

**The Raytown Water Company
Notes to Financial Statements
December 31, 2015**

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Raytown Water Company (the Company) was established on January 22, 1925, and was incorporated in Missouri in 1986. The Company was established to provide water utility services to individual, commercial and residential customers primarily in Raytown, Missouri. The Company is regulated and water rates are established by the Missouri Public Service Commission.

Method of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Water Plant

Water plant consists of the infrastructure (towers, distribution lines, servicing lines, meters and hydrants) required to receive, store and distribute water to customers. It is recorded at construction cost to include material, labor and overhead costs. Water plant that is contributed by developers and/or construction paid for by customers, is recorded as plant and deferred plant which is amortized over the life of the plant.

Expenditures for maintenance and repairs of property, including renewals of minor items, are charged to maintenance expense. Cost of replacements and renewal of items considered to be units of property is charged to plant accounts.

Depreciation

All depreciable property, plant and equipment accounts are depreciated using the straight-line method over the estimated useful lives as follows:

Structures and Improvements	15 to 40 years
Water Plant	15 to 50 years
Equipment and Vehicles	5 to 20 years
Software	3 years

When property units are retired or otherwise disposed of in the normal course of business, plant depreciation is written off at plant cost.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all cash held in bank accounts, including restricted cash, to be cash.

Accounts Receivable

Customers' meters are read each month and bills are prepared in four cycles. The Company gives the customer 21 days to pay and then sends a delinquent notice. Approximately 10 days after the delinquent notice is sent, the customer's water is turned off.

The Raytown Water Company
Notes to Financial Statements
December 31, 2015

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

Accounts receivable at December 31, 2015 consisted of all water sold December 31, 2015 and prior, whether billed or unbilled. The bad debt reserve is estimated based on a percentage of billed accounts receivable outstanding at December 31, 2015 and adjusted annually. Receivables are written off as a charge to the bad debt reserve when the Company estimates that it is probable they will not be collected.

Materials and Supplies

Materials and supplies consist of repair parts and equipment that have not been placed into service and are recorded at cost.

Risk Management

The Company is exposed to various risks of loss from theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance is purchased for claims arising from such matters. Settled claims have not exceeded coverage in any of the three preceding years.

Vacation and Sick Leave

Vacation is provided to employees as follows:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
Under 10	2
10 to 15	3
Over 15	4

Employees are permitted to carry over a maximum of 240 hours of vacation into the next year. In addition, each full-time employee is given 52 hours of sick leave per year, which can be carried over into the next year without limit.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in stockholders' equity during the reporting period. Actual results could differ from those estimates.

Note 2: Rate Matters and Regulations

The Company received formal approval from the State of Missouri Public Service Commission (MPSC) for Tariff YW-2015-0076 in the matter of WR-2015-0246 effective December 7, 2015. New water rates became effective on a pro-rata basis effective December 7, 2015.

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Note 3: Restricted Cash

At December 31, 2015 there was a balance of \$116,998 in cash that was restricted for future debt service requirements.

Note 4: Long-Term Liabilities

Revenue Refunding Bonds-Series 2013

The Company was authorized by the Missouri State Environmental Improvement and Energy Resources Authority to issue Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2013 in the principal amount of \$1,015,000 under the Indenture of Trust dated February 13, 2013, between the Authority and the Trustee (UMB Bank, na).

Bond proceeds were used for the construction of certain drinking water facilities, including the costs of replacement and expansion of transmission mains and related facilities along 63rd Street, Raytown Road and Blue Ridge Boulevard in the City of Raytown, Missouri (\$893,200), funding of the Debt Service Reserve (\$101,500) and to pay issuance costs (\$20,300).

The bonds are secured by a first lien pledge on revenues of the Company, and the Debt Service Reserve fund of \$101,500. The Company has agreed to a Rate Covenant which stipulates they maintain net revenues available for debt service of not less than the sum of 1.24 times the maximum annual debt service.

The Series 2013 bonds are due in annual installments through December 2020 at the interest rate of 3%. Interest payments are due on June 1 and December 1 and principal payments are due December 1 as follows:

2016	\$ 160,000
2017	165,000
2018	170,000
2019	175,000
2020	185,000
	<u>\$ 855,000</u>

Note Payable-Vehicles

In August 2012, the Company purchased a 2012 Ford van and financed \$29,352. The note, secured by the van, has a rate of 5.99% and has equal payments of \$569 for 60 months. The first payment was made in September, 2012.

In May 2015, the Company purchased a 2015 Dodge truck and financed \$41,012. The note, secured by the truck, has a rate of 4.89% and has equal payments of \$944 for 48 months. The first payment was made in July, 2015.

Note Payable-Loader, Miller Attachment and Asphalt Roller

In August 2012, the Company purchased a 2012 Volvo Track Loader, 2012 18" Miller Attachment, and 2009 Volvo Asphalt Roller and financed 120,628. The note, secured by the equipment, has a rate of 4.989% and has equal payments of \$2,276 for 60 months. The first payment was made in September, 2012.

**The Raytown Water Company
Notes to Financial Statements
December 31, 2015**

Note 4: Long-Term Liabilities (continued)

Maturities of notes payable as of December 31 are as follows:

2016	\$ 41,817
2017	32,547
2018	10,750
2019	5,650
	\$ 90,764

Note 5: Line of Credit

Pursuant to an agreement dated December 21, 2015, the Company acquired a line of credit with a bank for \$160,000. The line of credit bears interest at the bank's index rate which is the prime rate published in the *Wall Street Journal*, plus 1% which was 4.50% at December 31, 2015. The line of credit is collateralized by the Company's real estate property at 9820 E. 63rd Street, Raytown, Missouri 64133. At December 31, 2015, there was no balance on the line of credit.

Note 6: Deferred Plant Reimbursement (Contributions in Aid of Construction)

Reimbursements from customers and values placed on contributed plant from developers are recorded as deferred plant when the asset is recorded. Deferred plant is amortized at the same rate as plant is being depreciated, resulting in a revenue neutral transaction. The following is a summary of additions, retirements and amortization for the year ended December 31, 2015:

	Balance 12/31/14	Additions	Retirements	Balance 12/31/15
Plant construction	\$ 23,982	\$ -	\$ -	\$ 23,982
Connections	55,055	-	-	55,055
Plant expansion	151,796	46,276	-	198,072
Plant	86,653	-	-	86,653
Hydrants	27,549	10,000	-	37,549
Service taps	112,899	8,000	-	120,899
Meter wells	9,739	15,798	-	25,537
	467,673	80,074	-	547,747
Less: Amortization	91,967	11,118	-	103,085
Net Deferred Plant	\$ 375,706	\$ 68,956	\$ -	\$ 444,662

**The Raytown Water Company
Notes to Financial Statements
December 31, 2015**

Note 7: Property, Plant and Equipment

The following is a summary of infrastructure and capital assets in place and utilized by the Company:

	Balance 12/31/14	Additions	Retirements	Balance 12/31/15
Land/Land Rights	\$ 111,091	\$ -	\$ -	\$ 111,091
Reservoirs/Standpipes	2,749,381	2,826	-	2,752,207
Transmission/Distribution	5,742,371	72,433	110	5,814,694
Meters	693,039	118,239	26,134	785,144
Meter Wells	384,318	16,615	19,821	381,112
Hydrants	927,631	32,457	2,430	957,658
Service Lines	160,281	24,673	-	184,954
Structures/Improvements	470,000	-	-	470,000
Office Furniture/Fixtures	37,075	-	-	37,075
Office Electric Equipment	211,968	-	-	211,968
Transportation	418,517	76,302	-	494,819
Shop Equipment	160,013	9,388	15,021	154,380
Laboratory Equipment	5,660	-	-	5,660
Power Equipment	443,333	-	-	443,333
Communications Equipment	46,206	-	-	46,206
Non-Operating Equipment	137,792	-	-	137,792
	<u>12,698,676</u>	<u>352,933</u>	<u>63,516</u>	<u>12,988,093</u>
Less: Accumulated Depreciation	<u>5,623,237</u>	<u>365,700</u>	<u>15,021</u>	<u>5,973,916</u>
	<u>7,075,439</u>	<u>(12,767)</u>	<u>48,495</u>	<u>7,014,177</u>
Construction in Progress	26,652	-	19,125	7,527
Total Property, Plant and Equipment, net	<u>\$7,102,091</u>	<u>\$(12,767)</u>	<u>\$67,620</u>	<u>\$7,021,704</u>

Note 8: Operating Lease

In March 2015 the Company entered into a new operating lease agreement for a Konica Minolta Bizhub Pro printer/copier/scanner. The agreement has a noncancelable lease term of 48 months beginning March 2015. The new copier replaces the previous leased copier. The total rent expense for 2015 is \$ 23,655. Future minimum lease payments over the term of the lease are:

2016	\$ 15,960
2017	<u>15,960</u>
2018	<u>15,960</u>
2019	<u>2,660</u>
Total	<u>\$ 50,540</u>

Note 9: Income Tax

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2011.

The Raytown Water Company
Notes to Financial Statements
December 31, 2015

Note 9: Income Tax (continued)

The Company's deferred income taxes result from differences in the time period that certain deductions are claimed for income tax purposes and the time they are recorded for book purposes. These temporary differences arise primarily from the use of higher depreciation rates for income tax purposes and the timing of deductions for certain maintenance and rate case expenses.

Total deferred income tax liability at December 31, 2015 is \$ 1,096,702.

A reconciliation of income tax expense at the statutory rate to income tax expense at the Company's effective rate is shown below:

Tax computed at the statutory rate 38.5%	\$ 47,195
(Decrease) in taxes resulting from:	
Graduated income taxes	(2,856)
Actual tax provision	<u>\$ 44,339</u>

A reconciliation of book income to taxable income is shown below:

Net income per books before tax provision	\$122,585
Difference in book and tax:	
Depreciation	(156,704)
Change in unbilled revenue	50,235
Other	27,662
Taxable income per tax return	<u>\$ 43,778</u>

Note 10: Employee Benefit Plan

Effective January 1, 2013, the Company maintains a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees age 18 or over that have completed 120 days of service. Under the plan, employees may contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The Company will match up to 7% of the employees' base salary. Total Company expense for 2015 was \$30,222.

Note 11: Related Parties

An individual who provides occasional legal services for the Company serves as the Assistant Secretary for the Board of Directors. Additionally, the President and Chairman of the Board of Directors for the Company owns a nearby car wash used by the Company. Transactions with the related parties are immaterial for the year ending December 31, 2015.

Note 12: Subsequent Events

On May 09, 2016, the Company was notified by its insurance carrier that a lawsuit had been filed against them relating to a water main break incident that occurred in July 2011. While the extent of loss is not presently determinable, the Company believes that its insurance coverage is adequate to fully cover the amount of the loss. Subsequent events have been evaluated through June 21, 2016, which is the date the financial statements were available to be issued.

Certified
Audit
2016

The Raytown Water Company
Independent Auditor's Report and
Financial Statements

December 31, 2016

The Raytown Water Company
December 31, 2016

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EMERICK & COMPANY, P.C.

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

Independent Auditor's Report

Board of Directors
The Raytown Water Company
Raytown, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of The Raytown Water Company, which comprise the balance sheet as of December 31, 2016, and the related statements of income, stockholders' equity and cash flows for the year then ended, 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 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 from 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Raytown Water Company, as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emerick & Company, P.C.

July 13, 2017
Kansas City, Missouri

**The Raytown Water Company
Balance Sheet
December 31, 2016**

Assets

Property, Plant and Equipment

Land and land rights	\$ 111,091
Structures and improvements	470,000
Water plant	11,070,731
Equipment and vehicles	1,416,871
Construction in progress	39,155
Nonoperating property	137,792
Total Property, Plant and Equipment	<u>13,245,640</u>
Accumulated depreciation	<u>(6,317,246)</u>
Property, Plant and Equipment, net	<u>6,928,394</u>

Current Assets

Cash	702,868
Restricted cash	117,015
Accounts receivable, net of bad debt reserve of \$5,319	414,165
Prepaid expenses	133,734
Materials and supplies	79,197
Total Current Assets	<u>1,446,979</u>

Other Assets

Deferred charges	30,666
Non-utility property	1,057
Total Other Assets	<u>31,723</u>

Total Assets	<u><u>\$ 8,407,096</u></u>
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See Notes to Financial Statements

The Raytown Water Company
Balance Sheet
December 31, 2016

Stockholders' Equity and Liabilities

Stockholders' Equity

Common stock, \$1 par value; 30,000 shares authorized; 11,616 shares issued	\$ 11,616
Treasury stock (1,577 shares redeemed)	(107,798)
Retained earnings	<u>5,624,504</u>
Total Stockholders' Equity	<u><u>5,528,322</u></u>

Long-Term Liabilities

Refunding revenue bonds	530,000
Notes payable	<u>16,356</u>
Total Long-Term Liabilities	<u><u>546,356</u></u>

Current Liabilities

Accounts payable	206,940
Accrued expenses	63,789
Dividend payable	5,019
Income tax payable	34,978
Current maturities of long-term debt	197,545
Customer deposits	<u>152,472</u>
Total Current Liabilities	<u><u>660,743</u></u>

Deferred Credits

Deferred income tax	1,164,761
Unamortized investment tax credits	<u>10,010</u>
Total Deferred Liabilities	<u><u>1,174,771</u></u>

Contributions in Aid of Construction (CIAC), net of amortization	<u>496,904</u>
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Total Liabilities and Stockholders' Equity	<u><u>\$ 8,407,096</u></u>
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See Notes to Financial Statements

**The Raytown Water Company
Statement of Income
Year Ended December 31, 2016**

Sales		
Water	\$	3,627,516
Cost of Sales		
Water		<u>1,354,171</u>
Gross Profit		<u>2,273,345</u>
Other Operating Revenues		
Equipment and property rental		139,555
Private fire protection		17,125
Penalties and charges		183,712
CIAC amortization		12,998
Other operating income		<u>25,520</u>
Total Other Operating Revenues		378,910
Operating Expenses		
Maintenance expense		408,636
Customer accounting		294,064
Administrative and general		863,566
Depreciation and taxes		<u>525,183</u>
Total Expenses		<u>2,091,449</u>
Net Income from Operations		<u>560,806</u>
Non-operating Income		
Contract sewer services		30,185
Rental income		7,850
Other nonoperating income		<u>2,153</u>
Total Non-operating Income		<u>40,188</u>
Non-operating Expense		
Contract sewer expense		5,684
Interest expense, net		37,361
Amortization expense		6,611
Rental expense		<u>7,340</u>
Total Non-operating Expense		<u>56,996</u>
Net Income Before Provision for Income Tax		543,998
Provision for Income Tax		<u>103,037</u>
Net Income	\$	<u>440,961</u>

See Notes to Financial Statements

**The Raytown Water Company
Statement of Stockholders' Equity
Year Ended December 31, 2016**

	Common Stock	Treasury Stock	Retained Earnings	Total
Balance, December 31, 2015	\$ 11,616	\$ (107,798)	\$ 5,213,664	\$ 5,117,482
Common stock dividends	-	-	(30,121)	(30,121)
Net income	-	-	440,961	440,961
Balance, December 31, 2016	<u>\$ 11,616</u>	<u>\$ (107,798)</u>	<u>\$ 5,624,504</u>	<u>\$ 5,528,322</u>

See Notes to Financial Statements

**The Raytown Water Company
Statement of Cash Flows
Year Ended December 31, 2016**

Cash Flows from Operating Activities	
Net Income	\$ 440,961
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	343,330
Adjustment to CIAC	52,242
(Increase) decrease in operating assets:	
Accounts receivable	(33,974)
Materials and supplies	(28,596)
Prepaid expenses	14,644
Other assets	4,647
Increase (decrease) in operating liabilities:	
Accounts payable	17,157
Customer deposits	8,786
Taxes payable	34,978
Accrued expenses	18,274
Deferred liabilities	65,654
Net Cash Provided by Operating Activities	<u>938,103</u>
Cash Flows from Investing Activities	
Net purchases of property, plant and equipment	(250,019)
Net Cash Used by Investing Activities	<u>(250,019)</u>
Cash Flows from Financing Activities	
Notes payable payments	(201,863)
Common stock dividend payments	(25,102)
Net Cash Used by Financing Activities	<u>(226,965)</u>
Net Increase in Cash	461,119
Cash and Cash Equivalents, Beginning of Year	<u>358,764</u>
Cash and Cash Equivalents, End of Year	<u>\$ 819,883</u>
Supplemental Disclosure	
Interest paid during the year	<u>\$ 35,848</u>

See Notes to Financial Statements

The Raytown Water Company
Notes to Financial Statements
December 31, 2016

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

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When property units are retired or otherwise disposed of in the normal course of business, plant depreciation is written off at plant cost.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company includes all cash held in bank accounts, including restricted cash. From time to time, balances in the operating and savings accounts may exceed the federally insured limit of \$250,000. At December 31, 2016 the balance of these accounts exceeded federally insured limits by \$452,868.

Accounts Receivable

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**The Raytown Water Company
Notes to Financial Statements
December 31, 2016**

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

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2017	\$ 165,000
2018	170,000
2019	175,000
2020	185,000
	<u>\$ 695,000</u>

Note Payable-Vehicles

In August 2012, the Company purchased a 2012 Ford van and financed \$29,352. The note, secured by the van, has a rate of 5.99% and has equal payments of \$569 for 60 months. The first payment was made in September, 2012.

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**The Raytown Water Company
Notes to Financial Statements
December 31, 2016**

Note 4: Long-Term Liabilities (continued)

Maturities of notes payable as of December 31 are as follows:

2017	\$ 32,545
2018	10,750
2019	5,606
	\$ 48,901

Note 5: Line of Credit

Pursuant to an agreement dated December 21, 2015, the Company acquired a line of credit with a bank for \$160,000 maturing on December 21, 2020. The line of credit bears interest at the bank's index rate which is the prime rate published in the *Wall Street Journal*, plus 1%, which would provide for a rate of 4.75% at December 31, 2016. The line of credit is collateralized by the Company's real estate property at 9820 E. 63rd Street, Raytown, Missouri 64133. At December 31, 2016, there was no balance on the line of credit.

Note 6: Deferred Plant Reimbursement (Contributions in Aid of Construction)

Reimbursements from customers and values placed on contributed plant from developers are recorded as deferred plant when the asset is recorded. Deferred plant is amortized at the same rate as plant is being depreciated, resulting in a revenue neutral transaction. The following is a summary of additions, retirements and amortization for the year ended December 31, 2016:

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Plant construction	\$ 23,982	\$ -	\$ -	\$ 23,982
Connections	55,055	-	-	55,055
Plant expansion	198,072	59,240	-	257,312
Plant	86,653	-	-	86,653
Hydrants	37,549	-	-	37,549
Service taps	120,899	6,000	-	126,899
Meter wells	25,537	-	-	25,537
	547,747	65,240	-	612,987
Less: Amortization	103,085	12,998	-	116,083
Net Deferred Plant	\$ 444,662	\$ 52,242	\$ -	\$ 496,904

**The Raytown Water Company
Notes to Financial Statements
December 31, 2016**

Note 7: Property, Plant and Equipment

The following is a summary of infrastructure and capital assets in place and utilized by the Company:

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Land/Land Rights	\$ 111,091	\$ -	\$ -	\$ 111,091
Reservoirs/Standpipes	2,752,207	-	-	2,752,207
Transmission/Distribution	5,814,694	102,265	-	5,916,959
Meters	785,144	54,454	19,514	820,084
Meter Wells	381,112	9,766	-	390,878
Hydrants	957,658	33,509	2,978	988,189
Service Lines	184,954	17,460	-	202,414
Structures/Improvements	470,000	-	-	470,000
Office Furniture/Fixtures	37,075	-	-	37,075
Office Electric Equipment	211,968	11,536	-	223,504
Transportation	494,819	7,217	-	502,036
Shop Equipment	154,380	7,177	2,500	159,057
Laboratory Equipment	5,660	-	-	5,660
Power Equipment	443,333	-	-	443,333
Communications Equipment	46,206	-	-	46,206
Non-Operating Equipment	137,792	-	-	137,792
	<u>12,988,093</u>	<u>243,384</u>	<u>24,992</u>	<u>13,206,485</u>
Less: Accumulated Depreciation	5,973,916	360,222	16,892	6,317,246
Construction in Progress	7,527	39,155	7,527	39,155
Total Property, Plant and Equipment, net	<u>\$7,021,704</u>			<u>\$6,928,394</u>

Note 8: Operating Leases

The Company leases office equipment, including a copier and postage machine, for terms ranging from 4 to 5 years. The total rent expense for 2016 is \$ 25,072. Future minimum lease payments over the next five years are:

2017	\$ 26,666
2018	26,666
2019	13,365
2020	10,705
2021	9,813
Total	<u>\$ 87,215</u>

Note 9: Income Tax

The Company files income tax returns in the U.S. federal jurisdiction and the state of Missouri. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2014.

**The Raytown Water Company
Notes to Financial Statements
December 31, 2016**

Note 9: Income Tax (continued)

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. The Company's deferred income taxes result from differences in the time period that certain deductions are claimed for income tax purposes and the time they are recorded for book purposes. These temporary differences arise primarily from the use of higher depreciation rates for income tax purposes and the timing of deductions for certain maintenance and rate case expenses.

Total net deferred income tax liability at December 31, 2016 is \$ 1,096,702.

Total income tax expense for the year ending 2016 is \$ 103,037 and is comprised of the following:

Current	\$ 34,978
Deferred	68,059
Total	<u>\$ 103,037</u>

A reconciliation of income tax expense at the statutory rate to income tax expense at the Company's effective rate is shown below:

Tax computed at the statutory rate 38.5%	\$ 209,439
(Decrease) in taxes resulting from:	
Net operating loss deduction	(64,747)
Tax credits and other	(41,655)
Actual tax provision	<u>\$ 103,037</u>

A reconciliation of book income to taxable income is shown below:

Net income per books before tax provision	\$ 543,998
Difference in book and tax:	
Depreciation	(82,455)
Change in unbilled revenue	(5,395)
Net operating loss deduction	(168,174)
Other	(13,020)
Taxable income per tax return	<u>\$ 274,954</u>

Note 10: Employee Benefit Plan

The Company sponsors the Raytown Water Company Retirement Plan (the Plan), a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code. The Plan covers substantially all employees age 18 and over that have completed 6 months of service. Under the Plan, employees may elect to contribute a specified percentage of their salary, or a fixed dollar amount, to the plan as a pre-tax deferral or a Roth deferral. The Company contributes a safe harbor matching contribution of 100% of the elective deferrals up to 6% of the employees' compensation. The Company may also make additional discretionary matching contributions which are subject to vesting. Total Company expense related to the Plan for 2016 was \$28,467.

Note 11: Related Parties

An individual who provides occasional legal services for the Company serves as the Assistant Secretary for the Board of Directors. Additionally, the President and Chairman of the Board of Directors for the Company owns a nearby car wash used periodically by the Company. Transactions with the related parties are immaterial for the year ending December 31, 2016.

The Raytown Water Company
Notes to Financial Statements
December 31, 2016

Note 12: Risks and Uncertainties

On May 09, 2016, the Company was notified by its insurance carrier that a lawsuit had been filed against them relating to a water main break incident that occurred in July 2011. While the extent of loss is not presently determinable, the Company believes that its insurance coverage is adequate to fully cover the amount of the loss.

Note 13: Subsequent Events

Subsequent events have been evaluated through July 13, 2017, which is the date the financial statements were available to be issued. On May 31, 2017 the Company purchased a nearby building for \$450,000. The purchase was funded with existing cash balances and no debt was incurred. The Company plans to move all operations to the new building in 2017, while maintaining ownership of the current building with the potential to offer it for lease.

Certified
Audit
2017

The Raytown Water Company
Independent Auditor's Report and
Financial Statements
December 31, 2017

The Raytown Water Company
December 31, 2017

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EMERICK & COMPANY, P.C.

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

Independent Auditor's Report

Board of Directors
The Raytown Water Company
Raytown, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of The Raytown Water Company, which comprise the balance sheet as of December 31, 2017, and the related statements of income, stockholders' equity and cash flows for the year then ended, 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 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 from 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Raytown Water Company, as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emerick + Company, P.C.

Kansas City, Missouri
September 12, 2018

The Raytown Water Company
Balance Sheet
December 31, 2017

Assets

Current Assets

Cash	284,887
Restricted cash	117,439
Accounts receivable, net of bad debt reserve of \$4,286	433,412
Prepaid expenses	99,074
Materials and supplies	87,904
Total Current Assets	<u>1,022,716</u>

Noncurrent Assets

Land and land rights	\$ 111,091
Structures and improvements	470,000
Water plant	11,305,918
Equipment and vehicles	1,436,665
Construction in progress	722,266
Nonoperating property	137,792
Total Property, Plant and Equipment	<u>14,183,732</u>
Accumulated depreciation	<u>(6,671,256)</u>
Property, Plant and Equipment, net	<u>7,512,476</u>

Other Assets

Deferred charges	41,074
Non-utility property	1,057
Total Other Assets	<u>42,131</u>

Total Assets	<u><u>\$ 8,577,323</u></u>
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The Raytown Water Company
Balance Sheet
December 31, 2017

Liabilities

Current Liabilities

Accounts payable	223,632
Accrued expenses	73,329
Income tax payable	9,674
Current maturities of notes payable and revenue bonds	180,750
Customer deposits	146,950
Total Current Liabilities	<u>634,335</u>

Long-Term Liabilities

Refunding revenue bonds	360,000
Notes payable	5,584
Deferred tax liability	928,324
Total Long-Term Liabilities	<u>1,293,908</u>

Contributions in Aid of Construction (CIAC), net of amortization	<u>505,730</u>
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Total Liabilities	<u>2,433,973</u>
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Stockholders' Equity

Common stock, \$1 par value; 30,000 shares authorized; 11,616 shares issued	\$ 11,616
Treasury stock (1,577 shares redeemed)	(107,798)
Retained earnings	6,239,532
Total Stockholders' Equity	<u>6,143,350</u>

Total Liabilities and Stockholders' Equity	<u>\$ 8,577,323</u>
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**The Raytown Water Company
Statement of Income
Year Ended December 31, 2017**

Sales	
Water	\$ 3,588,213
Cost of Sales	
Water	<u>1,278,357</u>
Gross Profit	<u>2,309,856</u>
Other Operating Revenues	
Equipment and property rental	143,498
Private fire protection	17,386
Penalties and charges	183,149
CIAC amortization	14,274
Other operating income	<u>2,512</u>
Total Other Operating Revenues	<u>360,819</u>
Operating Expenses	
Maintenance expense	422,037
Customer accounting	296,567
Administrative and general	875,765
Depreciation and taxes	<u>556,974</u>
Total Expenses	<u>2,151,343</u>
Net Income from Operations	<u>519,332</u>
Non-operating Income	
Contract sewer services	53,437
Rental income	8,220
Other nonoperating income	<u>4,971</u>
Total Non-operating Income	<u>66,628</u>
Non-operating Expense	
Contract sewer expense	7,620
Interest expense, net	34,110
Amortization expense	6,611
Rental expense	<u>9,117</u>
Total Non-operating Expense	<u>57,458</u>
Net Income Before Provision for Income Tax	528,502
Provision for Income Tax	<u>(86,526)</u>
Net Income	<u><u>\$ 615,028</u></u>

See Notes to Financial Statements

**The Raytown Water Company
Statement of Stockholders' Equity
Year Ended December 31, 2017**

	Common Stock	Treasury Stock	Retained Earnings	Total
Balance, December 31, 2016	\$ 11,616	\$ (107,798)	\$ 5,624,504	\$ 5,528,322
Net income	-	-	615,028	615,028
Balance, December 31, 2017	\$ 11,616	\$ (107,798)	\$ 6,239,532	\$ 6,143,350

See Notes to Financial Statements

**The Raytown Water Company
Statement of Cash Flows
Year Ended December 31, 2017**

Cash Flows from Operating Activities	
Net Income	\$ 615,028
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	370,427
Adjustment to CIAC	8,826
(Increase) decrease in operating assets:	
Accounts receivable	(19,247)
Prepaid expenses	34,660
Materials and supplies	(8,707)
Other assets	(10,408)
Increase (decrease) in operating liabilities:	
Accounts payable	16,692
Accrued expenses	9,540
Income tax payable	(25,304)
Customer deposits	(5,522)
Dividends payable	(5,019)
Deferred tax liability	<u>(246,447)</u>
Net Cash Provided by Operating Activities	<u>734,519</u>
 Cash Flows from Investing Activities	
Net purchases and disposals of property, plant and equipment	<u>(954,509)</u>
Net Cash Used by Investing Activities	<u>(954,509)</u>
 Cash Flows from Financing Activities	
Notes payable payments	<u>(197,567)</u>
Net Cash Used by Financing Activities	<u>(197,567)</u>
 Net Decrease in Cash	(417,557)
 Cash and Cash Equivalents, Beginning of Year	<u>819,883</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 402,326</u>
 Supplemental Disclosure	
Interest paid during the year	<u>\$ 33,299</u>
Income taxes paid during the year	<u>\$ 131,604</u>

See Notes to Financial Statements

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2017**

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Raytown Water Company (the Company) was established on January 22, 1925, and was incorporated in Missouri in 1986. The Company was established to provide water utility services to individual, commercial and residential customers primarily in Raytown, Missouri. The Company is regulated and water rates are established by the Missouri Public Service Commission.

Method of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Water Plant

Water plant consists of the infrastructure (towers, distribution lines, servicing lines, meters and hydrants) required to receive, store and distribute water to customers. It is recorded at construction cost to include material, labor and overhead costs. Water plant that is contributed by developers and/or construction paid for by customers, is recorded as plant and deferred plant which is amortized over the life of the plant.

Expenditures for maintenance and repairs of property, including renewals of minor items, are charged to maintenance expense. Cost of replacements and renewal of items considered to be units of property is charged to plant accounts.

Depreciation

All depreciable property, plant and equipment accounts are depreciated using the straight-line method over the estimated useful lives as follows:

Structures and Improvements	15 to 40 years
Water Plant	15 to 50 years
Equipment and Vehicles	5 to 20 years
Software	3 years

When property units are retired or otherwise disposed of in the normal course of business, plant depreciation is written off at plant cost.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company includes all cash held in bank accounts, including restricted cash. From time to time, balances in the operating and savings accounts may exceed the federally insured limit of \$250,000. At December 31, 2017 the balance of these accounts exceeded federally insured limits by \$34,887.

Accounts Receivable

Customers' meters are read each month and bills are prepared in four cycles. The Company gives the customer 21 days to pay and then sends a delinquent notice. Approximately 10 days after the delinquent notice is sent, the customer's water is turned off.

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2017**

Note 1: Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounts Receivable (continued)

Accounts receivable at December 31, 2017 consisted of all water sold December 31, 2017 and prior, whether billed or unbilled. The bad debt reserve is estimated based on a percentage of billed accounts receivable outstanding at December 31, 2017 and adjusted annually. Receivables are written off as a charge to the bad debt reserve when the Company estimates that it is probable they will not be collected. Total bad debt expense for the year ending December 31, 2017 was \$16,801.

Materials and Supplies

Materials and supplies consist of repair parts and equipment that have not been placed into service and are recorded at cost.

Risk Management

The Company is exposed to various risks of loss from theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance is purchased for claims arising from such matters. Settled claims have not exceeded coverage in any of the three preceding years.

Vacation and Sick Leave

Vacation is provided to employees as follows:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
Under 10	2
10 to 15	3
Over 15	4

Employees are permitted to carry over a maximum of 240 hours of vacation into the next year. In addition, each full-time employee is given 52 hours of sick leave per year, which can be carried over into the next year without limit.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in stockholders' equity during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 12, 2018, which is the date the financial statements were available to be issued.

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2017**

Note 2: Rate Matters and Regulations

The Company received formal approval from the State of Missouri Public Service Commission (MPSC) for Tariff YW-2015-0076 in the matter of WR-2015-0246 effective December 7, 2015. Increased water rates became effective on a pro-rata basis effective December 7, 2015. The full increased rates are effective throughout 2017.

Note 3: Restricted Cash

At December 31, 2017 there was a balance of \$117,439 in cash that was restricted for future debt service requirements.

Note 4: Revenue Bonds and Note Payable

Revenue Refunding Bonds-Series 2013

The Company was authorized by the Missouri State Environmental Improvement and Energy Resources Authority to issue Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2013 in the principal amount of \$1,015,000 under the Indenture of Trust dated February 13, 2013, between the Authority and the Trustee (UMB Bank, na).

Bond proceeds were used for the construction of certain drinking water facilities, including the costs of replacement and expansion of transmission mains and related facilities along 63rd Street, Raytown Road and Blue Ridge Boulevard in the City of Raytown, Missouri (\$893,200), funding of the Debt Service Reserve (\$101,500) and to pay issuance costs (\$20,300).

The bonds are secured by a first lien pledge on revenues of the Company, and the Debt Service Reserve fund of \$101,500. The Company has agreed to a Rate Covenant which stipulates they maintain net revenues available for debt service of not less than the sum of 1.24 times the maximum annual debt service.

The Series 2013 bonds are due in annual installments through December 2020 at the interest rate of 3%. Interest payments are due on June 1 and December 1 and principal payments are due December 1 as follows:

2018	170,000
2019	175,000
2020	185,000
	<u>\$ 530,000</u>

Note Payable-Vehicles

In May 2015, the Company purchased a 2015 Dodge truck and financed \$41,012. The note, secured by the truck, has a rate of 4.89% and has equal payments of \$944 for 48 months. The first payment was made in July, 2015.

Maturities of notes payable as of December 31 are as follows:

2018	10,750
2019	5,584
	<u>\$ 16,351</u>

The Raytown Water Company
Notes to the Financial Statements
December 31, 2017

Note 5: Line of Credit

Pursuant to an agreement dated December 21, 2015, the Company acquired a line of credit with a bank for \$160,000 maturing on December 21, 2020. The line of credit bears interest at the bank's index rate which is the prime rate published in the *Wall Street Journal*, plus 1%, which would provide for a rate of 4.75% at December 31, 2017. The line of credit is collateralized by the Company's real estate property at 9820 E. 63rd Street, Raytown, Missouri 64133. At December 31, 2017, there was no balance on the line of credit.

Note 6: Deferred Plant Reimbursement (Contributions in Aid of Construction)

Reimbursements from customers and values placed on contributed plant from developers are recorded as deferred plant when the asset is recorded. Deferred plant is amortized at the same rate as plant is being depreciated, resulting in a revenue neutral transaction. The following is a summary of additions, retirements and amortization for the year ended December 31, 2017:

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Plant construction	\$ 23,982	\$ -	\$ -	\$ 23,982
Connections	55,055	-	-	55,055
Plant expansion	257,312	6,732	-	264,044
Plant	86,653	-	-	86,653
Hydrants	37,549	6,286	-	43,835
Service taps	126,899	7,082	-	133,981
Meter wells	25,537	3,000	-	28,537
	612,987	23,100	-	636,087
Less: Amortization	116,083	14,274	-	130,357
Net Deferred Plant	<u>\$ 496,904</u>	<u>\$ 8,826</u>	<u>\$ -</u>	<u>\$ 505,730</u>

The Raytown Water Company
Notes to the Financial Statements
December 31, 2017

Note 7: Property, Plant and Equipment

The following is a summary of infrastructure and capital assets in place and utilized by the Company:

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Land/Land Rights	\$ 111,091	\$ -	\$ -	\$ 111,091
Reservoirs/Standpipes	2,752,207	-	-	2,752,207
Transmission/Distribution	5,916,959	147,654	3,218	6,061,395
Meters	820,084	52,131	13,132	859,083
Meter Wells	390,878	8,272	-	399,150
Hydrants	988,189	30,307	2,240	1,016,256
Service Lines	202,414	15,413	-	217,827
Structures/Improvements	470,000	-	-	470,000
Office Furniture/Fixtures	37,075	-	-	37,075
Office Electric Equipment	223,504	-	-	223,504
Transportation	502,036	14,290	-	516,326
Shop Equipment	159,057	5,013	1,348	162,722
Laboratory Equipment	5,660	-	-	5,660
Power Equipment	443,333	2,855	1,016	445,172
Communications Equipment	46,206	-	-	46,206
Non-Operating Equipment	137,792	-	-	137,792
	<u>13,206,485</u>	<u>275,935</u>	<u>20,954</u>	<u>13,461,466</u>
Less: Accumulated Depreciation	6,317,246	354,111	-	6,671,357
Construction in Progress	39,155	683,111	-	722,266
Total Property, Plant and Equipment, net	<u>\$6,928,394</u>			<u>\$7,512,375</u>

Note 8: Operating Leases

The Company leases office equipment, including a copier and postage machine, for terms ranging from 4 to 5 years. The total rent expense for 2017 is \$ 27,869. Future minimum lease payments over the next five years are:

2018	26,666
2019	13,365
2020	10,705
2021	9,813
Total	<u>\$ 60,549</u>

Note 9: Income Tax

The Company files income tax returns in the U.S. federal jurisdiction and the state of Missouri. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2015.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. The Company's deferred income taxes result from differences in the time period that certain deductions are claimed for income tax purposes and the time they are recorded for book purposes. These temporary differences arise

The Raytown Water Company
Notes to the Financial Statements
December 31, 2017

Note 9: Income Tax (Continued)

primarily from the use of higher depreciation rates for income tax purposes and the timing of deductions for certain maintenance and rate case expenses.

Total provision for incomes taxes consists of the following components:

Current tax expense	\$ 157,517
Deferred benefit	<u>(244,043)</u>
Total	<u>\$ (86,526)</u>

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

Deferred tax assets:	
Bad debt reserve	\$ 1,112
Deferred tax liabilities:	
Depreciation	<u>929,436</u>
Net deferred tax liability	<u>\$ 928,324</u>

A reconciliation of income tax expense at the statutory rate to income tax expense at the Company's effective rate is shown below:

Tax computed at the statutory rate 21%	\$ 110,985
(Decrease) in taxes resulting from:	
State income taxes	22,843
Adjustment of DTL for change in tax law	(280,433)
Tax credits and other	<u>60,079</u>
Actual tax provision	<u>\$ (86,526)</u>

Note 10: Employee Benefit Plan

The Company sponsors the Raytown Water Company Retirement Plan (the Plan), a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code. The Plan covers substantially all employees age 18 and over that have completed 6 months of service. Under the Plan, employees may elect to contribute a specified percentage of their salary, or a fixed dollar amount, to the plan as a pre-tax deferral or a Roth deferral. The Company contributes a safe harbor matching contribution of 100% of the elective deferrals up to 6% of the employees' compensation. The Company may also make additional discretionary matching contributions which are subject to vesting. Total Company expense related to the Plan for 2017 was \$28,443.

Note 11: Related Parties

An individual who provides occasional legal services for the Company serves as the Assistant Secretary for the Board of Directors. Additionally, the President and Chairman of the Board of Directors for the Company owns a nearby car wash used periodically by the Company. Transactions with the related parties are immaterial for the year ending December 31, 2017.

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2017**

Note 12: Risks and Uncertainties

On May 09, 2016, the Company was notified by its insurance carrier that a lawsuit had been filed against them relating to a water main break incident that occurred in July 2011.

In September of 2017, the lawsuit was settled. The insurance carrier covered the settlement payment and no loss was incurred by the Company.

Certified
Audit
2018

The Raytown Water Company
Independent Auditor's Report and
Financial Statements
December 31, 2018

The Raytown Water Company
December 31, 2018

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EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

Independent Auditor's Report

Board of Directors
The Raytown Water Company
Raytown, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of The Raytown Water Company, which comprise the balance sheet as of December 31, 2018, and the related statements of income, stockholders' equity and cash flows for the year then ended, 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 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 from 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Raytown Water Company, as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emerick + Company, P.C.

Kansas City, Missouri
December 17, 2019

The Raytown Water Company
Balance Sheet
December 31, 2018

Assets

Current Assets

Cash	\$ 100,362
Restricted cash	116,573
Accounts receivable, net of bad debt reserve of \$6,680	410,474
Prepaid expenses	137,225
Materials and supplies	93,082
Total Current Assets	<u>857,716</u>

Noncurrent Assets

Land and land rights	247,611
Structures and improvements	895,167
Water plant	11,886,661
Equipment and vehicles	1,564,408
Construction in progress	242
Nonoperating property	137,792
Total Property, Plant and Equipment	<u>14,731,881</u>
Accumulated depreciation	<u>(7,085,678)</u>
Property, Plant and Equipment, net	<u>7,646,203</u>

Other Assets

Deferred charges	20,179
Non-utility property	1,057
Total Other Assets	<u>21,236</u>

Total Assets	<u>\$ 8,525,155</u>
---------------------	---------------------

See Notes to Financial Statements

**The Raytown Water Company
Balance Sheet
December 31, 2018**

Liabilities

Current Liabilities

Accounts payable	\$ 304,501
Accrued expenses	63,620
Dividend payable	5,021
Current maturities of notes payable and revenue bonds	180,562
Customer deposits	158,910
Total Current Liabilities	<u>712,614</u>

Long-Term Liabilities

Refunding revenue bonds	185,000
Deferred tax liability	973,683
Total Long-Term Liabilities	<u>1,158,683</u>

Contributions in Aid of Construction (CIAC), net of amortization 518,963

Total Liabilities 2,390,260

Stockholders' Equity

Common stock, \$1 par value; 30,000 shares authorized; 11,616 shares issued	11,616
Treasury stock (1,577 shares redeemed)	(107,798)
Retained earnings	6,231,077
Total Stockholders' Equity	<u>6,134,895</u>

Total Liabilities and Stockholders' Equity \$ 8,525,155

See Notes to Financial Statements

**The Raytown Water Company
Statement of Income
Year Ended December 31, 2018**

Sales		
Water	\$	3,511,033
Cost of Sales		
Water		<u>1,453,495</u>
Gross Profit		<u>2,057,538</u>
Other Operating Revenues		
Equipment and property rental		144,177
Private fire protection		17,507
Penalties and charges		201,623
CIAC amortization		14,611
Other operating income		<u>2,673</u>
Total Other Operating Revenues		380,591
Operating Expenses		
Maintenance expense		651,779
Customer accounting		326,628
Administrative and general		801,362
Depreciation and taxes		<u>595,100</u>
Total Expenses		<u>2,374,869</u>
Net Income from Operations		<u>63,260</u>
Non-operating Income		
Contract sewer services		49,542
Rental income		8,220
Other nonoperating income		135
Total Non-operating Income		<u>57,897</u>
Non-operating Expense		
Contract sewer expense		8,093
Interest expense, net		26,891
Amortization expense		6,611
Rental expense		<u>7,627</u>
Total Non-operating Expense		<u>49,222</u>
Net Income Before Provision for Income Tax		71,935
Provision for Income Tax		<u>47,763</u>
Net Income	\$	<u><u>24,172</u></u>

See Notes to Financial Statements

**The Raytown Water Company
Statement of Stockholders' Equity
Year Ended December 31, 2018**

	Common Stock	Treasury Stock	Retained Earnings	Total
Balance, December 31, 2017	\$ 11,616	\$ (107,798)	\$ 6,239,532	\$6,143,350
Common stock dividends	-	-	(32,627)	(32,627)
Net income	-	-	24,172	24,172
Balance, December 31, 2018	\$ 11,616	\$ (107,798)	\$ 6,231,077	\$6,134,895

See Notes to Financial Statements

**The Raytown Water Company
Statement of Cash Flows
Year Ended December 31, 2018**

Cash Flows from Operating Activities	
Net Income	\$ 24,172
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	415,999
Adjustment to CIAC	13,233
(Increase) decrease in operating assets:	
Accounts receivable	22,938
Prepaid expenses	(49,321)
Materials and supplies	5,992
Other assets	20,895
Increase (decrease) in operating liabilities:	
Accounts payable	80,869
Accrued expenses	(9,709)
Income tax payable	(9,674)
Customer deposits	11,960
Dividends payable	5,021
Deferred tax liability	28,722
Net Cash Provided by Operating Activities	<u>561,097</u>
Cash Flows from Investing Activities	
Net purchases and disposals of property, plant and equipment	(548,148)
Net Cash Used by Investing Activities	<u>(548,148)</u>
Cash Flows from Financing Activities	
Notes payable payments	(180,772)
Common stock dividend payments	(17,568)
Net Cash Used by Financing Activities	<u>(198,340)</u>
Net Decrease in Cash	(185,391)
Cash and Cash Equivalents, Beginning of Year	<u>402,326</u>
Cash and Cash Equivalents, End of Year	<u>\$ 216,935</u>
Supplemental Disclosure	
Interest paid during the year	<u>\$ 29,194</u>
Income taxes paid during the year	<u>\$ 9,674</u>

See Notes to Financial Statements

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2018**

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Raytown Water Company (the Company) was established on January 22, 1925, and was incorporated in Missouri in 1986. The Company was established to provide water utility services to individual, commercial and residential customers primarily in Raytown, Missouri. The Company is regulated and water rates are established by the Missouri Public Service Commission.

Method of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Water Plant

Water plant consists of the infrastructure (towers, distribution lines, servicing lines, meters and hydrants) required to receive, store and distribute water to customers. It is recorded at construction cost to include material, labor and overhead costs. Water plant that is contributed by developers and/or construction paid for by customers, is recorded as plant and deferred plant which is amortized over the life of the plant.

Expenditures for maintenance and repairs of property, including renewals of minor items, are charged to maintenance expense. Cost of replacements and renewal of items considered to be units of property is charged to plant accounts.

Depreciation

All depreciable property, plant and equipment accounts are depreciated using the straight-line method over the estimated useful lives as follows:

Structures and Improvements	15 to 40 years
Water Plant	15 to 50 years
Equipment and Vehicles	5 to 20 years
Software	3 years

When property units are retired or otherwise disposed of in the normal course of business, plant depreciation is written off at plant cost.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company includes all cash held in bank accounts, including restricted cash. From time to time, balances in the operating and savings accounts may exceed the federally insured limit of \$250,000. At December 31, 2018 the balance of these accounts did not exceed federally insured limits.

Accounts Receivable

Customers' meters are read each month and bills are prepared in four cycles. The Company gives the customer 21 days to pay and then sends a delinquent notice. Approximately 10 days after the delinquent notice is sent, the customer's water is turned off.

The Raytown Water Company
Notes to the Financial Statements
December 31, 2018

Note 1: Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounts Receivable (continued)

Accounts receivable at December 31, 2018 consisted of all water sold December 31, 2018 and prior, whether billed or unbilled. The bad debt reserve is estimated based on a percentage of billed accounts receivable outstanding at December 31, 2018 and adjusted annually. Receivables are written off as a charge to the bad debt reserve when the Company estimates that it is probable they will not be collected. Total bad debt expense for the year ending December 31, 2018 was \$31,659.

Materials and Supplies

Materials and supplies consist of repair parts and equipment that have not been placed into service and are recorded at cost.

Risk Management

The Company is exposed to various risks of loss from theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance is purchased for claims arising from such matters. Settled claims have not exceeded coverage in any of the three preceding years.

Vacation and Sick Leave

Vacation is provided to employees as follows:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
Under 10	2
10 to 15	3
Over 15	4

Employees are permitted to carry over a maximum of 240 hours of vacation into the next year. In addition, each full-time employee is given 52 hours of sick leave per year, which can be carried over into the next year without limit.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in stockholders' equity during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In July 2019, management received notice that a charge of employment discrimination had been filed against the Company with the Equal Employment Opportunity Commission. The Company has retained independent counsel for this claim and management does not believe this claim will have any effects on the financial statements.

Subsequent events have been evaluated through December 17, 2019, which is the date the financial statements were available to be issued.

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2018**

Note 2: Rate Matters and Regulations

The Company received formal approval from the State of Missouri Public Service Commission (MPSC) for Tariff YW-2015-0076 in the matter of WR-2015-0246 effective December 7, 2015. Increased water rates became effective on a pro-rata basis effective December 7, 2015. The full increased rates were effective throughout 2018.

Note 3: Restricted Cash

At December 31, 2018 there was a balance of \$116,573 in cash that was restricted for future debt service requirements.

Note 4: Revenue Bonds and Note Payable

Revenue Refunding Bonds-Series 2013

The Company was authorized by the Missouri State Environmental Improvement and Energy Resources Authority to issue Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2013 in the principal amount of \$1,015,000 under the Indenture of Trust dated February 13, 2013, between the Authority and the Trustee (UMB Bank, na).

Bond proceeds were used for the construction of certain drinking water facilities, including the costs of replacement and expansion of transmission mains and related facilities along 63rd Street, Raytown Road and Blue Ridge Boulevard in the City of Raytown, Missouri (\$893,200), funding of the Debt Service Reserve (\$101,500) and to pay issuance costs (\$20,300).

The bonds are secured by a first lien pledge on revenues of the Company, and the Debt Service Reserve fund of \$101,500. The Company has agreed to a Rate Covenant which stipulates they maintain net revenues available for debt service of not less than the sum of 1.24 times the maximum annual debt service.

The Series 2013 bonds are due in annual installments through December 2020 at the interest rate of 3%. Interest payments are due on June 1 and December 1 and principal payments are due December 1 as follows:

2019	\$ 175,000
2020	<u>185,000</u>
	<u>\$ 360,000</u>

Note Payable-Vehicles

In May 2015, the Company purchased a 2015 Dodge truck and financed \$41,012. The note, secured by the truck, has a rate of 4.89% and has equal payments of \$944 for 48 months. The first payment was made in July, 2015.

Future maturity of notes payable as of December 31, 2019 is \$5,562.

**The Raytown Water Company
Notes to the Financial Statements
December 31, 2018**

Note 5: Line of Credit

Pursuant to an agreement dated December 21, 2015, the Company acquired a line of credit with a bank for \$160,000 maturing on December 21, 2020. The line of credit bears interest at the bank's index rate which is the prime rate published in the *Wall Street Journal*, plus 1%, which would provide for a rate of 4.75% at December 31, 2018. The line of credit is collateralized by the Company's real estate property at 9820 E. 63rd Street, Raytown, Missouri 64133. At December 31, 2018, there was no balance on the line of credit.

Note 6: Deferred Plant Reimbursement (Contributions in Aid of Construction)

Reimbursements from customers and values placed on contributed plant from developers are recorded as deferred plant when the asset is recorded. Deferred plant is amortized at the same rate as plant is being depreciated, resulting in a revenue neutral transaction. The following is a summary of additions, retirements and amortization for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Retirements	Balance 12/31/18
Plant construction	\$ 23,982	\$ -	\$ -	\$ 23,982
Connections	55,055	-	-	55,055
Plant expansion	264,044	-	-	264,044
Plant	86,653	-	-	86,653
Hydrants	43,835	4,193	-	48,028
Service taps	133,981	6,291	-	140,272
Meter wells	28,537	-	-	28,537
Towers	-	17,360	-	17,360
	636,087	27,844	-	663,931
Less: Amortization	130,357	14,611	-	144,968
Net Deferred Plant	<u>\$ 505,730</u>	<u>\$ 13,233</u>	<u>\$ -</u>	<u>\$ 518,963</u>

The Raytown Water Company
Notes to the Financial Statements
December 31, 2018

Note 7: Property, Plant and Equipment

The following is a summary of infrastructure and capital assets in place and utilized by the Company:

	Balance 12/31/17	Additions and transfers	Retirements and transfers	Balance 12/31/18
Land/Land Rights	\$ 111,091	\$ 136,520	\$ -	\$ 247,611
Reservoirs/Standpipes	2,752,207	157,161	-	2,909,368
Transmission/Distribution	6,061,395	356,365	5,160	6,412,600
Meters	859,083	-	-	859,083
Meter Wells	399,150	3,514	-	402,664
Hydrants	1,016,256	66,457	4,050	1,078,663
Service Lines	217,827	6,456	-	224,283
Structures/Improvements	470,000	425,167	-	895,167
Office Furniture/Fixtures	37,075	87,797	-	124,872
Office Electric Equipment	223,504	26,903	-	250,407
Transportation	516,326	1,169	-	517,495
Shop Equipment	162,722	866	-	163,588
Laboratory Equipment	5,660	-	-	5,660
Power Equipment	445,172	11,008	-	456,180
Communications Equipment	46,206	-	-	46,206
Non-Operating Equipment	137,792	-	-	137,792
	<u>13,461,466</u>	<u>1,279,383</u>	<u>9,210</u>	<u>14,731,639</u>
Less: Accumulated Depreciation	6,671,357	414,321	-	7,085,678
Construction in Progress	722,266	-	722,024	242
Total Property, Plant and Equipment, net	<u>\$7,512,375</u>	<u>\$865,062</u>	<u>\$731,234</u>	<u>\$7,646,203</u>

Note 8: Operating Leases

The Company leases office equipment, including a copier and postage machine, for terms ranging from 4 to 5 years. The total rent expense for 2018 is \$36,936. Future minimum lease payments over the next five years are:

2019	\$ 29,379
2020	32,057
2021	31,164
2022	21,352
2023	5,338
Total	<u>\$ 119,290</u>

Note 9: Income Tax

The Company files income tax returns in the U.S. federal jurisdiction and the state of Missouri. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2015.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. The Company's deferred income taxes result from differences in the time period that certain deductions are claimed for income tax purposes and the time they are recorded for book purposes. These temporary differences arise

The Raytown Water Company
Notes to the Financial Statements
December 31, 2018

Note 9: Income Tax (Continued)

primarily from the use of higher depreciation rates for income tax purposes and the timing of deductions for certain maintenance and rate case expenses.

Total provision for incomes taxes consists of the following components:

Deferred tax expense	\$ 47,763
----------------------	-----------

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

Deferred tax assets:	
Bad debt reserve	\$ 1,733
Deferred tax liabilities:	
Depreciation	975,416
Net deferred tax liability	<u>\$ 973,683</u>

A reconciliation of income tax expense at the statutory rate to income tax expense at the Company's effective rate is shown below:

Tax computed at the statutory rate 21%	\$ 39,223
(Decrease) in taxes resulting from:	
Tax credits and other	8,540
Actual tax provision	<u>\$ 47,763</u>

Note 10: Employee Benefit Plan

The Company sponsors the Raytown Water Company Retirement Plan (the Plan), a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code. The Plan covers substantially all employees age 18 and over that have completed 6 months of service. Under the Plan, employees may elect to contribute a specified percentage of their salary, or a fixed dollar amount, to the plan as a pre-tax deferral or a Roth deferral. The Company contributes a safe harbor matching contribution of 100% of the elective deferrals up to 6% of the employees' compensation. The Company may also make additional discretionary matching contributions which are subject to vesting. Total Company expense related to the Plan for 2018 was \$26,839.

Note 11: Related Parties

An individual who provides occasional legal services for the Company serves as the Assistant Secretary for the Board of Directors. Additionally, the President and Chairman of the Board of Directors for the Company owns a nearby car wash used periodically by the Company. Transactions with the related parties are immaterial for the year ending December 31, 2018.

Water & Sewer Small Company Annual Report

2015

2016

2017

2018

2019 Not completed at time of publishing

Water & Sewer
Small Company
Annual Report
2015

THE RAYTOWN WATER COMPANY

Company Full Certificated Name

Do not abbreviate; include any Commission approved AKA/DBA/Fictitious Name, if applicable.

WATER and/or SEWER ANNUAL REPORT

SMALL COMPANY

(Fewer than 8,000 customers)

TO THE

MISSOURI PUBLIC SERVICE COMMISSION

January 1 - December 31, 2015

Please indicate which type of service the Company is certificated to provide by checking the appropriate box(es). *(Check all that apply.)*

Water Service Provider

Sewer Service Provider

Please choose one of the following filing type options:

- Public Submission** *(NOT Highly Confidential)*
- Non-Public Submission** *(Highly Confidential / Filed Under Seal)*
For this filing to be considered Highly Confidential, additional submission of materials is required pursuant to Commission rule 4 CSR 240-3.335 and/or 4 CSR 240-3.640, Section 392.210, RSMo., and/or Section 393.140, RSMo.

Issue Date: 12/16 /2015
Revised: 2/4/16, 3/16/16

(To be used when filing under seal.)

For the calendar year of January 1 - December 31, 2015

1
 2 **Company Name:** THE RAYTOWN WATER COMPANY
 2a **Parent Company Name:** _____
(if applicable)
 3 **Company Mailing Address:** 9820 E. 63rd St. Raytown, MO 64133
 4 **Company Street Address:** same
 5 **Company Phone Number:** 816-356-0333
 6 **Company E-mail Address:** lsmart@raytownwater.net

7 **Name, title, address, phone number, and e-mail of person(s) to contact concerning information contained in this report:**

7a	<u>Neal Clevenger / President-General Manager</u>	<u>Leslie Smart / Jr. Accounting Clerk</u>
	Name/Title	Name/Title
7b	<u>9820 E. 63rd St.</u>	<u>9820 E. 63rd St.</u>
	Mailing Address	Mailing Address
7c		
	Street Address	Street Address
7d	<u>Raytown MO 64133</u>	<u>Raytown MO 64133</u>
	City State Zip	City State Zip
7e	<u>816-356-0333</u>	<u>816-356-0333</u>
	Telephone Number	Telephone Number
7f	<u>nclevenger@raytownwater.net</u>	<u>lsmart@raytownwater.net</u>
	E-mail Address	E-mail Address

8 Provide the **Total Company and gross intrastate Operating Revenues** (i.e., Missouri Jurisdictional) for Calendar Year 2015 .



(BOTH COLUMNS MUST BE COMPLETED)

<u>Water Revenues</u>	**	MO Jurisdictional	**	**	Total Company	**
9 Total Operating Revenues (From Pg. W-2, Line 22)		\$ 3,344,433.00			\$ 3,344,433.00	
10 Total Non-Tariffed Revenues (Pg. W-2, Line 25)		\$ 166,589.00			\$ 171,380.00	
11 TOTAL REVENUES (From Pg. W-2, line 26)		\$ 3,511,022.00			\$ 3,515,813.00	

(Total MO Jurisdictional Revenue (Line 11 above) should match Statement of Revenue - MoPSC Assessment).

<u>Sewer Revenues</u>	**	MO Jurisdictional	**	**	Total Company	**
12 Total Operating Revenues (From Pg. S-2, Line 22)		\$ -				
13 Total Non-Tariffed Revenues (From Pg. S-2, Line 25)		\$ -				
14 TOTAL REVENUES (From Pg. S-2, Line 26)		\$ -			\$ -	

(Total MO Jurisdictional Revenue (Line 14 above) should match Statement of Revenue - MoPSC Assessment).

-  Indicates a link to or from another worksheet within workbook
-  Indicates formula cell(s)

(To be used when filing under seal.)

Company Name: THE RAYTOWN WATER COMPANY

CAPITAL STOCK (COMMON AND PREFERRED)

Class and Series of Stock (a)	Total Number of Shares Authorized (b)	Par or Stated Value Per Share (c)	Total Number of Shares Issued (d)	Current Book Value of Issued Shares of Stock (e)
Common	30,000	\$ 1.00	11,616	\$ 11,616
Common Shares Redeemed	0	\$ 68.34	-1,577	\$ (107,772)
Adjustment for rounding (see pg. 2B, Part A)	0	\$ 1.00	-26	\$ (26)
				\$ -
				\$ -
Total Value				\$ (96,182)

SECURITY HOLDERS AND VOTING POWERS

Report below the **NAMES** and **ADDRESSES** of the 10 stockholders who, at the end of the year, had the greatest voting powers in the respondent, **AND STATE THE NUMBER OF VOTES** each would have had a right to cast on that date. If any such holder held in trust, give the nature of the trust and the beneficial owner. Show also total votes of **ALL** securities with voting powers.

Names and Addresses (a)	Number of Votes (b)
Neal and Mitsue Clevenger 6120 Elm Raytown, MO 64133	5,430
Juel Clevenger	1,056
Lee Clevenger 26904 Argo Rd. Independence, MO 64057	1,047
Mark Clevenger 17901 Dearborn St. Stillwell, KS 66083	1,047
Gene Clevenger 24 Glenors Rd. Bath, Ontario, Canada K0H1G0	1,047
Chikako Thompson 6128 Elm Raytown, MO	135
Eriko Clevenger-Pope 10 Lindworth Ln. Ladue, MO 63124	135
Yumiko Clevenger-Lee	135
Total Number of Votes Held by Above	10,032
Total Number of Votes of All Securities with Voting Rights	10,039

See page 2b - part B

Identify the principal or general officers of the company at the end of the year. Please include an additional sheet, if enough space is not provided on this page, to completely provide the requested information.

Title of General Officer(s)	Name of Person Holding Office
President	Neal Clevenger
Vice-President	Chikako Thompson
Corporate Secretary	Mitsue Clevenger
Assistant Secretary	Ron Spradley, Atty
Assistant Secretary	Janet Blauvelt, Atty

Indicates formula cell(s)

(To be used when filing under seal.)

Part A

Capital Stock (Common and Preferred):

	No. of Shares	Value per Share	Total
Common Shares Issued	11,616	\$1.00	\$11,616.00
Common Shares Redeemed	-1577	\$68.34	(\$107,798.13)
TOTALS	10,039		(\$96,182.13)

Note: 1,577 Shares of Common Stock that were issued have been repurchased by the Company for

Part B

Security Holders and Voting Powers:

Neal and Mitsue Clevenger	5429.6
Juel Clevenger	1055.6
Lee Clevenger	1046.6
Mark Clevenger	1046.6
Gene Clevenger	1046.6
Chikako Thompson	135
Eriko Clevenger-Pope	135
Yumiko Clevenger-Lee	135
Ronald L. Stafford	3
Randon C. Stafford	3
S. Reginald Stafford	3
TOTAL SHARES	10039

Part A

Capital Stock (Common and Preferred):

	No. of Shares	Value per Share	Total
Common Shares Issued	11,616	\$1.00	\$11,616.00
Common Shares Redeemed	-1577	\$68.34	<u>(\$107,798.13)</u>
TOTALS	10,039		<u>(\$96,182.13)</u>

Note: 1,577 Shares of Common Stock that were issued have been repurchased by the Company for

Part B

Security Holders and Voting Powers:

Neal and Mitsue Clevenger	5429.6
Juel Clevenger	1055.6
Lee Clevenger	1046.6
Mark Clevenger	1046.6
Gene Clevenger	1046.6
Chikako Thompson	135
Eriko Clevenger-Pope	135
Yumiko Clevenger-Lee	135
Ronald L. Stafford	3
Randon C. Stafford	3
S. Reginald Stafford	3
TOTAL SHARES	<u>10039</u>

For the calendar year of January 1 - December 31, 2015

2 Company Name: THE RAYTOWN WATER COMPANY

Describe **MAJOR** transactions occurring during the year which will have a effect on operations, such as rate changes, replacement of major equipment and other abnormal cash expenditures of \$250 or more. (Dollar amounts to be recorded on Page W-5 and/or Page S-4, columns e and/or f.)

3 Rate increase 12.32% (approx. \$447,005) effective Dec. 7, 2015 (Case # WR-2015-0246)

4 including new programs for truck tracking; outsources line locating; equipment service contract

5 _____

6 Wholesale water rate increase of 4.17% effective May 1, 2016

7 _____

8 Major upgrades in 2016-2017 including: Three water tower vaults; Eight master meter vaults;

9 various water main and hydrant replacements; New Corporate office and shop

10 _____

11 Infrastructure repairs, improvements and/or additions, including but not limited to: hydrants, mains,

12 annual meter change-out program for all size meters, meter well upgrades

13 _____

14 Increases in all facets of operation, including but not limited to: insurances, material costs,

15 contracted services, etc.

16 _____

17 _____

18 _____

19 _____

20 _____

21 _____

22 _____

23 _____

24 _____

25 _____

26 _____

(To be used when filing under seal.)

1

For the calendar year of January 1 - December 31, 2015

2 Company Name: THE RAYTOWN WATER COMPANY

NOTE: Please do not try to type over formulas. Totals will calculate automatically in this spreadsheet.

BALANCE SHEET
WATER AND SEWER OPERATIONS
ASSETS

	Account Description (a)		Amount (b)	
3	Water Plant In Service (From Pg. W-5)		\$ 12,865,541	
4	LESS: Water Depreciation Reserve (From Pg. W-5)		\$ 5,888,470	
5	Net Water Plant in Service (Line 3 MINUS Line 4) (From Pg. W-5)		\$ 6,977,071	
6	Water Materials and Supplies		\$ 50,601	
7	Water Construction Work in Progress		\$ 7,527	
8	Water Plant Held for Future Use			
9	Water Plant Acquisition Adjustment			
10	Sewer Plant in Service (From Pg. S-4)		\$ -	
11	LESS: Sewer Depreciation Reserve (From Pg. S-4)		\$ -	
12	Net Sewer Plant in Service (Line 10 MINUS Line 11) (From Pg. S-4)		\$ -	
13	Sewer Materials and Supplies			
14	Sewer Construction Work in Progress			
15	Sewer Plant Held for Future Use			
16	Sewer Plant Acquisition Adjustment			
17	Other Plant			
18	Cash		\$ 358,764	
19	Accounts Receivable (i.e., Amounts due from customers or other parties.)		\$ 199,308	
20	Other Assets		\$ 277,718	
21	Total Assets*		\$ 7,870,989	

* Total Assets should balance with Total Equity and Liabilities on Page 5 (see instructions).
Difference between Equity & Liabilities and Assets (from Pg. 5).

- Indicates a link to another worksheet within workbook
- Indicates formula cell(s)

(To be used when filing under seal.)

NOTE: Please do not try to type over formulas. Totals will calculate automatically in this spreadsheet.

BALANCE SHEET
WATER AND SEWER OPERATIONS
EQUITY AND LIABILITIES

	**	Amount (b)	**
Account Description (a)			
3 Capital Stock (From Page 2)		\$ (96,182)	
4 Retained Earnings		\$ 5,137,617	
5 Long-Term Debt (banks, etc.- over 1 year) (From Pg. 9)		\$ 744,968	
6 Short-Term Debt (banks, etc.- less than 1 year) (From Pg. 9)		\$ 200,800	
7 Water Customer Deposits		\$ 143,686	
8 Water Advances for Construction			
9 Water Contributions In Aid of Construction (From Pg. 8, Line 16)		\$ 522,174	
10 LESS: Water Amortization of Contributions In Aid of Construction (From Page 8, line 23)		\$ 103,137	
11 Net Water Contributions In Aid of Construction (i.e., Line 9 MINUS Line 10)		\$ 419,037	
12 Sewer Customer Deposits			
13 Sewer Advances for Construction			
14 Sewer Contributions In Aid of Construction (From Pg. 8, Line 16)		\$ -	
15 LESS: Sewer Amortization of Contributions In Aid of Construction (From Page 8, line 23)		\$ -	
16 Net Sewer Contributions In Aid of Construction (i.e., Line 14 MINUS Line 15)		\$ -	
17 Deferred Taxes - ITC		\$ 12,415	
18 Deferred Taxes - Other		\$ 1,052,363	
19 Accounts Payable; (Amounts owed to other parties; other than debt listed above.)		\$ 173,798	
20 Other Liabilities		\$ 82,487	
21 Total Equity and Liabilities*		\$ 7,870,989	

* Total Equity and Liabilities should balance with Total Assets on Pg. 4 (see instructions).
 Difference between Equity & Liabilities and Assets (From Pg. 4).

- Indicates a link to another worksheet within workbook
- Indicates formula cell(s)

▼

(To be used when filing under seal.)

EMPLOYEE PAYROLL INFORMATION

INSTRUCTIONS: Please provide names, titles and salaries for all officers and employees with W-2's. Show total compensation paid to each during the year. Include all amounts including bonuses and other allowances. Enter "0" or none where applicable. Provide explanations where necessary. Use additional sheets if necessary.

Contract Employees (i.e., 1099's or other outside parties) should not be listed on this page. (See page 7.)

	Name and Title (a)	Payroll Charged To:			
		Total Utility Compensation (b)	Water Expense (c)	Sewer Expense (d)	Capitalized Payroll (e)
3	Neal Clevenger - President/General Manager	\$ 132,523	\$ 132,523		
4	Mitsue Clevenger - Corp. Secretary/Acct. Rec.	\$ 46,786	\$ 46,786		
5	Chikako Thompson - Vice Pres./Corp. Liason	\$ 70,875	\$ 70,875		
6	Leslie Smart - Jr. Accounting Clerk	\$ 62,552	\$ 62,552		
7	Terry Chism - Customer Service/Purchasing	\$ 30,852	\$ 30,852		
8	Erica Baier-Ross - Customer Service	\$ 27,708	\$ 27,708		
9	Amy Martinez - Customer Service	\$ 27,190	\$ 27,190		
10	Harry Palms - Field Supervisor	\$ 40,439	\$ 40,439		
11	Todd Cramer - Field Supervisor	\$ 37,212	\$ 37,212		
12	Jason Lee - Field Technician	\$ 28,547	\$ 28,547		
13	Salvador Contreras - Field Technician	\$ 9,491	\$ 9,491		
14	Todd McLellan - Field Technician (Seasonal)	\$ 11,057	\$ 11,057		
15	David Sherman - Field Technician (Seasonal)	\$ 9,962	\$ 9,962		
16	Tyler Zurowski - Field Technician	\$ 26,737	\$ 26,737		
17	Derrick Reffitt - Field Technician	\$ 17,876	\$ 17,876		
18	TOTAL CARRY OVER FROM PAGE 6B	\$ 77,703	\$ 77,703		
19	Total	\$ 657,510	\$ 657,510	\$ -	\$ -
			<i>(Total to Pg. W-1)</i>	<i>(Total to Pg. S-1)</i>	

Page 6

 Indicates formula cell(s)

(To be used when filing under seal.)

1
2 Company Name: THE RAYTOWN WATER COMPANY

For the calendar year of January 1 - December 31, 2015

EMPLOYEE PAYROLL INFORMATION

INSTRUCTIONS: Please provide names, titles and salaries for all officers and employees with W-2's. Show total compensation paid to each during the year. Include all amounts including bonuses and other allowances. Enter "0" or none where applicable. Provide explanations where necessary. Use additional sheets if necessary.

Contract Employees (i.e., 1099's or other outside parties) should not be listed on this page. (See page 7.)

1
 2 Company Name: THE RAYTOWN WATER COMPANY
 For the calendar year of January 1 - December 31, 2014

	Name and Title (a)	Payroll Charged To:			
		Total Utility Compensation (b)	Water Expense (c)	Sewer Expense (d)	Capitalized Payroll (e)
3	Randy Eidson - Meter Reader	\$ 26,281	\$ 26,281		
4	Frances Woodward - Meter Reader	\$ 25,948	\$ 25,948		
5	Jose Gonzalez - Field Technician	\$ 9,174	\$ 9,174		
6	Bret Barker - Field Technician	\$ 15,830	\$ 15,830		
7	Jimmy Bly - Field Technician	\$ 470	\$ 470		
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19	Total	\$ 77,703	\$ 77,703	\$ -	\$ -
			<i>(Total to Pg. W-1)</i>	<i>(Total to Pg. S-1)</i>	

Page 6b

Indicates formula cell(s)

(To be used when filing under seal.)

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES
(W-2 Employees should be listed on Page 6)

2 1
 Company Name:


INSTRUCTIONS: Report below all information concerning rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, public relations, contract operators and contract labor, or other similar professional services or outside services other than employees rendered the respondent under written or verbal arrangements, for which total payments during the year to any corporation, partnership, individual or organization of any kind whatsoever. Attach additional worksheet pages if necessary.


THE RAYTOWN WATER COMPANY

For the calendar year of January 1 - December 31, 2015

Name of Recipient and Description of Service (a)	Amount of Payments:			
	Water		Sewer	
	Expensed (b)	Capitalized (c)	Expensed (d)	Capitalized (e)
3 Utility Service Company - Tower Maintenance	\$ 62,960			
4 Donald R. Frey & Co. - Software	\$ 20,098			
5 Marr & Co. - Accounting	\$ 57,785			
6 Emerich & Co. - Audit	\$ 10,000			
7 Blauvelt Law Firm - Legal Services	\$ 880			
8 Results Technology - Computer Hardware & Security	\$ 28,282			
9 USIC - Line Locating	\$ 10,182			
10 Westrum Leak Detection	\$ 5,200			
11 Fleetmatics - Truck Tracking	\$ 3,978			
12 Todd McLellan - Vehicle Maintenance	\$ 2,755			
13 David Sherman - Vehicle Maintenance	\$ 2,755			
14 Richard Hubbard	\$ 743			
15				
16				
17				
18				
19 Total	\$ 205,618	\$ -	\$ -	\$ -
	<i>(Total to Pg. W-1)</i>		<i>(Total to Pg. S-1)</i>	

Page 7

 Indicates formula cell(s)

 (To be used when filing under seal.)

Company Name: **THE RAYTOWN WATER COMPANY**

CONTRIBUTIONS IN AID OF CONSTRUCTION

INSTRUCTIONS: This account shall include donations or contributions in cash, services, or property for construction purposes. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of each donation, and the amount applicable to each utility department. The credits (deductions) to this account shall not be transferred to any other account without the approval of the Commission.

	Water (b)	Sewer (c)
(a)		
3 Balance at Beginning of Year <i>(From last years report, Pg. 8)</i>	\$ 467,673	
4 PLUS: Additions During the Year <i>(Please provide a detailed explanation.)</i>	\$ 54,501	
5		
6		
7		
8		
9 Total Additions	\$ 54,501	\$ -
10 LESS: Deductions During the Year <i>(Please provide a detailed explanation.)</i>		
11		
12		
13 Retire and cap off service connection, but no connection fee money returned = no entry here		
14		
15 Total Deductions	\$ -	\$ -
16 Balance at End of Year	\$ 522,174	\$ -
	<i>(Total to Pg. 5)</i>	<i>(Total to Pg. 5)</i>

AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION

(Please identify as Account Number 271A)

17 **PLEASE CHOOSE FROM THE DROP DOWN BOX WHICH METHOD THE UTILITY UTILIZES FOR ITS RECORDS.**

Attached Method



Distribution Method

	Water (b)	Sewer (c)
(a)		
18 Balance of Amortization at First of Year <i>(not Total of CIAC line 3)</i>		
19 Total Contributions in Aid at End of Year <i>(see above)</i>		
20 Total Plant in Service at End of Year <i>(From Pg. W-5 or S-4)</i>		
21 Percentage Contributions to Plant		
22 Total Depreciation Expense <i>(From Pg. W-5 or S-4)</i>		
23 Total Amortization of Contributions <i>(To Pg. W-1, S-1)</i>		
24 Balance at End of Year		
	<i>(Total to Pg. 5)</i>	<i>(Total to Pg. 5)</i>

OR

Attached Method

	Water (b)	Sewer (c)
(a)		
25 Balance of Amortization at First of Year <i>(not Total of CIAC Line 3)</i>	\$ 91,967	
26 Total Amortization of Contributions <i>(To Pg. W-1, S-1)</i>	\$ 11,170	
27 Balance at End of Year	\$ 103,137	\$ -
	<i>(Total to Pg. 5)</i>	<i>(Total to Pg. 5)</i>

 Indicates a link to another worksheet within workbook
 Indicates formula cell(s)

INTEREST EXPENSE, NOTES PAYABLE, BONDS, BANK LOANS AND OTHER DEBTS

INSTRUCTIONS: Please report information for the current annual reporting year. List each separate item of debt. Please identify the named borrower for each debt, if different from the company. Show principal amount to which each interest rate applies. Include all items on which interest was paid during the year. Use additional worksheets if necessary.

Type of Debt (i.e., Notes Payable, Bonds, Bank Loans, Shareholder Loans, Affiliate Loans, etc.) (a)	Contact Information of Each Lender (Name, Address, Phone No., Email) (b)	Origination Date (c)	Initial Loan Amount (d)	Interest Rate (e)	Type of Interest Rate: (Fixed, Variable) (f)	Frequency of Payments (Semi-Monthly, Monthly, Quarterly, Annually, etc.) (g)	Balance of Loan at Year End		Date of Maturity (j)	Debt Paid off During Year? Y or N (k)	Total Interest Paid During the Year (l)	Interest Paid - Charged To:	
							Long Term Debt (Over one year.) (h)	Short Term Debt (Less than one year.) (i)				Water Utility (m)	Sewer Utility (n)
3 Series 2013 EIERA Bond	UMB Bank 1010 Grand Blvd. Kansas City, MO 816-860-3008	2/1/13	\$ 1,015,000	3.00%	Fixed	Semi-Annual	\$ 695,000.00	\$ 160,000.00	12/1/20	N	\$ 30,450	\$ 30,450	
4 Ford Motor Co.	Ford Credit Box 790093 St. Louis, MO 800-727-7000	8/1/12	\$ 29,352	6.00%	Fixed	Monthly	\$ 4,480.00	\$ 6,300.00	7/1/17	N	\$ 853	\$ 853	
5 Kansas State Bank	Kansas State Bank Box 69 Manhattan, KS 877-587-4054	9/1/12	\$ 120,628	5.00%	Fixed	Monthly	\$ 18,600.00	\$ 25,000.00	8/20/17	N	\$ 2,841	\$ 2,841	
6 Ally Bank	48265 888-925-2559	7/15/15	\$ 41,010	5.00%	Fixed	Monthly	\$ 26,888.00	\$ 9,500.00	6/30/19	N	\$ 1,042	\$ 1,042	
7													
8													
9 Total							\$ 744,968.00	\$ 200,800.00			\$ 35,186	\$ 35,186	\$ -
							<i>(Totals to Page 5)</i>				<i>(Total to Pg. W-1)</i>		<i>(Total to Pg. S-1)</i>

10 If the answer to column (f) is variable, please explain the method used for the interest rate calculation below with corresponding line number from above.

Indicates formula cell(s)

(To be used when filing under seal.)

Company Name:

THE RANTOWN WATER COMPANY


For the calendar year of January 1 - December 31 2015

1

For the calendar year of January 1 - December 31, 20152 Company Name: THE RAYTOWN WATER COMPANY**WATER OPERATING REVENUES, EXPENSES AND STATISTICS**

	Description (a)	Amount (b)
3	Total Revenues (From Pg. W-2)	\$ 3,511,022
	<u>Operating Expenses</u>	
4	Salaries & Wages (From Pg. 6)	\$ 657,510
5	Employee Pensions and Benefits	\$ 307,000
6	Purchased Water	\$ 1,280,579
7	Plant Operations Expenses (From Pg. W-3, Line 12)	\$ 202,885
8	Billing Expenses	\$ 36,500
9	Supplies and Expenses	\$ 40,000
10	Transportation Expenses	
11	Rent Expense	\$ 23,655
12	Insurance Expense	\$ 97,107
13	Outside Services Employed (e.g., Legal, Accounting, etc.) (From Pg.7)	\$ 205,618
14	Regulatory Commission Expenses	\$ 29,558
15	Uncollectible Expenses	\$ 13,017
16	Depreciation Expense (From Pg. W-5, Line 49)	\$ 383,763
17	Amortization of Contributions in Aid of Construction (From Page 8)	\$ (11,170)
18	Amortization Expense	
19	Tax Expenses (e.g., Property, State, Federal, etc.) (From Pg. W-3, Lines 13-19)	\$ 166,818
20	Interest Expense (From Pg. 9)	\$ 35,186
21	Other Expenses	\$ 10,024
22	Total Operating Expenses	\$ 3,478,050
23	Net Income (Loss) - (A negative number indicated by () represents a loss.)	\$ 32,972

 Indicates a link to another worksheet within workbook

 Indicates formula cell(s)

(To be used when filing under seal.)

2 Company Name: THE RAYTOWN WATER COMPANY

WATER OPERATING REVENUES, EXPENSES AND STATISTICS (Continued)

(Please indicate if metered amounts are in cubic feet measurements.)

Description (a)	No. of Customers		No. of Gallons Sold (000's Omitted) (d)	Revenue Amount (e)
	Beginning of Year (b)	End of Year (c)		
<u>Unmetered Sales of Water</u>				
3 Residential - Single Family			XXXX	
4 Residential - Apartments			XXXX	
5 Residential - Mobile Homes			XXXX	
6 Commercial			XXXX	\$ 3,825
7 Other Sales to Public Authorities			XXXX	\$ 23,964
8 Other			XXXX	
9 Total Unmetered Sales	0	0		\$ 27,789
<u>Metered Sales of Water</u>				
10 5/8" Meter	6,611	6,616	388,719,384	\$ 3,099,394
11 3/4" Meter				
12 1" Meter				
13 1 1/2" Meter				
14 2" Meter				
15 Other				
16 Total Metered Sales	6,611	6,616	388,719,384	\$ 3,099,394
<u>Tariffed Operating Revenues</u>				
17 Late Payment Fees				\$ 101,598
18 Returned Check Fees				\$ 3,195
19 Inspection Fees				
20 Reconnect Fees				\$ 112,457
21 Other Revenue				
22 Total Operating Revenues (From Tariffed Services) (To Pg. 1, line 9)				\$ 3,344,433
<u>Non Tariffed Revenues</u>				
23 Rent Income				\$ 130,774
24 Other Income, (e.g., from Merchandising, Jobbing & Contract Work, etc.)				\$ 35,815
25 Total Non-Tariffed Revenues (To Pg. 1, Line 10)				\$ 166,589
26 Total Revenues * (To Pg. 1, Line 11)				\$ 3,511,022
				(Total to Pg. W-1 and Pg. 1)

* Total Operating Revenues should match Statement of Revenue (MOPSC Assessment).

- Indicates a link to another worksheet within workbook
- Indicates formula cell(s)


1 For the calendar year of January 1 - December 31, 2015

2 Company Name: THE RAYTOWN WATER COMPANY

WATER OPERATING REVENUES, EXPENSES AND STATISTICS (Continued)

Description of Expenses (a)	Amount (b)
<u>Plant Operations Expenses</u>	
3 Repairs of Water Plant - Pump Repair	
4 Repairs of Water Plant - Well Repair	
5 Repairs of Water Plant - Water Line Repair	\$ 147,492
6 Repairs of Water Plant - Equipment Repair	\$ 12,136
7 Repairs of Water Plant - Other	\$ 27,129
8 Fuel or Power Purchases for Pumping (i.e., Electric Bills, etc.)	
9 Chemicals	
10 Water Testing Expenses	\$ 4,508
11 Other Plant Operations Expenses	\$ 11,620
12 Total Plant Operations Expenses	\$ 202,885
	(Total to Page W-1)
<u>Tax Expenses</u>	
13 Tax Expense - Property Taxes	\$ 113,906
14 Tax Expense - Payroll Taxes	\$ 52,912
15 Tax Expense - Franchise Taxes	
16 Tax Expense - Other Taxes	
17 Tax Expense - Federal Income Taxes	
18 Tax Expense - State Income Taxes	
19 Tax Expense - Investment Tax Credits	
20 Total Tax Expenses	\$ 166,818
	(Total to Pg. W-1)

 Indicates a link to another worksheet within workbook

 Indicates formula cell(s)

(To be used when filing under seal.)

PUMPING AND PURCHASED WATER STATISTICS

(Omit 000's in reporting number of gallons or cubic feet of water. Use additional sheets if necessary.)

2 Company Name:

THE RAYTOWN WATER COMPANY

For the calendar year of January 1 - December 31 2015

GALLONS PUMPED INTO SYSTEM

3 Please indicate measurements given are in gallons or cubic feet by choosing from the dropdown box. Gallons ▼

4 SERVICE MONTHS (Number of gallons pumped per month.) (a)	SOURCE OF SUPPLY (Please name <u>each</u> source below in columns b-e (i.e., Well #1, etc.)				TOTAL OF ALL METHODS (b+c+d+e=f) (f)
	Kansas City				
	Water Services				
	(b)	(c)	(d)	(e)	
5 JANUARY	35,731,212				35,731,212
6 FEBRUARY	34,283,084				34,283,084
7 MARCH	43,513,404				43,513,404
8 APRIL	32,786,336				32,786,336
9 MAY	33,312,928				33,312,928
10 JUNE	38,467,396				38,467,396
11 JULY	36,530,076				36,530,076
12 AUGUST	37,949,032				37,949,032
13 SEPTEMBER	35,795,540				35,795,540
14 OCTOBER	35,825,460				35,825,460
15 NOVEMBER	29,561,708				29,561,708
16 DECEMBER	34,685,508				34,685,508
17 Totals for Year	428,441,684	0	0	0	428,441,684

18 Maximum Quantity Supplied to the System in Any One Day: 1,282,246.50 Minimum: 953,604

19 Range of Pressure in the Mains as Measured at the Highest Point on System: 55-60

If Water is Sold to Other Utilities for Resale, List Names, Addresses, Phone Numbers and Quantities Below:

Name of Reseller	Address	Phone Number	Quantity
20 N/A	N/A	N/A	N/A
21			
22			
23			

Page W-4

Indicates a link to another worksheet within workbook
 Indicates formula cell(s)

(To be used when filing under seal.)

1

For calendar year of January 1 - December 31, 2015

2

Company Name: THE RAYTOWN WATER COMPANY

3 Indicate your USOA Type of Class: B, C, or D. _____

WATER UTILITY PLANT IN SERVICE

DEPRECIATION EXPENSES AND RESERVE - WATER UTILITY PLANT

Account Description (A)	USOA Account. No. Class B, C or D (B)	Plant Balance at Beginning of Year (C)	Additions During the Year (D)	Book Cost of Plant Retired* (E)	Cost of Removal* (F)	Salvage Credit* (G)	Plant Balance at End of Year (C+D-E) (H)	Retirement of Property	Reserve Balance at Beginning of Year (I)	Annual Depreciation Rate % (J)	Depreciation Expense** J*(C+H)/2 (K)	Reserve Balance at END of Year (I-E-F+G+K) (L)
<u>Intangible Plant</u>												
4 Organization	301						0					0
5 Franchise and Consents	302						0					0
6 Miscellaneous Intangible Plant	303						0					0
<u>Source of Supply Plant</u>												
7 Land and Land Rights	310						0					0
8 Structures and Improvements	311						0					0
9 Collecting & Impounding Reservoirs	312						0					0
10 Lake, River, and Other Intakes	313						0					0
11 Wells and Springs	314						0					0
12 Infiltration Galleries and Tunnels	315						0					0
13 Supply Mains	316						0					0
14 Other Water Source Plant	317						0					0
<u>Pumping Plant</u>												
15 Land and Land Rights	320						0					0
16 Structures and Improvements	321						0					0
17 Boiler Plant Equipment	322						0					0
18 Other Power Production Equipment	323						0					0
19 Submersible Electric Pumping	325.1						0					0
20 High Service or Booster Pumps	325.2						0					0
21 Diesel Pumping Equipment	326						0					0
22 Hydraulic Pumping Equipment	327						0					0
23 Other Pumping Equipment	328						0					0

1

2 Company Name: **THE RAYTOWN WATER COMPANY**

3 Indicate your USOA Type of Class: B, C, or D.

WATER UTILITY PLANT IN SERVICE

DEPRECIATION EXPENSES AND RESERVE - WATER UTILITY PLANT

Account Description (A)	USOA Account. No. Class B, C or D (B)	Plant Balance at Beginning of Year (C)	Additions During the Year (D)	Book Cost of Plant Retired* (E)	Cost of Removal* (F)	Salvage Credit* (G)	Plant Balance at End of Year (C+D-E) (H)	Reserve Balance at Beginning of Year (I)	Annual Depreciation Rate % (J)	Depreciation Expense** J*(C+H)/2 (K)	Reserve Balance at END of Year (I-E-F+G+K) (L)
<u>Water Treatment Plant</u>											
24 Land and Land Rights	330						0				0
25 Structures and Improvements	331						0				0
26 Water Treatment Equipment	332						0				0
<u>Transmission & Distribution Plant</u>											
27 Land and Land Rights	340	107,560					107,560				0
28 Structures and Improvements	341	2,749,381	2,913				2,752,294	1,490,005	2.50%	68,771	1,558,776
29 Distribution Reservoirs & Standpipes	342	5,482,388	49,531	110			5,531,809	1,838,470	2.00%	110,142	1,948,502
30 Transmission & Distribution Mains	343						0				0
31 Fire Mains	344						0				0
32 Services	345	160,002	26,099				186,101	127,330	2.50%	4,326	131,656
33 Meters	346	692,280	121,874	26,133		5,568	788,021	413,887	5.00%	37,008	430,330
34 Meter Installations	347	381,025	-9,305				371,720	100,067	5.70%	21,453	121,520
35 Hydrants	348	924,513	30,540	2,430			952,623	343,559	2.00%	18,771	359,900
36 Other Transmission & Distribution Plant	349	258,013					258,013	258,013			258,013
<u>General Plant - (Class B&C are Same)</u>											
	B & C	D									
37 Land and Land Rights	389	370	3,531				3,531				0
38 Structures and Improvements	390	371	469,999				469,999	191,265	2.50%	11,750	203,015
39 Office Furniture and Equipment	391	372	37,075				37,075	37,075	5.00%		37,075
40 Office Computer & Electronic Equipment	391.1	372.1	233,020	7,438			240,458	189,726	14.30%	33,854	223,580
41 Transportation Equipment	392	373	416,953	74,864			491,817	136,150	7.80%	35,442	171,592
42 Other General Equipment	none	379					0				0
43 Stores Equipment	393	none					0				0

1

For calendar year of January 1 - December 31, 2015

2

Company Name: THE RAYTOWN WATER COMPANY

3 Indicate your USOA Type of Class: B, C, or D. _____

WATER UTILITY PLANT IN SERVICE

DEPRECIATION EXPENSES AND RESERVE - WATER UTILITY PLANT

Account Description (A)	USOA Account No. Class B, C or D (B)		Plant Balance at Beginning of Year (C)	Additions During the Year (D)	Book Cost of Plant Retired* (E)	Cost of Removal* (F)	Salvage Credit* (G)	Plant Balance at End of Year (C+D-E) (H)	Reserve Balance at Beginning of Year (I)	Annual Depreciation Rate % (J)	Depreciation Expense** J*(C+H)/2 (K)	Reserve Balance at END of Year (I-E-F+G+K) (L)
	Retirement of Property											
44 Tools, Shop and Garage Equipment	394	none	156,503	9,388			15,021	165,891	93,903	5.00%	8,060	116,984
45 Laboratory Equipment	395	none	5,660					5,660	3,861	5.00%	283	4,144
46 Power-operated Equipment	396	none	462,832					462,832	256,795	6.70%	31,010	287,805
47 Communication Equipment	397	none	46,207	-6,070				40,137	32,685	6.70%	2,893	35,578
48 Miscellaneous Equipment	398	none						0				0
49 Other Tangible Property	399	none						0				0
50 Total Water Utility Plant In Service	Totals		12,586,942	307,272	28,673	0	20,589	12,865,541	5,512,791		383,763	5,888,470
					(Total to Pages 4 & 9)			(Total to Pg.8)		(Total to Pg. 8 & Pg. W-1)		(Total to Pg. 4)

- Indicates a link to another worksheet within workbook
- Indicates formula cell(s)

(To be used when filing under seal.)

- * All entries included in Columns "E", "F" and "G" should be supported by records that identify the property retired and the cost of removal or salvage in detail.
- ** Annual Depreciation Expense should be calculated based upon actual in-service and retirement date(s) of new equipment and retirements during the period.
- ** The depreciation expense formula provided is only an approximation assuming all activity for the year occurred mid year.

NOTE: All entries should be supported by records that identify the property being added or retired, its location, and its original cost in as much detail as reasonably possible. If adjustments are included in Columns "E", "F" and/or "G", use additional sheets.

Comments:

1
2

For the calendar year of January 1 - December 31, 2015

Company Name: THE RAYTOWN WATER COMPANY

PUMP INFORMATION

Pump Manufacturer (a)	Type of Pump (i.e., High Service, Well, Standby, etc.) (b)	Capacity (c)	Date Installed (d)	Date of Last Motor Replacement (e)	Date of Last Pump Replacement (f)
3 N/A	N/A	N/A	N/A	N/A	N/A
4					
5					
6					
7					
8					
9					
10					
11					
12					

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(To be used when filing under seal.)

1
2

For the calendar year of January 1 - December 31, 2015

Company Name: THE RAYTOWN WATER COMPANY

WELL INFORMATION

3	Description of Wells (a)	Well ID#/ Location	Well ID#/ Location	Well ID#/ Location	Well ID#/ Location
		N/A	N/A	N/A	N/A
		(b)	(c)	(d)	(e)
4	Year Constructed				
5	Type of Construction				
6	Type and Depth of Casing				
7	Depth and Diameter of Well				
8	Yield of Well in Gallons per day				
	<u>Chemicals</u>				
9	Type -				
10	Annual Cost -				
11	Annual Quantity -				

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(To be used when filing under seal.)


METERS AND METER SETTINGS

Customer Class (a)	Meter Size (b)	Total at Beginning of Year (c)	Total Number of Additions (d)	Total Number Removed or Disconnected (e)	Total at End of Year (f)
Residential:					
	<1"	6,087	3		6,090
	1" - 2"	141			141
	> 2"	10			10
Other Customers:					
Commercial		373	4	2	375
					0
Total in Use by Customers		6,611	7	2	6,616
Not in Use: (i.e., Inventory)					
					0
					0
Total Meters		6,611	7	2	6,616

STORAGE FACILITIES

Type of Storage (i.e., Pneumatic, Ground, Standpipes, Elevated Tanks, etc.) (a)	Construction Material (b)	Last Date Painted if Applicable (indicate interior or exterior) (c)	Capacity (d)
Elevated Tank (Hydropillar) - E. 63rd St.	Steel	04/10/14	2M Gallons
Elevated Tank - Gregory	Steel		250K Gallons
Elevated Tank - E. 51st St.	Steel		250K Gallons

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 Indicates formula cell(s)

(To be used when filing under seal.)

WATER MAINS (measurement in feet)

1
2 Company Name: THE RAYTOWN WATER COMPANY

	Kind of Pipe (i.e., Cast Iron, Galvanized, Iron, PVC, etc.) (a)	Diameter of Pipe (b)	Total at Beginning of Year (c)	Total Additions During the Year (d)	Total Removed or Abandoned During the Year (e)	Total at End of Year (f)
3	Cast Iron	Varies	319,435			319,435
4	Galvanized	2"	4,372			4,372
5	Plastic PVC	Varies	10,610		10	10,600
6	Ductile Iron	Varies	32,214		10	32,204
7	Copper	Varies	462			462
8						0
9						0
10						0
11						0
12						0
13						0
14						0
15						0
16	Total Mains		367,093	0	20	367,073

SERVICE CONNECTIONS AVAILABLE FOR USE (from Main to Property Line)

	Size and Type of Material (i.e., Iron, Copper, PVC, etc.) (a)	Total No. at Beginning of Year (b)	Total No. of Additions (c)	Total No. Retired or Abandoned (d)	Total No. at End of Year (e)
	<u>In Use:</u>				
15	Galvanizede	71			71
16	Copper	7,156	7	2	7,161
17					0
18					0
	<u>For Future Use:</u>				
19					0
20					0
21					0
22					0
23	Total of All Services	7,227	7	2	7,232

For the calendar year of January 1 - December 31, 2015

Indicates formula cell(s)

Company Name THE RAYTOWN WATER COMPANY

VERIFICATION

The foregoing report must be verified by the Oath of the President, Treasurer, General Manager or Receiver of the Company. The Oath required may be taken before any person authorized to administer an oath (Notary Public) by the laws of the State in which the same is taken.

OATH

State Of Missouri }

County Of Cass }

ss:

Neal S. Clevenger makes oath and says that
Name of Affiant (Company Official/Representative)

s/he is President/General Manager
Official Title of the Affiant (Company Official/Representative)

of The Raytown Water Company
Exact Legal Title or Name of the Respondent (Certificated Company Name)

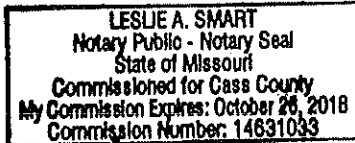
and is located at 9820 E. 63rd St. Raytown, MO 64133
Address and Telephone Number of the Affiant (Company Official/Representative)

that s/he has examined the foregoing report; that to the best of his or her knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent.

from January 1, 2015, to and including December 31, 2015
Month/Day Year Month/Day Year

Neal S. Clevenger
Signature of Affiant (Company Official/Representative)
(If electronic signatures are used, you must use "/s/" before the name.)

Subscribed and sworn to before me, a Notary Public, in and for the State and County above named,
this 15th day of April, 2016.
My Commission expires: 26-Oct, 2018



Leslie A. Smart
Signature of Notary Public
(If electronic signatures are used, you must use "/s/" before the name.)

Missouri Revised Statutes § 392.210 or §393.140