

**North Washington Street
Water and Sanitation District**

Annual Financial Report

December 31, 2017 and 2016

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September 5, 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
North Washington Street Water & Sanitation District
Adams County, Colorado

We have audited the accompanying financial statements of the business-type activities of North Washington Street Water & Sanitation District (the "District") as of and for the years ended December 31, 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Washington Street Water & Sanitation District, as of December 31, 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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



Littleton, Colorado
August 16, 2018

Basic Financial Statements

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,029,075	\$ 2,804,474
Investments	12,835,590	11,747,609
Accounts receivable:		
Customers	692,680	702,015
Taxes	366,998	336,184
Other	50	14,103
Accrued interest	11,050	11,050
Accrued service fees	297,597	271,803
Inventory	95,819	103,617
Prepaid expenses	104	-
Total Current Assets	18,328,963	15,990,855
Capital Assets		
Not Being Depreciated		
Land	127,978	127,978
Construction in progress	1,663,940	1,448,416
Total Capital Assets, Not Being Depreciated	1,791,918	1,576,394
Being Depreciated		
Buildings	1,205,450	1,202,256
Water system	12,689,685	11,629,945
Sewer system	6,199,551	5,906,121
Furniture and equipment	3,140,879	3,020,831
Total Capital Assets, Being Depreciated	23,235,565	21,759,153
Less accumulated depreciation	(8,306,756)	(7,869,824)
Net Capital Assets, Being Depreciated	14,928,809	13,889,329
Net Capital Assets	16,720,727	15,465,723
Restricted Cash and Investments		
Customer and other deposits-Restricted	151,382	158,102
Total Assets	<u>\$35,201,072</u>	<u>\$31,614,680</u>

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

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2017 and 2016

	2017	2016
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 853,069	\$ 763,872
Compensated absences payable	62,107	118,593
Accrued payroll	13,629	13,629
Total Current Liabilities	928,805	896,094
Long-Term Liabilities		
Long-term portion of compensated absences payable	141,993	85,507
Total Long-Term Liabilities	141,993	85,507
Restricted Liabilities		
Customer deposits	151,382	158,102
Total Restricted Liabilities	151,382	158,102
Total Liabilities	1,222,180	1,139,703
Deferred Inflows of Resources		
Deferred property tax revenue	363,989	333,100
Total Deferred Inflows of Resources	363,989	333,100
Net Position		
Net investment in capital assets	16,720,727	15,465,723
Unrestricted	16,894,176	14,676,154
Total Net Position	33,614,903	30,141,877
Total Liabilities, Deferred Inflows and Net Position	\$35,201,072	\$31,614,680

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

North Washington Street Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
Water Operations		
Revenue		
Water sales	\$ 5,448,148	\$ 5,484,332
Turn on fees	37,010	36,855
Miscellaneous	39,225	53,005
Total Water Revenue	5,524,383	5,574,192
Direct Water Expenses	(3,674,728)	(3,963,843)
Gross Income from Water Operations	1,849,655	1,610,349
 Sanitation Operations		
Revenue		
Sewage treatment	4,849,920	4,461,387
Direct sanitation expenses	(2,306,930)	(2,821,194)
Total Sanitation Operations	2,542,990	1,640,193
 General and Administrative Expenses	(1,618,948)	(1,534,125)
Operating Income	2,773,697	1,716,417
Nonoperating Revenues (Expenses)		
General property tax	336,885	286,462
Specific ownership tax	29,108	23,086
Net investment income	195,434	124,404
Unrealized gain (loss) on investment	(69,782)	(84,600)
Miscellaneous revenue (expense)	(570)	109,875
County Treasurer's fees	(4,948)	(4,718)
Total Nonoperating Revenues (Expenses)	486,127	454,509
Income Before Capital Contributions	3,259,824	2,170,926
Capital Contributions		
Contributed lines and system development fees	213,202	578,232
Total Capital Contributions	213,202	578,232
Change in Net Position	3,473,026	2,749,158
Net Position—Beginning of Year	30,141,877	27,392,719
Net Position—End of Year	\$33,614,903	\$30,141,877

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

North Washington Street Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Cash received from customers	\$ 10,341,083	\$ 9,983,003
Cash paid to suppliers for goods and services	(5,663,442)	(5,923,961)
Cash paid to employees for services	(942,227)	(881,147)
Cash paid on behalf of employees	(461,092)	(549,569)
Other operating revenue	-	53,005
Net Cash From Operating Activities	3,274,322	2,681,331
Cash Flows from Non-capital Financing Activities:		
Miscellaneous nonoperating revenue (expense)	(592)	67,533
Property and specific ownership taxes received, net	391,934	351,383
Net Cash From Non-capital Financing Activities	391,342	418,916
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,691,936)	(1,614,978)
Development fees received	213,202	578,232
Net Cash From Capital and Related Financing Activities	(1,478,734)	(1,036,746)
Cash Flows from Investing Activities:		
Investments purchased	(1,087,981)	(1,365,672)
Net investment income received	125,652	39,804
Net Cash from Investing Activities	(962,329)	(1,325,868)
Net Change in Cash and Cash Equivalents	1,224,601	737,633
Cash and Cash Equivalents—Beginning of Year	2,804,474	2,066,841
Cash and Cash Equivalents—End of Year	\$ 4,029,075	\$ 2,804,474

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

North Washington Street Water & Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net operating income	<u>\$2,773,697</u>	<u>\$1,716,417</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	436,932	400,428
Changes in assets and liabilities:		
Receivables—Customers	(33,220)	429
Inventory	7,798	(18,010)
Prepaid expenses	(104)	270,037
Accounts payable	89,219	253,307
Compensated absences payable	<u>-</u>	<u>58,723</u>
Total Adjustments	<u>500,625</u>	<u>964,914</u>
Net Cash From Operating Activities	<u><u>\$3,274,322</u></u>	<u><u>\$2,681,331</u></u>

The accompanying notes are an integral part of these statements.

North Washington Street Water & Sanitation District

Notes to Financial Statements

December 31, 2017 and 2016

1. Definition of Reporting Entity

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

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

2. Summary of Significant Accounting Policies

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

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

Basis of Accounting

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

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

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

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

Capital Assets

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

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

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

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

Accounts Receivable

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

Property Tax Revenue Recognition

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

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

2. Summary of Significant Accounting Policies (continued)

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

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

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

Budget and Budgetary Accounting

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

Operations

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

System Development Fees

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

Contributed Lines

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

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Net Position

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

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

Management Estimates

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

Reclassifications

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

Property Taxes

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

3. Cash, Cash Equivalents and Investments

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (less restricted balances)	\$ 4,029,075	\$ 2,804,474
Investments	12,835,590	11,747,609
Restricted cash and investments		
Customer deposits	<u>151,382</u>	<u>158,102</u>
Total	<u>\$ 17,016,047</u>	<u>\$ 14,710,185</u>

Cash Deposits

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

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

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

	<u>2017</u>		<u>2016</u>	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Deposits with financial institutions	\$4,028,075	\$4,097,813	\$2,803,474	\$2,751,554
Petty cash	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$4,029,075</u>	<u>\$4,098,813</u>	<u>\$2,804,474</u>	<u>\$2,752,554</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.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

3. Cash, Cash Equivalents and Investments (continued)

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

	2017	2016
Insured deposits	\$ 2,881,744	\$ 1,847,252
Category 1	1,000	1,000
Category 2	14,133,303	12,861,933
Total cash and investments	\$ 17,016,047	\$ 14,710,185

Investments

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

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

Credit Risk

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

3. Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk

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

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

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

2017

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 1,123,568
U.S. Agencies	Callable quarterly, but no more than five years	<u>12,835,590</u>
Total Investments		<u>\$ 13,959,158</u>

2016

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 950,691
U.S. Agencies	Callable quarterly, but no more than five years	<u>11,747,609</u>
Total Investments		<u>\$ 12,698,300</u>

CSAFE

At December 31, 2017 and 2016, the District had \$1,123,568 and \$950,691, respectively, an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. CSAFE is rated AAAM by Standard and Poor's. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. The portfolio may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. CSAFE records its investments at amortized cost and the District

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

3. Cash, Cash Equivalents and Investments (continued)

records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

4. Capital Assets

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

	Balance, December 31, 2016	Additions	Transfers	Retirements	Balance, December 31, 2017
Capital Assets, not being Depreciated					
Land	127,978	-	-		127,978
Construction in Progress	1,448,415	215,524	-		1,663,939
Total Capital Assets, not being depreciated	<u>1,576,393</u>	<u>215,524</u>	<u>-</u>	<u>-</u>	<u>1,791,918</u>
Capital Assets, being depreciated					-
Building	1,202,255	3,196	-		1,205,451
Water System	11,629,945	1,059,739	-		12,689,684
Sewer System	5,906,123	293,427	-		6,199,550
Equipment	3,020,831	120,048	-		3,140,879
Total capital assets, being depreciated	<u>21,759,154</u>	<u>1,476,410</u>	<u>-</u>	<u>-</u>	<u>23,235,565</u>
Less accumulated depreciation for:					
Building	(695,325)	(28,438)	-		(723,763)
Water System	(2,425,484)	(146,197)	-		(2,571,681)
Sewer System	(2,294,244)	(91,809)	-		(2,386,053)
Equipment	(2,454,771)	(170,488)	-		(2,625,259)
Total accumulated depreciation	<u>(7,869,824)</u>	<u>(436,932)</u>	<u>-</u>	<u>-</u>	<u>(8,306,756)</u>
Total capital assets, being depreciated, net	<u>13,889,330</u>	<u>1,039,478</u>	<u>-</u>	<u>-</u>	<u>14,928,809</u>
Capital Assets, net	<u>15,465,723</u>	<u>1,255,002</u>	<u>-</u>	<u>-</u>	<u>16,720,727</u>

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

4. Capital Assets (continued)

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

5. Long-Term Liabilities

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

Changes in the District's long-term liabilities for the years ended December 31, 2017 and 2016 follows:

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

5. Long-Term Liabilities (continued)

	Balance at December 31 2016	Additions	Reductions	Balance at December 31 2017	Due Within One Year
Compensated absences	\$ 204,100	\$ 55,021	\$ (55,021)	\$ 204,100	\$ 62,107

	Balance at December 31 2015	Additions	Reductions	Balance at December 31 2016	Due Within One Year
Compensated absences	\$ 145,377	\$ 131,916	\$ (73,193)	\$ 204,100	\$ 118,593

6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2017 and 2016. As of December 31, 2017 and 2016, the District had net investment in capital assets of \$16,720,727 and \$15,465,723, respectively.

Restricted net position include amounts 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 does not meet the definition of invested in capital assets or restricted.

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

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

7. Sanitation Service Fees

Sewer service fees paid to the Metro Wastewater Reclamation District are based on estimates. The actual charge is not determined until all flow data has been received and laboratory analysis made of the sewage of all connecting members of the Metro Wastewater Reclamation District. According to the service contract, this actual charge is calculated by March following the end of the calendar year. Service charges for 2017 and 2016 have been adjusted to reflect the actual expense. Overpayments or underpayments arising from the difference between the original estimated charge and a revised estimated charge in August of each year is paid or credited in the next year. The difference between the revised estimated amount and the final adjusted amount is paid or credited in the second year following the adjustment. At December 31, 2017 and 2016, the District had an amount due of \$524,575 and \$239,737, to Metro Wastewater Reclamation District. These adjustments arise from differences between actual charges and revised estimated charges.

8. Related Party

One of the five members of the Board of Directors is a co-owner of Colorado Lighting Inc. Amounts paid to Colorado Lighting Inc. during 2017 and 2016 for services were \$261 and \$2,562, respectively.

9. Risk Management

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

10. Employees' Retirement Plan

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

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2017 and December 31, 2016

10. Employees' Retirement Plan (continued)

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

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

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

During 2017 and 2016, the District's contribution to the Plan was \$44,968 and \$46,495 respectively. At December 31, 2017 and 2016, there were no amounts due to the plan.

11. Deferred Compensation Plan

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

12. 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.

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016

12. Tax, Spending and Debt Limitations (continued)

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

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

Supplementary Information

North Washington Street Water & Sanitation District
Schedule of Direct Water Operating Expenses
For the Years Ended December 31, 2017 and 2016

Water Operating Expenses	2017	2016
Source of Supply:		
Purchased water	\$ 3,183,090	\$ 3,334,430
Repairs and maintenance	40,719	43,388
Telephone	440	375
Total Source of Supply	<u>3,224,249</u>	<u>3,378,193</u>
 Transmission and Collection:		
Power for pumping	24,850	25,119
Operating supplies	11,001	10,212
Repairs and maintenance	89,142	124,853
Equipment lease	53	-
Salaries and wages	162,482	213,519
Employee benefits	60,318	89,978
Payroll taxes	12,520	17,872
Worker's compensation insurance	4,718	7,337
Gasoline	5,339	5,049
Training	145	495
Total Transmission and Collection	<u>370,568</u>	<u>494,434</u>
 Water meter reading:		
Operating supplies	1,259	2,392
Salaries and wages	50,230	51,781
Employee benefits	14,266	22,040
Payroll taxes	3,870	4,143
Worker's compensation insurance	4,000	6,220
Repairs and maintenance	1,399	-
Gasoline	4,887	4,640
Total Water Meter Reading	<u>79,911</u>	<u>91,216</u>
 Total Water Operating Expenses	<u>\$ 3,674,728</u>	<u>\$ 3,963,843</u>

North Washington Street Water & Sanitation District
Schedule of Direct Sanitation Operating Expenses
For the Years Ended December 31, 2017 and 2016

Sanitation Operating Expenses	<u>2017</u>	<u>2016</u>
Sanitation Treatment		
Outside services—Treatment	\$ 1,935,889	\$ 2,408,413
Transmission and Collection		
Training	290	1,140
Operating supplies	6,815	8,801
Repairs and maintenance	71,339	69,865
Salaries and wages	206,347	213,519
Employee benefits	60,318	89,977
Payroll taxes	15,875	17,091
Worker's compensation insurance	4,719	7,339
Gasoline	5,338	5,049
Total Transmission and Collection	<u>371,041</u>	<u>412,781</u>
Total Operating Expenses	<u>\$ 2,306,930</u>	<u>\$ 2,821,194</u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2017 and 2016

General and Administrative Expenses	2017	2016
	<u> </u>	<u> </u>
Administration and management:		
Directors' fees and expenses	\$ 61,167	\$ 69,976
Office supplies	2,557	2,054
Repairs and maintenance	1,992	4,847
Salaries and wages	196,001	181,040
Employee benefits	81,438	96,002
Payroll taxes	18,500	17,635
Worker's compensation insurance	2,198	3,417
Gasoline	5,706	4,690
Postage	2,813	2,842
Training	-	55
Publications/memberships	1,503	4,173
Total administration and management	<u>373,875</u>	<u>386,731</u>
Billings and collection:		
Office supplies	5,114	4,108
Repairs and maintenance	49,983	35,055
Salaries and wages	117,465	109,822
Employee benefits	66,877	63,278
Payroll taxes	9,014	8,839
Worker's compensation insurance	507	788
Postage	24,138	22,387
Total billings and collection	<u>273,151</u>	<u>244,277</u>
Accounting and finance:		
Accounting services	1,899	8,271
Auditing	9,700	9,499
Office supplies	5,114	4,108
Equipment lease	106	-
Repairs and maintenance	31,942	22,502
Salaries and wages	209,702	170,189
Employee benefits	85,192	82,878
Payroll taxes	16,011	13,553
Postage	2,344	2,368
Worker's compensation insurance	760	1,182
Total accounting and finance	<u>362,770</u>	<u>314,550</u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2017 and 2016
(continued)

General and Administrative Expenses	<u>2017</u>	<u>2016</u>
General:		
Insurance	34,491	35,838
Legal	54,385	34,144
Miscellaneous	15,292	29,328
Repairs and maintenance	16,756	40,540
Telephone	27,792	28,023
Utilities	23,504	20,266
Total general	<u>172,220</u>	<u>188,139</u>
Depreciation expense	<u>436,932</u>	<u>400,428</u>
Total General and Administrative Expenses	<u><u>\$ 1,618,948</u></u>	<u><u>\$ 1,534,125</u></u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Source of Funds - Water
For the Year Ended December 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	2017 Actual	Variance with Final Budget Positive (Negative)
Operating Revenue:				
Fees for service:				
Residential	\$ 3,003,811	\$ 3,003,811	\$ 3,118,851	\$ 115,040
Commercial	1,586,610	1,586,610	1,797,806	211,196
Industrial	464,029	464,029	531,491	67,462
Nonmetered Fees	43,800	43,800	38,869	(4,931)
Turn on fees	27,563	27,563	37,010	9,447
Miscellaneous income (expense)	11,870	11,870	356	(11,514)
Total operating revenue	<u>5,137,684</u>	<u>5,137,684</u>	<u>5,524,383</u>	<u>386,699</u>
Non Operating Revenue:				
Investment Income	61,661	61,661	98,474	36,813
Miscellaneous	20,287	20,287	-	(20,287)
Total nonoperating revenue	<u>81,948</u>	<u>81,948</u>	<u>98,474</u>	<u>16,526</u>
Capital Contributions				
Contributed lines	300,000	300,000	21,681	(278,319)
System development fees	-	-	86,324	86,324
Total capital contributions	<u>300,000</u>	<u>300,000</u>	<u>108,005</u>	<u>(191,995)</u>
Transfer of Revenue				
General Fund	-	-	182,997	182,997
Total transfer of revenue	<u>-</u>	<u>-</u>	<u>182,997</u>	<u>182,997</u>
Total source of funds	<u>5,519,632</u>	<u>5,519,632</u>	<u>5,913,859</u>	<u>394,227</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Water
For the Year Ended December 31, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2017 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenditures:				
Water source of supply:				
Purchased water	\$ 3,142,002	\$ 3,142,002	\$ 3,183,090	\$ (41,088)
Repairs and maintenance	10,176	10,176	40,719	(30,543)
Telephone	491	491	440	51
Total Water source of supply	<u>\$ 3,152,669</u>	<u>\$ 3,152,669</u>	<u>\$ 3,224,249</u>	<u>\$ (71,580)</u>
Transmission and collection:				
Power for pumping	\$ 16,370	\$ 16,370	\$ 24,850	\$ (8,480)
Operating supplies	16,760	16,760	11,001	5,759
Repairs and maintenance	113,643	113,643	89,142	24,501
Salaries and wages	217,048	217,048	162,482	54,566
Employee benefits	62,675	62,675	60,318	2,357
Payroll taxes	17,798	17,798	12,520	5,278
Workmen's compensation insurance	9,666	9,666	4,718	4,948
Gasoline	4,899	4,899	5,339	(440)
Equipment lease	-	-	53	(53)
Training	783	783	145	638
Total transmission and collection	<u>\$ 459,641</u>	<u>\$ 459,641</u>	<u>\$ 370,568</u>	<u>\$ 89,073</u>
Accounting and finance:				
Accounting services	\$ -	\$ -	\$ 633	\$ (633)
Auditing	5,698	5,698	3,233	2,465
Office supplies	1,931	1,931	2,557	(626)
Equipment lease	-	-	53	(53)
Repairs and maintenance	10,411	10,411	15,971	(5,560)
Salaries and wages	79,715	79,715	126,784	(47,069)
Employee benefits	42,660	42,660	42,596	64
Payroll taxes	6,537	6,537	9,683	(3,146)
Postage	1,245	1,245	1,172	73
Worker's compensation insurance	779	779	380	399
Total accounting and finance	<u>\$ 148,976</u>	<u>\$ 148,976</u>	<u>\$ 203,062</u>	<u>\$ (54,086)</u>
Administration and management:				
Directors' fees and expenses	\$ 33,675	\$ 33,675	\$ 20,387	\$ 13,288
Office supplies	1,931	1,931	2,557	(626)
Repairs and maintenance	2,043	2,043	996	1,047
Salaries and wages	63,882	63,882	65,318	(1,436)
Employee benefits	22,993	22,993	21,675	1,318
Payroll taxes	5,238	5,238	5,019	219
Worker's compensation insurance	1,499	1,499	732	767
Gasoline	2,527	2,527	2,847	(320)
Postage	1,245	1,245	1,167	78
Training	99	99	0	99
Publications/memberships	1,089	1,089	501	588
Total administration and management	<u>\$ 136,222</u>	<u>\$ 136,222</u>	<u>\$ 121,199</u>	<u>\$ 15,023</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Water
For the Year Ended December 31, 2017
(continued)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2017 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Billings and collection:				
Office supplies	\$ 1,931	\$ 1,931	\$ 2,557	\$ (626)
Repairs and maintenance	13,633	13,633	34,012	(20,379)
Equipment lease	-	-	53	(53)
Salaries and wages	56,023	56,023	58,733	(2,710)
Employee benefits	33,421	33,421	33,412	9
Payroll taxes	4,594	4,594	4,508	86
Operating supplies	-	-	-	-
Worker's compensation insurance	520	520	254	266
Postage	11,212	11,212	12,821	(1,609)
Bad debts	-	-	-	-
Total billings and collection	<u>\$ 121,333</u>	<u>\$ 121,333</u>	<u>146,350</u>	<u>\$ (25,017)</u>
Water meter reading:				
Operating supplies	\$ 3,732	\$ 3,732	\$ 1,259	\$ 2,473
Repairs and maintenance	-	-	50,230	(50,230)
Salaries and wages	52,132	52,132	14,266	37,866
Employee benefits	14,902	14,902	3,870	11,032
Payroll taxes	4,275	4,275	4,000	275
Workmen's compensation insurance	8,193	8,193	1,399	6,794
Gasoline	4,165	4,165	4,887	(722)
Total water meter reading	<u>\$ 87,399</u>	<u>\$ 87,399</u>	<u>\$ 79,911</u>	<u>\$ 7,488</u>
General:				
Insurance	\$ 20,795	\$ 20,795	\$ 11,496	\$ 9,299
Legal	15,743	15,743	19,924	(4,181)
Miscellaneous	-	-	-	-
Engineering fees	-	-	-	-
Repairs and maintenance	15,564	15,564	13,566	1,998
Supplies	-	-	-	-
Telephone	9,868	9,868	9,263	605
Utilities	10,854	10,854	11,802	(948)
Other expenses	43	43	1,950	(1,907)
Self-insurance claims	-	-	-	-
Total general	<u>\$ 72,867</u>	<u>\$ 72,867</u>	<u>\$ 68,001</u>	<u>\$ 4,866</u>
Total operating expenditures	<u>\$ 4,179,107</u>	<u>\$ 4,179,107</u>	<u>\$ 4,213,340</u>	<u>\$ (34,233)</u>
Nonoperating Expenditures:				
Capital improvements from District funds	\$ 1,867,125	\$ 1,867,125	\$ 1,235,178	\$ 631,947
Contingencies	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Total Expenditures Water	<u>\$ 6,071,232</u>	<u>\$ 6,071,232</u>	<u>\$ 5,448,518</u>	<u>\$ 622,714</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds - Sanitation
For the Year Ended December 31, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2017 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenue:				
Fees for service:				
Residential	\$ 2,335,969	\$ 2,335,969	\$ 2,372,945	\$ 36,976
Commercial	910,740	910,740	907,547	(3,193)
Industrial	1,068,419	1,068,419	1,569,428	501,009
Miscellaneous income	<u>37,340</u>	<u>37,340</u>	<u>-</u>	<u>(37,340)</u>
Total operating revenue	<u>4,352,468</u>	<u>4,352,468</u>	<u>4,849,920</u>	<u>497,452</u>
Non Operating Revenue:				
Investment Income	61,661	61,661	27,178	(34,483)
Miscellaneous	<u>33,722</u>	<u>33,722</u>	<u>-</u>	<u>(33,722)</u>
Total nonoperating revenue	<u>95,383</u>	<u>95,383</u>	<u>27,178</u>	<u>(68,205)</u>
Capital Contributions				
Contributed lines	-	-	21,681	21,681
System development fees	<u>-</u>	<u>-</u>	<u>83,516</u>	<u>83,516</u>
Total source of funds	<u>4,447,851</u>	<u>4,447,851</u>	<u>4,982,295</u>	<u>534,444</u>
Transfer of Revenue				
General Fund	<u>-</u>	<u>-</u>	<u>182,996</u>	<u>182,996</u>
Total transfer of revenue	<u>-</u>	<u>-</u>	<u>182,996</u>	<u>182,996</u>
Total available resources	<u>\$ 4,447,851</u>	<u>\$ 4,447,851</u>	<u>\$ 5,165,291</u>	<u>\$ 717,440</u>

North Washington Street Water & Sanitation District

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

For the Year Ended December 31, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2017 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenditures				
Sanitation Treatment:				
Outside services - Treatment	\$ 1,709,174	\$ 1,709,174	\$ 1,935,889	\$ (226,715)
Test and analysis	-	-	-	-
Total sanitation treatment	<u>\$ 1,709,174</u>	<u>\$ 1,709,174</u>	<u>\$ 1,935,889</u>	<u>\$ (226,715)</u>
Transmission and collection:				
Training	\$ 756	\$ 756	\$ 290	\$ 466
Operating supplies	13,844	13,844	6,815	7,029
Repairs and maintenance	31,648	31,648	71,339	(39,691)
Salaries and wages	217,048	217,048	206,347	10,701
Employee benefits	62,675	62,675	60,318	2,357
Payroll taxes	17,798	17,798	15,875	1,923
Workmen's compensation insurance	9,667	9,667	4,719	4,948
Gasoline	4,899	4,899	5,338	(439)
Total transmission and collection	<u>\$ 358,335</u>	<u>\$ 358,335</u>	<u>\$ 371,041</u>	<u>\$ (12,706)</u>
Accounting and finance:				
Accounting services	\$ -	\$ -	\$ 633	\$ (633)
Auditing	5,698	5,698	3,233	2,465
Service charges	-	-	-	-
Office supplies	1,931	1,931	2,557	(626)
Equipment lease	-	-	91	(91)
Repairs and maintenance	10,411	10,411	15,933	(5,522)
Salaries and wages	79,715	79,715	82,918	(3,203)
Employee benefits	42,660	42,660	42,596	64
Payroll taxes	6,537	6,537	6,328	209
Postage	1,245	1,245	1,172	73
Worker's compensation insurance	779	779	380	399
Total accounting and finance	<u>\$ 148,976</u>	<u>\$ 148,976</u>	<u>\$ 155,841</u>	<u>\$ (6,865)</u>
Administration and management:				
Directors' fees and expenses	\$ 33,675	\$ 33,675	\$ 20,387	\$ 13,288
Office supplies	-	-	-	-
Repairs and maintenance	2,043	2,043	996	1,047
Salaries and wages	55,108	55,108	65,328	(10,220)
Employee benefits	20,801	20,801	21,675	(874)
Payroll taxes	4,519	4,519	5,019	(500)
Worker's compensation insurance	1,502	1,502	733	769
Gasoline	2,527	2,527	2,859	(332)
Postage	1,245	1,245	1,177	68
Publications/memberships	1,089	1,089	501	588
Total administration and mgmt	<u>\$ 122,510</u>	<u>\$ 122,510</u>	<u>\$ 118,675</u>	<u>\$ 3,835</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation
For the Year Ended December 31, 2017
(continued)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2017 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Billings and collection:				
Office supplies	\$ 1,931	\$ 1,931	\$ 2,557	\$ (626)
Repairs and maintenance	10,411	10,411	15,971	(5,560)
Equipment lease	-	-	-	-
Salaries and wages	56,023	56,023	58,732	(2,709)
Employee benefits	33,421	33,421	33,465	(44)
Payroll taxes	4,594	4,594	4,506	88
Worker's compensation insurance	520	520	253	267
Postage	10,922	10,922	11,317	(395)
Total billings and collection	<u>\$ 117,821</u>	<u>\$ 117,821</u>	<u>\$ 126,801</u>	<u>\$ (8,980)</u>
General:				
Insurance	\$ 20,795	\$ 20,795	\$ 11,496	\$ 9,299
Legal	15,743	15,743	19,924	(4,181)
Miscellaneous	14,438	14,438	(1,437)	15,875
Engineering fees	-	-	-	-
Repairs and maintenance	15,057	15,057	(6,574)	21,631
Telephone	9,868	9,868	9,263	605
Utilities	10,854	10,854	11,702	(848)
Total general	<u>\$ 86,754</u>	<u>\$ 86,754</u>	<u>\$ 44,374</u>	<u>\$ 42,380</u>
Total operating expenditures	<u>\$ 2,543,570</u>	<u>\$ 2,543,570</u>	<u>\$ 2,752,621</u>	<u>\$ (209,051)</u>
Nonoperating Expenditures:				
Capital impvmts from District funds	\$ 2,526,250	\$ 2,526,250	\$ 333,514	\$ 2,192,736
Contingencies	25,000	25,000	-	25,000
Other	-	-	570	(570)
Total nonoperating expenditures	<u>\$ 2,551,250</u>	<u>\$ 2,551,250</u>	<u>\$ 334,084</u>	<u>\$ 2,217,166</u>
Total Expenditures Sanitation	<u><u>\$ 5,094,820</u></u>	<u><u>\$ 5,094,820</u></u>	<u><u>\$ 3,086,705</u></u>	<u><u>\$ 2,008,115</u></u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds and Expenditures - General and Administrative
For the Year Ended December 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	2017 Actual	Variance with Final Budget Positive (Negative)
Nonoperating Revenue				
Property taxes	\$ 333,099	\$ 333,099	\$ 336,885	\$ 3,786
Specific ownership tax	20,000	20,000	29,108	9,108
Total nonoperating revenue	<u>353,099</u>	<u>353,099</u>	<u>365,993</u>	<u>12,894</u>
Transfer of Revenue to				
Water	-	-	182,997	(182,997)
Sanitation	-	-	182,996	(182,996)
Total transfer of revenue	-	-	365,993	(365,993)
Net source of funds	<u>\$ 353,099</u>	<u>\$ 353,099</u>	<u>\$ -</u>	<u>\$ (353,099)</u>
Operating Expenditures				
Accounting and finance:				
Accounting services	\$ 1,995	\$ 1,995	\$ 633	\$ 1,362
Auditing	3,705	3,705	3,234	471
Total accounting and finance	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ 3,867</u>	<u>\$ 1,833</u>
Administration and management:				
Directors' fees and expenses	\$ 33,685	\$ 33,685	\$ 20,393	\$ 13,292
Salaries and wages	63,882	63,882	65,355	(1,473)
Employee benefits	22,993	22,993	38,088	(15,095)
Payroll taxes	5,238	5,238	8,462	(3,224)
Workmen's compensation insurance	1,502	1,502	733	769
Postage	499	499	469	30
Publications/memberships	1,089	1,089	501	588
Total administration and management	<u>\$ 128,887</u>	<u>\$ 128,887</u>	<u>\$ 134,001</u>	<u>\$ (5,114)</u>
General:				
Insurance	\$ 20,801	\$ 20,801	\$ 11,499	\$ 9,302
Legal	11,225	11,225	14,537	(3,312)
Miscellaneous	23,904	23,904	14,779	9,125
Repairs and maintenance	11,414	11,414	9,764	1,650
Telephone	9,871	9,871	9,266	605
Total general	<u>\$ 77,215</u>	<u>\$ 77,215</u>	<u>\$ 59,845</u>	<u>\$ 17,370</u>
Total operating expenditures	<u>\$ 211,802</u>	<u>\$ 211,802</u>	<u>\$ 197,713</u>	<u>\$ 14,089</u>
Nonoperating Expenditures:				
Capital improvements from District funds	\$ 220,000	\$ 220,000	\$ 123,243	\$ 96,757
County Treasurer's collection fees	6,991	6,991	4,948	2,043
Uncollectible taxes	-	-	-	-
Total nonoperating expenditures	<u>\$ 226,991</u>	<u>\$ 226,991</u>	<u>\$ 128,191</u>	<u>\$ 98,800</u>
Contingencies	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>\$ 463,793</u>	<u>\$ 463,793</u>	<u>\$ 325,904</u>	<u>\$ 137,889</u>

North Washington Street Water & Sanitation District
Reconciliation of Budgetary Basis Actual to
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2017

	<u>Water</u>	<u>Sanitation</u>	<u>General and Administration</u>	<u>Total</u>
Revenue				
Revenue budget basis (Non-GAAP basis)	\$ 5,730,862	\$ 4,982,295	\$ 365,993	\$11,079,150
Plus:				
Transfers	182,997	182,996	-	365,993
Less:				
Transfers	-	-	(365,993)	(365,993)
Revenue (GAAP basis)	<u>\$ 5,913,859</u>	<u>\$ 5,165,291</u>	<u>\$ -</u>	<u>\$11,079,150</u>
Water operating revenue				\$ 5,524,383
Sewer operating revenue				4,849,920
Nonoperating revenue				<u>704,847</u>
Total Revenue				<u>\$11,079,150</u>
Expenses				
Expenses budget basis (Non-GAAP basis)	\$ 5,448,518	\$ 3,086,705	\$ 325,904	\$ 8,861,127
Plus:				
Depreciation	215,966	220,966	-	436,932
Less:				
Capital improvements	<u>(1,235,178)</u>	<u>(333,514)</u>	<u>(123,243)</u>	<u>(1,691,935)</u>
Expenses (GAAP basis)	<u>\$ 4,429,306</u>	<u>\$ 2,974,157</u>	<u>\$ 202,661</u>	<u>\$ 7,606,124</u>
Direct water expenses				\$ 3,674,728
Direct sewer expenses				2,306,930
General and administrative expenses				1,618,948
Nonoperating expenses				<u>5,518</u>
Total Expenses				<u>\$ 7,606,124</u>