

**Bancroft-Clover
Water and Sanitation District**

Annual Financial Report

December 31, 2017 and 2016

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Office of the State Auditor

August 27 , 2018

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Members of the Board of Directors
Bancroft-Clover Water & Sanitation District
Jefferson County, Colorado

We have audited the accompanying financial statements of Bancroft-Clover Water & Sanitation District as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 respective financial position of Bancroft-Clover Water & Sanitation District, as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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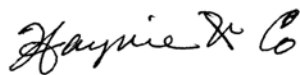
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bancroft-Clover Water & Sanitation District's financial statements as a whole. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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



Littleton, Colorado
July 12, 2018

Bancroft-Clover Water & Sanitation District Management's Discussion and Analysis

This section of the District's annual financial report presents our analysis of the District's financial performance during the Fiscal Years ended December 31, 2017 and 2016. Please read it in conjunction with the financial statements.

Financial Highlights

Bancroft-Clover Water and Sanitation District increased its net position by \$3,316,561 in 2017 compared to an increase in net position of \$3,442,624 in 2016. The increase in net position was \$1,073,878 more than budgeted and was largely due to variances in: tap fee collections, water purchases and sewer capital. Revenue from tap fee collections were under budget by \$666,850 due to construction delays at the Green Gables re-development. These tap fees will be collected in future years as the project is completed. Revenue from sewer charges was \$118,789 below budget due to decreasing winter demand and the delay in bringing additional Green Gables units on line.

Expenditures for water purchases were \$787,266 below budget due to conservative projections in the 2017 rate update. Expenditures for sewer capital were \$548,468 below budget due to lower than projected rehabilitation costs for the Kendrick to Garrison Street project and carryover funds for the Lee Street rehabilitation project which were not required.

The Board increased rates for water and sewer service to absorb increased rates from the District's partners, Denver Water and The Metro Wastewater Reclamation District. Water rates were increased by 2.5% and sewer rates were increased by 3% to reflect the increased cost to provide water and sewer service.

Overview of the Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

Statement of Net Position

The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses, and Changes in Net Position

This statement measures the results of the District's operations over the past year and may be used to determine profitability, credit worthiness, and whether the District has successfully recovered all its costs through its user fees, taxes and other charges.

Statement of Cash Flows

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing, capital and related financing, and investing

Bancroft-Clover Water & Sanitation District

activities. It also provides answers to such questions as where did the cash come from, how cash was used, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that can help answer that question. These two statements report the net position of the District and the related change in these assets. The District's net position, (the difference between assets and liabilities), is one way to measure financial health or financial position. Over time increases in the District's net position are one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

Net Position

As part of our analysis, we provide a summary of the District's Statement of Net Position (below):

Condensed Statement of Net Position

December 31,	2017	2016	'16-'17	'16-'17%
			\$ Change	%Change
Current assets	\$ 13,726,626	\$ 13,382,947	\$ 343,679	2.6%
Capital and other assets	33,783,929	30,915,518	2,868,411	9.3%
Total Assets	47,510,555	44,298,465	3,212,090	7.3%
Current liabilities	355,675	467,668	(111,993)	-23.9%
Deferred inflows of resources	581,923	574,401	7,522	1.3%
Total liabilities and deferred inflows of resources	937,598	1,042,069	(104,471)	-10.0%
Net investment in capital assets	22,293,528	21,877,540	415,988	1.9%
Unrestricted net position	24,279,429	21,378,856	2,900,573	13.6%
Total net position	46,572,957	43,256,396	3,316,561	7.7%

The District's net position increased by \$3,316,561, or 7.7%, due primarily to increases in cash along with water and sewer system capital assets.

The Statement of Net Position shows the changes in the financial position and, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in the following chart, during the year, the District's operating and non-operating revenues increased by \$83,368, or 0.6%, compared to last year due mainly to an increase of \$215,365 in total sewer revenue. Capital contributions decreased by \$1,264,320 which was offset by a decrease in expenses of \$1,054,889.

Bancroft-Clover Water & Sanitation District

Condensed Statement of Revenues, Expenses, and Changes in Net Position

December 31,	2017	2016	'16-'17	'16-'17%
			\$ Change	%Change
Operating revenue	\$ 12,152,920	\$ 12,107,386	\$ 45,534	0.4%
Non-operating revenue	770,043	732,209	37,834	5.2%
Total revenues	12,922,963	12,839,595	83,368	0.6%
Depreciation expense	709,505	685,403	24,102	3.5%
Other operating expense	9,295,637	10,354,600	(1,058,963)	-10.2%
General & administrative expense	897,315	921,892	(24,577)	-2.7%
Non-operating expense	13,414	8,865	4,549	51.3%
Total expenses	10,915,871	11,970,760	(1,054,889)	-8.8%
Capital contributions	1,309,469	2,573,789	(1,264,320)	-49.1%
Change in net position	3,316,561	3,442,624	(126,063)	-3.7%
Beginning net position	43,256,396	39,813,772	3,442,624	8.6%
Ending net position	46,572,957	43,256,396	3,316,561	7.7%

Budgetary Highlights

As required by State Law, the District adopts a budget and appropriates funds by December 16 for the following fiscal year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. In 2017, no supplemental appropriation was requested. Budget to actual comparative statements are included as Supplemental Information in the audited financial statements.

Capital Assets and Debt Administration

At the end of 2017, the District had invested \$22,293,528 in net property, plant and equipment representing an increase of 1.9% over prior year. The table below summarizes the changes in property, plant and equipment.

Capital assets

December 31,	2017	2016	'16-'17	'16-'17%
			\$ Change	%Change
Buildings	\$ 2,196,082	\$ 2,196,082	\$ -	0.0%
Water system	22,790,258	22,184,475	605,783	2.7%
Sewer system	15,266,901	14,786,579	480,322	3.2%
Furniture & equipment	997,888	958,500	39,388	4.1%
Land	144,728	144,728	-	0.0%
Subtotal	41,395,857	40,270,364	1,125,493	2.8%
Less: accumulated depreciation	(19,102,329)	(18,392,824)	(709,505)	3.9%
Net Capital assets	22,293,528	21,877,540	415,988	1.9%

Bancroft-Clover Water & Sanitation District

Capital Assets and Debt Administration (continued)

System increases are due to contributions from small development projects as well as the Green Gables development project. In 2017 the Green Gables redevelopment project accounted for \$446,229 in contributed water system capital, \$78,278 in contributed sewer system capital and \$259,321 in constructed water system capital. Other notable projects in 2017 included \$252,736 in constructed sewer systems for the Kendrick to Garrison Street project.

Long-Term Debt

The District continues to have zero long-term debt.

ECONOMIC FACTORS AND 2017 SERVICE RATES

The District's Board of Directors and management considered many factors when setting the 2017 budget, including user fees and charges and replacement of service lines. As in past years, the District conducted an analysis of the impact Denver Water's 2017 water and sewer rate schedule would have on its customers. A private consulting firm was engaged to calculate water and sewer rates based on its cost of service. Operating revenues were budgeted to increase by less than 1% as a result of the decrease from the District's suppliers. In 2017, charges paid to Denver Water were budgeted to increase by 6.7%. This increase was driven by an increase in budgeted volume and a 33.3% increase in the fixed service charge. Fees paid to Metro Wastewater were budgeted to decrease by 33.7% due to adjustments applied to volumes of wastewater processed in 2015. The District's rates for service reflect the changes in revenues necessary to fund operations and capital projects. In most years, treated water and sewer processing are the two largest cost items in the District budget.

Final 2018 Budget vs.

Final 2017 Budget

December 31,	<u>2018 Budget</u>	<u>2017 Budget</u>	<u>'16-'17</u>	<u>'16-'17%</u>
			\$ Change	%Change
Operating revenue	\$ 12,115,492	\$ 12,351,691	\$ (236,199)	-1.9%
Non-operating revenue	1,439,310	2,145,841	(706,531)	-32.9%
Total revenues	13,554,802	14,497,532	(942,730)	-6.5%
Other operating expense	10,175,468	10,231,538	(56,070)	-0.5%
General & administrative expense	957,024	984,363	(27,339)	-2.8%
Non-operating expense	1,779,000	1,038,948	740,052	71.2%
Total expenses	12,911,492	12,254,849	656,643	5.4%
Change in net position	643,310	2,242,683	(1,599,373)	-71.3%
Beginning net position	7,684,135	5,441,452	2,242,683	41.2%
Ending net position	8,327,445	7,684,135	643,310	8.4%

In the 2018 budget, Bancroft-Clover's net position is expected to increase by \$643,310 over 2017. The budgeted increase in net position is due to projected revenue exceeding expenditures and capital costs. Operating revenue is budgeted at \$12,115,492 and total expenses are budgeted at \$12,911,492 largely due to lower capital spending scheduled in 2017.

Bancroft-Clover Water & Sanitation District

Requests for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tim Lowe, District Manager
Bancroft-Clover Water & Sanitation District
900 S. Wadsworth Boulevard
Lakewood, CO 80226

Basic Financial Statements

Bancroft-Clover Water & Sanitation District

Statements of Net Position December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,743,489	\$ 6,046,582
Investments	7,060,767	5,391,978
Accounts receivable:		
Customers	1,118,019	1,142,383
Other	117,178	117,748
Property taxes receivable	586,843	578,720
Deposits	9,350	9,350
Inventories, supplies and materials	90,980	96,186
Total Current Assets	<u>13,726,626</u>	<u>13,382,947</u>
Capital Assets		
Not Being Depreciated		
Land	144,728	144,728
Total Capital Assets, Not Being Depreciated	<u>144,728</u>	<u>144,728</u>
Being Depreciated		
Buildings	2,196,082	2,196,082
Water system	22,790,258	22,184,475
Sewer system	15,266,901	14,786,579
Furniture and equipment	997,888	958,500
Total Capital Assets, Being Depreciated	41,251,129	40,125,636
Less accumulated depreciation	(19,102,329)	(18,392,824)
Net Capital Assets, Being Depreciated	<u>22,148,800</u>	<u>21,732,812</u>
Net Capital Assets	<u>22,293,528</u>	<u>21,877,540</u>
Noncurrent Assets		
Investments—long-term	11,490,401	9,037,978
Total Assets	<u>\$47,510,555</u>	<u>\$44,298,465</u>
Liabilities Deferred Inflow of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 355,675	\$ 467,668
Total Current Liabilities	<u>355,675</u>	<u>467,668</u>
Deferred Inflow of Resources		
Deferred property tax	581,923	574,401
Total Deferred Inflow of Resources	<u>581,923</u>	<u>574,401</u>
Net Position		
Net investment in capital assets	22,293,528	21,877,540
Unrestricted	24,279,429	21,378,856
Total Net Position	<u>46,572,957</u>	<u>43,256,396</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$47,510,555</u>	<u>\$44,298,465</u>

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

Bancroft-Clover Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Water Operations		
Revenue		
Water sales	\$ 8,623,851	\$ 8,765,399
Tap connection charges	19,417	20,562
Late charges	<u>64,682</u>	<u>91,820</u>
Total Water Revenue	8,707,950	8,877,781
Direct Water Expenses	<u>7,353,753</u>	<u>7,498,484</u>
Gross Income from Water Operations	<u>1,354,197</u>	<u>1,379,297</u>
Sewer Operations		
Revenue		
Sewage treatment	<u>3,444,970</u>	<u>3,229,605</u>
Total Sewer Operations	3,444,970	3,229,605
Direct Sewer Expense	<u>2,598,080</u>	<u>3,484,362</u>
Gross Income from Sewer Operations	846,890	(254,757)
General and Administrative Expenses	<u>950,624</u>	<u>979,049</u>
Operating Income (Loss)	<u>1,250,463</u>	<u>145,491</u>
Nonoperating Revenues (Expenses)		
General property tax	574,031	575,064
Specific ownership tax	64,916	47,927
Net investment income (loss)	131,096	109,218
County Treasurer's collection fees	(8,618)	(8,562)
Miscellaneous	<u>(4,796)</u>	<u>(303)</u>
Total Nonoperating Revenues (Expenses)	<u>756,629</u>	<u>723,344</u>
Income Before Capital Contributions	<u>2,007,092</u>	<u>868,835</u>
Capital Contributions		
Tap fees received	707,840	1,671,250
Contributed capital assets	<u>601,629</u>	<u>902,539</u>
Total Capital Contributions	<u>1,309,469</u>	<u>2,573,789</u>
Change in Net Position	3,316,561	3,442,624
Net Position—Beginning of Year	<u>43,256,396</u>	<u>39,813,772</u>
Net Position—End of Year	<u><u>\$46,572,957</u></u>	<u><u>\$43,256,396</u></u>

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

Bancroft-Clover Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 12,177,854	\$ 12,018,573
Cash paid to suppliers for goods and services	(9,301,433)	(10,263,138)
Cash paid to employees for services	<u>(998,306)</u>	<u>(1,091,202)</u>
Net Cash From Operating Activities	<u>1,878,115</u>	<u>664,233</u>
Cash Flows from Non-capital Financing Activities:		
Property and specific ownership tax	629,728	614,380
Other nonoperating revenue (expense)	<u>(4,796)</u>	<u>(303)</u>
Net Cash From Non-capital Financing Activities	<u>624,932</u>	<u>614,077</u>
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	707,840	1,671,250
Acquisition of property and equipment	<u>(523,864)</u>	<u>(1,045,971)</u>
Net Cash From Capital and Related Financing Activities	<u>183,976</u>	<u>625,279</u>
Cash Flows from Investing Activities:		
Sale of investments	5,403,000	3,465,000
Purchase of investments	(9,425,985)	(3,464,129)
Interest income received	<u>32,869</u>	<u>268</u>
Net Cash From Investing Activities	<u>(3,990,116)</u>	<u>1,139</u>
Net Change in Cash and Cash Equivalents	(1,303,093)	1,904,728
Cash and Cash Equivalents—beginning of year	<u>6,046,582</u>	<u>4,141,854</u>
Cash and Cash Equivalents—end of year	<u><u>\$ 4,743,489</u></u>	<u><u>\$ 6,046,582</u></u>

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

Bancroft-Clover Water & Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Net Operating Income to		
Net Cash From Operating Activities:		
Operating income (loss)	<u>\$1,250,463</u>	<u>\$ 145,491</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	709,505	685,403
Changes in assets and liabilities:		
Change in accounts receivable—		
Water and sewer	24,364	(83,157)
Other	570	(5,655)
Change in inventories, supplies and materials	5,206	(5,426)
Change in accounts payable	<u>(111,993)</u>	<u>(72,423)</u>
 Total Adjustments	 <u>627,652</u>	 <u>518,742</u>
 Net Cash From Operating Activities	 <u><u>\$1,878,115</u></u>	 <u><u>\$ 664,233</u></u>
 Non-cash transactions		
Contributed assets	\$ 601,629	\$ 902,539
Mark to market adjustment	<u>98,377</u>	<u>108,950</u>
	<u><u>\$ 700,006</u></u>	<u><u>\$1,011,489</u></u>

The accompanying notes are an integral part of these statements.

Bancroft-Clover Water & Sanitation District

Notes to Audited Financial Statements

December 31, 2017 and 2016

1. Definition of Reporting Entity

Bancroft-Clover Water & Sanitation District (District), a quasi-municipal corporation, was established on August 30, 1954 as a Title 32 Special District to provide water and sanitation services to southeastern Lakewood and portions of unincorporated Jefferson County, Colorado.

The District contracts with the City and County of Denver through its Board of Water Commissioners (Board) to purchase water to serve the District's customers. The District contracts with Metro Wastewater Reclamation District to provide its raw sewage processing.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to local governments. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows:

Financial Reporting Entity

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

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

Fund Accounting

The Proprietary Fund is composed of water and sewer operations. It is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting

Enterprise fund accounting is utilized in accordance with generally accepted accounting principles. The financial statements are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenues received in advance are recorded as a liability for deferred revenue and the liability is removed when earned.

The District has elected to follow Governmental Accounting Standards Board (GASB) pronouncements.

Property, Plant and Equipment

Capital assets which include land, buildings, water and sewer distribution and collection systems and furniture and equipment are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

Buildings	30 years
Water System	50 years
Sewer System	50 years
Furniture and Equipment	5 - 7 years

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

Budget and Budgetary Accounting

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

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Operations

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses 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.

Tap Fees and Contributed Lines

Tap fees are recorded as revenue when received and contributed lines are recorded at year end.

Cash and Cash Equivalents

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

Investments

The District's policy is to account for investments at fair market value in accordance with GASB 31. Gains or losses on the sale of investments are recognized when the investment is sold.

Accounts Receivable

Accounts receivable are determined to be fully collectible as shown at December 31, 2017 and 2016; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

Inventories

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

Compensated Absences

The District has a policy which allows employees to accumulate unused personal leave time. Personal leave time is accrued annually based on years of service. The maximum carryover limit is 352 hours. The District records a liability at year end for the amount of carryover.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net asset amount is also adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted. For 2017, the District's Unrestricted Net Position totaled \$24,279,429 which was \$2,900,573, or 13.6% more than 2016.

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

Management Estimates

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

Property Taxes

The District collects property tax from property owners within the district based on assessed values at December 31 of the prior year. Property owners are to pay these assessments either in full by April 30th or in halves by February 28/29th and June 15th. These taxes are collected by Jefferson County and remitted to the district on the 10th day of the month following collection. Tax revenues remitted to the District for 2017 totaled \$574,031.

3. Cash, Cash Equivalents and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The institution is required to certify sufficient collateral to cover uninsured public funds to state agencies on a regular basis.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2017 and 2016

3. Cash, Cash Equivalents and Investments

The State Regulatory Commissions for banks and financial institutions are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in collateral pools.

At December 31, 2017 and 2016, the District's cash deposits had a bank balance and a carrying balance as follows:

	2017		2016	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Cash on hand	\$ 500	\$ -	\$ 500	\$ -
Cash in checking	<u>4,742,989</u>	<u>5,138,650</u>	<u>6,046,082</u>	<u>6,739,188</u>
	<u><u>\$ 4,743,489</u></u>	<u><u>\$ 5,138,650</u></u>	<u><u>\$ 6,046,582</u></u>	<u><u>\$ 6,739,188</u></u>

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

The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance, but are collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance, but are collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The District had no Category 3 deposits in 2017 and 2016, respectively.

	2017	2016
Insured deposits	\$ 250,000	\$ 250,000
Category 1	500	500
Category 2	<u>4,492,989</u>	<u>5,796,082</u>
Total cash and equivalents	<u><u>\$ 4,743,489</u></u>	<u><u>\$ 6,046,582</u></u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2017 and 2016

3. Cash, Cash Equivalents and Investments (continued)

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

Credit Risk - The District's investments are recorded at fair value based on quoted market prices. District investments are securities that are held by the entity or its agent in the District's name, and are insured or registered by the District or its agent. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or would further limit its investment choices. The District places no limit on the amount the District may invest in any one issuer.

As of December 31, 2017 and 2016, the District's investments in U.S. Treasuries and U.S. instrumentalities were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service.

Local Government Investment Pools – As of December 31, 2017 the District had \$4,032,240 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colotrust is rated AAAM by Standard and Poor's. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. The District funds are only invested in Colotrust Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust.

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

3. Cash, Cash Equivalents and Investments (continued)

Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method.

As of December 31, 2017 and 2016, the District had the following investments:

		Remaining Maturity (in Months)		
		12 Months or	13 to 24	25 to 60
<u>2017</u>		Less	Months	Months
Type of Investment	Fair Value			
Investment pools	\$ 4,032,240	\$ 4,032,240	\$ -	\$ -
U.S. Treasury Securities	<u>14,518,928</u>	<u>3,028,527</u>	<u>2,969,606</u>	<u>8,520,795</u>
Total Investments	<u>\$ 18,551,168</u>	<u>\$ 7,060,767</u>	<u>\$ 2,969,606</u>	<u>\$ 8,520,795</u>
		Remaining Maturity (in Months)		
		12 Months or	13 to 24	25 to 60
<u>2016</u>		Less	Months	Months
Type of Investment	Fair Value			
U.S. Treasury Securities	<u>\$ 14,429,956</u>	<u>\$ 5,391,978</u>	<u>\$ 2,288,805</u>	<u>\$ 6,749,173</u>
Total Investments	<u>\$ 14,429,956</u>	<u>\$ 5,391,978</u>	<u>\$ 2,288,805</u>	<u>\$ 6,749,173</u>

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. As of December 31, 2017, U.S. Treasury Securities of \$14,518,928 comprise 78% of the District's investment portfolio.

Fair Value Measurement and Application – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District's investments are measured at fair value using Level 1 inputs.

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

3. Cash, Cash Equivalents and Investments (continued)

At December 31, 2017, cash deposits and investment, are classified on the statements of net position as follows:

December 31,	<u>2017</u>	<u>2016</u>
Cash and cash equivalents		
Petty cash	\$ 500	\$ 500
Cash deposits	<u>4,742,989</u>	<u>6,046,082</u>
Total Cash	<u>\$ 4,743,489</u>	<u>\$ 6,046,582</u>
Investments		
Investments—current	7,060,767	5,391,978
Investments—long-term	<u>11,490,401</u>	<u>9,037,978</u>
Total Investments	<u>\$ 18,551,168</u>	<u>\$ 14,429,956</u>
Total Cash and Investments	<u>\$ 23,294,657</u>	<u>\$ 20,476,538</u>

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2017 and 2016 follows:

	December 31, 2016	Additions	Retirements /Transfers	December 31, 2017
Capital assets, not being depreciated:				
Land	<u>\$ 144,728</u>	-	-	<u>\$ 144,728</u>
Total capital assets, not being depreciated	<u>144,728</u>	-	-	<u>144,728</u>
Capital assets, being depreciated:				
Buildings	2,196,082	-	-	2,196,082
Water systems	22,184,475	705,550	99,767	22,790,258
Sewer systems	14,786,579	480,322	-	15,266,901
Furniture and equipment	<u>958,000</u>	<u>39,388</u>	-	<u>997,888</u>
Total capital assets, being depreciated	<u>40,125,636</u>	<u>1,225,260</u>	<u>99,767</u>	<u>41,251,129</u>

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

4. Capital Assets (continued)

	December 31, 2016	Additions	Retirements /Transfers	December 31, 2017
Less accumulated depreciation for:				
Buildings	(932,300)	(52,711)	-	(985,011)
Water systems	(9,231,508)	(388,526)	-	(9,620,034)
Sewer systems	(7,406,021)	(230,134)	-	(7,636,155)
Furniture and equipment	<u>(822,995)</u>	<u>(38,134)</u>	<u>-</u>	<u>(861,129)</u>
Total accumulated depreciation	<u>(18,392,824)</u>	<u>(709,505)</u>	<u>-</u>	<u>(19,102,329)</u>
Total capital assets, being depreciated, net	<u>21,732,812</u>	<u>515,755</u>	<u>-</u>	<u>22,148,800</u>
Capital assets, net	<u>\$ 21,877,540</u>	<u>\$ 515,755</u>	<u>\$ -</u>	<u>\$ 22,293,528</u>

	December 31, 2016	Additions	Retirements /Transfers	December 31, 2017
Capital assets, not being depreciated:				
Land	<u>\$ 144,728</u>	<u>-</u>	<u>-</u>	<u>\$ 144,728</u>
Total capital assets, not being depreciated	<u>144,728</u>	<u>-</u>	<u>-</u>	<u>144,728</u>

Capital assets, being depreciated:				
Buildings	2,196,082	-	-	2,196,082
Water systems	21,173,828	1,010,647	-	22,184,475
Sewer systems	13,883,873	969,778	(67,072)	14,786,579
Furniture and equipment	<u>923,343</u>	<u>35,157</u>	<u>-</u>	<u>958,500</u>
Total capital assets, being depreciated	<u>38,177,126</u>	<u>2,015,582</u>	<u>(67,072)</u>	<u>40,125,636</u>

Less accumulated depreciation for:				
Buildings	(879,589)	(52,711)	-	(932,300)
Water systems	(8,855,353)	(376,155)	-	(9,231,508)
Sewer systems	(7,187,935)	(218,086)	-	(7,406,021)
Furniture and equipment	<u>(784,543)</u>	<u>(38,452)</u>	<u>-</u>	<u>(822,995)</u>
Total accumulated depreciation	<u>(17,707,420)</u>	<u>(685,404)</u>	<u>-</u>	<u>(18,392,824)</u>
Total capital assets, being depreciated, net	<u>20,469,706</u>	<u>1,330,178</u>	<u>(67,072)</u>	<u>21,732,812</u>
Capital assets, net	<u>\$ 20,614,434</u>	<u>\$ 1,330,178</u>	<u>\$ (67,072)</u>	<u>\$ 21,877,540</u>

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

4. Capital Assets (continued)

Depreciation expense for the years ended December 31, 2017 and 2016 was charged to the following operations:

	<u>2017</u>	<u>2016</u>
Direct water expense	\$ 418,555	\$ 403,359
Direct sewer expense	237,641	224,887
General and administration	<u>53,309</u>	<u>57,157</u>
Total Expenses	<u>\$ 709,505</u>	<u>\$ 685,403</u>

5. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2017 and 2016. As of December 31, 2017 and 2016, the District had net investment in capital assets of \$22,293,528 and \$21,877,540, respectively.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of December 31, 2017 and 2016.

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

6. Contracts and Commitments

Water Service Contract

The District is provided water under a master meter distributor's contract with the Board of Water Commissioners of the City and County of Denver (Denver Water Board). The contract provides, among other things, that Denver Water Board will serve the District until build out, may restrict the right of the District to issue new taps and requires compliance to their Operating Rules and Engineering Standards.

Sewage Treatment Contract

The District is a "special connector" by agreement with Metro Wastewater Reclamation District (Metro) which provides the treatment of sewage collected within the District. The

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2017 and 2016

6. Contracts and Commitments (continued)

standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system. The composition of the charges from the 2017 and 2016 estimates are as follows:

	<u>2017</u>	<u>2016</u>
Certified Estimate for current year	\$ 2,388,025	\$ 2,448,227
Adjustment of second preceding year estimate to actual finding	(83,879)	(136,850)
Preliminary adjustment of preceding year estimate, over preceeding year certified estimate	<u>(30,603)</u>	<u>(434,406)</u>
Total annual charges	<u>\$ 2,273,543</u>	<u>\$ 1,876,971</u>

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District pays annual premiums for liability, property, public officials' liability and workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

8. Employee Retirement Plan

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants after one full month of employment. Under this plan, six percent of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of six percent from the District.

The District's contributions, plus earnings, become vested, based on years of service, at a rate of 50% after three years; 75% after four years; and 100% after 5 years. Unvested contributions for employees who leave employment before five years of participation are used to reduce the District's current period contribution requirement. Plan provisions and contributions requirements are established and may be amended by CCOERA and would have to be

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

8. Employee Retirement Plan (continued)

approved by the District's Board of Directors. There is no liability for benefits under the plan beyond the District's matching payments.

Both the District and the participating employees made the required six percent contributions for 2017 and 2016. Some employees elect to contribute more than the required six percent.

The District's and employees' contributions to the plan for the years ended December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Plan Members	\$ 50,023	\$ 49,350
District	\$ 43,618	\$ 43,070*

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

*This includes \$0 in forfeitures applied to direct pension expense in 2017. Forfeitures are funds paid into an employees retirement plan with the assumption of that employee fully vesting. If the employee separates from the company prior to fully vesting, excess funds are held by plan administrator as forfeitures and can be used as a credit by the company in lieu of future contributions.

9. Intergovernmental Agreements

Technical Advisory Committee Agreement

Effective July 31, 2003, the District became a participant of the Technical Advisory Committee (TAC). The committee was formed to promote cooperative strategies to respond to drought and research water rates and fees in the Denver area. The TAC consists of a designated representative from each participant. The participant's share of the costs is based on the participant's percentage share of the total number of accounts. A year-end reconciliation of actual costs to budgeted costs is calculated and amounts are refunded or billed to participants or credited to the participant's payment due for the subsequent year. The percentage share for each participant is adjusted as of December 31 or each year based on the total number of participants. The agreement automatically renews for each participant from calendar year to year. For the years ended December 31, 2017 and 2016, the District paid \$5,264 and \$8,773, respectively, under this agreement.

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

9. Intergovernmental Agreements (continued)

Alameda Water and Sanitation District Agreement

The District has a formal agreement with Alameda Water and Sanitation District (Alameda) dated August 15, 2011 for the shared use of the Sanderson Gulch sewer line with Alameda to reimburse a portion of the costs subsequent to each year end. Based on the agreement, Alameda is to reimburse the District for the average flow per Equivalent Residential Unit (EQR) for properties flowing into the Sanderson Gulch Metering Facility. The cost per EQR is based on the annual charge for service charged by Metro Wastewater Reclamation District as well as any costs of maintenance of the Bancroft-Clover facilities.

Green Mountain Water and Sanitation District

The District has a formal agreement with Green Mountain Water and Sanitation District (Green Mountain) for the shared use of Weir Gulch sewer line. Based on the agreement, the District is to reimburse Green Mountain for a certain percentage of the Weir Gulch Metering Facility costs charged by Metro Wastewater Reclamation District.

Bear Creek Water and Sanitation District

The District has a formal agreement dated November 3, 1969 with Bear Creek Water and Sanitation District (Bear Creek) for a connection to the District's system. Under the agreement, Bear Creek installed approximately 1,870 feet of 12-inch pipe and a water meter to feed up to 250 single family residential taps in their district. Bear Creek maintains the water meter and vault, and the District maintains the 12-inch pipe line. Water supplied to Bear Creek through this connection is credited to the District each billing cycle.

The District also has a formal agreement with Bear Creek Water and Sanitation District dated April 11, 2011 for a shared use of the Bear Creek sewer line, with Bear Creek to reimburse a portion of the costs subsequent to each year-end. Based on the agreement, the District is to reimburse Bear Creek for a pro-rated share of the Bear Creek Metering Facility costs charged by Metro Wastewater Reclamation District.

South Sheridan Water and Sanitation District

The District has a formal agreement with the South Sheridan Water and Sanitation District (South Sheridan) dated February 8, 2012 that sets forth the terms for the District and South Sheridan to provide sanitary sewer services to each other. It was determined that there are certain properties within the District's boundaries being serviced by South Sheridan and likewise, certain properties within South Sheridan's boundaries being serviced by the District. Per the agreement, each district will pay the other district the respective costs for services provided to these properties.

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2017 and 2016

10. Tax, Spending and Debt Limitations

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

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

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.

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

Supplementary Information

Bancroft-Clover Water & Sanitation District
Schedule of Direct Water Operating Expenses
For the Years Ended December 31, 2017 and 2016

	2017	2016
Source of Supply		
Purchased water	\$ 6,100,517	\$ 6,231,894
Power purchased for pumping	27,587	23,902
Total Source of Supply	<u>6,128,104</u>	<u>6,255,796</u>
 Transmission, Distribution and Other Expenses		
Depreciation	418,555	403,359
Salaries and wages	335,010	340,419
Employee pensions	73,537	120,349
Repairs and maintenance—lines	173,105	139,948
Engineering fees	43,301	77,185
Water tap installations	49,940	34,317
Miscellaneous	-	70
Taxes—payroll	26,290	26,593
Repairs and maintenance—services	65,419	50,119
Repairs and maintenance—equipment	8,165	8,901
Automobile and truck expense	7,552	10,920
Telephone	13,056	9,669
Tools and equipment expense	3,044	2,481
Fire hydrant maintenance	2,812	7,987
Water quality	1,099	2,311
Operating supplies	1,062	1,710
Continuing education	1,570	3,387
Uniforms	1,411	927
Safety Equipment	721	2,036
Total Transmission, Distribution and Other Expenses	<u>1,225,649</u>	<u>1,242,688</u>
 Total Direct Water Expenses	<u><u>\$ 7,353,753</u></u>	<u><u>\$ 7,498,484</u></u>

Bancroft-Clover Water & Sanitation District
Schedule of Direct Sewer Operating Expenses
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Transmission, Distribution and Other Expenses		
Depreciation	\$ 237,641	\$ 224,887
Repairs and maintenance—general	65,500	18,594
Repairs and maintenance—preventative	116,976	122,706
Sanitary sewer line TV	108,197	101,465
Salaries and wages	83,752	85,105
Engineering fees	44,431	29,404
Employee pensions	18,384	30,085
Taxes—payroll	6,573	6,648
Utilities	3,886	3,772
Truck expense	1,871	2,528
Telephone	3,265	2,415
Repairs and maintenance—equipment and buildings	2,003	2,117
Operating supplies	291	726
Continuing education	242	844
Sewer operator certification	55	110
Uniforms	353	232
Tools	108	202
Safety equipment	180	509
Equipment expense	129	192
Total Collection and Transmission Expenses	<u>693,837</u>	<u>632,541</u>
Sewage Treatment Expenses—Outside Service		
Metro Wastewater	1,876,971	2,833,098
Other	27,272	18,723
Total Sewage Treatment Expenses—Outside Services	<u>1,904,243</u>	<u>2,851,821</u>
Total Direct Sewer Expenses	<u>\$ 2,598,080</u>	<u>\$ 3,484,362</u>

Bancroft-Clover Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 344,290	\$ 338,637
Employee pensions and benefits	83,217	116,903
Depreciation	53,309	57,157
Mailing expense	49,285	60,219
Office supplies and expenses	25,260	22,818
Water rate and tap fee study	19,709	12,612
Repairs and maintenance—equipment and other	37,492	28,161
Payroll taxes	27,253	26,463
Accounting services	20,896	21,025
Master Plan	47,990	-
Insurance	42,174	37,212
Auditing	18,400	18,000
Computer expense	28,422	30,460
Legal	28,172	31,628
TAC expenses	5,264	8,773
Utilities	3,807	4,084
Bank charges	32,191	60,992
Equipment rent	12,153	20,566
Seminars	2,595	7,004
Telephone	6,717	5,863
Computer support	25,601	21,558
Directors' fees	5,800	6,400
Automobile expense	(401)	2,706
Dues	2,549	2,656
Human resources consulting	3,000	-
Meetings	613	3,893
Engineering fees	25,040	23,256
Other expenses	(1,599)	4,843
Publications	-	79
Lien fees	(154)	(351)
Continuing education	1,579	5,432
	<u> </u>	<u> </u>
Total General and Administrative Expenses	<u>\$ 950,624</u>	<u>\$ 979,049</u>

Bancroft-Clover Water & Sanitation District
Statement of Revenue, Expenditures and Changes in Funds Available
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2017

	Original and Final Budget	2017 Actual	Variance Favorable (Unfavorable)	2016 Actual
Revenue				
Operating revenues:				
Water sales	\$ 8,661,432	\$ 8,623,851	\$ (37,581)	\$ 8,765,399
Tap connection charges	51,500	19,417	(32,083)	20,562
Sewage treatment	3,563,759	3,444,970	(118,789)	3,229,605
Late charges	75,000	64,682	(10,318)	91,820
Non-operating revenues:				
General property tax	574,401	574,031	(370)	575,064
Specific ownership tax	45,000	64,916	19,916	47,927
Net investment income	150,250	131,096	(19,154)	109,218
Tap fees	1,374,690	707,840	(666,850)	1,671,250
Miscellaneous	1,500	(4,796)	(6,296)	(302)
Total Revenue	<u>\$ 14,497,532</u>	<u>\$ 13,626,007</u>	<u>\$ (871,525)</u>	<u>14,510,543</u>
Expenditures:				
Operating expense—water:				
Source of supply	\$ 6,810,715	\$ 6,023,449	\$ 787,266	6,199,409
Transmission, distribution and other expenses	888,694	911,749	(23,055)	895,716
Operating expense—sewer:				
Collection and transmission	629,531	483,468	146,063	426,377
Sewage treatment	1,902,598	1,876,971	25,627	2,833,098
General and administrative expenses	984,363	905,933	78,430	930,455
Capital outlay:				
Water	145,558	259,321	(113,763)	111,906
Sewer	873,390	324,922	548,468	965,979
Administrative	20,000	39,388	(19,388)	35,157
Total Expenditures	<u>12,254,849</u>	<u>10,825,201</u>	<u>\$ 1,429,648</u>	<u>12,398,097</u>
Change in net position (budgetary basis)	<u>\$ 2,242,683</u>	<u>\$ 2,800,806</u>	<u>\$ 558,123</u>	<u>\$ 2,112,446</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):				
Contributed assets		601,629		
Depreciation		(709,505)		
Capital outlay		623,631		
Change in net position (GAAP basis)		<u>3,316,561</u>		
Net position, beginning of year		<u>43,256,396</u>		
Net position, end of year		<u>\$ 46,572,957</u>		