

**BASALT SANITATION DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**DECEMBER 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 11:40 am, Sep 27, 2017*

BASALT SANITATION DISTRICT  
FOR THE YEAR ENDED  
December 31, 2016

BOARD OF DIRECTORS

Richard Stumpf – President

Rob Schwener – Vice President

James Finch – Treasurer

Dean Seader – Secretary

Patrick Maley – Director

ADMINISTRATOR

Denise Diers

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**Hays  
Maggard  
& Hood, P.C.**

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**CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Basalt Sanitation District  
P.O. Box 527  
Basalt, Colorado 81621

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activity, of the Basalt Sanitation District of Basalt, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our 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 opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of the Basalt Sanitation District, Basalt, Colorado, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 2-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The *Budget and Actual Comparison – Proprietary Fund* is presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Budget and Actual Comparison – Proprietary Fund* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



HAYS, MAGGARD & HOOD, P.C.

*Glenwood Springs, Colorado*

*September 6, 2017*

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

The Basalt Sanitation District (the "District"), which is located within Eagle and Pitkin Counties, Colorado, was formed for the purpose of providing wastewater treatment services to Town of Basalt, Colorado, and the surrounding area. The District is a political subdivision of the State of Colorado. The District encompasses approximately 2.75 square miles and includes property in both Eagle and Pitkin Counties.

The management's discussion and analysis of the Basalt Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2016. The intent of the discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2016 are as follows:

- In total, the District's overall net position increased \$611,373, or 11%, from the previous fiscal year.
- Operating revenues accounted for \$783,171 or 53% of all revenues. Operating revenues consist of sewer fees and other charges. Non-operating revenues in the form of general property taxes, specific ownership taxes, tap fees, developer contributions, and interest income on investments accounted for \$696,724 of the District's total revenues of \$1,479,895. Non-operating revenues increased \$438,947 or 170% from 2015, primarily from the receipt of tap fee revenue from the sale of 53.15 EQR's and expense reimbursement grant proceeds from the Department of Local Affairs (DOLA).
- The District had \$868,522 of expenses of which \$783,171 were offset by operating revenues. The District's operating expenses in the amount of \$810,324 included depreciation in the amount of \$259,375. Non-operating expenses in the amount of \$58,198 included interest on long-term debt obligations in the amount of \$46,405. The total operating expenses of the District increased \$28,062 or 3% from 2015.

### USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The financial statements included in this annual report are those of a special-purpose government with only one fund that is engaged in a business-type activity. The following statements are included:

- ***Statement of Net Position*** – reports all of the District's assets and liabilities with the difference between the two reported as net position. The statement presents information about the nature and amounts in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing liquidity and financial flexibility of the District.
- ***Statement of Revenues, Expenses and Changes in Fund Net Position*** – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions.
- ***Statement of Cash Flows*** – reports the District's cash flows from operating activities, investing activities, capital and related financing activities.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *other supplementary information* that further explains and supports the information in the financial statements.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**THE DISTRICT AS A WHOLE**

***Statement of Net Position***

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the fiscal year 2016 compared to 2015:

	BUSINESS-TYPE ACTIVITIES		
	2016	2015	Increase (Decrease)
<b><u>ASSETS:</u></b>			
Current Assets	\$ 2,659,515	\$ 2,150,701	\$ 508,814
Capital Assets, Net	4,909,356	4,926,438	(17,082)
Deferred Outflows of Resources	31,110	40,610	(9,500)
Total Assets	<u>7,599,981</u>	<u>7,117,749</u>	<u>482,232</u>
<b><u>LIABILITIES:</u></b>			
Current Liabilities	411,677	289,732	121,945
Long Term Debt - Non-current	1,074,544	1,297,039	(222,495)
Total Liabilities	<u>1,486,221</u>	<u>1,586,771</u>	<u>(100,550)</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Unavailable Revenue – Property Taxes	259,108	287,699	(28,591)
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	3,619,812	3,419,399	200,413
Unrestricted	2,234,840	1,823,880	410,960
Total Net Position	<u>\$ 5,854,652</u>	<u>\$ 5,243,279</u>	<u>\$ 611,373</u>

*Total Assets* of the District increased approximately \$482 thousand. The increase, which is most notably recognized as increase in current assets was primarily caused by the District selling new tap fees (53.15 EQR's) in 2016. The sale resulted in \$290 thousand of additional revenue of which the excess revenue over expenditures has been set aside for future operations.

*Total Current Liabilities* of the District increased approximately \$122 thousand. The increase is the result of outstanding engineering costs associated with the new digester not being paid before year-end.

*Total Non-Current Liabilities* decreased approximately \$222 thousand. This decrease was primarily due to current year principal payments on long-term debt.

The District's overall *Net Position* increased approximately \$611 thousand, representing the District's net income for 2016. The District's current year operating revenues were not sufficient to provide for current year operating expenses, as discussed in the following section entitled the *Statement of Net Revenues, Expenses and Changes in Fund Net Position*.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

***Statement of Revenues, Expenses and Changes in Fund Net Position***

The perspective of the Statement of Revenues, Expenses and Changes in Fund Net Position is of the District as a whole. This statement reflects general property taxes and service revenues and the cost of providing services to the District. The following summary reflects the overall change in net position for the fiscal year 2016 compared to 2015.

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
<u>REVENUES:</u>			
Operating Revenues:			
Fees & Charges	\$ 783,171	\$ 766,189	\$ 16,982
Non-Operating Revenues:			
Property and Specific Ownership Taxes	297,871	239,031	58,840
Interest and Investment Earnings	13,591	(952)	14,543
Tap Fees	290,645	19,698	270,947
DOLA Grant Proceeds	94,617	-	94,617
Total Non-Operating Revenue	<u>696,724</u>	<u>257,777</u>	<u>438,947</u>
Total Revenues and Other Financing Sources	<u>1,479,895</u>	<u>1,023,966</u>	<u>455,929</u>
<u>EXPENSES:</u>			
Operating Expenses:			
Insurance	33,092	29,909	3,183
Administrative Wage & Contract	92,249	85,207	7,042
Operations & Maintenance	331,861	315,775	16,086
Directors Fees	5,400	5,100	300
Administrative	88,347	53,998	34,349
Depreciation	259,375	292,273	(32,898)
Total Operating Expenses	<u>810,324</u>	<u>782,262</u>	<u>28,062</u>
Non-Operating Expenses:			
Interest	46,405	50,601	(4,196)
Treasurer Fees	11,593	9,127	2,466
Bond Trustee Fees	200	200	-
Total Non-Operating Expenses	<u>58,198</u>	<u>59,928</u>	<u>(1,730)</u>
Total Expenses and Other Financing Uses	<u>868,522</u>	<u>842,190</u>	<u>26,332</u>
CHANGE IN NET POSITION	<u>\$ 611,373</u>	<u>\$ 181,776</u>	<u>\$ 429,597</u>

The District's revenues include property taxes assessed in 2015 and collected in 2016 to support debt service payments. The District's expenses consist of operational expenses, depreciation expense on capital assets, and interest expense on General Obligations Bonds.

Overall revenues increased approximately \$456 thousand. This increase is primarily due to the sale of taps (53.15 EQR's) and an overall increase in property valuations resulting in higher tax revenues. In addition investment earnings from the District's investments yielded a higher return as interest rates are starting to trend upwards with the improving economy.

Operating expenses increased approximately \$28 thousand. Operating expenses exceeded operating revenues by \$27 thousand, which includes \$259 thousand of depreciation expense.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

***Statement of Revenues, Expenses and Changes in Fund Net Position, continued***

As indicated above, the Statement of Revenues, Expenses and Changes in Fund Net Position reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following table summarizes the information from the statement, reflecting the total cost of program services, and the remaining net cost of program services, which are supported by taxes and other general revenues:

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	2016	2015	2016	2015
Operations, Maintenance & Depreciation	\$ 596,636	\$ 608,048	\$ -	\$ -
Salaries and Management Services	92,249	90,307	-	-
Insurance	33,092	29,909	-	-
Other Administrative Expenses	88,347	53,998	27,153	16,073
Total/Net Cost of Services	<u>\$ 810,324</u>	<u>\$ 782,262</u>	<u>\$ 27,153</u>	<u>\$ 16,073</u>

The District's service charges and fees provided \$783,171 to cover operating and administrative costs in fiscal year 2016 as compared to \$766,189 in fiscal year 2015. In fiscal years 2016 and 2015, other general revenues from tap fees, state and local grants and interest earnings (in the total amounts of \$398,853 and \$18,746 respectively) were used to supplement the net cost of services. General revenues from property taxes are used for non-operating debt service and are not used for District operations.

**THE DISTRICT'S FUNDS**

***Proprietary Fund - Enterprise Fund***

The Basalt Sanitation District is a special-purpose district whose activities are considered to be a business-type activity. Operations are supported by service fees and charges assessed to users for operations, maintenance and administration of the District, and from property taxes and other general revenues. These activities are reported as a Proprietary, or Enterprise Fund.

As discussed above, Proprietary Fund financial statements consist of a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows, and are prepared on an accrual basis of accounting. For financial reporting purposes, the District's enterprise fund is considered a proprietary fund, which represents the operations of the Basalt Sanitation District.

For a discussion of the District's funds as compared to the prior year, see the section entitled "*The District as a Whole.*"

**BUDGET COMPARISONS**

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1 (E)* of the financial statements. Budgets for the District are adopted on a budgetary basis, which is reconciled to generally accepted accounting principles (GAAP) in *Note 1 (E)* of the financial statements. The budgetary comparison schedule for the District is found in the section entitled "Other Supplementary Information" following the notes to financial statements.

The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**BUDGET COMPARISONS, CONTINUED**

Total budgetary based revenues of \$1,479,895 were \$260,386 greater than budgetary expectations of \$1,219,509 (a positive variance of 17%). This increase was primarily because of new development tap fees were \$271,045 more than anticipated. Other increases included the receipt of late payment fees assessed by the District on delinquent customers and the slightly increasing interest earned on the Districts cash reserve investments.

Total budgetary based expenses in the amount of \$1,059,785 were less than budget appropriations of \$1,234,526 by \$174,741. The primary reason for this positive variance is due to the timing of capital outlay. It is anticipated that this year's budget variances will not have an effect on future services or liquidity.

**CAPITAL ASSETS**

At the end of fiscal year 2016, the District had \$4,909,356 invested in capital assets. The following reflects the balances of the current and prior fiscal years:

<i>(NET OF DEPRECIATION AND AMORTIZATION)</i>	BUSINESS-TYPE ACTIVITIES	
	2016	2015
Land	\$ 95,165	\$ 95,165
Depreciable Land and Improvements	13,591	14,561
Depreciable Plant and Lines	4,172,467	4,399,487
Depreciable Buildings	215,951	224,724
Depreciable Equipment	2,776	6,301
Depreciable Office Furniture	5,239	2,876
Construction-in-Progress	404,167	183,324
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 4,909,356</b>	<b>\$ 4,926,438</b>

**DEBT ADMINISTRATION**

As of December 31, 2016, the District has outstanding \$1,265,000 in General Obligation Bonds and \$24,544 of Bond Premium from a 2011 bond issue. Interest payments are made semi-annually on June 1 and December 1 of each year, and the next scheduled principal is payment due on December 1, 2017. The final maturity date is December 1, 2022. In addition, a deferred loss on refunding of the 2001 Bond Issue in the amount of \$91,607 is being recognized over the term of the Refunding Bonds (see *Note 4*), of which \$31,110 remains outstanding.

**MAJOR INITIATIVES**

The District is in the process of completing the engineering and approvals for the addition of a second digester at the Treatment Plant. The second digester was planned for at the time of the 2001 Plant expansion. It is needed to both increase current capacity to the designed capacity and to add additional retention time in order to meet the new and/or more stringent standards from the Colorado Department of Health. The bid documents will go out in late 2017 and construction is planned for the spring 2018.

The District plans to have the estimated \$1.8MM in construction costs banked before construction begins and will continue to pursue grant monies.

The District finalized revised Rules and Regulations and implemented in August 2016.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**ECONOMIC CONDITION AND OUTLOOK**

The real estate market and development activity in the District has improved with the national economy. Although there are only a few projects that have been moving dirt, there are a few significant projects that are in the pipeline and potentially could move forward in the next few years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Basalt Sanitation District  
Denise Diers, District Administrator  
P.O. Box 527  
Basalt, CO 81621  
(970) 927-3698

## BASIC FINANCIAL STATEMENTS

BASALT SANITATION DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
December 31, 2016

ASSETS:

Current Assets:	
Cash and Investments	\$ 2,331,522
Cash with County Treasurer	987
Receivables – Net	
Accounts Receivable	1,421
Property Taxes	259,108
Grants	59,279
Other Current Assets	<u>7,198</u>
Total Current Assets	<u>2,659,515</u>
Non-Current Assets:	
Capital Assets – Net of Accumulated Depreciation	<u>4,909,356</u>

DEFERRED OUTFLOW OF RESOURCES:

Bond Series 2011 – Loss on Refunding	<u>31,110</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,599,981</u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	\$ 184,207
Accrued Salaries and Taxes	4,348
Accrued Interest Expense	3,379
Deposits and Other Payables	4,743
Current Maturities of Long-Term Debt	<u>215,000</u>
Total Current Liabilities	<u>411,677</u>
Non-Current Liabilities	
General Obligation Bonds – Net of Premium	1,289,544
Less: Current Maturities	<u>(215,000)</u>
Total Non-Current Liabilities	<u>1,074,544</u>
Total Liabilities	<u>1,486,221</u>

DEFERRED INFLOWS OF RESOURCES:

From Property Taxes	<u>259,108</u>
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NET POSITION:

Invested in Capital Assets, Net of Related Debt	3,619,812
Unrestricted	<u>2,234,840</u>
Total Net Position	<u>5,854,652</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 7,599,981</u>

The accompanying notes are an integral part of these financial statements.

BASALT SANITATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
For the Year Ended December 31, 2016

OPERATING REVENUES:

Service Fees	\$ 747,591
Other Operating Revenues	<u>35,580</u>
Total Operating Revenues	<u>783,171</u>

COLLECTION AND TREATMENT EXPENSES:

Chemicals	23,161
License and Permits	1,493
Line Maintenance and Repair	44,758
Non-Capitalized Outlay/ Repairs	12,016
Plant Maintenance and Repair	10,062
Plant Operator	181,637
Sludge Expense	7,181
Supplies	3,525
Utilities - Plant	48,028
Depreciation	<u>259,375</u>
Total Collection and Treatment Expenses	<u>591,236</u>

ADMINISTRATIVE EXPENSES:

Administrative Wage and Contract	92,249
Audit	8,250
Condo Association Fees	2,425
Computer Expense	2,033
Development Review Fees	19,645
Director's Fees	5,400
Dues and Subscriptions	781
Election Expense	148
Engineering	27,594
Insurance	33,092
Legal and Consulting	10,929
Office Expense	5,780
Payroll Taxes	3,675
Postage	2,326
Telephone	1,633
Training and Employee Benefits	2,600
Utilities – Office	<u>528</u>
Total Administrative Expenses	<u>219,088</u>
Total Operating Expense	<u>810,324</u>
Operating Income (Loss)	<u>(27,153)</u>

NON-OPERATING REVENUES (EXPENSES):

Property Taxes	285,690
Specific Ownership Taxes	12,181
Tap Fees	290,645
DOLA Grant Proceeds	94,617
Interest Income	13,591
Interest Expense	(46,405)
Treasurer Fees	(11,593)
Bond Trustee Fees	<u>(200)</u>
Total Non-Operating Revenue (Expense)	<u>638,526</u>
Change in Net Position	611,373
Net Position, Beginning of Year	<u>5,243,279</u>
Net Position, End of Year	<u>\$ 5,854,652</u>

The accompanying notes are an integral part of these financial statements

BASALT SANITATION DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 778,425
Cash Payments to Employees	(38,275)
Cash Payments for Goods and Services	<u>(398,955)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>341,195</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Deposits received	3,576
Deposits refunded	<u>-</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>3,576</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Tap Fees	290,645
Property and Specific Ownership Taxes-Net	285,820
Proceeds from DOLA Grant	35,338
Principal Paid on Bonds	(210,000)
Interest Paid on Bonds	(44,750)
Bond Trustee Fees	(200)
Payments for Capital Acquisitions	<u>(242,293)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>114,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>13,591</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>13,591</u>
NET INCREASE (DECREASE) IN CASH	472,922
CASH AT BEGINNING OF YEAR	<u>1,858,600</u>
CASH AT END OF YEAR	<u><u>\$ 2,331,522</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (27,153)
Adjustments:	
Depreciation	259,375
(Increase) Decrease in Accounts Receivables	811
(Increase) Decrease in Other Current Assets	(5,557)
Increase (Decrease) in Accounts Payable	113,764
Increase (Decrease) in Accrued Salaries	<u>(45)</u>
Net Cash (Used) by Operating Activities	<u><u>\$ 341,195</u></u>

The accompanying notes are an integral part of these financial statements.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The Basalt Sanitation District, herein referred to as the District, complies with generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the Basalt Sanitation District are described below.

A. FINANCIAL REPORTING ENTITY

The Basalt Sanitation District, (the District) was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five member Board of Directors which is elected by the registered voters within the District. The purpose of the District is to provide wastewater treatment services to the Town of Basalt and surrounding area. The Board is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e. the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e. unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION/BASIC FINANCIAL STATEMENTS

The basic financial statements include fund financial statements for a Proprietary Fund. The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented. The accounts of the District are organized and operated on a fund basis. The operations are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues, and expenses.

The focus of proprietary fund measurement is determination of operating income, changes in the net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The District's Enterprise fund is a proprietary fund type. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that cost of providing services including capital costs, be recovered with fees and charges or (c) has a pricing policy designed for the fees and charges of record similar costs.

Proprietary fund *operating revenue and expenses* are related to providing management and operational services within the District. Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues and expenses.

C. BASIS OF ACCOUNTING

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property and specific ownership taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

D. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. CAPITAL ASSETS, continued

The District capitalizes assets with an original cost in excess of \$1,000 and estimates useful lives as follows:

Furniture and Equipment	5-10 years
Plant and Lines	20-40 years

E. BUDGETS AND BUDGETARY ACCOUNTING

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District Secretary, or other qualified persons appointed by the Board, submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A "Notice of Budget" is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the County Commissioners.
4. On or before December 31, the Board shall pass an appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. The Budget for the fund is adopted on a basis consistent with state statutes for governmental units, which provides that debt principal payments and capital outlay are treated as expenses.
6. After adoption of the budget resolution, the District may make, by resolution, the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

**E. BUDGETS AND BUDGETARY ACCOUNTING, continued**

The District legally adopted an annual budget for the District's funds for 2016 and no amended budgets were adopted.

The budget for the Enterprise Fund is adopted on a Non-GAAP basis and is reconciled from GAAP basis as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
GAAP Operating Revenues	\$ 768,709	\$ 783,171	\$ 14,462
GAAP Non-Operating Revenues	450,800	696,724	245,924
Total Budgetary Based Revenues	\$ 1,219,509	\$ 1,479,895	\$ 260,386
<b>Expenses:</b>			
GAAP Operating Expenses	\$ 556,390	\$ 810,324	\$ (253,934)
GAAP Non-Operating Expenses	59,336	58,198	1,138
Less Depreciation and Amortization	-	(259,375)	259,375
Change in Interest Accrual	-	(1,655)	1,655
Debt Retirement	210,000	210,000	-
Capital Outlay	408,800	242,293	166,507
Total Budgetary Based Expenses	\$ 1,234,526	\$ 1,059,785	\$ 174,741

**F. CONTRIBUTED CAPITAL**

Grants and contributions, which may be used for either operations or capital expenditures at the discretion of the District, are recognized as non-operating revenues. If expenditure of the funds is the prime factor for determining eligibility of the contributed funds, revenue is recognized at the time of making the expenditure.

**G. COMPENSATED ABSENCES**

The District has one employee eligible for vacation pay, all of which had been used at year-end, and has no provision for sick leave; accordingly, there are no provisions for compensated absences.

**H. PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES**

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1<sup>st</sup> of the following year. They may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES, continued

Property taxes are levied and collected on behalf of the District by Pitkin and Eagle Counties and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

I. CASH AND CASH EQUIVALENTS/FAIR VALUE OF FINANCIAL INSTRUMENTS

For the purposes of the statement of cash flows for the proprietary fund, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash.

The District has a number of financial instruments, including cash and cash equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates the fair values of its financial instruments at December 31, 2016 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

J. CUSTOMER ACCOUNTS RECEIVABLE

The District considers customer accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required.

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, payables and accrued liabilities are paid in a timely manner and in full from current financial resources and are reported as current obligations of the fund. Long-term bond obligations are accrued as a long-term liability on the financial statements.

L. USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

M. RESTRICTED ASSETS

Assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS

A. Deposits & Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Governmental National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . The investing local government's own securities including certificates of participation and lease obligations.

At December 31, 2016 the District's bank deposits were entirely covered by federal depository insurance or collateralized under PDPA in accordance with state statute, and had bank balances of \$609,133 of which \$250,000 was covered by FDIC insurance and \$359,133 was collateralized under PDPA.

BASALT SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

NOTE 2 - CASH AND INVESTMENTS, continued

A. Deposits & Investments, continued

Local Government Investment Pool (ColoTrust)

As of December 31, 2016 the District had invested \$1,722,846 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2016, the District had \$0 invested in COLOTRUST PRIME, and \$1,722,846 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

B. Total of Cash and Cash Equivalents

A summary of the District's cash and investments at December 31, 2016 is as follows:

Checking Accounts	\$ 609,133
Colostrust Investment Pool	<u>1,722,846</u>
Total Bank Balances	2,331,979
Cash on Hand	50
Less Outstanding Items	<u>(507)</u>
Total Cash and Cash Equivalents	<u>\$ 2,331,522</u>

Included in cash and cash equivalents are investments rated as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colostrust (Local Govt Investment Pool)	\$ 1,722,846	AAAm	Standard & Poors

C. Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colostrust Plus+. Colostrust is rated AAAM by Standard & Poors.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS, continued

C. Risk Disclosures, continued

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2016, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk as of December 31, 2016.

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of property, plant and equipment at December 31, 2016, follows:

	January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2016</u>
Non-Depreciable-				
Land and Improvements	\$ 95,165	\$ -	\$ -	\$ 95,165
Construction in Process	183,324	220,843	-	404,167
Depreciable-				
Land Improvements	38,835	-	-	38,835
Plant and Lines	9,908,770	20,054	-	9,928,824
Office Building	323,127	-	-	323,127
Equipment	31,988	-	-	31,988
Vehicles	59,317	-	-	59,317
Office Furniture and Equipment	<u>19,274</u>	<u>1,396</u>	<u>-</u>	<u>20,670</u>
Totals	10,659,800	242,293	-	10,902,093
Less Accumulated Depreciation	<u>(5,733,362)</u>	<u>(259,375)</u>	<u>-</u>	<u>(5,992,737)</u>
Net Fixed Assets	<u>\$ 4,926,438</u>	<u>\$ (17,082)</u>	<u>\$ -</u>	<u>\$ 4,909,356</u>

BASALT SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

*NOTE 4 - DEFERRED OUTFLOW OF RESOURCES*

In 2011 the District completed an advance refunding of its 2001 General Obligation Bonds to reduce its total debt service payments through December 1, 2022 by \$381,143 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$288,117. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$91,607. The unamortized difference, reported on the accompanying balance sheet as a deferred outflow of resources, is being charged to interest expense through the year 2022 using the effective-interest method. The amount charged to operations during 2016 is \$9,500. The remaining deferred loss to be recognized is \$31,110.

*NOTE 5 - CHANGES IN LONG-TERM DEBT*

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due Within One Year
2011 G. O. Bonds	\$ 1,475,000	\$ -	\$ (210,000)	\$ 1,265,000	\$ 215,000
Deferred Premium	32,039	-	(7,495)	24,544	6,791
Total	\$ 1,507,039	\$ -	\$ (217,495)	\$ 1,289,544	\$ 221,791

The Bonds are comprised of the following:

General Obligation Refunding Bonds, Series 2011

The District issued \$2,460,000 of General Obligation Refunding Bonds dated September 13, 2011 for the purpose of refunding the District's outstanding General Obligation Refunding Bonds, Series 2001, and paying the costs of issuance. Interest rates range from 2% to 4.00% payable semiannually on June 1 and December 1, with annual principal repayments through December 1, 2022, unless the bonds are redeemed earlier. The bonds are subject to redemption prior to maturity at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2020 and on any payment date thereafter upon payment of par and accrued interest, without redemption premium. The bonds are payable from ad valorem property taxes which may be levied without limitation as to rate or amount, on all taxable property within the District, sufficient to pay the principal of and interest on the bonds when due, whether at maturity or upon earlier redemption. Debt service requirements for principal and interest are listed below:

Year	Principal	Interest	Total
2017	\$ 215,000	\$ 40,550	\$ 255,550
2018	225,000	35,175	260,175
2019	225,000	28,988	253,988
2020	235,000	22,238	257,238
2021	240,000	14,600	254,600
2022	125,000	4,999	129,999
	\$ 1,265,000	\$ 146,550	\$ 1,411,550

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

*NOTE 6 - RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association (SDA) of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in the last three years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The Pool made no distributions to the District in the year ended December 31, 2016.

The District does not provide any employee health and accident insurance.

*NOTE 7 - CONTINGENCIES*

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2016.

*NOTE 8 - TABOR AMENDMENT – REVENUES AND SPENDING LIMITATIONS*

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The Amendment provides that governmental entities that qualify as an "Enterprise" are not subject to the Amendment. An enterprise is defined as a Government owned business authorized to issue its own revenue bonds and receives less than 10% of its total annual revenue from state and local government grants. Management believes that the District qualifies as an "Enterprise" and, therefore, is not subject to the Amendment. The Amendment is complex and subject to judicial interpretation, however the District believes it is in compliance with the requirements of the Amendment.

*NOTE 9- SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2016 through the issuance date of this report. There has been no additional material event noted during this period that would impact the result reflected in this report or the District's results going forward.

OTHER SUPPLEMENTAL INFORMATION

**BASALT SANITATION DISTRICT**  
**BUDGET AND ACTUAL COMPARISON - REVENUES**  
**PROPRIETARY FUND**  
 For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Unfavorable)
<b><u>BUDGETARY OPERATING REVENUES</u></b>				
Sewer Service Fees	\$ 747,176	\$ 747,176	\$ 747,591	\$ 415
Developmental Review Fees	15,000	15,000	19,645	4,645
Inspection Fees	300	300	400	100
Late Payment Fees	3,000	3,000	9,091	6,091
Miscellaneous Revenue	3,233	3,233	6,444	3,211
Total Budgetary Operating Revenues	<u>768,709</u>	<u>768,709</u>	<u>783,171</u>	<u>14,462</u>
<b><u>BUDGETARY NON-OPERATING REVENUES</u></b>				
General Property Taxes	287,700	287,700	285,690	(2,010)
Specific Ownership Taxes	10,000	10,000	12,181	2,181
Tap Fees	19,600	19,600	290,645	271,045
DOLA Grant	131,000	131,000	94,617	(36,383)
Interest Income	2,500	2,500	13,591	11,091
Total Budgetary Non-Operating Revenues	<u>450,800</u>	<u>450,800</u>	<u>696,724</u>	<u>245,924</u>
Total Budgetary Based Revenues	<u>\$ 1,219,509</u>	<u>\$ 1,219,509</u>	<u>\$ 1,479,895</u>	<u>\$ 260,386</u>

The accompanying notes are an integral part of these financial statements

**BASALT SANITATION DISTRICT**  
**BUDGET AND ACTUAL COMPARISON - EXPENDITURES**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Unfavorable)
<b><u>BUDGETARY OPERATING EXPENSES</u></b>				
Administrative Wage & Contract	\$ 90,904	\$ 90,904	\$ 92,249	\$ (1,345)
Audit Fee	8,250	8,250	8,250	-
Chemicals and lab	31,500	31,500	23,161	8,339
Condo Association Fees	3,080	3,080	2,425	655
Computer Expense	6,000	6,000	2,033	3,967
Development Review Fees	15,000	15,000	19,645	(4,645)
Director Fees	7,000	7,000	5,400	1,600
Dues & Subscriptions	1,250	1,250	781	469
Election Expense	500	500	148	352
Engineering	12,000	12,000	27,594	(15,594)
Insurance	31,065	31,065	33,092	(2,027)
Legal and Consulting	12,000	12,000	10,929	1,071
License and Permits	4,500	4,500	1,493	3,007
Office Expense	6,600	6,600	5,780	820
Payroll Taxes	3,432	3,432	3,675	(243)
Plant Operator	181,637	181,637	181,637	-
Plant Supplies	8,000	8,000	3,525	4,475
Postage	3,300	3,300	2,326	974
Repair and Maintenance - Lines	28,000	28,000	44,758	(16,758)
Repair and Maintenance - Plant	28,000	28,000	10,062	17,938
Sludge Removal	17,000	17,000	7,181	9,819
Telephone	1,572	1,572	1,633	(61)
Training & Employee Benefits	3,300	3,300	2,600	700
Utilities - Office	500	500	528	(28)
Utilities - Plant	52,000	52,000	48,028	3,972
Total Budgetary Operating Expenses	<u>556,390</u>	<u>556,390</u>	<u>538,933</u>	<u>17,457</u>
<b><u>BUDGETARY NON-OPERATING EXPENSES</u></b>				
Bond Interest Expense	44,750	44,750	44,750	-
Treasurers Fees	14,386	14,386	11,593	2,793
Bond Trustee Fees	200	200	200	-
Capital Outlay	408,800	408,800	254,309	154,491
Debt Retirement	210,000	210,000	210,000	-
Total Budgetary Non-Operating Expenses	<u>678,136</u>	<u>678,136</u>	<u>520,852</u>	<u>157,284</u>
Total Budgetary Appropriations	<u>\$ 1,234,526</u>	<u>\$ 1,234,526</u>	<u>\$ 1,059,785</u>	<u>\$ 174,741</u>

The accompanying notes are an integral part of these financial statements