

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

**AUDITED FINANCIAL STATEMENTS  
AND AUDIT REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2011 AND 2010**

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

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of net assets of Consolidated Public Water Supply District No. 4 of Clinton County, Missouri, as of June 30, 2011 and 2010 and the related statement of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 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 Consolidated Public Water Supply District No. 4 of Clinton County, Missouri, as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

August 18, 2011

# Public Water Supply District #4 of Clinton County Management's Discussion and Analysis FY 2011

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, 2011. 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 2,025 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 present 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 \$6,505,570.
- The total assets decreased from last year by \$123,427 or -2 %.
- Capital assets decreased during the fiscal year by \$90,974 or -2%.
- The District's total net assets increased by \$29,686 during the year.

Table 1  
Condensed Statements of Net Assets

	2011	2010	Variance	% Change
Current and Other Assets	\$1,904,726	\$1,937,179	(\$32,453)	-2%
Capital Assets, Net	\$5,279,032	\$5,370,006	(\$90,974)	-2%
<b>Total Assets</b>	<b>\$7,183,758</b>	<b>\$7,307,185</b>	<b>(\$123,427)</b>	<b>-2%</b>
Long-Term Debt	\$462,704	\$533,855	(\$71,151)	-13%
Other Liabilities	\$215,484	\$297,446	(\$81,962)	-28%
<b>Total Liabilities</b>	<b>\$678,188</b>	<b>\$831,301</b>	<b>(\$153,113)</b>	<b>-18%</b>
Net Assets invested in capital assets, net of related debt	\$4,805,178	\$4,785,503	\$19,675	1%
Net Assets restricted for debt service	\$74,885	\$605,197	(\$530,312)	-88%
Unrestricted net assets	\$1,625,507	\$1,085,184	\$540,323	50%
<b>Total Net Assets</b>	<b>\$6,505,570</b>	<b>\$6,475,884</b>	<b>\$29,686</b>	<b>0%</b>

## Results of Operations

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

	2011	2010	Variance	% Change
<b>Revenues:</b>				
Operating Revenues	\$1,224,041	\$1,209,384	\$14,657	1%
Non Operating Revenues	\$12,458	\$25,177	(\$12,719)	-51%
<b>Total Revenues</b>	<b>\$1,236,499</b>	<b>\$1,234,561</b>	<b>\$1,938</b>	<b>-0%</b>
<b>Expenses:</b>				
Operating Expenses	\$979,140	\$808,334	\$170,806	21%
Depreciation	\$195,694	\$158,419	\$37,275	24%
Non Operating Expenses	\$31,979	\$65,598	(\$33,619)	-51%
<b>Total Expenses</b>	<b>\$1,206,813</b>	<b>\$1,032,351</b>	<b>\$174,462</b>	<b>17%</b>
Increase in Net Assets	\$29,686	\$202,210	(\$172,524)	-86%
Change in Net Assets	\$29,686	\$202,210	(\$172,524)	-86%
Beginning Net Assets	\$6,475,884	\$6,273,674	\$202,210	3%
<b>Ending Net Assets</b>	<b>\$6,505,570</b>	<b>\$6,475,884</b>	<b>\$29,686</b>	<b>0%</b>

- The District's total revenues of \$1,236,499 for the year increased by \$1,938.
- The District's total expenses less depreciation decreased by \$170,806 or 21%.
- The District's net assets increased by \$29,686 for the year
- Operating expenses increased by \$174,462 due to an increase in the overall cost of doing business and #2 bond payoff.
- The District's total operating revenues increased by \$14,657 or 1%.

### Capital Assets

The District had \$5,279,032 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

In June 2011, the District paid off the Series 1999 Refunding Revenue Bond #2.

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

### Other Factors

The District signed a 5 year termination agreement with the City of Plattsburg. At the end of this agreement, The District must have established a different water supply.

### 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.

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4**  
**CLINTON COUNTY, MISSOURI**  
**Statements of Net Assets**  
**June 30, 2011 and 2010**

Assets:	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 375,039	\$ 467,819
Certificates of deposit	1,134,424	556,991
Accounts receivable - net	97,512	96,484
Inventory	60,585	53,237
Interest receivable	1,715	1,380
Prepaid expense	<u>6,048</u>	<u>5,173</u>
Total unrestricted current assets	1,675,323	1,181,084
Restricted cash and investments		
Restricted cash	229,403	565,726
Restricted investments	<u>-</u>	<u>190,369</u>
Total restricted current assets	229,403	756,095
Total current assets	<u>1,904,726</u>	<u>1,937,179</u>
Capital assets:		
Nondepreciable capital assets:		
Land	<u>5,500</u>	<u>5,500</u>
Total nondepreciable capital assets	<u>5,500</u>	<u>5,500</u>
Depreciable capital assets:		
Property and equipment	8,214,690	8,109,970
Less accumulated depreciation	<u>(2,941,158)</u>	<u>(2,745,464)</u>
Total depreciable capital assets	<u>5,273,532</u>	<u>5,364,506</u>
Total capital assets, net	<u>5,279,032</u>	<u>5,370,006</u>
Total noncurrent assets	<u>5,279,032</u>	<u>5,370,006</u>
Total assets	<u>7,183,758</u>	<u>7,307,185</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	<u>49,816</u>	<u>95,900</u>
Total current liabilities	49,816	95,900
Liabilities from restricted assets:		
Customer deposits	154,518	150,898
Current portion of long term debt	<u>11,150</u>	<u>50,648</u>
Total liabilities from restricted assets	165,668	201,546
Bond discounts	-	-
Long term debt	<u>462,704</u>	<u>533,855</u>
Total liabilities	<u>678,188</u>	<u>831,301</u>
Invested in capital assets, net of related debt	4,805,178	4,785,503
Restricted for debt service	74,885	605,197
Unrestricted	<u>1,625,507</u>	<u>1,085,184</u>
Total net assets	<u>\$ 6,505,570</u>	<u>\$ 6,475,884</u>

See accompanying notes to financial statements

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4**  
**CLINTON COUNTY, MISSOURI**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Water sales	\$ 1,152,581	\$1,153,157
Connection charges	55,000	40,450
Other	<u>16,460</u>	<u>15,777</u>
Total operating revenues	<u>1,224,041</u>	<u>1,209,384</u>
Operating expenses:		
Water purchases	450,743	402,561
Management contract	150,000	150,000
Utilities and telephone	28,167	29,584
Insurance	11,903	10,852
Professional fees	136,459	40,035
Depreciation and amortization	195,694	158,419
Repairs	84,125	76,041
Salaries and payroll taxes	62,819	58,426
Office expense	13,304	15,859
Water supplier surcharge	19,360	16,720
Other operating expenses	<u>22,260</u>	<u>8,256</u>
Total operating expenses	<u>1,174,834</u>	<u>966,753</u>
Operating income (loss)	<u>49,207</u>	<u>242,631</u>
Nonoperating revenues (expenses):		
Bad debt expense	(4,566)	(790)
Gain (loss) on sale of assets	-	(29,352)
Investment income	12,458	25,177
Interest expense	<u>(27,413)</u>	<u>(35,456)</u>
Net Nonoperating revenues (expenses)	<u>(19,521)</u>	<u>(40,421)</u>
Increase in net assets	29,686	202,210
Net assets:		
Beginning of year	<u>6,475,884</u>	<u>6,273,674</u>
End of year	<u>\$ 6,505,570</u>	<u>\$6,475,884</u>

See accompanying notes to financial statements

**CONSOLIDATED PUBLIC WATER SUPPLY DISTRICT NO. 4**  
**CLINTON COUNTY, MISSOURI**  
**Statements of Cash Flows**  
**For the Fiscal Year Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,213,881	\$ 1,217,778
Cash payments to suppliers for goods and services	(962,442)	(643,295)
Cash payments to employees for services	<u>(62,819)</u>	<u>(58,426)</u>
Net cash provided by operating activities	<u>188,620</u>	<u>516,057</u>
Cash flows from capital and related financing activities:		
Principal paid on debt	(110,649)	(248,509)
Interest paid on debt	<u>(27,413)</u>	<u>(38,553)</u>
Net cash used in capital and related financing activities	<u>(138,062)</u>	<u>(287,062)</u>
Cash flows from investing activities:		
Payments for capital assets	(104,720)	(1,136,856)
Cash used for investments	(577,433)	1,232,645
Cash received from restricted assets	526,692	(32,216)
Interest received on investments	<u>12,123</u>	<u>43,990</u>
Net cash used in investing activities	<u>(143,338)</u>	<u>107,563</u>
Net increase (decrease) in cash and cash equivalents	(92,780)	336,558
Cash and cash equivalents, beginning of year	<u>467,819</u>	<u>131,261</u>
Cash and cash equivalents, end of year	<u>\$ 375,039</u>	<u>\$ 467,819</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 49,207	\$ 242,631
Adjustments:		
Depreciation and amortization	195,694	158,419
Allowance for bad debt	4,566	790
Changes in assets and liabilities:		
Accounts receivable	(10,160)	8,395
Inventory	(7,348)	12,765
Prepaid expense	(875)	74,961
Accounts payable and accrued expenses	(46,084)	17,779
Customer deposits payable	<u>3,620</u>	<u>317</u>
Net cash provided by operating activities	<u>\$ 188,620</u>	<u>\$ 516,057</u>

See accompanying notes to financial statements

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

**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 comprise 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**

**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, 2011 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, 2011 and 2010 the balance of the allowance for doubtful accounts was \$4,566, and \$3,134 respectively.

**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. The costs of inventories are recorded as expenditures when used (consumption 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 pumphouses	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**

**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**

Vacation and sick leave are considered as expenditures in the year paid. The District requires that vacation time be taken in the year accrued. Any unused sick days are paid to each employee at the end of the calendar year. Unused vacation does not accumulate.

**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”.

**Reclassifications**

Certain amounts represented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

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

**NOTE 3 – CASH AND INVESTMENTS**

**Cash and equivalents**

Cash and investments are presented on the accompanying statement of net assets as of June 30, 2011 and 2010 as follows:

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 375,039	\$ 467,819
Certificates of deposit	1,134,424	556,991
Restricted cash	229,403	565,726
Restricted cash and investments	<u>-</u>	<u>190,369</u>
Total cash and investments	<u>\$ 1,738,866</u>	<u>\$ 1,780,905</u>

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, 2011 the carrying amount of the District's deposits was \$1,738,866 and the bank balance was \$1,820,752. As of June 30, 2010 the carrying amount of the District's deposits was \$1,590,536 and the bank balance was \$1,686,383. The difference between the bank balance and the carrying amount represents outstanding checks and deposits.

At June 30, 2011 and 2010, the entire outstanding bank balances are collateralized by federal depository insurance or collateralized by the pledging financial institutions.

**Restricted Investments**

The District has not formally adopted an investment policy that limits the District's allowable investments.

Investments of the District at June 30, 2011 and 2010 at market value are as follows:

	<b>2011</b>	<b>2010</b>
Government bonds	\$ -	\$ 35,106
Government asset backed securities	-	105,864
Certificates of deposit	<u>-</u>	<u>49,399</u>
Total investments	<u>\$ -</u>	<u>\$ 190,369</u>

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

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<b>Balance July 1 2010</b>	<b>Transfers in and additions</b>	<b>Transfers out and retirements</b>	<b>Balance June 30 2011</b>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	63,136	-	-	63,136
Transmission lines	5,766,824	-	-	5,766,824
Towers and pumphouses	2,005,695	-	-	2,005,695
Equipment and meters	229,426	104,720	-	334,146
Office equipment	44,889	-	-	44,889
Total capital assets being depreciated	<u>8,109,970</u>	<u>104,720</u>	<u>-</u>	<u>8,214,690</u>
Less accumulated depreciation	<u>(2,745,464)</u>	<u>(195,694)</u>	<u>-</u>	<u>(2,941,158)</u>
Total capital assets, net	<u>\$ 5,370,006</u>	<u>\$ (90,974)</u>	<u>-</u>	<u>\$ 5,279,032</u>

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

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

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b>Balance July 1 2009</b>	<b>Transfers in and additions</b>	<b>Transfers out and retirements</b>	<b>Balance June 30 2010</b>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Construction in Progress	<u>281,805</u>	<u>974,695</u>	<u>(1,256,500)</u>	<u>-</u>
Total capital assets not being depreciated	<u>287,305</u>	<u>974,695</u>	<u>(1,256,500)</u>	<u>5,500</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	63,136	-	-	63,136
Transmission lines	5,766,824	-	-	5,766,824
Towers and pumphouses	749,195	1,256,500	-	2,005,695
Equipment and meters	150,089	162,161	(82,824)	229,426
Office equipment	<u>44,889</u>	<u>-</u>	<u>-</u>	<u>44,889</u>
Total capital assets being depreciated	<u>6,774,133</u>	<u>1,418,661</u>	<u>(82,824)</u>	<u>8,109,970</u>
Less accumulated depreciation	<u>(2,640,517)</u>	<u>(158,419)</u>	<u>53,472</u>	<u>(2,745,464)</u>
Total capital assets, net	<u>\$ 4,420,921</u>	<u>\$ 2,234,937</u>	<u>\$ (1,285,852)</u>	<u>\$ 5,370,006</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, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Debt service fund	\$ 74,885	\$ 114,250
Bond reserve fund	-	230,391
Replacement and extension	-	68,465
Customer deposits	154,518	154,220
Capital improvement fund	<u>-</u>	<u>188,769</u>
Total	<u>\$ 229,403</u>	<u>\$ 756,095</u>

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

**NOTE 6 - LONG-TERM DEBT**

At June 30, 2011 the District's long term debt consisted of the following:

1999 Waterworks revenue bond, bears interest at an average rate of 5.2%, payable in annual payments	\$ -	\$ 100,000
USDA Loan 91-06, bears interest at 4.625%, payable in monthly installments of \$2,736	<u>473,854</u>	<u>484,503</u>
	<u>\$ 473,854</u>	<u>\$ 584,503</u>

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

Total long-term debt at beginning of year	\$ 584,503	\$ 834,609
Note payable retirements	<u>(110,649)</u>	<u>(250,106)</u>
Total long-term debt at year end	473,854	584,503
Less current portion	<u>(11,150)</u>	<u>(50,648)</u>
Non current portion	<u>\$ 462,704</u>	<u>\$ 533,855</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>
2012	\$ 11,150	\$ 21,682	\$ 32,832
2013	11,678	21,154	32,832
2014	12,229	20,603	32,832
2015	12,807	20,025	32,832
2016	13,416	19,420	32,836
2017-2021	77,185	86,975	164,160
2022-2026	97,223	66,937	164,160
2027-2031	122,462	41,698	164,160
2032-2035	<u>115,708</u>	<u>10,840</u>	<u>126,548</u>
	<u>\$ 473,854</u>	<u>\$ 309,334</u>	<u>\$ 783,192</u>

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

**NOTE 7 - COMMITMENTS**

On December 10, 2001, the District entered into a thirty-five year water purchase contract with the City of Plattsburg, Missouri to buy treated water for its customers. Due to a disagreement between the District and the City regarding the method used to determine the price of water a new agreement was signed on May 11, 2011. Under the terms of the new agreement the District is required to purchase a minimum of 130,000,000 gallons of water annually. The agreement is for five years.

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-six years, to sell water to Public Water Supply District #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 Public Water Supply District #3 of Clinton County, Missouri.

On July 17, 2008, the District entered into a water sales contract, for a term of ten years, to sell water to Public Water Supply District #3 of Clay County, Missouri.

**NOTE 8 - 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 9% 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, 2011 there were no reductions in insurance coverage from the prior year.