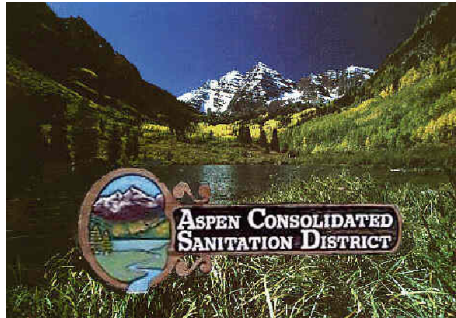


**Aspen Consolidated Sanitation District  
Aspen, Colorado**

**Financial Statements  
December 31, 2017 and 2016**



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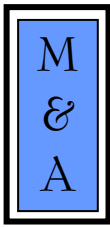
Office of the State Auditor

May 3, 2018

**Aspen Consolidated Sanitation District  
Financial Statements  
December 31, 2017 and 2016**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B5
Financial Statements:	
Statement of Net Position	C1
Statement of Revenues, Expenses and Changes in Fund Net Position	C2
Statement of Cash Flows	C3
Notes to the Financial Statements	D1 – D12
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis	E1
Schedule of Administrative Expenditures - Budget and Actual	E2
Schedule of Collection System Expenditures - Budget and Actual	E3
Schedule of Treatment Plant Expenditures - Budget and Actual	E4



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Aspen Consolidated Sanitation District  
Aspen, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Aspen Consolidated Sanitation District (the "District"), as of and for the years ended December 31, 2017 and 2016, as listed in the table of contents, and the related notes to the financial statements.

### ***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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspen Consolidated Sanitation District as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Aspen Consolidated Sanitation District**  
**Aspen, Colorado**

***Other Matters***

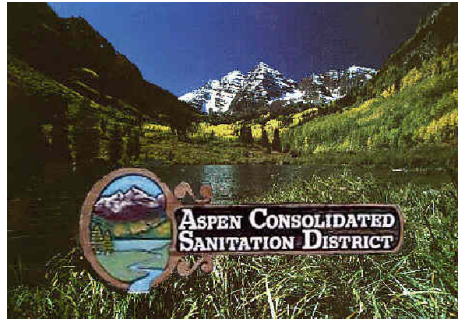
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 Management's Discussion and Analysis in Section B 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparisons listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparisons are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
March 15, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Aspen Consolidated Sanitation District Management's Discussion and Analysis December 31, 2017 and 2016**

We, the financial managers of Aspen Consolidated Sanitation District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal years ended December 31, 2017 and 2016.

### **Financial Highlights**

- The District had net income of \$1,860,029 in 2017 as compared to a net income of \$1,260,298 in 2016. District assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$35,019,105 in 2017, while assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,159,075 in 2016.
- The District received significant contributions relating to development within the District. The District received line improvement fees, developer fees, plant capacity fees and initial fees totaling \$2,678,541 in 2017 and \$2,021,554 in 2016.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

**Financial Statements:** The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows how the District's net position changed during the years presented. 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 (e.g., earned but unused vacation leave).

The Statement of Cash Flows shows the District's sources of cash inflows and outflows for the years presented. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The business-type activity of the District relates to sanitation services. There are currently no governmental-type activities occurring at the District.

The District's financial statements can be found in Section C of this report.

**Proprietary Funds:** The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its sanitation services.

## Overview of the Financial Statements (continued)

**Notes to the Financial Statements:** The notes provide a background of the entity, certain required statutes and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also conveys certain supplementary information. The Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with Generally Accepted Accounting Principles ("GAAP"), this statement is presented on a non-GAAP basis with reconciliation to GAAP basis. Supplementary information can be found in Section E of this report.

### Financial Analysis of the District:

The following table shows the District's assets, liabilities and net position at the end of 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current assets	\$ 7,305,615	\$ 8,576,322
Capital assets	33,883,922	33,006,707
<b>Total Assets</b>	<u>41,189,537</u>	<u>41,583,029</u>
<b>Deferred Outflows of Resources</b>	<u>2,484</u>	<u>3,104</u>
<b>Liabilities:</b>		
Other liabilities	1,004,146	2,696,756
Long - term liabilities	4,939,779	5,517,148
<b>Total Liabilities</b>	<u>5,943,925</u>	<u>8,213,904</u>
<b>Deferred Inflows of Resources</b>	<u>228,991</u>	<u>213,154</u>
<b>Net Position:</b>		
Net invested in capital assets	28,564,370	27,114,818
Unrestricted	6,454,735	6,044,257
<b>Total Net Position</b>	<u>\$ 35,019,105</u>	<u>\$ 33,159,075</u>

In 2017, the District's total net position increased by \$1,860,029. The District has a significant portion of its net position invested in capital assets. The capital assets are used to provide services to the District's customers.

## Overview of the Financial Statements (continued)

### Financial Analysis of the District (continued):

The following table summarizes information relating to the District's Statement of Revenues, Expenses and Changes in Net Position:

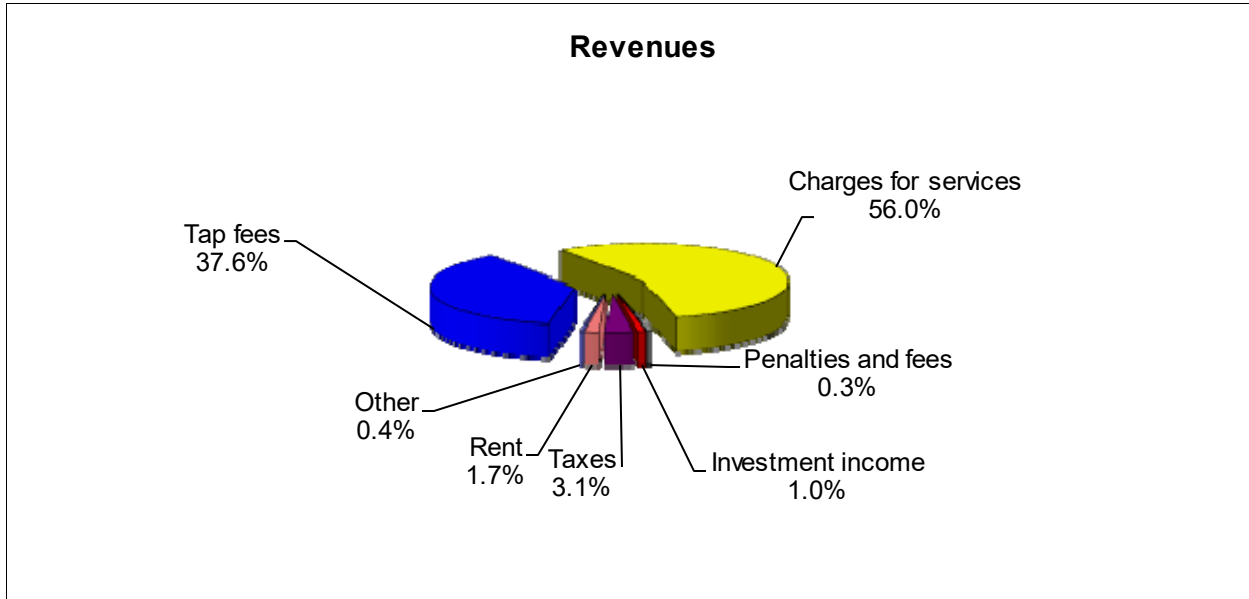
	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 4,019,294	\$ 3,894,192
General revenues:		
Property taxes	212,297	212,204
Specific ownership taxes	7,796	7,083
Investment income	69,090	38,363
Rent income	118,230	121,003
Miscellaneous	26,286	42,904
Capital asset contributions		
Tap fees	2,678,541	2,021,554
<b>Total Revenues</b>	<u>7,131,534</u>	<u>6,337,303</u>
<b>Expenses:</b>		
Administration	549,400	501,705
Collection system	645,208	639,490
Treatment plant	1,590,209	1,531,851
Depreciation	2,332,437	2,239,348
Interest expense	143,537	153,884
Treasurer's fees	10,713	10,727
<b>Total Expenses</b>	<u>5,271,504</u>	<u>5,077,005</u>
<b>Change in Net Position</b>	1,860,030	1,260,298
<b>Net Position - Beginning of Year</b>	<u>33,159,075</u>	<u>31,898,777</u>
<b>Net Position - End of Year</b>	<u>\$ 35,019,105</u>	<u>\$ 33,159,075</u>

The District's total 2017 revenues increased from the prior year due to several reasons. Primarily, the increase in charges for services related to new customers and a rate increase, and the significant increase in tap fees due to development in 2017.

## Overview of the Financial Statements (continued)

### Financial Analysis of the District (continued):

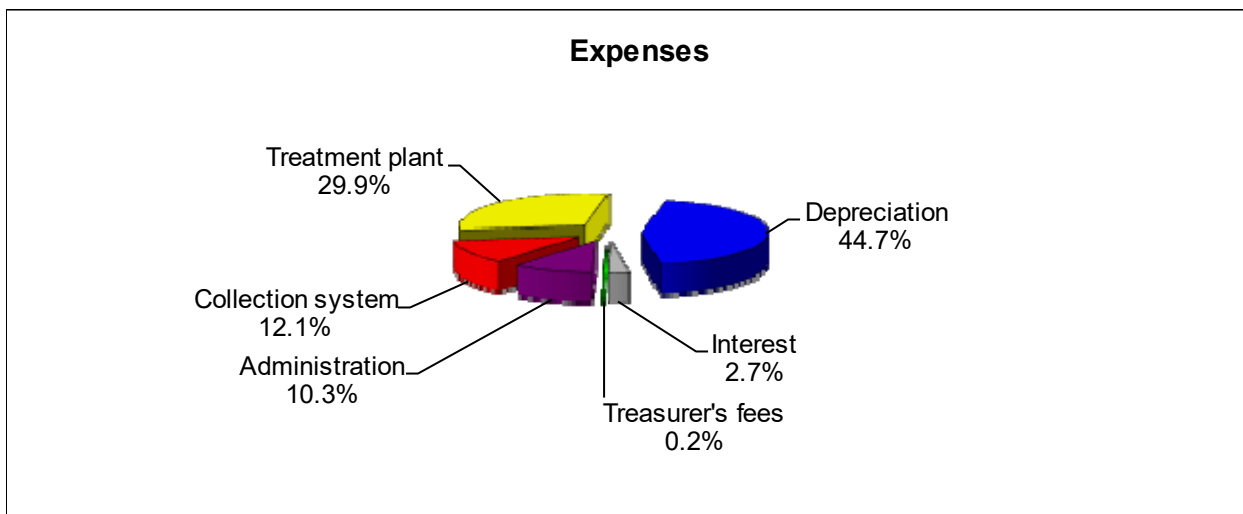
The following chart summarizes the District's revenue sources during 2017:



Total expenses increased, mainly due to increases in utilities and maintenance costs. 2017 expenses were higher by \$194,499 as compared to 2016 expenses.

As in the previous years, the aggregate of administration, sewage collection and treatment plant costs comprised the highest percentage of the District's costs for the year ended December 31, 2017. All costs, in total and expressed as a percentage of total costs, remained relatively consistent between years.

The following chart summarizes the District's expenses, by natural classification, during 2017:



## Budget Variances in the Enterprise Fund

The District's budget was not amended for the 2017 fiscal year; the actual expenditures for the District were lower than budgeted amounts by \$2,317,543.

Significant budget variances were as follows:

<u>Account</u>	<u>Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
<b><u>Revenues:</u></b>				
Charges for services	\$3,976,000	3,995,863	19,863	Conservative budgeting, as well as additional income from new customers and a rate increase
Investment income	10,000	69,090	59,090	Conservative budgeting and favorable 2017 interest rates
Tap fees	700,000	2,678,541	1,978,541	Conservative budgeting and additional new projects
<b><u>Expenditures:</u></b>				
Administration	595,804	549,400	46,404	Conservative budgeting and spending
Treatment plant	1,721,324	1,590,210	131,114	Conservative budgeting and spending
Capital outlay	4,741,000	3,092,220	1,648,780	Conservative budgeting and did not complete all projects
Contingency	450,000	-	450,000	Contingency was not needed

## Capital Asset and Debt Administration

**Capital Assets:** The District's net capital assets increased by \$877,215 in 2017 as compared to an increase of \$2,658,565 in 2016. The increase is primarily due to the treatment improvement and collection system projects. A detailed classification of the District's capital assets can be found in the Notes to Financial Statements in Section D of this report.

**Long-term Debts:** The outstanding principal on the District's bonds as of the fiscal year end was \$5,322,036 with \$540,000 of principal payment coming due during the next fiscal year. Additional information can be found in Section D of this report.

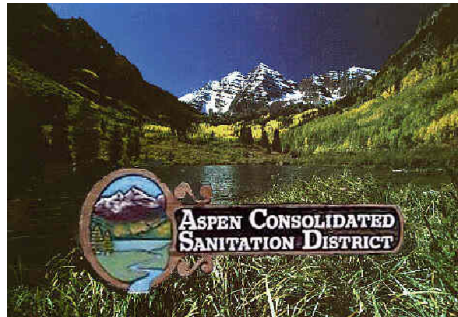
## Next Year's Budget and Rates

The District's net position at the end of 2017 was \$35,019,105 as compared to \$33,159,075 in 2016. The District's 2018 budget anticipates a two and one half percent (%) increase in charges for services to reflect rate increases, a three percent (%) increase in operating revenue and a one percent (%) increase in operating expenses. Furthermore, the budget projects a fourteen percent (%) increase in capital revenue and a less than one percent (%) increase in capital expenses.

## Request for Information

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Aspen Consolidated Sanitation District, 565 N. Mill Street, Aspen, Colorado 81611.

**FINANCIAL STATEMENTS**



**Aspen Consolidated Sanitation District**  
**Statement of Net Position**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents - Unrestricted	5,930,242	7,227,456
Cash and cash equivalents - Restricted	515,000	568,000
Investments	436,035	433,428
Receivables, net:		
Property taxes	228,991	213,154
Service receivables	92,290	44,685
Other governments	573	407
Other	5,251	56,342
Prepaid expenses	65,783	-
Inventory	31,450	32,850
<b>Total Current Assets</b>	<b>7,305,615</b>	<b>8,576,322</b>
<b>Non-current Assets:</b>		
Capital assets:		
Capital assets	72,864,687	69,662,077
Less: Accumulated depreciation	(38,980,765)	(36,655,370)
Capital assets, net of depreciation	<b>33,883,922</b>	<b>33,006,707</b>
<b>Total Non-current Assets</b>	<b>33,883,922</b>	<b>33,006,707</b>
<b>Total Assets</b>	<b>41,189,537</b>	<b>41,583,029</b>
 <b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	2,484	3,104
<b>Total Deferred Outflows of Resources</b>	<b>2,484</b>	<b>3,104</b>
 <b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable:		
Trade	259,114	1,807,574
Retainage	65,312	20,281
Other payroll liabilities	-	2,050
Other unearned revenue	99,138	293,535
Revenue Bonds payable - due within one year	540,000	530,000
Interest payable	22,333	24,117
Deposits	18,249	19,199
<b>Total Current Liabilities</b>	<b>1,004,146</b>	<b>2,696,756</b>
<b>Non-current Liabilities:</b>		
Accrued compensated absences - due in more than one year	157,743	152,155
Revenue Bonds payable - due in more than one year	4,782,036	5,364,993
<b>Total Non-current Liabilities</b>	<b>4,939,779</b>	<b>5,517,148</b>
<b>Total Liabilities</b>	<b>5,943,925</b>	<b>8,213,904</b>
 <b>Deferred Inflows of Resources</b>		
Unavailable property tax revenue	228,991	213,154
<b>Total Deferred Inflows of Resources</b>	<b>228,991</b>	<b>213,154</b>
 <b>Net Position:</b>		
Net invested in capital assets	28,564,370	27,114,818
Unrestricted	6,454,735	6,044,257
<b>Total Net Position</b>	<b>35,019,105</b>	<b>33,159,075</b>

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

**Aspen Consolidated Sanitation District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues:</b>		
Charges for services	3,995,863	3,878,616
Penalties and interest	23,431	15,576
	<u>4,019,294</u>	<u>3,894,192</u>
<b>Operating Expenses:</b>		
Administration	549,400	501,705
Collection system	645,208	639,490
Treatment plant	1,590,210	1,531,851
Depreciation and amortization	2,332,437	2,239,348
	<u>5,117,255</u>	<u>4,912,394</u>
<b>Operating (Loss)</b>	<u>(1,097,961)</u>	<u>(1,018,202)</u>
<b>Non-operating Revenues (Expenses):</b>		
Property taxes	212,297	212,204
Specific ownership taxes	7,796	7,083
Investment income	69,090	38,363
Rent income	118,230	121,003
Interest expense	(143,537)	(153,884)
Treasurer's fees	(10,713)	(10,727)
Miscellaneous	26,286	42,904
	<u>279,449</u>	<u>256,946</u>
<b>(Loss) Before Capital Contributions</b>	<u>(818,512)</u>	<u>(761,256)</u>
<b>Capital Contributions:</b>		
Line improvement fee	490,982	470,299
Developer	215,297	107,965
Plant capacity fee	1,621,926	1,308,530
Initial fee	350,336	134,760
	<u>2,678,541</u>	<u>2,021,554</u>
<b>Change in Net Position</b>	1,860,029	1,260,298
<b>Net Position - Beginning of Year</b>	<u>33,159,076</u>	<u>31,898,777</u>
<b>Net Position - End of Year</b>	<u><u>35,019,105</u></u>	<u><u>33,159,075</u></u>

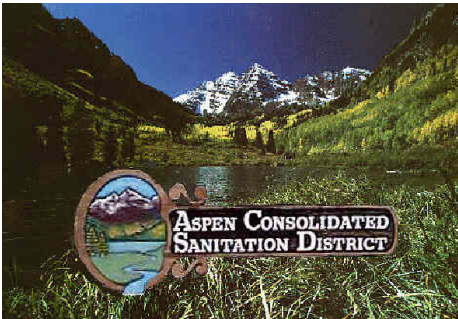
The accompanying notes are an integral part of these financial statements.

**Aspen Consolidated Sanitation District**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers and others	3,971,949	4,039,967
Cash received (payments) from (for) goods and services	(2,482,571)	902,124
Cash payments to employees and for benefits	<u>(1,922,265)</u>	<u>(1,870,798)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(432,887)</u>	<u>3,071,293</u>
<b>Cash Flows From Non-capital Financing Activities:</b>		
Cash received from property and specific ownership taxes, net	<u>219,927</u>	<u>219,170</u>
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<u>219,927</u>	<u>219,170</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Cash received from tap fees	2,678,541	2,021,558
Cash paid for principal on debt	(530,000)	(490,000)
Cash paid for interest on debt	(144,700)	(154,903)
Cash paid for capital acquisitions	<u>(3,207,578)</u>	<u>(4,945,186)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(1,203,737)</u>	<u>(3,568,531)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest income received	<u>66,483</u>	<u>35,765</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>66,483</u>	<u>35,765</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,350,214)	(242,303)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>7,795,456</u>	<u>8,037,759</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>6,445,242</u>	<u>7,795,456</u>
<b>Represented by Balance Sheet captions:</b>		
Cash and cash equivalents - Unrestricted	5,930,242	7,227,456
Cash and cash equivalents - Restricted	515,000	568,000
<b>Cash and Cash Equivalents - End of Year</b>	<u>6,445,242</u>	<u>7,795,456</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	<u>(1,097,961)</u>	<u>(1,018,202)</u>
<b>Adjustments:</b>		
Depreciation and amortization	2,332,437	2,239,347
Rent income	118,230	121,003
Treasurer's fees	(10,713)	(10,727)
Miscellaneous	26,286	42,904
(Increase) decrease in accounts receivable	3,486	(18,992)
(Increase) decrease in prepaid expenses	(65,783)	-
(Increase) decrease in inventory	1,400	1,900
Increase (decrease) in accounts payable	(1,548,460)	1,694,906
Increase (decrease) in payroll liabilities	(2,050)	1,050
Increase (decrease) in unearned revenue	(194,397)	861
Increase (decrease) in deposits	(950)	-
Increase (decrease) in accrued compensated absences	<u>5,588</u>	<u>17,243</u>
<b>Total Adjustments</b>	<u>665,074</u>	<u>4,089,495</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(432,887)</u>	<u>3,071,293</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**

**I. Summary of Significant Accounting Policies**

Aspen Consolidated Sanitation District (the "District") is a quasi-municipal corporation and a political subdivision of the State of Colorado. It was formed under Colorado statutes as a special district in 1983. The District was formed as a result of the consolidation of the Aspen Sanitation District, Aspen Metropolitan Sanitation District and the Aspen Highlands Water and Sanitation District. The District provides sanitary sewer service for the inhabitants of the District's service area which includes the City of Aspen and surrounding developed areas located in Pitkin County, Colorado. Five elected board members govern the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

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

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

**B. Accounting Policies**

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its sole activity, providing wastewater treatment services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Financial Statement Presentation**

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment

**Aspen Consolidated Sanitation District  
Notes to the Financial Statements  
December 31, 2017 and 2016  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established at December 31, 2017 and 2016, as the District considers all accounts to be collectible.

**3. Inventory**

Inventory consists largely of equipment, parts, supplies, fuel and oil, and is recorded at the lower of cost or market.

**4. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

**5. Capital Assets**

Capital assets, which include land, buildings and improvements, sewer collection systems and related improvements and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed.

Buildings and improvements, sewer collection systems and improvements, equipment and lagoons are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & improvements	5 - 40
Collection system	3 - 40
Plant	3 - 40
Vehicles & equipment	3 - 15

**6. Compensated Absences**

Earned but unused vacation and sick leave benefits are accrued when incurred in the financial statements.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**7. Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has only one type of item that qualifies for reporting in this category. It is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**E. Significant Accounting Policies**

**1. Use of Estimates**

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

**2. Restricted and Unrestricted Resources**

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

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**II. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The proprietary fund budget was adopted on a non-GAAP basis and has been reconciled to a GAAP basis below for both 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<b>Change in Net Position - Budget Basis</b>	\$ 570,246	\$ (1,936,014)
<i>add (less):</i>		
Principal on debt	530,000	490,000
Capital outlay	3,092,220	4,945,660
Amortization of bond premium interest	42,957	47,378
Depreciation	(2,375,394)	(2,286,726)
<b>Change in Net Position - GAAP Basis</b>	<u>\$ 1,860,029</u>	<u>\$ 1,260,298</u>

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving and enacting its budget for 2017.

1. For the 2017 budget year, prior to August 25, 2016, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The Manager of the District submitted, on or before October 15, 2016, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2016, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**II. Stewardship, Compliance and Accountability (continued)**

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The District believes it is in compliance with the financial provisions of TABOR as allowed for enterprises. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amounts of the District's petty cash, demand deposits and investments were \$6,881,277 and \$8,228,884 as of the fiscal year ended 2017 and 2016, respectively.

*Fair Value of Investments*

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

At December 31, 2017 and 2016, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>December 31, 2017</u>			
	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 436,035	\$ -	\$ 436,035	\$ -
Total	<u>\$ 436,035</u>	<u>\$ -</u>	<u>\$ 436,035</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value</u>	<u>December 31, 2017</u>			
	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Colostrust	\$ 6,153,765	\$ -	\$ 6,153,765	\$ -
Total	<u>\$ 6,153,765</u>	<u>\$ -</u>	<u>\$ 6,153,765</u>	<u>\$ -</u>

<u>Investments Measured at Fair Value</u>	<u>December 31, 2016</u>			
	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 433,428	\$ -	\$ 433,428	\$ -
Total	<u>\$ 433,428</u>	<u>\$ -</u>	<u>\$ 433,428</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value</u>	<u>December 31, 2016</u>			
	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Colostrust	\$ 6,647,299	\$ -	\$ 6,647,299	\$ -
Total	<u>\$ 6,647,299</u>	<u>\$ -</u>	<u>\$ 6,647,299</u>	<u>\$ -</u>

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches

- U.S. Treasuries, U.S. Agencies and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond and Equity Mutual Funds: published fair value per share (unit) for each fund.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

*Credit Risk.* The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments.

*Concentration of Credit Risk.* The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At December 31, 2017 and 2016, the District had the following cash and investments with the following maturities:

<b>December 31, 2017</b>				
	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>Less than five years</b>
<i>Petty cash</i>	Not rated	\$ 480	\$ 480	\$ -
<i>Deposits:</i>				
Checking	Not rated	220,614	220,614	-
Money market	Not rated	70,383	70,383	-
<i>Investments:</i>				
Certificates of deposit	Not rated	436,035	436,035	-
Investment pools	AAAm	6,153,765	6,153,765	-
		<u>\$ 6,881,277</u>	<u>\$ 6,881,277</u>	<u>\$ -</u>
<b>December 31, 2016</b>				
	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>Less than five years</b>
<i>Petty cash</i>	Not rated	\$ 602	\$ 602	\$ -
<i>Deposits:</i>				
Checking	Not rated	1,015,346	1,015,346	-
Money market	Not rated	132,209	132,209	-
<i>Investments:</i>				
Certificates of deposit	Not rated	433,428	433,428	-
Investment pools	AAAm	6,647,299	6,647,299	-
		<u>\$ 8,228,884</u>	<u>\$ 8,228,884</u>	<u>\$ -</u>

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. As of December 31, 2017 and 2016, the District's investments in COLOTRUST were 93% and 94%, respectively, of the District's investment portfolio.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**B. Capital Assets**

Capital asset activity for 2017 was as follows:

	<u>1/1/17</u> <b>Beginning</b> <b>Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>12/31/17</b> <b>Ending</b> <b>Balance</b>
Capital assets, not being depreciated:				
Land	\$ 454,479	\$ -	\$ -	\$ 454,479
Construction in progress	5,202,687	(4,879,425)	-	323,262
Total capital assets, not being depreciated	<u>5,657,166</u>	<u>(4,879,425)</u>	<u>-</u>	<u>777,741</u>
Capital assets, being depreciated:				
Buildings and improvements	7,073,865	142,946	-	7,216,811
Collection system	27,835,324	1,284,153	-	29,119,477
Plant	27,447,115	6,686,050	(50,000)	34,083,165
Vehicles and equipment	1,648,607	18,886	-	1,667,493
Total capital assets being depreciated	<u>64,004,911</u>	<u>8,132,035</u>	<u>(50,000)</u>	<u>72,086,946</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,591,662)	(296,991)	-	(3,888,653)
Collection system	(11,281,264)	(637,707)	-	(11,918,971)
Plant	(20,506,995)	(1,398,570)	50,000	(21,855,565)
Vehicles and equipment	(1,275,450)	(42,126)	-	(1,317,576)
Total accumulated depreciation	<u>(36,655,371)</u>	<u>(2,375,394)</u>	<u>50,000</u>	<u>(38,980,765)</u>
Total capital assets, being depreciated, net	<u>27,349,540</u>	<u>5,756,641</u>	<u>-</u>	<u>33,106,181</u>
<b>Total capital assets, net</b>	<u><u>\$ 33,006,706</u></u>	<u><u>\$ 877,216</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,883,922</u></u>
Intangible assets:				
Bond premium	\$ 313,835	\$ -	\$ -	\$ 313,835
Less accumulated amortization for:				
Bond premium	(98,842)	(42,957)	-	(141,799)
<b>Total intangible assets, net</b>	<u><u>\$ 214,993</u></u>	<u><u>\$ (42,957)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 172,036</u></u>

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**B. Capital Assets (continued)**

Capital asset activity for 2016 was as follows:

	<b>1/1/16</b>			<b>12/31/16</b>
	<b>Beginning</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending</b>
	<b>Balance</b>			<b>Balance</b>
Capital assets, not being depreciated:				
Land	\$ 454,480	\$ -	\$ -	\$ 454,480
Construction in progress	802,896	4,399,791	-	5,202,687
Total capital assets, not being depreciated	<u>1,257,376</u>	<u>4,399,791</u>	<u>-</u>	<u>5,657,167</u>
Capital assets, being depreciated:				
Buildings and improvements	7,073,865	-	-	7,073,865
Collection system	27,344,878	490,446	-	27,835,324
Plant	27,413,300	33,815	-	27,447,115
Vehicles and equipment	1,627,368	21,239	-	1,648,607
Total capital assets being depreciated	<u>63,459,411</u>	<u>545,500</u>	<u>-</u>	<u>64,004,911</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,298,353)	(293,309)	-	(3,591,662)
Collection system	(10,661,479)	(619,785)	-	(11,281,264)
Plant	(19,177,581)	(1,329,413)	-	(20,506,995)
Vehicles and equipment	(1,231,232)	(44,218)	-	(1,275,450)
Total accumulated depreciation	<u>(34,368,645)</u>	<u>(2,286,725)</u>	<u>-</u>	<u>(36,655,371)</u>
Total capital assets, being depreciated, net	<u>29,090,766</u>	<u>(1,741,225)</u>	<u>-</u>	<u>27,349,540</u>
<b>Total capital assets, net</b>	<u><b>\$ 30,348,142</b></u>	<u><b>\$ 2,658,566</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 33,006,707</b></u>
Intangible assets:				
Bond premium	\$ 313,835	\$ -	\$ -	\$ 313,835
Less accumulated amortization for:				
Bond premium	(51,465)	(47,377)	-	(98,842)
<b>Total intangible assets, net</b>	<u><b>\$ 262,370</b></u>	<u><b>\$ (47,377)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 214,993</b></u>

**C. Long-term Liabilities**

**1. Accrued Compensated Absences**

Earned but unused vacation benefits and sick leave amounted to \$157,743 and \$152,155 at December 31, 2017 and 2016, respectively.

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**C. Long-term Liabilities (continued)**

**2. Long-Term Debt**

**Wastewater Revenue Refunding Bonds, Series 2015**

In February 2015, the District issued \$6,170,000 of revenue bonds to finance the refunding of the District's outstanding Water Revenue Bonds Series 2007 and to pay the cost of issuing the bonds. The interest rates range from 1.75% to 3.00% payable on May 1 and November 1. The principal is payable on May 1 and matures in various increments through 2026. The Bonds maturing on and after May 1, 2021 are subject to redemption prior to maturity at the option of the District, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The District realized a present value savings on the refunding of \$759,044.

**3. Long-term Liability Activity Schedule**

Long-term liability activity for the past two years was as follows:

	<u>1/1/17</u>			<u>12/31/17</u>	<u>Current</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>
Debt obligations	\$ 5,894,993	\$ -	\$ (537,378)	\$ 5,322,036	\$ 540,000
Compensated absences	152,155	5,588	-	157,743	-
Total	<u>\$ 6,047,148</u>	<u>\$ 5,588</u>	<u>\$ (537,378)</u>	<u>\$ 5,479,779</u>	<u>\$ 540,000</u>

	<u>1/1/16</u>			<u>12/31/16</u>	<u>Current</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>
Debt obligations	\$ 6,432,370	\$ 6,483,835	\$ (6,841,465)	\$ 5,894,993	\$ 530,000
Compensated absences	134,912	17,243	-	152,155	-
Total	<u>\$ 6,567,282</u>	<u>\$ 6,501,078</u>	<u>\$ (6,841,465)</u>	<u>\$ 6,047,148</u>	<u>\$ 530,000</u>

**4. Debt Service Schedule**

Annual debt service requirements to maturity for special revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 540,000	\$ 134,000	\$ 674,000
2019	550,000	123,788	673,788
2020	565,000	111,912	676,912
2021	575,000	96,225	671,225
2022	600,000	78,600	678,600
2023 - 2027	2,320,000	131,400	2,451,400
Total	<u>5,150,000</u>	<u>\$ 675,925</u>	<u>\$ 5,825,925</u>
	172,036	Plus: Unamortized bond premium	
	<u>\$ 5,322,036</u>	Total debt	

**Aspen Consolidated Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2017 and 2016**  
**(Continued)**

**IV. Other Information**

**A. Risk Management**

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 has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays an annual premium to the Pool for its general insurance coverage. The Pool is to be self-sustaining through member premiums and reinsures through commercial companies for claims in excess of certain limits for each insured event.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District participates in the Western Slope Health Care Group for employee health and accident coverage. The District's plan administrator is UMR. The plan provides coverage up to a maximum of \$25,000 for each claim, with commercial insurance providing coverage in excess of this limit.

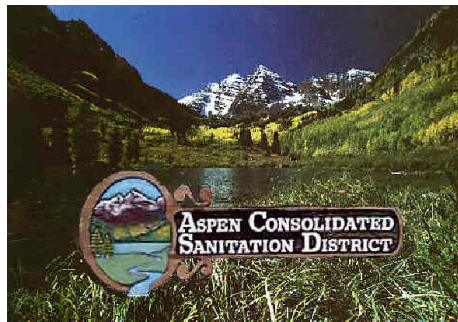
**B. Deferred Compensation Plan - Section 401(k)**

The District adopted the Aspen Consolidated Sanitation District 401(k) Profit Sharing Plan ("the Plan"). MassMutual administers the Plan. Benefits depend solely on amounts contributed plus investment earnings.

All full-time employees are eligible to participate in the Plan after one year of service. The District matches up to 6% of total earnings of participants. Participants may contribute from 1% to the annual IRS contribution and catch-up contribution limits. Participants have immediate vesting.

The District's expense for the Plan was \$83,668 and \$78,534 for 2017 and 2016, respectively. There was no liability outstanding at the of December 31, 2017 and 2016.

**SUPPLEMENTARY INFORMATION**



**Aspen Consolidated Sanitation District**  
**Schedule of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for For the Year Ended 2016)**

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Charges for services	3,976,000	3,995,863	19,863	3,878,616
Penalties and interest	10,500	23,431	12,931	15,576
Property taxes	214,000	212,297	(1,703)	212,204
Specific ownership taxes	6,695	7,796	1,101	7,083
Investment income	10,000	69,090	59,090	38,363
Rent income	110,000	118,230	8,230	121,003
Miscellaneous	25,000	26,286	1,286	42,904
Capital contributions	700,000	2,678,541	1,978,541	2,021,554
<b>Total Revenues</b>	<u>5,052,195</u>	<u>7,131,534</u>	<u>2,079,339</u>	<u>6,337,303</u>
<b>Expenditures:</b>				
Administration	595,804	549,400	46,404	501,705
Collection system	684,003	645,208	38,795	639,490
Treatment plant	1,721,324	1,590,210	131,114	1,531,851
Treasurer's fees	12,000	10,713	1,287	10,727
Principal on debt	530,000	530,000	-	490,000
Interest	144,700	143,537	1,163	153,884
Capital outlay	4,741,000	3,092,220	1,648,780	4,945,660
Contingency	450,000	-	450,000	-
<b>Total Expenditures</b>	<u>8,878,831</u>	<u>6,561,288</u>	<u>2,317,543</u>	<u>8,273,317</u>
<b>Change in Net Position (Budget Basis)</b>	<u>(3,826,636)</u>	570,246	<u>4,396,882</u>	(1,936,014)
<b>Reconciliation to GAAP Basis:</b>				
Principal on debt		530,000		490,000
Capitalized assets		3,092,220		4,945,660
Amortization of bond premium interest		42,957		47,377
Depreciation		<u>(2,375,394)</u>		<u>(2,286,725)</u>
<b>Change in Net Position (GAAP Basis)</b>		<u>1,860,029</u>		<u>1,260,298</u>

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

**Aspen Consolidated Sanitation District**  
**Schedule of Administrative Expenditures**  
**Budget and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for For the Year Ended 2016)**

	2017		Final Budget Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Salaries	295,094	297,107	(2,013)	278,706
Payroll taxes	22,634	22,518	116	21,029
Benefits	72,851	69,266	3,585	68,215
Office supplies	11,288	7,540	3,748	9,484
Postage	7,387	5,891	1,496	6,099
Publication and legal	500	50	450	91
Dues and subscriptions	8,500	8,339	161	8,095
Utilities	28,500	24,230	4,270	20,474
Telephone	12,500	12,621	(121)	11,041
Legal	20,000	6,886	13,114	1,323
Auditing	11,000	10,815	185	10,500
Other expense	52,200	22,139	30,061	22,786
Insurance	28,350	27,160	1,190	24,881
Ground maintenance	25,000	34,838	(9,838)	18,981
<b>Total Administrative Expenditures</b>	<b>595,804</b>	<b>549,400</b>	<b>46,404</b>	<b>501,705</b>

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

**Aspen Consolidated Sanitation District**  
**Schedule of Collection System Expenditures**  
**Budget and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for For the Year Ended 2016)**

	<u>2017</u>		<b>Final Budget Variance Positive (Negative)</b>	<u>2016</u>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
Salaries	429,748	430,482	(734)	424,867
Payroll taxes	32,876	32,949	(73)	31,895
Benefits	130,679	115,509	15,170	112,352
Office supplies	2,500	3,137	(637)	3,170
Janitorial supplies	1,500	1,249	251	1,506
Uniforms	1,500	2,425	(925)	1,552
Safety equipment	1,000	849	151	29
Dump fees and trash	2,500	3,072	(572)	2,383
Oil and grease	10,000	3,584	6,416	8,629
Vehicle parts	3,500	3,132	368	2,928
Equipment parts	5,000	1,956	3,044	6,710
Painting supplies	1,000	685	315	351
Line repairs	22,500	3,104	19,396	4,794
Tire and tubes	1,000	562	438	648
Tools	1,500	1,195	305	850
Repairs by others	2,000	5,205	(3,205)	3,201
Shop supplies	6,000	8,315	(2,315)	6,940
Tuition	2,000	1,047	953	1,155
Miscellaneous	2,000	1,035	965	1,444
Insurance	25,200	25,716	(516)	24,086
<b>Total Collection System Expenditures</b>	<b>684,003</b>	<b>645,208</b>	<b>38,795</b>	<b>639,490</b>

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

**Aspen Consolidated Sanitation District**  
**Schedule of Treatment Plant Expenditures**  
**Budget and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for For the Year Ended 2016)**

	2017		Final Budget Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Salaries	697,164	700,301	(3,137)	685,141
Payroll taxes	53,472	53,192	280	52,079
Benefits	219,788	204,479	15,309	214,808
Office supplies	5,500	2,378	3,122	3,322
Chemicals	75,000	60,488	14,512	64,279
Lab supplies and tests	30,000	37,473	(7,473)	25,260
Janitorial supplies	6,500	4,094	2,406	4,742
Uniforms	6,000	855	5,145	1,589
Dump fees and trash	70,000	65,192	4,808	64,827
Oil and grease	6,500	7,291	(791)	5,737
Equipment parts	32,000	25,355	6,645	16,796
Electrical supplies	30,000	19,084	10,916	16,265
Tools	2,000	819	1,181	802
Communications	1,500	395	1,105	2,065
Utilities	359,500	316,918	42,582	264,241
Telephone	5,000	3,962	1,038	4,752
Security	3,000	-	3,000	-
Other maintenance	35,000	34,132	868	40,963
Ground maintenance	7,000	5,586	1,414	6,961
Shop supplies	2,500	1,896	604	1,032
Tuition	7,500	365	7,135	3,003
Other expenses	12,000	1,467	10,533	2,639
Insurance	29,400	27,716	1,684	27,186
Permits	25,000	16,772	8,228	23,362
<b>Total Treatment Plant Expenditures</b>	<b>1,721,324</b>	<b>1,590,210</b>	<b>131,114</b>	<b>1,531,851</b>

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