

# North Washington Street Water and Sanitation District

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Annual Financial Report

December 31, 2016 and 2015



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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## **Independent Auditor's Report**

Members of the Board of Directors  
North Washington Street Water & Sanitation District  
Adams County, Colorado

We have audited the accompanying financial statements of the business-type activities of North Washington Street Water & Sanitation District (the "District") as of and for the years 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Washington Street Water & Sanitation District, as of December 31, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

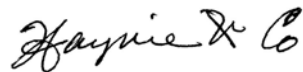
### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Washington Street Water & Sanitation District's financial statements as a whole. The other supplementary information sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
September 13, 2017

## **Basic Financial Statements**

**North Washington Street Water & Sanitation District**  
**Statements of Net Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,804,474	\$ 2,066,841
Investments	11,747,609	10,381,937
Accounts receivable:		
Customers	702,015	722,592
Taxes	336,184	289,631
Other	14,103	40,508
Accrued interest	11,050	11,050
Accrued service fees	271,803	229,461
Inventory	103,617	85,607
Prepaid expenses	-	270,037
Total Current Assets	15,990,855	14,097,664
<b>Capital Assets</b>		
Not Being Depreciated		
Land	127,978	127,978
Construction in progress	1,448,416	939,268
Total Capital Assets, Not Being Depreciated	1,576,394	1,067,246
Being Depreciated		
Buildings	1,202,256	1,160,894
Water system	11,629,945	10,814,043
Sewer system	5,906,121	5,735,394
Furniture and equipment	3,020,831	2,942,992
Total Capital Assets, Being Depreciated	21,759,153	20,653,323
Less accumulated depreciation	(7,869,824)	(7,469,396)
Net Capital Assets, Being Depreciated	13,889,329	13,183,927
Net Capital Assets	15,465,723	14,251,173
<b>Restricted Cash and Investments</b>		
Customer and other deposits-Restricted	158,102	161,462
Total Assets	\$31,614,680	\$28,510,299

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

**North Washington Street Water & Sanitation District**  
**Statements of Net Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 763,872	\$ 510,565
Compensated absences payable	118,593	59,870
Accrued payroll	13,629	13,629
Total Current Liabilities	896,094	584,064
<b>Long-Term Liabilities</b>		
Long-term portion of compensated absences payable	85,507	85,507
Total Long-Term Liabilities	85,507	85,507
<b>Restricted Liabilities</b>		
Customer deposits	158,102	161,462
Total Restricted Liabilities	158,102	161,462
Total Liabilities	1,139,703	831,033
<b>Deferred Inflows of Resources</b>		
Deferred property tax revenue	333,100	286,547
Total Deferred Inflows of Resources	333,100	286,547
<b>Net Position</b>		
Net investment in capital assets	15,465,723	14,251,173
Unrestricted	14,676,154	13,141,546
Total Net Position	30,141,877	27,392,719
Total Liabilities, Deferred Inflows and Net Position	\$31,614,680	\$28,510,299

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

**North Washington Street Water & Sanitation District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Water Operations</b>		
Revenue		
Water sales	\$ 5,484,332	\$ 4,905,944
Turn on fees	36,855	35,385
Miscellaneous	<u>53,005</u>	<u>40,221</u>
Total Water Revenue	5,574,192	4,981,550
Direct Water Expenses	<u>(3,963,843)</u>	<u>(3,762,534)</u>
Gross Income from Water Operations	<u>1,610,349</u>	<u>1,219,016</u>
<b>Sanitation Operations</b>		
Revenue		
Sewage treatment	4,461,387	4,056,879
Direct sanitation expenses	<u>(2,821,194)</u>	<u>(2,608,819)</u>
Total Sanitation Operations	1,640,193	1,448,060
<b>General and Administrative Expenses</b>	<u>(1,534,125)</u>	<u>(1,429,501)</u>
<b>Operating Income</b>	<u>1,716,417</u>	<u>1,237,575</u>
<b>Nonoperating Revenues (Expenses)</b>		
General property tax	286,462	276,143
Specific ownership tax	23,086	23,414
Net investment income	124,404	110,384
Unrealized gain (loss) on investment	(84,600)	21,958
Miscellaneous revenue	109,875	68,629
County Treasurer's fees	<u>(4,718)</u>	<u>(3,344)</u>
Total Nonoperating Revenues (Expenses)	<u>454,509</u>	<u>497,184</u>
<b>Income Before Capital Contributions</b>	<u>2,170,926</u>	<u>1,734,759</u>
<b>Capital Contributions</b>		
Contributed lines and system development fees	<u>578,232</u>	<u>589,210</u>
Total Capital Contributions	<u>578,232</u>	<u>589,210</u>
<b>Change in Net Position</b>	2,749,158	2,323,969
<b>Net Position—Beginning of Year</b>	<u>27,392,719</u>	<u>25,068,750</u>
<b>Net Position—End of Year</b>	<u><u>\$30,141,877</u></u>	<u><u>\$27,392,719</u></u>

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

**North Washington Street Water & Sanitation District**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 9,983,003	\$ 8,665,322
Cash paid to suppliers for goods and services	(5,923,961)	(5,862,270)
Cash paid to employees for services	(881,147)	(905,235)
Cash paid on behalf of employees	(549,569)	(466,533)
Other operating revenue	53,005	146,706
Net Cash From Operating Activities	2,681,331	1,577,990
Cash Flows from Non-capital Financing Activities:		
Miscellaneous nonoperating revenue	67,533	78,995
Property and specific ownership taxes received, net	351,383	305,759
Net Cash From Non-capital Financing Activities	418,916	384,754
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,614,978)	(1,699,032)
Development fees received	578,232	589,210
Net Cash From Capital and Related Financing Activities	(1,036,746)	(1,109,822)
Cash Flows from Investing Activities:		
Investments purchased	(1,365,672)	(429,742)
Net investment income received	39,804	132,342
Net Cash from Investing Activities	(1,325,868)	(297,400)
<b>Net Change in Cash and Cash Equivalents</b>	737,633	555,522
Cash and Cash Equivalents—Beginning of Year	2,066,841	1,511,319
Cash and Cash Equivalents—End of Year	\$ 2,804,474	\$ 2,066,841

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

**North Washington Street Water & Sanitation District**  
**Statements of Cash Flows (continued)**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Reconciliation of Net Operating Income to Net Cash From Operating Activities:</b>		
Net operating income	\$1,716,417	\$1,237,575
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	400,428	401,476
Changes in assets and liabilities:		
Receivables—Customers	429	(226,401)
Inventory	(18,010)	50,315
Prepaid expenses	270,037	(88,529)
Accounts payable	253,307	203,554
Compensated absences payable	58,723	-
Total Adjustments	964,914	340,415
<b>Net Cash From Operating Activities</b>	<b>\$2,681,331</b>	<b>\$1,577,990</b>

The accompanying notes are an integral part of these statements.

# North Washington Street Water & Sanitation District

## Notes to Financial Statements

### December 31, 2016 and 2015

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#### 1. Definition of Reporting Entity

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North Washington Street Water & Sanitation District, (District) is a special district created under the laws of the State of Colorado to provide water and sanitation services to its customers. The District's service area is located in Adams County and the City and County of Denver. The District is an independent entity with its own taxing power. The District buys all of its water from the Denver Board of Water Commissioners. The District's sewage is transported to and treated by Metro Wastewater Reclamation District. Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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#### 2. Summary of Significant Accounting Policies

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The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are exercised in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The more significant accounting policies of the District are described as follows:

##### **Basis of Accounting**

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets. System development fees and contributed lines received are recorded as capital contributions when received.

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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## 2. Summary of Significant Accounting Policies (continued)

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### Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

### Capital Assets

The District's property and equipment are carried at cost in the case of outright purchases or construction. In the case of property contributed by sub-dividers or customers, such as water and sewer lines, the asset is recorded at an estimated fair market value at the date of contribution as determined by the District's consulting engineers.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water system lines and accessories	50-100 years
Sewer system lines and accessories	50 years
Building	40 years
Equipment	6-20 years

Interest costs incurred during the construction phase are capitalized as incurred.

### Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts for water and sewer services since such accounts are negligible. The District policy regarding delinquent accounts is to place a lien against the real estate and not provide water or sewer services until back charges are paid. A security deposit from customers also helps to ensure collection.

### Property Tax Revenue Recognition

Annual property taxes are levied on January 1 based on assessed valuations certified by the County Assessor's office by December 15 of the current year. A taxpayer has the option of paying all their taxes by the end of April or paying their taxes in two installments. If the taxpayer elects to pay in two installments, one half of their taxes are due by the end of February of the current year and the second half of their taxes are due by June 15 of the current year.

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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## 2. Summary of Significant Accounting Policies (continued)

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Taxes are considered to be delinquent if unpaid by the respective due dates. The County Treasurer collects the property taxes and remits the collections on a monthly basis to the District.

The District recognizes a receivable for property taxes when the mill levy is certified. Deferred revenue is recorded in the same amount since the taxes are not available at the year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

### **Budget and Budgetary Accounting**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

### **Operations**

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenue, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **System Development Fees**

System development revenue represents tap fees. These fees are recorded as contributions and combined with contributed lines (see below) on the Statements of Revenue, Expenses and Changes in Net Position.

### **Contributed Lines**

Contributed lines represent contributions for plant and equipment acquired by the District primarily through donations by customers, developers and sub-dividers. These contributions are in the form of water and sewer lines installed and paid for by others and deeded over to the District and meter package charges paid by customers of the District.

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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## 2. Summary of Significant Accounting Policies (continued)

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### **Cash and Cash Equivalents**

The District considers cash deposits and highly liquid investments with an intended maturity of three months or less to be cash equivalents.

### **Investments**

The District's policy is to account for investments at fair market value in accordance with GASB. Gains or losses on the sale of investments are recognized when the investment is sold.

### **Inventories**

Inventory is stated at the lower of cost or market, using the first-in, first-out method, and consists of expendable supplies.

### **Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net asset amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### **Management Estimates**

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

### **Reclassifications**

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact on the District's change in net position.

### **Property Taxes**

The District collects property tax from property owners within the district based on assessed values at December 31 of the prior year. Property owners are to pay these assessments either in full by April 30th or in halves by February 28/29th and June 15th. These taxes are collected by Adams County and remitted to the district on the 10th day of the month following collection.

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**3. Cash, Cash Equivalents and Investments**

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Cash deposits and investments are reflected on the December 31 Statements of Net Position as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash and cash equivalents (less restricted balances)	\$ 2,804,474	\$ 2,066,841
Investments	11,747,609	10,381,937
Restricted cash and investments		
Customer deposits	<u>158,102</u>	<u>161,462</u>
Total	<u>\$ 14,710,185</u>	<u>\$ 12,610,240</u>

**Cash Deposits**

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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial institutions 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 and 2015, the District's cash deposits had a bank balance and a carrying balance as follows:

	<b><u>2016</u></b>		<b><u>2015</u></b>	
	<b>Carrying Balance</b>	<b>Bank Balance</b>	<b>Carrying Balance</b>	<b>Bank Balance</b>
Deposits with financial institutions	\$ 2,803,474	\$ 2,751,554	\$ 2,065,841	\$ 2,304,621
Petty cash	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 2,804,474</u>	<u>\$ 2,752,554</u>	<u>\$ 2,066,841</u>	<u>\$ 2,305,621</u>

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**3. Cash, Cash Equivalents and Investments (continued)**

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and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

	<u>2016</u>	<u>2015</u>
Insured deposits	\$ 1,847,252	\$ 986,967
Category 1	1,000	1,000
Category 2	<u>12,861,933</u>	<u>11,622,273</u>
Total cash and investments	<u>\$14,710,185</u>	<u>\$ 12,610,240</u>

**Investments**

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,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities, bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

The local government investment pools, which include Colorado Surplus Asset Fund Trust (CSAFE) is rated AAAM by Moody's for the years ended December 31, 2016 and 2015. The investments in U.S. Agencies are rated AA+ by Moody's for the years ended December 31, 2016 and 2015.

**Credit Risk**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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### 3. Cash, Cash Equivalents and Investments (continued)

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#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with debt service reserve or sinking fund requirements.

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to three years or less.

As of December 31, 2016 and 2015, the District had the following investments:

#### 2016

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 950,691
U.S. Agencies	Callable quarterly, but no more than five years	<u>11,747,309</u>
Total Investments		<u>\$12,698,000</u>

#### 2015

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 1,082,051
U.S. Agencies	Callable quarterly, but no more than five years	<u>10,381,909</u>
Total Investments		<u>\$ 11,463,960</u>

#### CSAFE

At December 31, 2016 and 2015, the District had \$950,691 and \$1,082,051, respectively, invested in the CSAFE, which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00.

#### Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**3. Cash, Cash Equivalents and Investments (continued)**

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are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in U.S agencies, which are reported at fair value using Level 1 inputs.

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**4. Capital Assets**

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An analysis of the changes in net capital asset for the years ended December 31, 2016 and 2015 follows:

	Balance December 31, 2015	Additions	Transfers	Retirements	Balance December 31, 2016
Capital assets, not being depreciated:					
Land	\$ 127,978	\$ -	\$ -	\$ -	\$ 127,978
Construction in progress	<u>939,268</u>	<u>609,574</u>	<u>(100,426)</u>	<u>-</u>	<u>1,448,416</u>
Total capital assets, not being depreciated	<u>1,067,246</u>	<u>609,574</u>	<u>(100,426)</u>	<u>-</u>	<u>1,576,394</u>
Capital assets, being depreciated:					
Building	1,160,894	41,362	-	-	1,202,256
Water system	10,814,043	815,902	-	-	11,629,945
Sewer system	5,735,394	170,727	-	-	5,906,121
Equipment	<u>2,942,992</u>	<u>77,839</u>	<u>-</u>	<u>-</u>	<u>3,020,831</u>
Total capital assets, being depreciated	<u>20,653,323</u>	<u>1,105,830</u>	<u>-</u>	<u>-</u>	<u>21,759,153</u>
Less accumulated depreciation for:					
Building	(667,378)	(27,947)	-	-	(695,325)
Water system	(2,288,463)	(137,021)	-	-	(2,425,484)
Sewer system	(2,207,719)	(86,525)	-	-	(2,294,244)
Equipment	<u>(2,305,836)</u>	<u>(148,935)</u>	<u>-</u>	<u>-</u>	<u>(2,454,771)</u>
Total accumulated depreciation	<u>(7,469,396)</u>	<u>(400,428)</u>	<u>-</u>	<u>-</u>	<u>(7,869,824)</u>
Total capital assets, being depreciated, net	<u>13,183,927</u>	<u>705,402</u>	<u>-</u>	<u>-</u>	<u>13,889,329</u>
Capital assets, net	<u>\$ 14,251,173</u>	<u>\$ 1,314,976</u>	<u>\$ (100,426)</u>	<u>\$ -</u>	<u>\$ 15,465,723</u>

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**4. Capital Assets (continued)**

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	Balance December 31, 2014	Additions	Transfers	Retirements	Balance December 31, 2015
Capital assets, not being depreciated:					
Land	\$ 127,978	\$ -	\$ -	\$ -	\$ 127,978
Construction in progress	<u>-</u>	<u>1,039,268</u>	<u>(100,000)</u>	<u>-</u>	<u>939,268</u>
Total capital assets, not being depreciated	<u>127,978</u>	<u>1,039,268</u>	<u>(100,000)</u>	<u>-</u>	<u>1,067,246</u>
Capital assets, being depreciated:					
Building	1,148,129	12,765	-	-	1,160,894
Water system	10,413,453	400,590	-	-	10,814,043
Sewer system	5,395,597	339,797	-	-	5,735,394
Equipment	<u>2,936,380</u>	<u>6,612</u>	<u>-</u>	<u>-</u>	<u>2,942,992</u>
Total capital assets, being depreciated	<u>19,893,559</u>	<u>759,764</u>	<u>-</u>	<u>-</u>	<u>20,653,323</u>
Less accumulated depreciation for:					
Building	(640,142)	(27,236)	-	-	(667,378)
Water system	(2,155,360)	(133,103)	-	-	(2,288,463)
Sewer system	(2,123,267)	(84,452)	-	-	(2,207,719)
Equipment	<u>(2,149,151)</u>	<u>(156,685)</u>	<u>-</u>	<u>-</u>	<u>(2,305,836)</u>
Total accumulated depreciation	<u>(7,067,920)</u>	<u>(401,476)</u>	<u>-</u>	<u>-</u>	<u>(7,469,396)</u>
Total capital assets, being depreciated, net	<u>12,825,639</u>	<u>358,288</u>	<u>-</u>	<u>-</u>	<u>13,183,927</u>
Capital assets, net	<u>\$ 12,953,617</u>	<u>\$ 1,397,556</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 14,251,173</u>

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**5. Long-Term Liabilities**

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The District's vacation policy states employees can carry forward unused vacation not to exceed the amount of vacation normally earned by an employee in one year. The District's sick leave policy states employees will be paid for accumulated sick leave up to 90 days upon retirement from the District.

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**5. Long-Term Liabilities (continued)**

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Changes in the District's long-term liabilities for the years ended December 31, 2016 and 2015 follows:

	<b>Balance at December 31 2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31 2016</b>	<b>Due Within One Year</b>
Compensated absences	\$ 145,377	\$ 131,916	\$(73,193)	\$ 204,100	\$ 118,593
	<b>Balance at December 31 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31 2015</b>	<b>Due Within One Year</b>
Compensated absences	\$ 145,377	\$ 75,868	\$(75,868)	\$ 145,377	\$ 59,870

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**6. Net Position**

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The District has net position consisting of two components — net investment in capital assets and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2016 and 2015. As of December 31, 2016 and 2015, the District had net investment in capital assets of \$15,465,723 and \$14,251,173, respectively.

Restricted net position include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of December 31, 2016 and 2015.

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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#### 7. Sanitation Service Fees

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Sewer service fees paid to the Metro Wastewater Reclamation District are based on estimates. The actual charge is not determined until all flow data has been received and laboratory analysis made of the sewage of all connecting members of the Metro Wastewater Reclamation District. According to the service contract, this actual charge is calculated by March following the end of the calendar year. Service charges for 2016 and 2015 have been adjusted to reflect the actual expense. Overpayments or underpayments arising from the difference between the original estimated charge and a revised estimated charge in August of each year is paid or credited in the next year. The difference between the revised estimated amount and the final adjusted amount is paid or credited in the second year following the adjustment. At December 31, 2016 and 2015, the District had an amount due of \$239,737 and prepaid expenses of \$269,595, respectively, from Metro Wastewater Reclamation District. These adjustments arise from differences between actual charges and revised estimated charges.

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#### 8. Related Party

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One of the five members of the Board of Directors is a co-owner of Colorado Lighting Inc. Amounts paid to Colorado Lighting Inc. during 2016 and 2015 for services were \$2,562 and \$8,173, respectively.

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#### 9. Risk Management

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years.

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#### 10. Employees' Retirement Plan

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The District participates in a retirement plan administered by the Colorado Counties Officials and Employees Retirement Association (Association). The Association established a defined contribution plan called the Colorado County Officials and Employees Retirement Plan (Plan) through which contributions of the District are combined with contributions of employees and invested in income earning instruments for the benefit of Plan participants. Any county, municipality, or special district of the State of Colorado may, with the consent of the Association, become a member of the Association and participate in the Plan by adopting it for its officers and employees. Employees of the District are required to participate in the Plan

# North Washington Street Water and Sanitation District

## Notes to Financial Statements (continued)

### December 31, 2016 and 2015

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#### 10. Employees' Retirement Plan (continued)

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after the completion of one year of service, but participation is optional for all elected officers. The District matches contributions equal to 6% of the eligible employees' salaries. Employees may make additional voluntary contributions not to exceed 10% of their salary. Participants vest in employer contributions at the rate of 10% per year, and are immediately vested 100% in their own contributions and earnings on those contributions.

Any employee contributions forfeited by a participant due to termination of employment before becoming fully vested are returned to the District and netted against the pension expense on the District's financial statements.

The Association may at any time elect to terminate the Plan. In the event of such termination or withdrawal from the Plan by the District, each participant becomes 100% vested.

During 2016 and 2015, the District's contribution to the Plan was \$46,495 and \$44,791 respectively. At December 31, 2016, there were no amounts to the plan. At December 31, 2015, \$1,822 was due to the plan.

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#### 11. Deferred Compensation Plan

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The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by the Association. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

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#### 12. Tax, Spending and Debt Limitations

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Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for the exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions.

**North Washington Street Water and Sanitation District**  
**Notes to Financial Statements (continued)**  
**December 31, 2016 and 2015**

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**12. Tax, Spending and Debt Limitations (continued)**

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Revenue in excess of the Fiscal Year spending limit must be refunded unless the voters approve retention of such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

## **Supplementary Information**

**North Washington Street Water & Sanitation District**  
**Schedule of Direct Water Operating Expenses**  
**For the Years Ended December 31, 2016 and 2015**

<b>Water Operating Expenses</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Source of Supply:</b>		
Purchased water	\$ 3,334,430	\$ 3,118,697
Repairs and maintenance	43,388	-
Telephone	375	1,868
Total Source of Supply	<u>3,378,193</u>	<u>3,120,565</u>
 <b>Transmission and Collection:</b>		
Power for pumping	25,119	23,525
Operating supplies	10,212	12,180
Repairs and maintenance	124,853	222,180
Salaries and wages	213,519	201,501
Employee benefits	89,978	75,736
Payroll taxes	17,872	16,188
Worker's compensation insurance	7,337	3,777
Gasoline	5,049	4,512
Training	495	793
Total Transmission and Collection	<u>494,434</u>	<u>560,392</u>
 <b>Water meter reading:</b>		
Operating supplies	2,392	3,344
Salaries and wages	51,781	48,936
Employee benefits	22,040	18,089
Payroll taxes	4,143	3,930
Worker's compensation insurance	6,220	3,202
Gasoline	4,640	4,076
Total Water Meter Reading	<u>91,216</u>	<u>81,577</u>
 Total Water Operating Expenses	<u><u>\$ 3,963,843</u></u>	<u><u>\$ 3,762,534</u></u>

**North Washington Street Water & Sanitation District**  
**Schedule of Sanitation Operating Expenses**  
**For the Years Ended December 31, 2016 and 2015**

<b>Sanitation Operating Expenses</b>	<b>2016</b>	<b>2015</b>
<b>Sanitation Treatment</b>		
Outside services—Treatment	<u>\$ 2,408,413</u>	<u>\$ 2,239,918</u>
<b>Transmission and Collection</b>		
Training	1,140	603
Operating supplies	8,801	10,318
Repairs and maintenance	69,865	56,268
Salaries and wages	213,519	201,501
Employee benefits	89,977	75,734
Payroll taxes	17,091	16,187
Worker's compensation insurance	7,339	3,778
Gasoline	5,049	4,512
Total Transmission and Collection	<u>412,781</u>	<u>368,901</u>
Total Operating Expenses	<u><u>\$ 2,821,194</u></u>	<u><u>\$ 2,608,819</u></u>

**North Washington Street Water & Sanitation District**  
**Schedule of General and Administrative Expenses**  
**For the Years Ended December 31, 2016 and 2015**

<b>General and Administrative Expenses</b>	<b>2016</b>	<b>2015</b>
	<u>          </u>	<u>          </u>
Administration and management:		
Directors' fees and expenses	\$ 69,976	\$ 41,528
Office supplies	2,054	2,507
Repairs and maintenance	4,847	1,714
Salaries and wages	181,040	186,572
Employee benefits	96,002	67,800
Payroll taxes	17,635	17,392
Worker's compensation insurance	3,417	1,758
Gasoline	4,690	5,134
Postage	2,842	2,885
Training	55	266
Publications/memberships	4,173	2,835
Total administration and management	<u>386,731</u>	<u>330,391</u>
Billings and collection:		
Office supplies	4,108	5,014
Repairs and maintenance	35,055	42,157
Salaries and wages	109,822	111,403
Employee benefits	63,278	63,348
Payroll taxes	8,839	8,948
Worker's compensation insurance	788	406
Postage	22,387	24,659
Total billings and collection	<u>244,277</u>	<u>255,935</u>
Accounting and finance:		
Accounting services	8,271	5,740
Auditing	9,499	9,400
Office supplies	4,108	5,014
Repairs and maintenance	22,502	22,400
Salaries and wages	170,189	155,322
Employee benefits	82,878	77,224
Payroll taxes	13,553	12,428
Postage	2,368	2,404
Worker's compensation insurance	1,182	608
Service charges	-	40
Total accounting and finance	<u>314,550</u>	<u>290,580</u>

**North Washington Street Water & Sanitation District**  
**Schedule of General and Administrative Expenses**  
**For the Years Ended December 31, 2016 and 2015**  
**(continued)**

<b>General and Administrative Expenses</b>	<b>2016</b>	<b>2015</b>
General:		
Insurance	35,838	32,433
Legal	34,144	22,707
Miscellaneous	29,328	12,721
Repairs and maintenance	40,540	39,030
Telephone	28,023	25,080
Utilities	20,266	19,148
Total general	<u>188,139</u>	<u>151,119</u>
Depreciation expense	<u>400,428</u>	<u>401,476</u>
Total General and Administrative Expenses	<u>\$ 1,534,125</u>	<u>\$ 1,429,501</u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis) - Source of Funds - Water**  
**For the Year Ended December 31, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenue:</b>				
Fees for service:				
Residential	\$ 2,678,000	\$ 2,678,000	\$ 3,212,689	\$ 534,689
Commercial	1,545,000	1,545,000	1,781,532	236,532
Industrial	463,500	463,500	490,111	26,611
Nonmetered Fees	20,600	20,600	58,163	37,563
Turn on fees	31,800	31,800	36,855	5,055
Miscellaneous income (expense)	63,600	63,600	(5,158)	(68,758)
Total operating revenue	<u>4,802,500</u>	<u>4,802,500</u>	<u>5,574,192</u>	<u>771,692</u>
<b>Non Operating Revenue:</b>				
Investment Income	44,520	44,520	62,202	17,682
Miscellaneous	1,000	1,000	-	(1,000)
Total nonoperating revenue	<u>45,520</u>	<u>45,520</u>	<u>62,202</u>	<u>16,682</u>
<b>Capital Contributions</b>				
Contributed lines	-	-	150,634	150,634
System development fees	8,000	8,000	427,598	419,598
Total capital contributions	<u>8,000</u>	<u>8,000</u>	<u>578,232</u>	<u>570,232</u>
<b>Total source of funds</b>	<u>4,856,020</u>	<u>4,856,020</u>	<u>6,214,626</u>	<u>1,358,606</u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis) - Expenditures - Water**  
**For the Year Ended December 31, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Expenditures:</b>				
Water source of supply:				
Purchased water	\$ 3,100,000	\$ 3,100,000	\$ 3,334,430	\$ (234,430)
Repairs and maintenance	68,250	68,250	43,388	24,862
Telephone	477	477	375	102
Total Water source of supply	<u>\$ 3,168,727</u>	<u>\$ 3,168,727</u>	<u>\$ 3,378,193</u>	<u>\$ (209,466)</u>
Transmission and collection:				
Power for pumping	\$ 17,319	\$ 17,319	\$ 25,119	\$ (7,800)
Operating supplies	13,043	13,043	10,212	2,831
Repairs and maintenance	182,700	182,700	124,853	57,847
Salaries and wages	197,435	197,435	213,519	(16,084)
Employee benefits	80,282	80,282	89,978	(9,696)
Payroll taxes	16,190	16,190	17,872	(1,682)
Workmen's compensation insurance	5,347	5,347	7,337	(1,990)
Gasoline	4,631	4,631	5,049	(418)
Training	1,235	1,235	495	740
Tests and analysis	551	551	-	551
Total transmission and collection	<u>\$ 518,731</u>	<u>\$ 518,731</u>	<u>\$ 494,434</u>	<u>\$ 24,297</u>
Accounting and finance:				
Accounting services	\$ 893	\$ 893	\$ 2,757	\$ (1,864)
Auditing	3,360	3,360	3,166	194
Office supplies	2,640	2,640	2,054	586
Equipment lease	131	131	-	131
Repairs and maintenance	32	32	11,251	(11,219)
Salaries and wages	22,130	22,130	92,237	(70,107)
Employee benefits	80,380	80,380	41,439	38,941
Payroll taxes	43,388	43,388	7,323	36,065
Postage	6,591	6,591	1,184	5,407
Worker's compensation insurance	1,235	1,235	591	644
Service charges	431	431	-	431
Total accounting and finance	<u>\$ 161,209</u>	<u>\$ 161,209</u>	<u>\$ 162,002</u>	<u>\$ (793)</u>
Administration and management:				
Directors' fees and expenses	\$ 17,640	\$ 17,640	\$ 23,323	\$ (5,683)
Office supplies	2,640	2,640	2,054	586
Repairs and maintenance	792	792	2,062	(1,270)
Salaries and wages	60,856	60,856	60,332	524
Employee benefits	20,510	20,510	28,459	(7,949)
Payroll taxes	4,990	4,990	4,993	(3)
Worker's compensation insurance	830	830	1,139	(309)
Gasoline	2,741	2,741	2,345	396
Postage	1,235	1,235	1,184	51
Travel	578	578	-	578
Training	445	445	55	390
Publications/memberships	920	920	1,391	(471)
Total administration and management	<u>\$ 114,174</u>	<u>\$ 114,174</u>	<u>\$ 127,337</u>	<u>\$ (13,163)</u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis) - Expenditures - Water**  
**For the Year Ended December 31, 2016**  
**(continued)**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Billings and collection:</b>				
Office supplies	\$ 2,640	\$ 2,640	\$ 2,054	\$ 586
Repairs and maintenance	22,130	22,130	23,805	(1,675)
Equipment lease	131	131	-	131
Salaries and wages	57,810	57,810	54,911	2,899
Employee benefits	35,704	35,704	31,638	4,066
Payroll taxes	4,740	4,740	4,420	320
Operating supplies	1,050	1,050	-	1,050
Worker's compensation insurance	288	288	394	(106)
Postage	13,268	13,268	11,290	1,978
Bad debts	578	578	-	578
Total billings and collection	<u>\$ 138,338</u>	<u>\$ 138,338</u>	<u>\$ 128,512</u>	<u>\$ 9,826</u>
<b>Water meter reading:</b>				
Operating supplies	\$ 4,595	\$ 4,595	\$ 2,392	\$ 2,203
Repairs and maintenance	10,500	10,500	51,781	(41,281)
Salaries and wages	47,589	47,589	22,040	25,549
Employee benefits	19,095	19,095	4,143	14,952
Payroll taxes	3,902	3,902	6,220	(2,318)
Workmen's compensation insurance	2,940	2,940	-	2,940
Gasoline	4,631	4,631	4,640	(9)
Total water meter reading	<u>\$ 93,251</u>	<u>\$ 93,251</u>	<u>\$ 91,216</u>	<u>\$ 2,035</u>
<b>General:</b>				
Insurance	\$ 11,351	\$ 11,351	\$ 11,945	\$ (594)
Legal	4,727	4,727	13,075	(8,348)
Miscellaneous	31,500	31,500	-	31,500
Engineering fees	2,100	2,100	-	2,100
Repairs and maintenance	11,342	11,342	19,053	(7,711)
Supplies	1,050	1,050	-	1,050
Telephone	9,219	9,219	9,340	(121)
Utilities	11,233	11,233	10,133	1,100
Other expenses	5,250	5,250	2,792	2,458
Self-insurance claims	1,000	1,000	-	1,000
Total general	<u>\$ 88,772</u>	<u>\$ 88,772</u>	<u>\$ 66,338</u>	<u>\$ 22,434</u>
Total operating expenditures	<u>\$ 4,283,202</u>	<u>\$ 4,283,202</u>	<u>\$ 4,448,032</u>	<u>\$ (164,830)</u>
<b>Nonoperating Expenditures:</b>				
Capital improvements from District funds	\$ 1,199,750	\$ 1,199,750	\$ 815,902	\$ 383,848
Contingencies	25,000	25,000	-	25,000
Other	1,050	1,050	-	1,050
Total nonoperating expenditures	<u>\$ 1,225,800</u>	<u>\$ 1,225,800</u>	<u>\$ 815,902</u>	<u>\$ 409,898</u>
<b>Total Expenditures Water</b>	<u><u>\$ 5,509,002</u></u>	<u><u>\$ 5,509,002</u></u>	<u><u>\$ 5,263,934</u></u>	<u><u>\$ 245,068</u></u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis)**  
**Source of Funds - Sanitation**  
**For the Year Ended December 31, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenue:</b>				
Fees for service:				
Residential	\$ 2,183,600	\$ 2,183,600	\$ 2,234,590	\$ 50,990
Commercial	960,360	960,360	865,791	(94,569)
Industrial	1,113,000	1,113,000	1,361,006	248,006
Miscellaneous income	<u>2,638</u>	<u>2,638</u>	<u>-</u>	<u>(2,638)</u>
Total operating revenue	<u>4,259,598</u>	<u>4,259,598</u>	<u>4,461,387</u>	<u>201,789</u>
<b>Non Operating Revenue:</b>				
Investment Income	51,940	51,940	(22,398)	(74,338)
Miscellaneous	<u>19,080</u>	<u>19,080</u>	<u>109,875</u>	<u>90,795</u>
Total nonoperating revenue	<u>71,020</u>	<u>71,020</u>	<u>87,477</u>	<u>16,457</u>
<b>Capital Contributions</b>				
System development fees	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
<b>Total source of funds</b>	<u>4,338,618</u>	<u>4,338,618</u>	<u>4,548,864</u>	<u>210,246</u>
<b>Transfer of Revenue</b>				
General Fund	<u>-</u>	<u>-</u>	<u>154,774</u>	<u>154,774</u>
Total transfer of revenue	<u>-</u>	<u>-</u>	<u>154,774</u>	<u>154,774</u>
<b>Total available resources</b>	<u>\$ 4,338,618</u>	<u>\$ 4,338,618</u>	<u>\$ 4,703,638</u>	<u>\$ 365,020</u>

# North Washington Street Water & Sanitation District

## Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation

### For the Year Ended December 31, 2016

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Expenditures</b>				
Sanitation Treatment:				
Outside services - Treatment	\$ 2,500,000	\$ 2,500,000	\$ 2,408,413	\$ 91,587
Test and analysis	2,100	2,100	-	2,100
Total sanitation treatment	<u>\$ 2,502,100</u>	<u>\$ 2,502,100</u>	<u>\$ 2,408,413</u>	<u>\$ 93,687</u>
Transmission and collection:				
Training	\$ 1,140	\$ 1,140	\$ 1,140	\$ -
Operating supplies	12,749	12,749	8,801	3,948
Repairs and maintenance	78,439	78,439	69,865	8,574
Salaries and wages	197,435	197,435	213,519	(16,084)
Employee benefits	80,282	80,282	89,977	(9,695)
Payroll taxes	16,190	16,190	17,091	(901)
Workmen's compensation insurance	5,349	5,349	7,339	(1,990)
Gasoline	4,631	4,631	5,049	(418)
Total transmission and collection	<u>\$ 396,214</u>	<u>\$ 396,214</u>	<u>\$ 412,781</u>	<u>\$ (16,567)</u>
Accounting and finance:				
Accounting services	\$ 1,785	\$ 1,785	\$ 2,757	\$ (972)
Auditing	3,290	3,290	3,166	124
Service charges	32	32	-	32
Office supplies	2,640	2,640	2,054	586
Equipment lease	315	315	38	277
Repairs and maintenance	13,402	13,402	11,213	2,189
Salaries and wages	80,380	80,380	77,952	2,428
Employee benefits	43,388	43,388	41,439	1,949
Payroll taxes	6,591	6,591	6,230	361
Postage	1,235	1,235	1,184	51
Worker's compensation insurance	431	431	591	(160)
Total accounting and finance	<u>\$ 153,487</u>	<u>\$ 153,487</u>	<u>\$ 146,624</u>	<u>\$ 6,863</u>
Administration and management:				
Directors' fees and expenses	\$ 17,640	\$ 17,640	\$ 23,323	\$ (5,683)
Office supplies	1,575	1,575	-	1,575
Repairs and maintenance	792	792	2,785	(1,993)
Salaries and wages	52,498	52,498	60,341	(7,843)
Employee benefits	17,688	17,688	27,422	(9,734)
Payroll taxes	4,305	4,305	4,913	(608)
Worker's compensation insurance	830	830	1,139	(309)
Gasoline	2,741	2,741	2,345	396
Postage	1,235	1,235	1,184	51
Training	315	315	-	315
Travel	525	525	-	525
Publications/memberships	1,575	1,575	1,391	184
Total administration and management	<u>\$ 101,717</u>	<u>\$ 101,717</u>	<u>\$ 124,843</u>	<u>\$ (23,126)</u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation**  
**For the Year Ended December 31, 2016**  
**(continued)**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2016 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Billings and collection:</b>				
Office supplies	\$ 2,640	\$ 2,640	\$ 2,054	\$ 586
Repairs and maintenance	19,700	19,700	11,250	8,450
Equipment lease	315	315	-	315
Salaries and wages	57,810	57,810	54,911	2,899
Employee benefits	35,704	35,704	31,640	4,064
Payroll taxes	4,740	4,740	4,419	321
Worker's compensation insurance	288	288	394	(106)
Postage	13,165	13,165	11,097	2,068
Total billings and collection	<u>\$ 134,362</u>	<u>\$ 134,362</u>	<u>\$ 115,765</u>	<u>\$ 18,597</u>
<b>General:</b>				
Insurance	\$ 10,593	\$ 10,593	\$ 11,945	\$ (1,352)
Legal	4,343	4,343	11,790	(7,447)
Miscellaneous	13,688	13,688	9,208	4,480
Engineering fees	2,100	2,100	-	2,100
Repairs and maintenance	50,000	50,000	12,467	37,533
Telephone	9,219	9,219	9,340	(121)
Self-insurance claims	9,335	9,335	-	9,335
Utilities	2,100	2,100	10,133	(8,033)
Total general	<u>\$ 101,378</u>	<u>\$ 101,378</u>	<u>\$ 64,883</u>	<u>\$ 36,495</u>
Total operating expenditures	<u>\$ 3,389,258</u>	<u>\$ 3,389,258</u>	<u>\$ 3,273,309</u>	<u>\$ 115,949</u>
<b>Nonoperating Expenditures:</b>				
Capital improvements from District funds	\$ 1,008,750	\$ 1,008,750	\$ 170,729	\$ 838,021
Contingencies	25,000	25,000	-	25,000
Other	1,000	1,000	-	1,000
Total nonoperating expenditures	<u>\$ 1,034,750</u>	<u>\$ 1,034,750</u>	<u>\$ 170,729</u>	<u>\$ 864,021</u>
<b>Total Expenditures Sanitation</b>	<u><u>\$ 4,424,008</u></u>	<u><u>\$ 4,424,008</u></u>	<u><u>\$ 3,444,038</u></u>	<u><u>\$ 979,970</u></u>

**North Washington Street Water & Sanitation District**  
**Budget Comparison (Non-GAAP Basis)**  
**Source of Funds and Expenditures - General and Administrative**  
**For the Year Ended December 31, 2016**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>2016 Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Nonoperating Revenue</b>				
Property taxes	286,546	286,546	286,462	(84)
Specific ownership tax	18,500	18,500	23,086	4,586
Total nonoperating revenue	<u>\$ 305,046</u>	<u>\$ 305,046</u>	<u>\$ 309,548</u>	<u>\$ 4,502</u>
<b>Transfer of Revenue to</b>				
Water	-	-	-	-
Sanitation	-	-	154,774	(154,774)
Total transfer of revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,774</u>	<u>\$ (154,774)</u>
Net source of funds	<u>\$ 305,046</u>	<u>\$ 305,046</u>	<u>\$ 154,774</u>	<u>\$ (150,272)</u>
<b>Operating Expenditures</b>				
Accounting and finance:				
Accounting services	\$ 1,785	\$ 1,785	\$ 2,757	\$ (972)
Auditing	3,291	3,291	3,167	124
Total accounting and finance	<u>\$ 5,076</u>	<u>\$ 5,076</u>	<u>\$ 5,924</u>	<u>\$ (848)</u>
Administration and management:				
Directors' fees and expenses	\$ 17,640	\$ 17,640	\$ 23,330	\$ (5,690)
Salaries and wages	60,856	60,856	60,367	489
Employee benefits	20,510	20,510	40,121	(19,611)
Payroll taxes	4,990	4,990	7,729	(2,739)
Workmen's compensation insurance	830	830	1,139	(309)
Postage	494	494	474	20
Travel expense	57	57	0	57
Publications/memberships	920	920	1,391	(471)
Total administration and management	<u>\$ 106,295</u>	<u>\$ 106,295</u>	<u>\$ 134,551</u>	<u>\$ (28,256)</u>
General:				
Insurance	\$ 11,354	\$ 11,354	\$ 11,948	\$ (594)
Legal	4,341	4,341	9,279	(4,938)
Miscellaneous	12,564	12,564	17,328	(4,764)
Repairs and maintenance	7,350	7,350	9,020	(1,670)
Supplies	1,050	1,050	-	1,050
Telephone	9,221	9,221	9,343	(122)
Self-insurance claims	882	882	-	882
Total general	<u>\$ 46,762</u>	<u>\$ 46,762</u>	<u>\$ 56,918</u>	<u>\$ (10,156)</u>
Total operating expenditures	<u>\$ 158,133</u>	<u>\$ 158,133</u>	<u>\$ 197,393</u>	<u>\$ (39,260)</u>
<b>Nonoperating Expenditures:</b>				
Capital improvements from District funds	\$ 88,000	\$ 88,000	\$ 119,200	\$ (31,200)
County Treasurer's collection fees	4,500	4,500	4,718	(218)
Unrealized loss on investment	-	-	-	-
Uncollectible taxes	4,000	4,000	-	4,000
Total nonoperating expenditures	<u>\$ 96,500</u>	<u>\$ 96,500</u>	<u>\$ 123,918</u>	<u>\$ (27,418)</u>
<b>Contingencies</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Total Expenditures</b>	<u>\$ 259,633</u>	<u>\$ 259,633</u>	<u>\$ 321,311</u>	<u>\$ (61,678)</u>

**North Washington Street Water & Sanitation District**  
**Reconciliation of Budgetary Basis Actual to**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016**

	<u>Water</u>	<u>Sanitation</u>	<u>General and Administration</u>	<u>Total</u>
<b>Revenue</b>				
Revenue budget basis (Non-GAAP basis)	\$ 6,214,626	\$ 4,548,864	\$ 309,548	\$11,073,038
Plus:				
Transfers	-	154,774	-	154,774
Less:				
Transfers	-	-	(154,774)	(154,774)
<b>Revenue (GAAP basis)</b>	<u>\$ 6,214,626</u>	<u>\$ 4,703,638</u>	<u>\$ 154,774</u>	<u>\$11,073,038</u>
Water operating revenue				\$ 5,574,192
Sewer operating revenue				4,461,387
Nonoperating revenue				1,037,459
<b>Total Revenue</b>				<u>\$11,073,038</u>
<b>Expenses</b>				
Expenses budget basis (Non-GAAP basis)	\$ 5,263,934	\$ 3,444,038	\$ 321,311	\$ 9,029,283
Plus:				
Depreciation	200,214	200,214	-	400,428
Less:				
Capital improvements	(815,902)	(170,729)	(119,200)	(1,105,831)
<b>Expenses (GAAP basis)</b>	<u>\$ 4,648,246</u>	<u>\$ 3,473,523</u>	<u>\$ 202,111</u>	<u>\$ 8,323,880</u>
Direct water expenses				\$ 3,963,843
Direct sewer expenses				2,821,194
General and administrative expenses				1,534,125
Nonoperating expenses				4,718
<b>Total Expenses</b>				<u>\$ 8,323,880</u>