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Menoken Water District
Annual Financial Report
December 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Menoken Water District
Montrose, Colorado

We have audited the accompanying financial statements of the business-type activities of Menoken Water District as of and for the year ended December 31, 2016 and 2015, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Menoken Water District, as of December 31, 2016 and 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 17-18 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.

Blair and Associates, P.C.

Cedaredge, Colorado
April 4, 2017

Menoken Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2016

As management of the Menoken Water District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- The District's assets exceeded its liabilities by \$ 2,234,647 at the end of the year, a decrease of \$ 172,492 from the prior year, after \$ 177,221 of depreciation expense.
- The District's unrestricted net position was \$ 461,200, an increase of \$4,728 from the prior year.
- During 2016, the District received capital contributions of \$ 10,500 from tap fees and \$ 10,885 from developer extensions.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of four components: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, (3) statement of cash flows, and (4) notes to the financial statements.

- The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve a useful indicator of whether the financial position of the District is improving or deteriorating (see page 6).
- The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The statement reports the District's operating and non-operating revenue by source along with operating and non-operating expenses and capital contributions (see page 7).
- The statements of cash flows report the District's cash flows from operating, investing and capital activities (see page 8).
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 9 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons. This information can be found beginning on page 17 of this report.

Financial Analysis

The following summarizes the District's net position as of December 31, 2016 and 2015.

	2016	2015
Assets		
Current assets	\$ 487,381	\$ 492,135
Capital assets	1,773,447	1,950,667
Total assets	<u>2,260,828</u>	<u>2,442,802</u>
Liabilities		
Current liabilities	13,404	23,277
Non current liabilities	12,777	12,386
Total liabilities	<u>26,181</u>	<u>35,663</u>
Net Position		
Net investment in capital assets	1,773,447	1,950,667
Unrestricted	461,200	456,472
Total net position	<u>\$ 2,234,647</u>	<u>\$ 2,407,139</u>

By far, the largest portion of the District's net position, 79%, reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its users; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining \$ 461,200 is unrestricted and available for on-going obligations of the District.

The following summarized the change in the District's net position for the years ended December 31, 2016 and 2015.

	2016	2015
Revenues		
Operating revenues	\$ 619,478	\$ 653,198
Non-operating revenues	3,098	1,849
Capital contributions	21,385	63,641
Total revenues	<u>643,961</u>	<u>718,688</u>
Expenses		
Operating expenses	639,232	753,941
Depreciation	177,221	179,062
Total expenses	<u>816,453</u>	<u>933,003</u>
Changes in net position	(172,492)	(214,315)
Net position - January 1	2,407,139	2,621,454
Net position - December 31	<u>\$ 2,234,647</u>	<u>\$ 2,407,139</u>

Capital Assets

The District's net investment in capital assets amounts to \$ 1,773,447, net of \$4,257,774 of accumulated depreciation, as of December 31, 2016. This investment consists of land, storage and distributions system, building and improvements, equipment and furniture and fixtures.

Additional information on the District's capital assets can be found on page 15.

Economic Factors and Next Year's Budgets

Water Rates:

Water rates were unchanged in 2016.

Water usage was down 16.3% in 2016, the majority of the decline was the shutdown of the Montrose dairy. Other factors are: continued property vacancies and weather. No rate increase is proposed for the 2017 budget.

Cost of Service: Per 1,000 gallons sold	2016 = 171,600,000 gallons	
Raw water	\$	0.33
Water treatment		0.92
Office & administrative		1.14
System O&M		1.42
Capital improvement		<u>0.01</u>
Cost of service	\$	<u>3.82</u>
Water sold in 2016	\$	3.60
Service fees		0.09
Tap fees, Pipe extensions		0.13
Investments		<u>0.01</u>
Income	\$	<u>3.83</u>
Paid by reserves	\$	<u>(0.01)</u>

Capital expenditures for 2016 were limited to billing and bookkeeping computer system upgrade.

Estimated expenditures for 2017 are to replace one of the pickup trucks, estimated cost \$ 24,000.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District Manager, 4386 6225 Road, Montrose, Colorado 81401.

**Menoken Water District
Statement of Net Position
December 31, 2016 and 2015**

	2016	2015
Current Assets		
Cash	\$ 94,499	\$ 104,814
Certificates of deposit	214,745	213,448
Investments	50,657	50,514
Accounts receivable		
Customers	62,550	57,239
Prepaid expenses	5,240	3,125
Inventory	59,690	62,995
Total current assets	487,381	492,135
Capital Assets		
Land	51,465	51,465
Distribution System, net	1,682,272	1,854,508
Equipment, net	-	919
Buildings, net	39,710	43,775
Total capital assets	1,773,447	1,950,667
Total assets	2,260,828	2,442,802
Current Liabilities		
Accounts payable	7,552	18,077
Accrued compensated absences, current portion	5,852	5,200
Total current liabilities	13,404	23,277
Non-current Liabilities		
Accrued compensated absences	12,777	12,386
Total liabilities	26,181	35,663
Net Position		
Net investment in capital assets	1,773,447	1,950,667
Unrestricted	461,200	456,472
Total net position	\$ 2,234,647	\$ 2,407,139

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

Menoken Water District
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Water sales	\$ 603,198	\$ 633,775
Other sales and charges for services	5,576	9,017
Miscellaneous	10,704	10,406
Total operating revenues	<u>619,478</u>	<u>653,198</u>
Operating Expenses		
Personal services	331,197	338,489
Water purchase and treatment	205,861	232,172
Other operating	45,746	95,077
General administrative	56,428	88,203
Total operating expenses	<u>639,232</u>	<u>753,941</u>
Operating loss before depreciation	(19,754)	(100,743)
Depreciation	<u>(177,221)</u>	<u>(179,062)</u>
Operating loss	<u>(196,975)</u>	<u>(279,805)</u>
Non-operating revenues (expenses)		
Interest income	3,098	1,849
Total non-operating revenues (expenses)	<u>3,098</u>	<u>1,849</u>
Loss before capital contributions	<u>(193,877)</u>	<u>(277,956)</u>
Capital contributions		
Tap fees	10,500	10,500
Developers	10,885	53,141
Total capital contributions	<u>21,385</u>	<u>63,641</u>
Change in net position	<u>(172,492)</u>	<u>(214,315)</u>
Net position - January 1	<u>2,407,139</u>	<u>2,621,454</u>
Net position - December 31	<u>\$ 2,234,647</u>	<u>\$ 2,407,139</u>

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

**Menoken Water District
Statement of Cash Flows
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Receipts from users and customers	\$ 614,167	\$ 645,827
Payments for employee services	(330,154)	(339,214)
Payments to suppliers	(317,370)	(384,636)
Net cash used for operating activities	<u>(33,357)</u>	<u>(78,023)</u>
Cash flows from capital related financing activities		
Tap fees	10,500	10,500
Developers	10,885	53,141
Net cash provided by capital and related financing activities	<u>21,385</u>	<u>63,641</u>
Cash flows from investing activities		
Interest earned on deposits and investments	3,098	1,849
Purchase of investments	(1,441)	(1,835)
Net cash provided by (used) for investing activities	<u>1,657</u>	<u>14</u>
Net increase (decrease) in cash	(10,315)	(14,368)
Cash - January	<u>104,814</u>	<u>119,182</u>
Cash - December	<u>\$ 94,499</u>	<u>\$ 104,814</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (196,975)	\$ (279,805)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	177,221	179,062
Decrease (increase) in accounts receivable	(5,311)	(7,371)
Decrease (increase) in prepaid expenses	(2,115)	16,135
Decrease (increase) in inventory	3,305	8,737
Increase (decrease) in accounts payable	(10,525)	5,944
Increase in compensated absences payable	1,043	(725)
Net cash used for operating activities	<u>\$ (33,357)</u>	<u>\$ (78,023)</u>

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

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note A – Summary of Significant Accounting Policies

The financial statements of Menoken Water District, (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles:

1. Reporting Entity

The District was originally incorporated as Menoken Water Company (the Company) in 1960 as a Colorado nonprofit entity. On November 4, 1997, the electors approved changing the Company to a political subdivision of the State of Colorado, and changing the Company's name to Menoken Water District. The District provides domestic water to customers in northeast Montrose County, Colorado. The District is governed by an elected five member board. For financial reporting purposes, the district, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the district is not considered a component unit of another entity.

2. Financial Statement Presentation

The accounts of the District have been organized on the basis of a single enterprise fund. Enterprise funds are used to account for operation that are financed and operated in a manner similar to private business enterprises. It is the intent of the governing body that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to users for water sales which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and give up essentially equal values. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note A – Summary of Significant Accounting Policies - continued

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The District utilized the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted assets first, then unrestricted resources as they are needed.

The assets, liabilities, and net position of the District are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the District's programs.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of cash certificates of deposits and highly liquid investments purchased with an initial maturity of three months or less.

5. Investments

Money market funds and external investment pools are stated at cost, which is equal to fair value. All other investments are stated at fair value based on quoted market values.

6. Accounts Receivable

The District considers accounts receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is maintained. If amounts become uncollectible, they are charged to operations when that determination is made.

7. Inventory

Inventory consists of materials and supplies which are stated at cost on a first-in/first-out method.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note A – Summary of Significant Accounting Policies – continued

8. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets that have a useful life of more than one year and that have an initial cost of \$ 5,000 or more. Replacements, which improve or extend the lives of property, are capitalized. The District capitalizes labor and equipment costs for self-constructed capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

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

Storage and distribution	30 to 45 years
Building and improvements	25 years
Equipment, furniture and fixtures	5 to 10 years

9. Compensated Absences

Vacation time accrues at the rate of one week after one year of employment and two weeks after two years of employment. Sick leave accrues at the rate of ½ day per month up to 15 days, after which unused sick leave is paid monthly.

10. Use of Estimates

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

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note B – Tax, Spending and Debt 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 requirement of state and local governments.

The amendment excludes enterprises from its provisions; Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provision of the amendment. It is the District's opinion that qualifies for the exclusion and is therefore excluded from the provisions of the amendment.

Note C – Budgets

The District adheres to the following budgetary procedures:

- Budgets are required by state law.
- The budget officer is required to submit a proposed budget by October 15.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Expenditures may not legally exceed total appropriations. Board approval is required for changes in the adopted budget. Budget appropriations lapse at the end of the year. The District could be in violation of Colorado Budget Law because actual expenditures exceeded budgetary amounts.
- The District's budgets are prepared based on the flow of current financial resources using a modified accrual basis of accounting.

Following is a summary of the adjustment necessary to convert to the budgetary basis from GAAP:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 643,961	\$ 816,453
Adjustments:		
Depreciation		<u>(177,221)</u>
Budgetary basis	643,941	639,232
Budget	<u>648,000</u>	<u>775,708</u>
Variance – favorable (unfavorable)	<u>\$ (4,039)</u>	<u>\$ 136,476</u>

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note D – Deposits and Investments

The District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, effective for periods beginning after June 15, 2004. This statement establishes and modifies disclosure requirements related to investment credit risk; including custodial credit risk and concentrations of credit risk; interest rate risk and foreign currency risk; as well as deposit custodial credit risk and foreign currency risk.

1. Deposits

Colorado State Statutes govern the District's deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to one hundred and two percent of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016 the carrying amount of the District's deposits was \$ 308,744 and the bank balances were \$ 310,260. Of the bank balances, all were insured under FDIC.

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District has no investment policy that would further limit its investment choices.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note D – Deposits and Investments – continued

At December 31, 2016 and 2015 the District had investments of \$50,657 and \$ 50,514, respectively, in a local government investment pool; the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in COLORTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form. COLORTRUST is rated AAA from Standards and Poor's.

3. Reconciliation of Cash and Investments as Shown on the Statements of Net Position as of December 31, 2016:

Cash and investments:	
Cash on hand	\$ 500
Carrying amount of deposits	308,744
Carrying amount of investments	<u>50,657</u>
	<u>\$ 359,901</u>
Statements of net position classification:	
Cash	\$ 94,499
Certificates of deposit	214,745
Investments	<u>50,657</u>
	<u>\$ 359,901</u>

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note E – Capital Assets

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Capital assets, not being depreciated:				
Land	\$ 51,465	\$ -	\$ -	\$ 51,465
Total capital assets, not being depreciated	<u>51,465</u>	<u>-</u>	<u>-</u>	<u>51,465</u>
Capital, being depreciated				
Storage and distribution system	5,419,765	-	-	5,419,765
Building and improvements	165,155	-	-	165,155
Equipment	357,684	-	-	357,684
Furniture and fixtures	37,152	-	-	37,152
Total capital assets, being depreciated	<u>5,979,756</u>	<u>-</u>	<u>-</u>	<u>5,979,756</u>
Less accumulated depreciation for:				
Storage and distribution system	(3,565,257)	(172,236)	-	(3,737,493)
Building and improvements	(121,380)	(4,065)	-	(125,445)
Equipment	(356,765)	(919)	-	(357,684)
Furniture and fixtures	(37,152)	-	-	(37,152)
Total accumulated depreciation	<u>(4,080,554)</u>	<u>(177,220)</u>	<u>-</u>	<u>(4,257,774)</u>
Total capital assets, being depreciated, net	<u>1,899,202</u>	<u>(177,220)</u>	<u>-</u>	<u>1,721,982</u>
Net investment in capital assets	<u>\$ 1,950,667</u>	<u>\$ (177,220)</u>	<u>\$ -</u>	<u>\$ 1,773,447</u>

Note F – Non-current Liabilities

Non-current liability activity for compensated absences for the year ended December 31, 2016, was as follows:

Balance January 1, 2016	\$ 17,586
Additions	18,629
Reductions	<u>(17,586)</u>
Balance December 31, 2016	<u>\$ 18,629</u>
Current portion	<u>\$ 5,852</u>

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2016 and 2015

Note G – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, including employee health insurance and workman’s compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three years.

Note H – Commitments

The District purchases all of its treated water from the Project 7 Water Authority. The District is committed to paying for the treatment of a minimum of 45 million gallons of water annually from the Project 7 Water Authority. During the years ended December 31, 2016 and 2015 the District’s actual use was 171.6 million and 196.3 million gallons at a cost of \$ 150,052 and \$ 176,682, respectively.

Pursuant to a contract with the Tri-County Water Conservancy District, the District is committed to purchasing an allotment of raw water from the Dallas Creek Water Projects. The allotment amounts are as follows:

Blocks One and Two	565 acre feet annually
Block Three	<u>75</u> acre feet annually
Total	<u>640</u> acre feet annually

Payment for the cost of the water will be paid annually for fifty years at which time the District will own water rights in the amount listed. Required payments for the additional acre feet in Block Three began in 2000. The required payment was \$ 54,473 and \$ 54,153 for 2016 and 2015 respectively, including operations and maintenance costs.

Note I – Employee Retirement Plan

The District provides pension benefits for all of its full time employees in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

All full time employees are eligible to participate in the plan that is administered by the District from the date of hire. The District will match up to 6% of each employee base salary. District contributions for all employees are a 100% vested.

The District’s total payroll for the year 2016 was \$ 227,573. The District’s contributions were calculated using the base salary of \$ 217,781. The District made the required contributions of \$ 9,792 and the employees made required contributions of \$ 9,792.

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Available Resources - January 1	\$ 331,263	\$ 331,263	\$ 456,472	\$ 125,209
Revenues				
Water sales	622,500	622,500	603,198	(19,302)
Material sold to customers	500	500	10,885	10,385
Service charges	950	950	762	(188)
Lock-off fees	3,600	3,600	3,804	204
Penalties	4,500	4,500	4,415	(85)
Extension labor and equipment	7,000	7,000	5,576	(1,424)
Tap fees	7,000	7,000	10,500	3,500
Interest	1,900	1,900	3,098	1,198
Miscellaneous	50	50	1,723	1,673
Total revenues	648,000	648,000	643,961	(4,039)
Total available resources	979,263	979,263	1,100,433	121,170
Expenditures				
Personal services:				
Salaries	242,809	242,809	230,029	12,780
Employee medical insurance	68,483	68,483	64,612	3,871
Payroll taxes	17,900	17,900	19,244	(1,344)
Workmen's compensation	5,000	5,000	6,039	(1,039)
Unemployment insurance	500	500	668	(168)
Miscellaneous labor	300	300	-	300
Employee retirement	9,821	9,821	10,605	(784)
Water				
Raw water	55,025	55,025	55,759	(734)
Treatment	171,370	171,370	150,052	21,318
UVWUA	50	50	50	-
Operating:				
Gas, oil and fuel	10,500	10,500	7,433	3,067
Vehicle maintenance and repair	5,000	5,000	2,330	2,670
Shop supplies	4,300	4,300	819	3,481
Equipment maintenance and repair	2,500	2,500	2,136	364
Small tools	1,000	1,000	1,358	(358)
System maintenance and repair	9,500	9,500	23,702	(14,202)
Freight	1	1	-	1
Materials sold to customers	3,000	3,000	229	2,771
Permits	500	500	424	76
Water Samples	1,000	1,000	1,250	(250)
Other	3,600	3,600	2,306	1,294
Construction repairs	100	100	380	(280)

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
General Administrative:				
Insurance	16,000	16,000	15,435	565
Office equipment and computers	5,000	5,000	3,698	1,302
Accounting and audit	6,500	6,500	10,555	(4,055)
Telephone	4,000	4,000	4,178	(178)
Postage	5,500	5,500	5,098	402
Office supplies	700	700	2,138	(1,438)
Director's fees	2,200	2,200	2,200	-
Electricity	3,400	3,400	3,151	249
Pest control and trash removal	100	100	243	(143)
Heat	1,500	1,500	1,465	35
Office equipment maintenance and repair	100	100	707	(607)
Dues and memberships	500	500	430	70
Legal	10,000	10,000	1,721	8,279
Employee advancement	350	350	310	40
Building maintenance and repair	500	500	3,246	(2,746)
Refunds	-	-	1,363	(1,363)
Water system tax	-	-	490	(490)
Capital expenditures:				
New meter pit installations	100	100	1,155	(1,055)
System improvements	75,000	75,000	-	75,000
Capital equipment	22,000	22,000	-	22,000
Customer extensions	1	1	2,224	(2,223)
Contingency	9,998	9,998	-	9,998
Total expenditures	<u>775,708</u>	<u>775,708</u>	<u>639,232</u>	<u>136,476</u>
Available Resources December 31	<u>\$ 203,555</u>	<u>\$ 203,555</u>	<u>\$ 461,201</u>	<u>\$ 257,646</u>