

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT
MT. CRESTED BUTTE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
December 31, 2017**

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Office of the State Auditor

July 18, 2018

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

2017 Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission.

The District has one financial category referred to as a business type activity. This activity is primarily funded through charges to users. The District also collects property taxes and specific ownership taxes to support its operations and debt obligations.

DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements (including the accompanying footnotes)*, and *supplementary information*. The *supplementary information* is not a required part of the basic financial statements under generally accepted accounting principles.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Basic Financial Statements

The basic financial statements consist of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows, and Notes to the Financial Statements. These statements report information about the District as a whole and include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the District's *net position* and changes in them. The District's net position – the difference between assets and liabilities – is one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

HIGHLIGHTS

- In 2017, total assets were \$23,238,928, a decrease from 2016 \$23,642,011, of \$403,083.
- In 2017 total liabilities were \$1,604,867, a decrease from 2016 \$2,216,629, of \$611,762.
- In 2017 the change in net position was \$174,055 compared to \$514,066 in 2016.

STATEMENTS OF NET POSITION

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for 2017 compared to 2016:

Net Position

CONDENSED STATEMENT OF NET POSITION

	<u>2017</u>	<u>2016</u>
ASSETS		
Current and Other Assets	\$ 7,920,103	\$ 8,005,401
Capital Assets	<u>15,318,825</u>	<u>15,636,610</u>
Total Assets	<u>23,238,928</u>	<u>23,642,011</u>
LIABILITIES		
Current Liabilities	193,020	494,676
Noncurrent Liabilities	<u>1,411,847</u>	<u>1,721,953</u>
Total Liabilities	<u>1,604,867</u>	<u>2,216,629</u>
DEFERRED INFOWS	<u>1,057,829</u>	<u>1,023,205</u>
NET POSITION		
Net Investment in Capital Assets	13,992,024	14,013,166
Restricted	113,900	112,600
Unrestricted	<u>6,470,308</u>	<u>6,276,411</u>
Total Net Position	<u>\$ 20,576,232</u>	<u>\$ 20,402,177</u>

STATEMENTS OF ACTIVITIES

The following table reflects the change in net position for fiscal years 2017 and 2016.

CONDENSED STATEMENT OF ACTIVITIES

	<u>2017</u>	<u>2016</u>
PROGRAM REVENUES		
Operating Revenues	\$ 2,231,275	\$ 2,173,644
Operatng Expenses	<u>3,513,548</u>	<u>3,171,017</u>
Operating Income	(1,282,273)	(997,373)
Other Income (Expense)	1,006,484	1,008,525
Contributed Capital	<u>449,844</u>	<u>502,915</u>
Change in Net Position	174,055	514,067
Net Position - Beginning	<u>20,402,177</u>	<u>19,888,110</u>
Net Position - Ending	<u>\$ 20,576,232</u>	<u>\$ 20,402,177</u>

CAPITAL ASSETS

The District's changes in capital assets for the year ending December 31, 2017 is as follows:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
Business - Type Activities:				
Assets not being depreciated				
Land	\$ 32,248	\$ -	\$ -	\$ 32,248
Water Rights	212,405	-	-	212,405
Construction in Progress	<u>4,006,506</u>	<u>336,134</u>	<u>(2,804,067)</u>	<u>1,538,573</u>
Total assets not being depreciated	<u>4,251,159</u>	<u>336,134</u>	<u>(2,804,067)</u>	<u>1,783,226</u>
Assets being depreciated				
Buildings and Improvements	925,622	-	-	925,622
Treatment plants	19,616,141	2,818,795	(16,372)	22,418,564
Collection and distribution systems	5,204,152	48,475	(11,424)	5,241,203
Equipment	<u>782,056</u>	<u>49,530</u>	<u>(33,873)</u>	<u>797,713</u>
Total assets being depreciated	<u>26,527,971</u>	<u>2,916,800</u>	<u>(61,669)</u>	<u>29,383,102</u>
Less: Accumulated depreciation				
Buildings and Improvements	(184,399)	(17,021)	-	(201,420)
Treatment plants	(11,311,298)	(500,625)	4,639	(11,807,284)
Collection and distribution systems	(3,175,369)	(158,681)	5,236	(3,328,814)
Equipment	<u>(471,449)</u>	<u>(60,696)</u>	<u>22,160</u>	<u>(509,985)</u>
Total accumulated depreciation	<u>(15,142,515)</u>	<u>(737,023)</u>	<u>32,035</u>	<u>(15,847,503)</u>
Net Capital Assets	<u>\$ 15,636,615</u>	<u>\$ 2,515,911</u>	<u>\$ (2,833,701)</u>	<u>\$ 15,318,825</u>

DEBT OUTSTANDING

The District has debt with the Colorado Water Resources and Power Development Authority in the amount of \$1,326,801.

A summary of debt activity for the year is as follows:

	<u>Balance 1/1/17</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 12/31/17</u>	<u>Current Portion</u>	<u>Interest Expense</u>	<u>Accrued Interest</u>
2001 CWRPDA Sewer Note Payable	\$ 1,623,444	\$ -	\$ 296,643	\$ 1,326,801	\$ 307,430	\$ 87,171	\$ 33,832
Compensated Absences	98,509	-	13,465	85,044	-	-	-
Total Obligations	<u>\$ 1,721,953</u>	<u>\$ -</u>	<u>\$ 310,108</u>	<u>\$ 1,411,845</u>	<u>\$ 307,430</u>	<u>\$ 87,171</u>	<u>\$ 33,832</u>

ECONOMIC AND OTHER FACTORS

The 2017 budget reflects the growing needs of the District with the revenue base available. Principal and interest payments for indebtedness will remain on the schedules previously established. Both water and wastewater segments of the 2017 budgets included projects for major capital projects along repairs and maintenance and water supply improvements. Cost increases of materials, construction, laboratory, operational expenses, and regulatory requirements will require additional fees in the future.

The District will continue to provide a high level of service to our customers at the water and wastewater facilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Michael Fabbre, District Manager
Mt. Crested Butte Water & Sanitation District
100 Gothic Road
P.O. Box 5740
Mt. Crested Butte, Colorado 81225
Tel: (970) 349-7575
Fax: 970-349-0412
www.mcbwsd.com

ECONOMIC AND OTHER FACTORS

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FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Mt. Crested Butte Water & Sanitation District
Crested Butte, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Mt. Crested Butte Water & Sanitation District, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mt. Crested Butte Water & Sanitation District, as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mt. Crested Butte Water & Sanitation District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M4 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 Supplementary Information

The budgetary and income and expense schedule by division on pages 16-18 and listed as other supplementary information are presented for purpose of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 basic 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.



Englewood, Colorado
June 29, 2018

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Basic Financial Statements

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

	Business-type Activities			
	Water	Sanitation	Total	
	Fund	Fund	2017	2016
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 2,936,612	\$ 3,423,383	\$ 6,359,995	\$ 6,521,314
Restricted Cash and Investments	-	248,968	248,968	196,562
Receivables				
Property Tax Receivable	445,585	612,244	1,057,829	1,023,205
Utility Receivable	120,320	123,951	244,271	247,332
Cash with Fiscal Agent	3,243	3,243	6,486	4,892
Prepaid Expenses	1,277	1,277	2,554	12,096
Total Current Assets	<u>3,507,037</u>	<u>4,413,066</u>	<u>7,920,103</u>	<u>8,005,401</u>
Noncurrent Assets				
Capital Assets not being depreciated	1,708,330	74,896	1,783,226	4,251,159
Capital Assets being depreciated	11,508,166	17,874,936	29,383,102	26,527,973
Accumulated Depreciation	<u>(6,266,010)</u>	<u>(9,581,493)</u>	<u>(15,847,503)</u>	<u>(15,142,522)</u>
Total Noncurrent Assets	<u>6,950,486</u>	<u>8,368,339</u>	<u>15,318,825</u>	<u>15,636,610</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 10,457,523</u>	<u>\$ 12,781,405</u>	<u>\$ 23,238,928</u>	<u>\$ 23,642,011</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 3,400	\$ 105,305	\$ 108,705	\$ 356,464
Accrued Liabilities	1,772	-	1,772	6,016
Accrued Salaries and Benefits	29,293	19,418	48,711	-
Retainage Payable	-	-	-	94,097
Accrued Interest Payable	-	33,832	33,832	38,099
Total Current Liabilities	<u>34,465</u>	<u>158,555</u>	<u>193,020</u>	<u>494,676</u>
Noncurrent Liabilities				
Due within one year	-	307,430	307,430	296,643
Due in more than one year	40,407	1,064,010	1,104,417	1,425,310
Total Noncurrent Liabilities	<u>40,407</u>	<u>1,371,440</u>	<u>1,411,847</u>	<u>1,721,953</u>
TOTAL LIABILITIES	<u>74,872</u>	<u>1,529,995</u>	<u>1,604,867</u>	<u>2,216,629</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	<u>445,585</u>	<u>612,244</u>	<u>1,057,829</u>	<u>1,023,205</u>
NET POSITION				
Net Investment in Capital Assets	6,950,486	7,041,538	13,992,024	14,013,166
Restricted Net Position	53,100	60,800	113,900	112,600
Unrestricted Net Position	<u>2,933,480</u>	<u>3,536,828</u>	<u>6,470,308</u>	<u>6,276,411</u>
TOTAL NET POSITION	<u>9,937,066</u>	<u>10,639,166</u>	<u>20,576,232</u>	<u>20,402,177</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 10,457,523</u>	<u>\$ 12,781,405</u>	<u>\$ 23,238,928</u>	<u>\$ 23,642,011</u>

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

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2017</u>	<u>2016</u>
Operating Revenues				
Utility Charges	\$ 1,122,326	\$ 1,108,949	\$ 2,231,275	\$ 2,173,644
Operating Expenses				
Personnel Services	440,016	387,730	827,746	882,305
Administrative/Office Expenses	48,175	48,645	96,820	94,178
Insurance	152,461	156,647	309,108	308,053
Operating Supplies	185,827	172,939	358,766	320,569
Professional Fees	96,373	70,736	167,109	155,723
Repairs and Maintenance	183,812	383,629	567,441	294,351
Travel and Training	4,807	7,011	11,818	16,120
Engineering	81,007	65,654	146,661	72,205
Telephone and Utilities	131,106	124,205	255,311	242,185
Other Operating Expenses	18,743	7,530	26,273	46,674
Depreciation Expense	290,743	446,273	737,016	676,944
Other Capital Outlay	2,100	7,379	9,479	61,710
Total Expenditures	<u>1,635,170</u>	<u>1,878,378</u>	<u>3,513,548</u>	<u>3,171,017</u>
Operating Income (Loss)	<u>(512,844)</u>	<u>(769,429)</u>	<u>(1,282,273)</u>	<u>(997,373)</u>
Other Income (Expense)				
Tax Revenue	457,116	615,745	1,072,861	1,029,434
Investment Earnings	16,478	16,335	32,813	30,383
Other Revenue	5,926	1,435	7,361	10,754
Interest Expense	(58)	(76,858)	(76,916)	(62,046)
Gain (Loss) on Disposal of Assets	<u>(23,778)</u>	<u>(5,857)</u>	<u>(29,635)</u>	<u>-</u>
Total Other Income (Expense)	<u>455,684</u>	<u>550,800</u>	<u>1,006,484</u>	<u>1,008,525</u>
Net Income (Loss)	<u>(57,160)</u>	<u>(218,629)</u>	<u>(275,789)</u>	<u>11,152</u>
Contributed Capital				
Plant Investment Fees	<u>167,553</u>	<u>282,291</u>	<u>449,844</u>	<u>502,915</u>
Change in Net Position	<u>110,393</u>	<u>63,662</u>	<u>174,055</u>	<u>514,067</u>
Net Position, Beginning	<u>9,826,673</u>	<u>10,575,504</u>	<u>20,402,177</u>	<u>19,888,110</u>
Net Position, Ending	<u>\$ 9,937,066</u>	<u>\$ 10,639,166</u>	<u>\$ 20,576,232</u>	<u>\$ 20,402,177</u>

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

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Business-type Activities			
	Water	Sanitation	Total	
	Fund	Fund	2017	2016
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 1,123,170	\$ 1,111,166	\$ 2,234,336	\$ 2,131,277
Cash Paid to Suppliers	(1,034,967)	(932,403)	(1,967,370)	(1,254,680)
Cash Paid to and for the Benefit of Employees	(533,649)	(482,725)	(1,016,374)	(1,129,299)
Net Cash Provided by Operating Activities	<u>(445,446)</u>	<u>(303,962)</u>	<u>(749,408)</u>	<u>(252,702)</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	167,553	282,291	449,844	502,915
Debt Principal Payments	-	(296,643)	(296,643)	(311,574)
Interest Payments	(58)	(81,126)	(81,184)	(64,386)
Acquisition of Capital Assets	<u>(348,287)</u>	<u>(194,676)</u>	<u>(542,963)</u>	<u>(3,285,316)</u>
Cash Flows Used by Capital and Related Financing Activities	<u>(180,792)</u>	<u>(290,154)</u>	<u>(470,946)</u>	<u>(3,158,361)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	5,926	1,435	7,361	10,754
Tax Revenue	<u>456,319</u>	<u>614,948</u>	<u>1,071,267</u>	<u>1,029,342</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>462,245</u>	<u>616,383</u>	<u>1,078,628</u>	<u>1,040,096</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>16,478</u>	<u>16,335</u>	<u>32,813</u>	<u>30,681</u>
Net Increase (Decrease) in Cash	(147,515)	38,602	(108,913)	(2,340,286)
Cash - Beginning	<u>3,084,127</u>	<u>3,633,749</u>	<u>6,717,876</u>	<u>9,058,162</u>
Cash - Ending	<u>\$ 2,936,612</u>	<u>\$ 3,672,351</u>	<u>\$ 6,608,963</u>	<u>\$ 6,717,876</u>
Cash	\$ 2,936,612	\$ 3,423,383	\$ 6,359,995	\$ 6,521,314
Restricted Cash and Investments	-	248,968	248,968	196,562
Total	<u>\$ 2,936,612</u>	<u>\$ 3,672,351</u>	<u>\$ 6,608,963</u>	<u>\$ 6,717,876</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	<u>\$ (512,844)</u>	<u>\$ (769,429)</u>	<u>\$ (1,282,273)</u>	<u>\$ (997,373)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	290,743	446,273	737,016	676,944
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	844	2,217	3,061	(42,367)
Prepaid Expenses	4,771	4,771	9,542	90
(Increase) Decrease in:				
Accounts Payable	(241,372)	(6,385)	(247,757)	117,684
Accrued Liabilities	(4,244)	-	(4,244)	6,016
Accrued Salaries and Benefits	29,293	19,418	48,711	-
Accrued Compensated Absences	<u>(12,637)</u>	<u>(827)</u>	<u>(13,464)</u>	<u>(13,696)</u>
Total Adjustments	<u>67,398</u>	<u>465,467</u>	<u>532,865</u>	<u>744,671</u>
Net Cash Used for Operating Activities	<u>\$ (445,446)</u>	<u>\$ (303,962)</u>	<u>\$ (749,408)</u>	<u>\$ (252,702)</u>

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

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mt. Crested Butte Water & Sanitation District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity

Mt. Crested Butte Water & Sanitation District is a political subdivision of the State of Colorado governed by a board of directors. As required by generally accepted accounting principles, these financial statements present the Mt. Crested Butte Water & Sanitation District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides water and sanitation services to the residents of the District.

Basic Financial Statements

As a special purpose government, basic financial statements are presented at the activity level.

Activity level financial statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position, the Statement of Change in Fund Net Position, and the Statement of Cash Flows.

As a special purpose government, the District has two funds, each an enterprise/proprietary fund which are also considered its business type activity. The District does not present any other fund or activity information.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds are used to account for operations financed and operated similar to businesses using the accrual method of accounting. Enterprise fund revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues include the District are charges to customers for sales and service. 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.

The District follows the provisions of Governmental Accounting Standards Board (*GASB*) *Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. *Statement No. 34* establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment of capital assets; restricted; and unrestricted.

Budgets

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- (1) Submission of the proposed budget to the local governing body by October 15 of each year.
- (2) Certification of mill levies to the Board of County Commissioners by December 15.
- (3) Final adoption of budget and appropriations by December 31 of each year.
- (4) Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.

Encumbrances

The District does not utilize encumbrance accounting.

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are deferred for use during the next fiscal year. At the end of the current year, these receivables consisted of property taxes levied in 2017 and due in 2018.

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the governmental activities column of 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 a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Plant and lines	15-33 years
Building and improvements	10-50 years
Equipment	5-15 years

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The unavailable property taxes are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Long-Term Obligation

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

Net Position/Fund Balances Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position/Fund Balances

In the financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances (Continued)

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer’s office collects property taxes and remits to the District on a monthly basis.

Accumulated Unused Leave/Compensated Absences

The District permits an employee to carry over unused personal leave to the next calendar year. The District will compensate an employee for any unused vacation and compensatory time at their current rate of pay upon termination or resignation. The District does not payout unused personal leave upon termination.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2: CASH AND INVESTMENTS

The District’s cash and investment balances as of the year ended December 31, 2017 are as follows:

Cash	\$ 4,563,995
Investments	<u>2,044,969</u>
Total Cash and Investments	<u>\$ 6,608,964</u>

These balances are allocated in the financial statements as follows:

Restricted Cash and Investments	\$ 248,968
Unrestricted Cash and Investments	<u>6,359,996</u>
Total Cash and Investments	<u>\$ 6,608,964</u>

MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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 uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2017, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2017 the District's deposits are categorized as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 500,000	\$ 500,000
PDPA Collateralized (not in District's name)	<u>4,081,260</u>	<u>4,063,995</u>
Total	<u>\$ 4,581,260</u>	<u>\$ 4,563,995</u>

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

During the year ended December 31, 2017, the District invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation. The balance of this investment at December 31, 2017 was \$2,044,969.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. 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, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the District did not have any investments requiring safekeeping.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3: CAPITAL ASSETS

Changes in business-type activities capital assets for the year ended December 31, 2017 was as follows:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
Business - Type Activities:				
Assets not being depreciated				
Land	\$ 32,248	\$ -	\$ -	\$ 32,248
Water Rights	212,405	-	-	212,405
Construction in Progress	<u>4,006,506</u>	<u>336,134</u>	<u>(2,804,067)</u>	<u>1,538,573</u>
Total assets not being depreciated	<u>4,251,159</u>	<u>336,134</u>	<u>(2,804,067)</u>	<u>1,783,226</u>
Assets being depreciated				
Buildings and Improvements	925,622	-	-	925,622
Treatment plants	19,616,141	2,818,795	(16,372)	22,418,564
Collection and distribution systems	5,204,152	48,475	(11,424)	5,241,203
Equipment	<u>782,056</u>	<u>49,530</u>	<u>(33,873)</u>	<u>797,713</u>
Total assets being depreciated	<u>26,527,971</u>	<u>2,916,800</u>	<u>(61,669)</u>	<u>29,383,102</u>
Less: Accumulated depreciation				
Buildings and Improvements	(184,399)	(17,021)	-	(201,420)
Treatment plants	(11,311,298)	(500,625)	4,639	(11,807,284)
Collection and distribution systems	(3,175,369)	(158,681)	5,236	(3,328,814)
Equipment	<u>(471,449)</u>	<u>(60,696)</u>	<u>22,160</u>	<u>(509,985)</u>
Total accumulated depreciation	<u>(15,142,515)</u>	<u>(737,023)</u>	<u>32,035</u>	<u>(15,847,503)</u>
Net Capital Assets	<u>\$ 15,636,615</u>	<u>\$ 2,515,911</u>	<u>\$ (2,833,701)</u>	<u>\$ 15,318,825</u>

Depreciation is allocated to the District's operations as follows:

Water Fund	\$ 290,744
Sewer Fund	<u>446,279</u>
Total	<u>\$ 737,023</u>

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2017:

	Balance			Balance	Current	Interest	Accrued
	1/1/17	Advances	Repayments	12/31/17	Portion	Expense	Interest
2001 CWRPDA Sewer Note Payable	\$ 1,623,444	\$ -	\$ 296,643	\$ 1,326,801	\$ 307,430	\$ 87,171	\$ 33,832
Compensated Absences	98,509	-	13,465	85,044	-	-	-
Total Obligations	\$ 1,721,953	\$ -	\$ 310,108	\$ 1,411,845	\$ 307,430	\$ 87,171	\$ 33,832

In May 2001, the District took out a loan for \$5,161,580 for sewer capital improvements. Loan payments are due semi-annually on February 1 and August 1. Semi-annual principal payments started at \$90,000 beginning in 2001 and increase to \$167,500 by 2021. The net effective interest rate is 4%. Debt service payments are made by the Sewer Fund. The loan requires a three month operations and maintenance reserve based on budgeted sanitation operating expenses. The District has restricted cash in the Sewer Fund in the amount of \$248,968 for this purpose. The loan contains a general obligation mill levy pledge.

Scheduled payments on the loan is follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 307,430	\$ 81,196	\$ 388,626
2019	318,217	70,582	388,799
2020	339,791	51,116	390,907
2021	361,363	25,868	387,231
Total	\$ 1,326,801	\$ 228,762	\$ 1,555,563

NOTE 5: PENSION PLANS

The District is a member of the Colorado County Officials and Employees Retirement Association (CCOERA) which offers a defined contribution plan. Required contributions are established by the governing board of the Association.

Under a defined contribution plan the benefits a participant will receive depend solely on the amount contributed to the participant's account plus the investment returns of those contributions.

Participation is mandatory for all employees after one year of employment. Eligible employees contribute four percent (4%) of their base pay, which is matched by the District. The plan has a five year vesting period and is distributed upon the employee's termination or retirement.

During the year the District's and employees' required contributions were \$22,453 each, which was 4% of covered payroll totaling \$561,325. Total payroll for the year ending December 31, 2017 was \$718,292.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2017 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2017, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 4, 1997 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues from all sources during 1997, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The Article requires an emergency reserve be set aside for 2017 in the amount of 3% or more of its fiscal year spending. At December 31, 2017, the District has restricted the following for emergencies:

Water Fund	\$ 53,100
Sanitation Fund	<u>60,800</u>
Total Emergency Reserve	<u>\$113,900</u>

The District believes it is in compliance with the provisions of the TABOR Amendment.

NOTE 7: RISK MANAGEMENT

The District carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The District carries liability, property and bond coverage through commercial insurance carriers. Risk of loss is transferred to these carriers.

The District has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the District has not recorded any liability for unpaid claims at December 31, 2017.

Other Supplementary Information

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 1,065,290	\$ 1,122,326	\$ 57,036	\$ 1,078,673
Operating Expenses				
Personnel Services	494,057	440,016	54,041	473,029
Administrative/Office Expenses	50,073	48,175	1,898	49,171
Insurance	162,150	152,461	9,689	153,619
Operating Supplies	171,169	185,827	(14,658)	162,000
Professional Fees	133,075	96,373	36,702	84,217
Repairs and Maintenance	407,500	183,812	223,688	222,474
Travel and Training	10,000	4,807	5,193	6,589
Engineering	142,370	81,007	61,363	47,326
Telephone and Utilities	122,500	131,106	(8,606)	123,733
Other Operating Expenses	31,000	18,743	12,257	25,952
Other Capital Outlay	239,800	287,263	(47,463)	2,451,493
Contingency Reserve	202,441	-	202,441	-
Total Expenditures	<u>2,166,135</u>	<u>1,629,590</u>	<u>536,545</u>	<u>3,799,603</u>
Operating Income (Loss)	<u>(1,100,845)</u>	<u>(507,264)</u>	<u>593,581</u>	<u>(2,720,930)</u>
Other Income (Expense)				
Tax Revenue	536,603	457,116	(79,487)	436,061
Investment Earnings	10,000	16,478	6,478	15,192
Other Revenue	6,000	5,926	(74)	8,380
Debt Service	(377,769)	(58)	377,711	-
Gain (Loss) on Disposal of Assets	-	(23,778)	(23,778)	-
Total Other Income (Expense)	<u>174,834</u>	<u>455,684</u>	<u>280,850</u>	<u>459,633</u>
Net Income (Loss), Budget Basis	<u>(926,011)</u>	<u>(51,580)</u>	<u>874,431</u>	<u>(2,261,297)</u>
Contributed Capital				
Plant Investment Fees	<u>66,000</u>	<u>167,553</u>	<u>101,553</u>	<u>165,366</u>
Change in Net Position (Budget Basis)	<u>\$ (860,011)</u>	<u>115,973</u>	<u>\$ 975,984</u>	<u>(2,095,931)</u>
Budget to GAAP Reconciliation				
Depreciation Expense		(290,743)		(264,205)
Capital Outlay		<u>285,163</u>		<u>2,426,195</u>
Change in Net Position - GAAP Basis		110,393		66,059
Net Position, Beginning		<u>9,826,673</u>		<u>9,760,614</u>
Net Position, Ending		<u>\$ 9,937,066</u>		<u>\$ 9,826,673</u>

See accompanying Independent Auditors' Report.

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Sanitation Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
Operating Revenues				
Utility Charges	\$ 1,138,221	\$ 1,108,949	\$ (29,272)	\$ 1,094,971
Operating Expenses				
Personnel Services	437,937	387,730	50,207	409,276
Administrative/Office Expenses	49,623	48,645	978	45,007
Insurance	149,950	156,647	(6,697)	154,434
Operating Supplies	228,339	172,939	55,400	158,569
Professional Fees	128,575	70,736	57,839	71,506
Repairs and Maintenance	983,500	383,629	599,871	71,877
Travel and Training	10,000	7,011	2,989	9,531
Engineering	89,500	65,654	23,846	24,879
Telephone and Utilities	139,325	124,205	15,120	118,452
Other Operating Expenses	13,000	7,530	5,470	20,722
Other Capital Outlay	156,400	171,081	(14,681)	989,630
Contingency Reserve	66,140	-	66,140	-
Total Expenditures	<u>2,452,289</u>	<u>1,595,807</u>	<u>856,482</u>	<u>2,073,883</u>
Operating Income (Loss)	<u>(1,314,068)</u>	<u>(486,858)</u>	<u>827,210</u>	<u>(978,912)</u>
Other Income (Expense)				
Tax Revenue	536,602	615,745	79,143	593,373
Investment Earnings	10,000	16,335	6,335	15,191
Other Revenue	6,000	1,435	(4,565)	2,374
Debt Service	-	(373,501)	(373,501)	(373,620)
Gain (Loss) on Disposal of Assets	-	(5,857)	(5,857)	-
Total Other Income (Expense)	<u>552,602</u>	<u>254,157</u>	<u>(298,445)</u>	<u>237,318</u>
Net Income (Loss), Budget Basis	<u>(761,466)</u>	<u>(232,701)</u>	<u>528,765</u>	<u>(741,594)</u>
Contributed Capital				
Plant Investment Fees	<u>134,000</u>	<u>282,291</u>	<u>148,291</u>	<u>337,549</u>
Change in Net Position (Budget Basis)	<u>\$ (627,466)</u>	<u>49,590</u>	<u>\$ 677,056</u>	<u>(404,045)</u>
Budget to GAAP Reconciliation				
Principal Paid		296,643		311,574
Depreciation Expense		(446,273)		(412,739)
Capital Outlay		<u>163,702</u>		<u>953,218</u>
Change in Net Position - GAAP Basis		63,662		448,008
Net Position, Beginning		<u>10,575,504</u>		<u>10,127,496</u>
Net Position, Ending		<u>\$ 10,639,166</u>		<u>\$ 10,575,504</u>

See accompanying Independent Auditors' Report.

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

INCOME AND EXPENSES BY DIVISION

MERIDIAN LAKE PARK

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Water	Sanitation	Total	
	<u>Fund</u>	<u>Fund</u>	<u>2017</u>	<u>2016</u>
Operating Revenues				
Utility Charges	\$ 143,807	\$ 68,200	\$ 212,007	\$ 192,768
Operating Expenses				
Administration	75	-	75	1,135
Personnel Services	30,770	10,513	41,283	40,029
Administrative/Office Expenses	319	-	319	378
Operating Supplies	20,006	-	20,006	12,844
Repairs and Maintenance	37,370	3,481	40,851	21,344
Telephone and Utilities	16,598	2,035	18,633	16,127
Depreciation Expense	98,393	14,686	113,079	102,054
Total Expenditures	<u>203,531</u>	<u>30,715</u>	<u>234,246</u>	<u>193,911</u>
Operating Income (Loss)	(59,724)	37,485	(22,239)	(1,143)
Other Income (Expense)				
Debt Service	-	(19,215)	(19,215)	(15,512)
Net Income (Loss)	<u>(59,724)</u>	<u>18,270</u>	<u>(41,454)</u>	<u>(16,655)</u>

See accompanying Independent Auditors' Report.