 5,168,873</u>	<u>\$ 224,210</u>	<u>(426,572)</u>	<u>\$ 4,966,511</u>

**NOTE 5 – RESTRICTED CASH**

Restricted cash is made up of savings accounts and certificates of deposits of the District. The various funds are restricted by the terms of the bond agreements. The balances of the individual accounts at June 30, 2016 and 2015 are as follows:

	2016	2015
Debt service fund	\$ 67,261	\$ 66,792
Customer deposits	<u>170,433</u>	<u>167,107</u>
Total	<u>\$ 237,694</u>	<u>\$ 233,899</u>

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 - LONG-TERM DEBT**

At June 30, 2016 the District's long term debt consisted of the following:

	<u>2016</u>	<u>2015</u>
USDA Loan 91-06, bears interest at 4.625%, payable in monthly installments of \$2,736	\$ 412,507	\$ 425,920
	<u>\$ 412,507</u>	<u>\$ 425,920</u>

Changes to the District's long-term debt are as follows:

Total long-term debt at beginning of year	\$ 425,920	\$ 437,752
Note payable retirements	(13,413)	(11,832)
Total long-term debt at year end	412,507	425,920
Less current portion	(14,049)	(13,466)
Non current portion	<u>\$ 398,458</u>	<u>\$ 412,454</u>

Maturities on the long-term debt are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 14,049	\$ 18,783	\$ 32,832
2018	14,713	18,119	32,832
2019	15,408	17,424	32,832
2020	16,135	16,697	32,832
2021	16,898	15,934	32,832
2022-2026	97,245	66,915	164,160
2027-2031	122,492	41,668	164,160
2032-2035	115,567	10,813	126,380
	<u>\$ 412,507</u>	<u>\$ 206,353</u>	<u>\$ 618,860</u>

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**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4  
CLINTON COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - COMMITMENTS**

On December 1, 2011, the District entered into a thirty-five year water purchase contract with the City of Plattsburg, Missouri to buy treated water for its customers.

The District also executed a twenty-year water purchase contract on November 7, 2002 with the City of Lathrop, Missouri, to purchase water at the city's discretion.

The District has a water sales contract, with a remaining term of twenty four years, to sell water to Consolidated Public Water Supply District No. 3 of Caldwell County, Missouri.

On January 15, 2008, the District entered into a water sales contract, for a term of ten years, to sell water to Consolidated Public Water Supply District No. 3 of Clinton County, Missouri.

**NOTE 8 – TOWER RENTAL**

On July 3, 2014 the District has entered into two license agreements with Isotech, Inc. for tower site use. Under the terms of the agreements the District receives payments monthly in the amount of \$200 per agreement. The license agreements are for five years and the parties may agree to extend the lease for two additional five year renewal periods.

**NOTE 9 - CONTINGENCIES**

**Concentrations of Credit Risk**

Financial statements that potentially subject the District to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable. The District places its temporary cash investments with financial institutions and the total amount was covered by Federal Deposit Insurance Corporation limits or collateral pledged by the financial institutions. The District receives approximately 8.8% of its revenues from three local water districts. It is reasonably possible that in the near term these accounts could be lost, which would cause an impact on the District, however, the District does not expect this to happen.

**Risk of Loss**

The District is exposed to the risk of loss on its capital assets and employee fraud. This risk is handled with the purchase of commercial property and liability insurance. During the year ended June 30, 2016 there were no reductions in insurance coverage from the prior year.

**NOTE 9 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through August 17, 2016, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.