

Attachment

1. c)

Notes Payable

NORTH MCLEAN COUNTY WATER DISTRICT
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance Dec. 31, 2017	Additions	Deletions	Balance Dec. 31, 2018
Capital assets not depreciated:				
Land	\$ 17,186	\$ 3,150	\$ -	\$ 20,336
Construction in progress	-	260,874	-	260,874
Total capital assets not depreciated:	<u>17,186</u>	<u>264,024</u>	<u>-</u>	<u>281,210</u>
Utility plant depreciated:				
Buildings and improvements	166,876	-	-	166,876
Equipment	189,102	2,856	519	191,439
Water distribution system	2,985,507	17,717	-	3,003,224
Vehicles	55,732	28,529	14,783	69,478
Total utility plant depreciated	<u>3,397,217</u>	<u>49,102</u>	<u>15,302</u>	<u>3,431,017</u>
Less accumulated depreciation:				
Buildings and improvements	46,596	4,590	-	51,186
Equipment	108,042	4,105	519	111,628
Water distribution system	1,055,391	54,375	-	1,109,766
Vehicles	46,768	3,694	14,783	35,679
Total accumulated depreciation	<u>1,256,797</u>	<u>66,764</u>	<u>15,302</u>	<u>1,308,259</u>
Total utility plant depreciated, net	<u>2,140,420</u>	<u>(17,662)</u>	<u>-</u>	<u>2,122,758</u>
Total capital assets, net	<u>\$ 2,157,606</u>	<u>\$ 246,362</u>	<u>\$ -</u>	<u>\$ 2,403,968</u>

NOTE D – LINE OF CREDIT

During April 2018, the District signed a promissory note for \$175,000. The notes bears an interest rate of 2.6% and matures April 16, 2020. The note is collateralized by certificates of deposit. The unused portion of the note was \$175,000 as of December 31, 2019 and 2018.

NOTE E – LONG-TERM DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Note payable from Independence Bank due in 3 payments of \$4,965, including interest of 2.6% and one balloon payment of \$42,510 maturing March 6, 2020. The note is collateralized by the District's inventory, accounts receivable, and revenue.	\$ 41,967	\$ 50,640
Less: Current portion	<u>(41,967)</u>	<u>(8,672)</u>
Long-term debt	<u>\$ -</u>	<u>\$ 41,968</u>

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Notes to the Financial Statements
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NOTE E – LONG-TERM DEBT

Annual debt service requirements are as follows for the year ending December 31:

	Interest	Principal	Total
2020	\$ 543	\$ 41,967	\$ 42,510

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance Dec. 31, 2018	Additions	Deletions	Balance Dec. 31, 2019	Amount Due within One Year
Long-Term Debt:					
Note Payable - Independence Bank	\$ 50,640	\$ -	\$ (8,673)	\$ 41,967	\$ 41,967
Total Long-Term Debt	\$ 50,640	\$ -	\$ (8,673)	\$ 41,967	\$ 41,967

Interest expense related to long-term debt was \$1,257 and \$2,794 for the years ending December 31, 2019 and 2018, respectively.

NOTE F – CONTRIBUTED CAPITAL REVENUE

With approval of the District, customers have in some cases constructed their own water lines and donated them to the District for future maintenance, control, etc. These assets have been recorded on the District's books and are being depreciated under the same policy as utility plant. Contributed capital revenue was \$6,222 for 2019 and \$233,285 for 2018.

NOTE G – INCOME TAX STATUS

The District is exempt from federal and state income taxes and, accordingly, no provision for such taxes has been made.

NOTE H – PURCHASE COMMITMENTS

Water Purchases

The District is committed to purchasing water each month from the McLean County Regional Water Commission until approximately October 2055. Other than an emergency situation, the District may not purchase water from any other source without prior approval by the commission.

NOTE I – COMPENSATED ABSENCES

The District does not allow employees to accumulate unused personal or vacation days. Sick leave is earned at the rate of one day per month with a maximum accumulation of sixty days. Sick leave may only be used pursuant to a doctor's excuse and may not be converted to cash. No liability has been recorded in the accompanying financial statements. The District's policy is to recognize the cost of compensated absences when paid to employees.