

POINT ROBERTS WATER DISTRICT NO. 4

(a Municipal Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

ANNUAL REPORT

POINT ROBERTS WATER DISTRICT NO. 4

2325
MCAG No.

Submitted pursuant to RCW 43.09.230 to the STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 2015 and 2014

Certified correct this 19th day of July, 2016 to the best of my knowledge and belief:

GOVERNMENT INFORMATION:

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PREPARER INFORMATION and CERTIFICATION:

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ZAREMBA PAXTON P.S.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Commissioners
Pt Roberts Water District
Pt Roberts, WA

We have reviewed the accompanying financial statements of Pt Roberts Water District, which is a component of Whatcom County, Washington which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenue, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management of the District 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

As explained in Note 1 (b) to the financial statements, management has not recorded unbilled revenues, accrued compensated absences, or accrued interest income on assessments. Accounting principles

generally accepted in the United States of America require these items to be accrued as assets, liabilities, income and expenditures of the governmental activities. The amount by which this departure would affect the liabilities and expenditures of the governmental activities is not reasonably determinable.

Supplementary Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis are presented for purposes of additional analysis. Such information, although not a required part of basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed such information and accordingly, we do not express an opinion, a conclusion, or provide any assurance on it.

ZAREMBA PAXTON, PS

July 19, 2016

Point Roberts Water District No. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2015 and 2014

OVERVIEW OF FINANCIAL STATEMENTS

The District's Annual Financial Report consists of the following three parts:

1. Management's Discussion and Analysis (MD & A) (this section)
2. Financial statements, including footnotes
3. Required supplemental schedules

The financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, statement of cash flows, and notes to the financial statements.

The statement of net assets provides a record of the assets and liabilities of the District at the close of the year. It provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It provides a basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in fund net position presents the results of the District's business activities for an annual period of time. The information contained in this statement can be used to determine whether the District is successfully recovering its costs through user fees and other charges, and to evaluate profitability and credit worthiness.

The statement of cash flows reports cash receipts, cash payments and net changes in cash resulting from operating, financing, and investing activities for a year's period of time.

The notes to the financial statements provide information regarding the District's significant accounting policies and significant account balances and activities.

CONDENSED STATEMENT OF NET POSITION AS OF DECEMBER 31,			
ASSETS	2015	2014	
Capital Assets	\$ 3,969,267	\$	4,080,519
Other Assets	1,985,564		1,944,863
TOTAL ASSETS	\$ 5,954,831	\$	6,025,382
LIABILITIES			
Long-Term Liabilities	\$ 369,624	\$	397,538
Other Liabilities	190,028		185,842
TOTAL LIABILITIES	\$ 559,652	\$	583,380
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 3,571,728	\$	3,655,066
Restricted	49,802		49,490
Unrestricted	1,773,649		1,737,446
TOTAL NET ASSETS	\$ 5,395,179	\$	5,442,002
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION AS OF YEAR ENDED			
REVENUES:	2015	2014	
Operating Revenues	\$ 1,394,575	\$	1,370,837
Nonoperating Revenues	9,535		5,338
TOTAL REVENUES	\$ 1,404,110	\$	1,376,175
EXPENSES:			
Operating Expenses	\$ 1,383,244	\$	1,410,510
Nonoperating Expenses	4,909		5,270
TOTAL EXPENSES	\$ 1,388,153	\$	1,415,780
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 15,957	\$	(39,605)
Capital Contributions (Refunds)	(62,780)		464,350
CHANGE IN NET ASSETS	\$ (46,823)	\$	424,745
TOTAL NET ASSETS, January	5,442,002		5,017,259
TOTAL NET ASSETS, December 31	\$ 5,395,179	\$	5,442,002

Point Roberts Water District No. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2015 and 2014

FINANCIAL POSITION

Analysis of Changes in Total Net Assets from 2014-2015

For the twelve months ending December 31, 2015, the total net position of the District decreased by approximately (\$48,000) or 0.9%. Total assets decreased by \$71,000 and total liabilities decreased by \$23,000 resulting in a decrease in net position.

The major components of the decrease in total assets included a net increase in cash and investments of approximately \$35,000, a net increase in accounts receivable of \$5,000, and a net decrease in capital assets (net) of (\$111,000). The major components in the decrease in total liabilities include an increase in accounts payable of \$5,000, a decrease in the Public Works Trust Fund of (\$23,000), and a decrease in the State Revolving Fund Loan of (\$5,000). As of December 31, 2015 the District had \$1,823,000 in unrestricted net assets available for working capital and to fund future capital projects.

Analysis of Changes in Total Net Assets from 2013-2014

For the twelve months ending December 31, 2014, the total net position of the District increased by approximately \$425,000 or 8%. Total assets increased by \$368,000 and total liabilities decreased by \$57,000 resulting in a decrease in net position.

The major components of the increase in total assets included a net increase in cash and investments of approximately \$514,000, a net increase in accounts receivable of \$39,000, and a net decrease in capital assets (net) of (\$186,000). The major components in the decrease in total liabilities include a decrease in accounts payable of (\$29,000), a decrease in the Public Works Trust Fund of (\$23,000), and a decrease in the State Revolving Fund Loan of (\$5,000). As of December 31, 2014 the District had \$1,787,000 in unrestricted net assets available for working capital and to fund future capital projects.

RESULTS OF OPERATIONS

Analysis of Changes in Revenues, Expenses and Changes in Net Assets from 2014-2015

Operating revenues for 2015 increased by approximately \$24,000 or 2% from last year. Operating expenses before depreciation expense decreased by \$22,000, or 15%, which was due to the following items: The water purchase costs from the Greater Vancouver Water District (GVWD) decreased by (\$87,000) or 14%, water transmission and distribution costs increased by \$80,000, or 34% and general administrative decreased by \$15,000 or 5%. Depreciation expense decreased by (\$5,000) or 2%. Capital contributions of \$52,700 were received in 2015, with a refund of \$115,500 from 2014, net decrease of (\$62,780). 2015 operations resulted in a decrease in net position of \$48,000.

Analysis of Changes in Revenues, Expenses and Changes in Net Assets from 2013-2014

Operating revenues for 2014 increased by approximately \$139,000 or 11% from last year. Operating expenses before depreciation expense increased by \$21,000, or 2%, which was due to the following items: The water purchase costs from the Greater Vancouver Water District (GVWD) decreased by (\$16,000) or 2%, water transmission and distribution costs increased by \$12,000, or 5% and general administrative increased by \$25,000 or 9%. Depreciation expense decreased by (\$21,000) or 9%. Capital contributions of \$464,350 were received in 2014. 2014 operations resulted in an increase in net position of \$425,000.

Point Roberts Water District No. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2015 and 2014

CAPITAL ASSETS

Analysis of Changes in Capital Assets from 2014-2015

The District added approximately \$98,000 in capital assets during 2015, which included additions of \$98,000 for Transmission & Distribution Mains. Accumulated depreciation was increased by \$209,000 for depreciation expense. SEE NOTE 3.

Analysis of Changes in Capital Assets from 2013-2014

The District added approximately \$28,000 in capital assets during 2014, which included additions of \$27,000 for Transmission & Distribution Mains and \$1,000 for construction of a new District office. Accumulated depreciation was increased by \$214,000 for depreciation expense. SEE NOTE 3.

LONG-TERM DEBT

Analysis of Changes in Long-Term Debt from 2014-2015

During 2015 the District's indebtedness for the Trade and Economic Development debt was reduced by \$5,455 and the Public Works Trust Fund debt was reduced by \$22,460. SEE NOTE 4 and SCHEDULE 9.

Analysis of Changes in Long-Term Debt from 2013-2014

During 2014 the District's indebtedness for the Trade and Economic Development debt was reduced by \$5,455 and the Public Works Trust Fund debt was reduced by \$22,460. SEE NOTE 4 and SCHEDULE 9.

Point Roberts Water District No. 4
STATEMENTS OF NET POSITION
For The Year Ended December 31, 2015 and 2014

<u>ASSETS</u>	2015	2014
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 324,608	\$ 136,250
Short-Term Investments	1,354,753	1,508,352
Receivable (Net)	248,171	243,236
Restricted Assets:		
Debt Service, Deposits, Replacements	(10)	(10)
Inventories	8,240	7,545
TOTAL CURRENT ASSETS	<u>\$ 1,935,762</u>	<u>\$ 1,895,373</u>
 NONCURRENT ASSETS:		
Restricted Assets:		
Debt Service, Deposits, Replacements	\$ 22,983	\$ 22,839
GO Bond / Construction Accounts	26,819	26,651
Capital Assets Not Being Depreciated		
Land	49,952	49,952
Capital Assets Being Depreciated		
Buildings & Structures	8,485,658	8,387,960
Machinery & Equipment	783,284	783,284
Intangible	165,249	165,249
Less Accumulated Depreciation	<u>(5,514,876)</u>	<u>(5,305,926)</u>
Total Capital Assets (Net)	<u>3,969,267</u>	<u>4,080,519</u>
TOTAL NONCURRENT ASSETS	<u>\$ 4,019,069</u>	<u>\$ 4,130,009</u>
 TOTAL ASSETS	 <u><u>\$ 5,954,831</u></u>	 <u><u>\$ 6,025,382</u></u>

See accompanying notes and independent accountants' review report

Point Roberts Water District No. 4
STATEMENTS OF NET POSITION
For The Year Ended December 31, 2015 and 2014

	2015	2014
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts / Vouchers Payable	\$ 162,113	\$ 157,927
Current portion of long-term debt	27,915	27,915
TOTAL CURRENT LIABILITIES	<u>\$ 190,028</u>	<u>\$ 185,842</u>
NONCURRENT LIABILITIES:		
Payables from Restricted Assets:		
State Revolving Fund Loan - net of current portion	32,731	38,186
Public Works Trust Fund Loan - net of current portion	336,893	359,352
TOTAL NONCURRENT LIABILITIES	<u>\$ 369,624</u>	<u>\$ 397,538</u>
TOTAL LIABILITIES	<u>\$ 559,652</u>	<u>\$ 583,380</u>
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	3,571,728	3,655,066
Restricted	49,802	49,490
Unrestricted	1,773,649	1,737,446
TOTAL NET POSITION	<u>\$ 5,395,179</u>	<u>\$ 5,442,002</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,954,831</u>	<u>\$ 6,025,382</u>

See accompanying notes and independent accountants' review report

Point Roberts Water District No. 4
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For The Year Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES:		
Water/Sewer Service Charges	\$ 1,382,161	\$ 1,369,921
RVS Adjustments	12,414	916
TOTAL OPERATING REVENUES	<u>\$ 1,394,575</u>	<u>\$ 1,370,837</u>
OPERATING EXPENSES:		
GVWD	\$ 559,076	\$ 646,517
Water Transmission and Distribution	320,271	239,774
General and Administrative	294,947	310,236
Depreciation Expense	208,950	213,983
TOTAL OPERATING EXPENSES	<u>\$ 1,383,244</u>	<u>\$ 1,410,510</u>
OPERATING INCOME (LOSS)	<u>\$ 11,331</u>	<u>\$ (39,673)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Earnings on Investments	\$ 9,535	\$ 5,338
Interest Expense	(4,909)	(5,270)
TOTAL OPERATING REVENUES (EXPENSES)	<u>\$ 4,626</u>	<u>\$ 68</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ 15,957</u>	<u>\$ (39,605)</u>
Capital Contributions (Refunds) - net	(62,780)	464,350
CHANGE IN NET POSITION	<u>\$ (46,823)</u>	<u>\$ 424,745</u>
TOTAL NET POSITION, January	<u>5,442,002</u>	<u>5,017,259</u>
TOTAL NET POSITION, December 31	<u><u>\$ 5,395,179</u></u>	<u><u>\$ 5,442,004</u></u>

See accompanying notes and independent accountants' review report

Point Roberts Water District No.
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 1,389,640	\$ 1,331,897
Payments to Suppliers	(955,622)	(1,012,525)
Payments to Employees	(215,181)	(215,181)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 218,837	\$ 104,191
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions (Refunds) - net from General Facility Charges	\$ (62,780)	\$ 464,350
Purchase of Capital Assets	(97,697)	(27,998)
Principal Paid on State Revolving Fund Loan	(5,455)	-
Interest Paid on State Revolving Fund Loan	(866)	(1,227)
Principal Paid on Public Works Trust Fund Loan	(22,460)	(22,460)
Interest Paid on Public Works Trust Fund Loan	(4,043)	(4,043)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (193,301)	\$ 403,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	\$ 9,222	\$ 6,537
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 9,222	\$ 6,537
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 34,758	\$ 513,895
BALANCES - BEGINNING OF YEAR	\$ 1,644,602	\$ 1,130,707
BALANCES - END OF YEAR	\$ 1,679,360	\$ 1,644,602
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 11,331	\$ (39,673)
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS:		
Depreciation	208,950	213,983
Decrease (Increase) in Inventory of Material & Supplies	(695)	(2,425)
Decrease (Increase) in Accounts Receivable	(4,935)	(38,940)
Increase (Decrease) in Payable GVWD	26,462	(6,478)
Increase (Decrease) in Payroll Payables	560	560
Increase (Decrease) in Vouchers Payables	(22,836)	(22,836)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 218,837	\$ 104,191

See accompanying notes and independent accountants' review report

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles):

a. Reporting Entity

Point Roberts Water District is a municipal corporation governed by an elected three-member board. As required by general accepted accounting principles, management has considered all potential component units in defining the reporting entity. The District has no component units.

b. Basis Of Accounting And Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW.

With the exceptions of not recognizing unbilled revenues, not accruing compensated absences, and recording interest income on assessments when received, the District uses the full-accrual basis of accounting. The exceptions noted are a departure from generally accepted accounting principles. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds.

The District distinguishes between operating revenues and expenses from nonoperating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a district's principal ongoing operations. The principal operating revenues of the District are charges to customers for water and sewer service. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Cash And Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Utility Plant And Depreciation - Capital Assets

SEE NOTE 3.

e. Date of Management's Review

Management has evaluated subsequent events through July 19, 2016, the date on which the financial statements were available to be issued.

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

f. Restricted Funds

In accordance with bond resolutions, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including construction, debt service and other special reserve requirements. Restricted funds currently include the following:

December 31, 2015:	
Debt Service Funds:	\$ 22,983
Construction Funds:	\$ 26,819
December 31, 2014:	
Debt Service Funds:	\$ 22,839
Construction Funds:	\$ 26,651

Assets and liabilities shown as current in the accompanying statement of net position (or balance sheet) exclude current maturities on revenue bonds and accrued interest thereon because debt service funds are provided for their payment.

g. Receivables

Due to provisions under State law for the filing of liens for foreclosure on delinquent properties, an allowance for uncollectable accounts is not considered necessary and none has been provided.

h. Inventories

Inventories of repair parts and other supplies were maintained for the years 2015 and 2014. The cost of meters and repair supplies are reflected in these statements. The inventory amounts as of December 31, 2015 and 2014 are valued at \$8,240 and \$7,545, respectively which approximates the market value. All other supplies are expensed when purchased.

i. Investments

SEE NOTE 2

j. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The District does not record unpaid leave for compensated absences as an expense and liability when incurred, which is a departure from generally accepted accounting principles. The District recognizes vacation and sick leave benefits when paid.

Employees may not accrue more than ten days of vacation over and above their annual vacation time earned. All employees are entitled to twelve days of paid sick leave per year. Employees may not accrue sick leave.

k. Unamortized Debt Expenses

Costs relating to the sale of bonds are deferred and amortized over the lives of the various bond issues.

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

NOTE 2 – DEPOSITS AND INVESTMENTS

a. Deposits

The District’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

b. Investments

As of December 31, 2015 and 2014, the District had the following investments:

<u>Year</u>	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
2015	Whatcom County Investment Pool	\$ 1,404,555	\$ 1,404,555
2014	Whatcom County Investment Pool	\$ 1,557,842	\$ 1,557,842

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the District would not be able to recover the value of the investment of collateral securities. Of the District’s total position of \$1,404,555 in 2015, \$0 is exposed to custodial credit risk.

NOTE 3 - UTILITY PLANT AND DEPRECIATION - CAPITAL ASSETS

Capital assets are defined by the District as assets with initial individual cost of more than \$1,000 and an estimated useful life in excess of three years.

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Utility plant in service and other capital assets are recorded at cost (where the historical cost is known). Where historical cost is not known, assets are recorded at estimated cost relative to known historical cost of related components during the same period of construction. Donations by developers (and customers) are recorded at the contract price.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Intangible	6
Buildings & Structures	10 - 40
Machinery & Equipment	3 - 40

Initial depreciation on utility plant is recorded in the year subsequent to purchase.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to utility plant; charges that are related to abandoned projects are expensed.

Utility plant activities for the years ended December 31, 2015 and 2014 are shown on the following page:

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

GL No	Control Name	2014			2014 Ending			2015 Ending	
		Beginning Balance	Increase	Decrease	Balance	Increase	Decrease	Balance	
UTILITY PLANT NOT BEING DEPRECIATED									
LAND									
303.10	Land and Land Rights - Water	\$ 7,200			\$ 7,200			\$ 7,200	
303.20	Land and Land Rights - Sewer	42,752			42,752			42,752	
TOTAL UTILITY PLANT NOT BEING DEPRECIATED		\$ 49,952	\$ -	\$ -	\$ 49,952	\$ -	\$ -	\$ 49,952	
UTILITY PLANT BEING DEPRECIATED									
BUILDINGS & STRUCTURES									
304.20	Sewer Plant	\$ 8,689			\$ 8,689			\$ 8,689	
309.00	Source of Supply Plant	2,764,848			2,764,848			2,764,848	
315.00	Benson Road Building	19,940	1,251		21,191	-		21,191	
330.00	Distribution Reservoirs	2,463,726			2,463,726			2,463,726	
331.00	Transmission and Distribution Mains	3,102,760	26,747		3,129,507	97,697		3,227,204	
MACHINERY & EQUIPMENT									
333.00	Meters and Meter Service - Extensions	594,863	-		594,863			594,863	
335.00	Hydrants	16,474			16,474			16,474	
340.00	Office Furniture & Equipment	28,456	-		28,456			28,456	
341.00	Transportation Equipment	56,803			56,803			56,803	
343.00	Tools & Equipment	86,687			86,687			86,687	
INTANGIBLE									
301.10	Comprehensive Plans - Water	113,212			113,212			113,212	
302.20	Comprehensive Plans - Sewer	52,037			52,037			52,037	
TOTAL UTILITY PLANT BEING DEPRECIATED		\$ 9,308,495	\$ 27,998	\$ -	\$ 9,336,493	\$ 97,697	\$ -	\$ 9,434,190	
LESS ACCUMULATED DEPRECIATION FOR:									
BUILDINGS & STRUCTURES									
304.20	Sewer Plant	\$ 7,699	\$ 330		\$ 8,029	\$ 330		\$ 8,359	
309.00	Source of Supply Plant	1,728,030	69,121		1,797,151	69,121		1,866,272	
315.00	Benson Road Building	-			-			-	
330.00	Distribution Reservoirs	1,356,103	58,699		1,414,802	58,699		1,473,501	
331.00	Transmission and Distribution Mains	1,561,902	57,034		1,618,936	57,703		1,676,639	
MACHINERY & EQUIPMENT									
333.00	Meters and Meter Service - Extensions	143,116	14,845		157,961	14,845		172,806	
335.00	Hydrants	3,259	412		3,671	412		4,083	
340.00	Office Furniture & Equipment	26,952	376		27,328	376		27,704	
341.00	Transportation Equipment	40,282	6,784		47,066	1,082		48,148	
343.00	Tools & Equipment	59,352	6,382		65,734	6,382		72,116	
INTANGIBLE									
301.10	Comprehensive Plans - Water	113,212			113,212			113,212	
302.20	Comprehensive Plans - Sewer	52,037			52,037			52,037	
TOTAL ACCUMULATED DEPRECIATION		\$ 5,091,944	\$ 213,983	\$ -	\$ 5,305,927	\$ 208,950	\$ -	\$ 5,514,877	
TOTAL UTILITY PLANT BEING DEPRECIATED (NET)		\$ 4,216,551	\$ (185,985)	\$ -	\$ 4,030,566	\$ (111,253)	\$ -	\$ 3,919,313	
TOTAL UTILITY PLANT (NET)		\$ 4,266,503	\$ (185,985)	\$ -	\$ 4,080,518	\$ (111,253)	\$ -	\$ 3,969,265	

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charge to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the utility plant accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

NOTE 4 - LONG-TERM DEBT AND LIABILITIES

a. Long-Term Debt

During 2005 the District received a loan through the Washington State Department of Community, Trade and Economic Development (DCTED) to install a new hypochlorite disinfection unit as part of the 2.5 reservoir disinfection project. The loan was for \$98,192.50 with a term of 18 years and interest at 2.5%. The district received two draws in 2005. The first draw for \$4,000 was used to fund loan process fees. The second draw was for \$94,192.50.

During 2012 the District received a loan through the Public Works Trust Fund, to fund the replacement of the Pt Roberts Water Main. The loan was for \$426,731.13 with repayment terms of 1% interest and fixed principal payments of \$22,459.53 over 19 years beginning in 2013. Draws on this loan were taken in 2012 of \$403,902.37 and 2013 of 22,828.76.

Schedule 09, which accompanies this report, contains a list of outstanding debt at December 31, 2015. The annual requirements to amortize all debts outstanding as of December 31, 2015, including interest, are as follows:

Fiscal Year Ending	Principal	Interest	Total
December 31:			
2016	27,914.67	4,548.17	32,462.84
2017	27,914.67	4,548.17	32,462.84
2018	27,914.67	4,187.20	32,101.87
2019	27,914.68	3,826.23	31,740.91
2020	27,914.67	3,465.25	31,379.92
2021-2031	257,965.15	18,300.67	276,265.82
Totals	397,538.51	38,875.69	436,414.20

b. Changes in Long-Term Liabilities

During the years ended December 31, 2015 and 2014 the following changes occurred in long-term liabilities:

Loan Description	Beginning Balance Jan 1st	Additions	Reductions	Ending Balance Dec 31st	Due Within One Year
<u>Activity for 2015</u>					
2005 DCTED Loan	43,641.12		5,455.15	38,185.97	5,455.15
2012 PWTF Loan	381,812.07	-	22,459.53	359,352.54	22,459.54
<u>Activity for 2014</u>					
2005 DCTED Loan	49,096.26		5,455.14	43,641.12	5,455.14
2012 PWTF Loan	404,271.60	-	22,459.53	381,812.07	22,459.54

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

NOTE 5 – RESTRICTED COMPONENT OF NET POSITION

The District’s statement of net position reports \$49,802 of restricted component of net position, all of which is restricted by enabling legislation.

There are a number of other limitations and restrictions contained in the various bond indentures. The district is in compliance with all significant limitations and restrictions.

NOTE 6 - PENSION PLAN

Substantially all the District’s full-time and qualifying part-time employees participate in PERS Plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the District’s financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Both the District and the employees made the required contributions. The District’s required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2015	\$ -	\$ 13,069	\$ -
2014	\$ -	\$ 12,933	\$ -

NOTE 7 – RISK MANAGEMENT

The District is a member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 64 members. The Pool’s fiscal year is November 1st through October 31st.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage, and provide related services, such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: Property (including Building, Electronic Data Processing, Boiler and Machinery, and Mobile Equipment); General Liability; Automotive Liability; Excess Liability, Crime; Public Officials Liability; Identity Fraud Reimbursement Program; and bonds of various types. All coverages are on an “occurrence” basis.

Point Roberts Water District No.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended December 31, 2015 and 2014

Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters which are subject to a per occurrence deductible or self-insured retention as follows: General Liability of \$200,000 (including general liability, Public Officials Liability and Automobile Liability); Property Insurance of \$25,000 (except earthquake and flood. Earthquake is subject to a deductible of 5% of the values at risk at the time of the loss subject to a minimum of \$100,000. For flood, those properties that are NOT located in NFIP Flood Zones A and V are subject to a \$100,000 deductible while those properties located in NFIP Flood Zones A and V are subject to a \$250,000 deductible); Boiler & Machinery which is \$25,000; and Crime which is \$15,000 per occurrence. Pool members are responsible for a deductible on each coverage and the Pool is responsible for the remainder of the self-insured retention. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims).

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g. to withdraw from the Pool on November 1, 2015, written notice must be in the Pool possession by April 31, 2015). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

The Pool is governed by a Board of Directors, which is comprised of one designated representative from each participating member. An Executive Committee is elected at the annual meeting, and is responsible for conducting the business affairs of the Pool and providing direction to the Pool's Executive Director.

Point Roberts Water District No. 4
SUPPLEMENTAL SCHEDULES
For The Year Ended December 31, 2015 and 2014

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Point Roberts Water District No. 4
 SCHEDULE 04/05 – Revenues and Expenses
 For The Year Ended December 31, 2015 and 2014

Schedule Number	Account Code	Account Title	Actual Amount
04	41400	Other Utility Operating Revenues	51,030
04	41900	Interest and Dividend Revenues	9,535
04	45300	Water and Water Power Sales	1,343,545
05	40310	Depreciation Expense	208,950
05	40800	Taxes: State Privilege Tax, State Utility Tax, B&O Tax, Other Excise Taxes	69,172
05	42700	Interest on Long-Term Debt	4,909
05	55700	Other Expenses	559,076
05	56000	Operation Supervision and Engineering	95,028
05	56600	Miscellaneous Transmission Expenses	12,926
05	91300	Advertising Expense	686
05	92000	Administrative and General Salaries	42,983
05	92100	Office Supplies and Expenses	30,805
05	92300	Outside Services Employed	50,559
05	92400	Property Insurance	23,505
05	92600	Employee Pension and Benefits	68,345
05	93020	Miscellaneous General Expenses	12,831
05	93100	Rents	12,000
05	93500	Maintenance of General Plant	197,073

See independent accountants' review report

Point Roberts Water District No. 4
SCHEDULE 09 - LIABILITIES
 For The Year Ended December 31, 2015

I.D. NO.	DESCRIPTION	MATURITY /PAYMENT DUE DATE	BEGINNING BALANCE 01/01/2015	ADDITIONS	REDUCTIONS	BARS CODE FOR REDEMPTION OF DEBT ONLY	ENDING BALANCE
							DEBT 12/31/2015 (1) + (2) - (3)
263.81	Dept. of Community, Trade and Economic Development Loan	9/30/2022	\$ 43,641.12		\$ 5,455.15		\$ 38,185.97
PC12-951-046	Public Works Trust Fund Loan	6/1/2031	\$ 381,812.07		\$ 22,459.53		\$ 359,352.54

See independent accountants' review report