

SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2017

with

Independent Auditors' Report

**E**

**RECEIVED**

Office of the State Auditor

June 12, 2018

## C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Statement of Net Position – Proprietary Fund	1
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	2
Statement of Cash Flows – Proprietary Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) – Proprietary Fund	13
Reconciliation of Revenues and Expenditures (Budgetary Basis) to Statement of Revenues, Expenses and Changes in Net Position	14

Board of Directors  
South Englewood Sanitation District No. 1  
Englewood, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the South Englewood Sanitation District No. 1, as of and for the year ended December 31, 2017, 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the South Englewood Sanitation District No. 1 as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year 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 opinions on the financial statements that collectively comprise South Englewood Sanitation District No. 1's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information 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 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Simmons & Wheeler P.C.*

Englewood, CO  
June 7, 2018

# SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

## STATEMENT OF NET POSITION PROPRIETARY FUND December 31, 2017

### ASSETS

#### CURRENT ASSETS

Cash and investments - unrestricted	\$	3,351,090
Accounts receivable - user fees		150,291
Prepaid expenses		<u>7,774</u>
Total Current Assets		<u>3,509,155</u>

#### CAPITAL ASSETS

Sewer system		3,939,652
Computer equipment		32,339
Less accumulated depreciation		<u>(1,013,873)</u>

Net Capital Assets		<u>2,958,118</u>
--------------------	--	------------------

Total Assets		<u>6,467,273</u>
--------------	--	------------------

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable		22,623
Payroll taxes payable		<u>606</u>

Total Liabilities		<u>23,229</u>
-------------------	--	---------------

### NET POSITION

Net investment in capital assets		2,958,118
----------------------------------	--	-----------

#### Restricted:

Emergency reserve		43,260
Unrestricted		<u>3,442,666</u>

Total Net Position	\$	<u><u>6,444,044</u></u>
--------------------	----	-------------------------

The notes to the financial statements are an integral part of these statements.

# SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

## STATEMENT OF REVENUES, EXPENSES, AND AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2017

### OPERATING REVENUES

User fees	\$	935,460
Tap fees and inclusion fees		25,330
Connectors' fees		<u>(13,110)</u>
Total Operating Revenues		<u>947,680</u>

### OPERATING EXPENSES

Directors' fees		5,200
Accounting and audit		10,224
Legal/district management fees		160,871
Insurance		6,633
Repairs and maintenance - routine		121,577
Utility location and notification		(5,160)
Payroll taxes		797
Organization dues		628
Software maintenance		400
Miscellaneous		177
Depreciation		<u>65,529</u>
Total Operating Expenses		<u>366,876</u>

INCOME FROM OPERATIONS 580,804

### NONOPERATING REVENUES

Interest income		<u>33,810</u>
Total Nonoperating Revenues		<u>33,810</u>

NET INCOME - CHANGE IN NET POSITION 614,614

NET POSITION - BEGINNING OF YEAR 5,829,430

NET POSITION - END OF YEAR \$ 6,444,044

The notes to the financial statements are an integral part of these statements.

# SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

For the Year Ended December 31, 2017

#### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	958,559
Payments to suppliers	(440,760)
Payments to employees and related expenses	<u>(5,982)</u>
Net Cash Provided by Operating Activities	<u>511,817</u>

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital asset expenditures	<u>(208,510)</u>
Net Cash Required by Capital and Related Financing Activities	<u>(208,510)</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	<u>33,810</u>
Net Cash Provided by Investing Activities	<u>33,810</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 337,117

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,013,973

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,351,090

#### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED

##### BY OPERATING ACTIVITIES

Net income from operations \$ 580,804

#### ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH

##### PROVIDED BY OPERATING ACTIVITIES

Depreciation	65,529
Changes in Assets and Liabilities:	
Accounts payable	(144,268)
Payroll taxes payable	15
Receivables	10,878
Prepaid expenses	<u>(1,141)</u>
Net Adjustments	<u>(68,987)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 511,817

The notes to the financial statements are an integral part of these statements.

# SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

## Notes to Financial Statements December 31, 2017

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the South Englewood Sanitation District No. 1, located in Englewood, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The enterprise fund is used since the District’s powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District is a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to develop and provide sanitary sewer operations and maintenance services. The District’s primary revenues are sewer user fees. Wastewater treatment is provided by the City of Englewood, and charges for these services are billed and collected directly from District customers by the City of Englewood. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

# SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

## Notes to Financial Statements December 31, 2017

### Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the nonfiduciary activities of the District. *Business-type activities* rely to a significant extent on fees and charges for support. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District reports the following major proprietary funds:

Sanitation Enterprise Fund - The Sanitation Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the Sanitation Enterprise Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

## SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

### Notes to Financial Statements December 31, 2017

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 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.

#### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2017, the District incurred no noncash activities.

#### Assets, Liabilities, and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2017

Deferred Outflows/Inflows 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 no items that qualify for reporting in this category.

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 no items that qualify for reporting in this category.

Long-Term Obligations

The District does not have any long-term obligations outstanding.

Debt Authorization

As of December 31, 2017, the District had no authorized but unissued indebtedness.

Capital Assets

Capital assets, which include the sewer system components, are reported in the Sewer Enterprise Fund in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Sewer system	50 years
Computer equipment/software	5 years

## SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

### Notes to Financial Statements December 31, 2017

#### Property Taxes

During 2005, the District approved a resolution authorizing the collection of user charges for the wastewater enterprise services through the City of Englewood instead of property taxes.

#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The restricted net position in the Sanitation Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$43,260 of the Sanitation Enterprise Fund balance has been restricted in compliance with this requirement.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2017

Note 2: Cash and Investments

As of December 31, 2017, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - unrestricted	\$ <u>3,351,090</u>
Total	\$ <u>3,351,090</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 5,451
Investments – COLOTRUST	<u>3,345,639</u>
	\$ <u>3,351,090</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of the December 31, 2017, the District’s cash deposits had a bank balance of \$5,642 and a carrying balance of \$5,451.

While the District does not have a formal policy for deposits, none of the District’s deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

## SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

### Notes to Financial Statements December 31, 2017

#### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

#### Investment Valuation

Certain investments are measured at fair value 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; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2017, the District had the following investments:

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2017, the District had \$3,345,639 invested in COLOTRUST.

SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2017

Note 3: Capital Assets

An analysis of changes in capital assets for the year ended December 31, 2017, follows:

<u>Business Type Activities:</u>	<u>Balance</u> 01-01-17	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12-31-17
<u>Capital assets being depreciated:</u>				
Sewer lines	3,731,142	208,510	-	3,939,652
Computer equipment	32,339	-	-	32,339
Total capital assets:	<u>3,763,481</u>	<u>208,510</u>	<u>-</u>	<u>3,971,991</u>
Less accumulated depreciation:				
Sewer lines	916,005	65,529	-	981,534
Computer equipment	32,339	-	-	32,339
Total accumulated depreciation	<u>948,344</u>	<u>65,529</u>	<u>-</u>	<u>1,013,873</u>
Net capital assets being depreciated:	<u>\$ 2,815,137</u>	<u>\$ 142,981</u>	<u>\$ -</u>	<u>\$ 2,958,118</u>

Depreciation expense for the year ended December 31, 2017, was charged to sewer operations in the amount of \$65,529.

Note 4: Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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 business 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 this 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. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

## SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

### Notes to Financial Statements December 31, 2017

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 qualifications as an Enterprise will require judicial interpretation.

#### Note 5: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## SUPPLEMENTAL INFORMATION

## SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) - PROPRIETARY FUND

For the Year Ended December 31, 2017

	<u>Original &amp; Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
User fees	\$ 960,000	\$ 935,460	\$ (24,540)
Delinquent user charges	80,000	-	(80,000)
Tap fees and inclusion fees	-	25,330	25,330
Connectors' fees	18,000	(13,110)	(31,110)
Interest income	4,000	33,810	29,810
Total Revenues	<u>1,062,000</u>	<u>981,490</u>	<u>(80,510)</u>
<b>EXPENDITURES</b>			
Directors' fees	7,000	5,200	1,800
Accounting and audit	14,000	10,224	3,776
Engineering fees	10,000	-	10,000
Legal/district management fees	180,000	160,871	19,129
Insurance	7,000	6,633	367
Repairs and maintenance - routine	165,000	121,577	43,423
Repairs and maintenance - accelerated	35,000	-	35,000
Utility location and notification	23,000	(5,160)	28,160
Payroll taxes	1,000	797	203
Organization dues	1,000	628	372
Consulting	15,000	-	15,000
Software maintenance	1,000	400	600
Miscellaneous	4,000	177	3,823
Computer equipment	4,000	-	4,000
Capital outlay - 2016 line rehabilitation	1,000,000	208,510	791,490
Capital construction reserve	2,372,791	-	2,372,791
Emergency reserve	111,036	-	111,036
Total Expenditures	<u>3,950,827</u>	<u>509,857</u>	<u>3,440,970</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(2,888,827)</b>	<b>471,633</b>	<b>3,360,460</b>
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<u>2,888,827</u>	<u>3,014,293</u>	<u>125,466</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,485,926</u>	<u>\$ 3,485,926</u>
Funds available computed as follows:			
Current assets		\$ 3,509,155	
Current liabilities		<u>(23,229)</u>	
		<u>\$ 3,485,926</u>	

# **SOUTH ENGLEWOOD SANITATION DISTRICT NO. 1**

## **RECONCILIATION OF REVENUES AND EXPENDITURES BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2017

The following is a reconciliation of the budgetary basis, as presented, to generally accepted accounting principals (GAAP), the basis on which the financial statements were prepared.

Excess of revenues over expenditures	\$	471,633
Plus items shown as expense on budget schedule:		
Capital assets expenditures		208,510
Less items not shown as expense on budget schedule:		
Depreciation		<u>(65,529)</u>
Changes in Net Position per Statement Revenues, Expenses and Changes in Net Position	\$	<u><u>614,614</u></u>