

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Redstone Water & Sanitation District
Redstone, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Redstone Water & Sanitation District, as of and for the year ended December 31, 2017 which collectively comprises 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 an opinion 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 auditors' 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.

Opinion

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

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

Greenwood Village, Colorado
April 10, 2019

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Statement of Net Position
December 31, 2017

ASSETS

Current assets:

Cash and investments	\$ 50,270
Cash with County Treasurer	1,721
Accounts receivable	14,566
Property taxes receivable	172,225
Other	2,152

Total current assets 240,934

Property and equipment:

Land	10,500
Water plant and lines	2,251,261
Waste Water plant and lines	2,291,402
Equipment and furniture	15,476
Construction in Progress	53,309

Total property and equipment	4,621,948
Less accumulated depreciation	(2,311,043)

Net property and equipment 2,310,905

Total assets \$ 2,551,839

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities:

Accounts payable	\$ 45,847
Interest payable	2,460
Bonds and loans payable - current portion	109,610

Total current liabilities 157,917

Noncurrent liabilities, net of current portion:

Water Pollution Control Revolving Fund	1,591,903
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Total non current liabilities 1,591,903

Deferred inflows of resources:

Deferred property tax	172,225
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Total current, noncurrent liabilities and deferred inflows of resources 1,922,045

Net position:

Invested in capital assets	609,392
Restricted for:	
Colorado resources loan reserve	27,265
Tabor	13,272
Unrestricted	(20,135)

Total net position \$ 629,794

The accompanying notes are an integral part of this financial statement.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Statement of Activities
For the year ended December 31, 2017

Water system:	
Revenues:	
User fees	\$ 93,860
Other charges	2,268
Total water revenues	96,128
Expenses:	
Reservoir maintenance	1,146
Water treatment	31,395
Transmission and distribution	28,092
Depreciation	95,821
Administrative and general	105,172
Total water expenses	261,626
Net (loss) from water system	(165,498)
Waste Water system:	
Revenues:	
User fees	59,879
Total Waste Water revenues	59,879
Expenses:	
Treatment	27,222
Administrative and general	60,630
Total Waste Water expenses	87,852
Net (loss) from sewer system	(27,973)
Operating (loss)	(193,471)
Non-operating revenues (expenses):	
Property taxes	166,799
Specific ownership taxes	4,613
Interest income	1,906
Other income	1,730
Interest expense	(18,244)
Total non-operating revenues (expenses)	156,804
Net Loss	(36,667)
Total net position - beginning of year	666,461
Total net position - end of year	\$ 629,794

The accompanying notes are an integral part of this financial statement.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Statement of Cash Flows
For the year ended December 31, 2017

Cash flows from operating activities:	
Cash received from customers	\$ 160,014
Cash paid to suppliers	(214,101)
Net cash (used) by operating activities	(54,087)
Cash flows from non-capital financing activities:	
Property taxes received	166,794
Specific ownership taxes received	4,613
Other Income Received	1,730
Net cash provided by non-capital financing activities	173,137
Cash flows from capital financing activities:	
Interest payments	(18,244)
Purchase of capital assets	(108,227)
Note principal payments	(102,211)
Net cash (used) by capital financing activities	(228,682)
Cash flows from investing activities:	
Interest on investments	1,906
Net cash provided by investing activities	1,906
Net decrease in cash	(107,726)
Cash and cash equivalents, beginning of year	157,996
Cash and cash equivalents, end of year	\$ 50,270
Reconciliation of operating (loss) to net cash provided by operations:	
Operating (loss)	\$ (193,471)
Adjustments to reconcile operating (loss) to cash provided by operating activities:	
Depreciation	95,821
Decrease (increase) in:	
Accounts receivable	4,007
(Decrease) increase in:	
Accounts payable	39,556
Total adjustments	139,384
Net cash (used) by operating activities	\$ (54,087)

The accompanying notes are an integral part of this financial statement.

1. Summary of significant accounting policies

The accounting policies of the Redstone Water and Sanitation District, located in Redstone, Colorado, (the District), conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

Reporting entity

The District is incorporated as a separate local government entity under Colorado Revised Statutes. A Board of Directors, consisting of five elected Board members governs the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District provides water and waste water services to an unincorporated area of Pitkin County.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District has no employees and contracts for all services.

Measurement focus, basis of accounting and financial statement presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 34. The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses, and changes in fund net position) report information on the business-type activities of the District, which rely to a significant extent on taxes, user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the business-type activities are supported by user fees.

The government-wide 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 flow.

The District's operations are classified as an Enterprise fund that accounts for the acquisition, operation, and maintenance of activities that are similar to a business. The business-type fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water and treatment of wastewater. Operating expenses for the fund include water and waste water expenses, all revenues and expenses not meeting this definition, including property and specific ownership taxes are reported as nonoperating revenues and expenses.

The District reports one proprietary fund which combines the revenues and expenses of the water and waste water operations. District water is provided on both a flat and metered rate basis. The District accounts for tap fees as revenue to be expended for capital improvements.

Assets, liabilities, deferred inflows of resources, and net position

Cash and cash equivalents

For purposes of the statement of cash flows the District considers cash on hand, demand deposits and investments in state regulated pools to be cash and cash equivalents.

Fair value of financial instruments

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

Estimates

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

Property taxes receivable

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the tax lien will be sold at public auction. Pitkin County bills

and collects the property taxes and remits collections, on a monthly basis, to the District. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Capital assets

All purchased capital assets are recorded at cost. Major capital outlays for capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years. A full year of depreciation is computed in the year of acquisition. Donated assets are valued at their estimated fair market value when received.

Long-term obligations

Long-term obligations of the District consist of principal due on loans from the Colorado Water Resources and Power Development Authority.

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net Position of the District is classified into three components; 1) Net invested in capital assets, 2) Restricted net positions, which are non-capital assets that must be used for a particular purpose, and 3) Unrestricted net positions which are the remaining assets not otherwise classified.

The District applies restricted net positions first when both restricted and unrestricted resources are available.

Budgetary information

The Enterprise fund adopts a budget prepared on the non-US GAAP basis wherein principal payments on debt and capital expenditures are recognized as expenses, and depreciation and amortization expense are not budgeted.

2. **Detailed notes concerning the funds**

Cash and cash equivalents

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, repay the public deposits to the depositing government. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Colorado Revised Statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at \$1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

As of December 31, 2017, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

Investments

Credit risk

The District has not adopted a formal investment policy; however, the District follows Colorado Revised Statutes regarding its investments. Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include local government investment pools.

Investment Valuation

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; 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

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2017

as paying agent or trustee); and CSAFE which record their investments at net asset value (NAV) per share, measured using amortized cost.

<u>Investments:</u>	<u>Fair Value</u>
Colo Trust (at NAV)	\$ 50,981
Total	<u>\$ 50,981</u>

Custodial and concentration of credit risk

At December 31, 2017, the District had \$50,981 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST.

Receivables

Accounts receivable primarily consist of user fees for water and waste water services earned as of December 31, 2017. The District considers all receivables to be collectible at December 31, 2017.

It is the policy of the District to record the property tax receivable in the year in which the taxes are levied and to recognize the property tax revenues in the year in which the lien attaches to the property. Property taxes are reported as receivable and deferred revenue of \$172,225.

Leases

In 1976, the District Board approved an agreement that provided for the fire district to lease land near the waste water plant for a fire station. The lease is for 99 years at an annual rent of \$100. There are no rent escalation clauses in the lease.

Long-term debt

Colorado Water Resources Loan

The District received a loan from the Colorado Water Resources and Power Development Authority as part of their Clean Drinking Water Revolving Fund loan program. This loan is funded by the State to finance the costs of certain water resource projects to public entities in the State. The loan is evidenced by a Limited Tax General Obligation bond in the principal amount of \$410,000. The bond bears interest at the rate of 4.50% from May 1, 1999, to its maturity. Interest and principal payments are payable on November 1, 1999 and semiannually thereafter. The bond matured on November 1, 2017.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2017

Waste Water and Water Upgrades Loan

On July 14, 2011, the District executed a loan with the Colorado Water Resources and Power Development Authority in the principal amount of \$2,000,000 with interest at 1% with semi-annual payments due May 1 and November 1 starting November 1, 2012. The loan matures on May 1, 2032.

Annual debt service requirements to maturity are as follows:

Year	Interest	Principal	Payment
2018	16,742	109,610	126,352
2019	15,643	110,709	126,352
2020	14,533	111,818	126,351
2021	13,412	112,939	126,351
2022-2026	49,849	581,909	631,758
2027-2031	20,090	611,668	631,758
2032	314	62,860	63,174
Total	\$ 130,583	\$ 1,701,513	\$ 1,832,096

Long-term debt

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017.

	Balance January 1, 2017	Additions	Payments	Balance December 31, 2017
Colorado water	\$ 30,766	\$ --	\$ (30,766)	\$ -
Water pollution	1,772,958	--	(71,445)	1,701,513
Total	\$ 1,803,724	\$ --	\$ (102,211)	\$ 1,701,513

Restricted net position

TABOR - the District has reserved a portion of fund balance for the TABOR emergency reserve - see footnote 3.

Colorado Water Resources Loan - fund balance has been reserved in accordance with the loan agreement to reflect three months of operating and maintenance expenses net of depreciation and interest expense.

Capital improvements - the District has adopted a resolution that sets aside all tap fees for capital improvements. Due to the current District-wide capital construction activity, there are currently no restricted amounts set aside.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2017

Changes in capital assets

The changes in capital assets for the year ended December 31, 2017 are as follows:

	Balance			Balance
	January 1,	Additions	Deletions	December
	2017			31, 2017
Source of supply	\$ 223,695	\$ --	\$ --	\$ 223,695
Water lines	1,574,769	--	--	1,574,769
Water plant	344,570	108,277	--	452,847
Waste water lines	165,144	--	--	165,144
Waste water plant	2,126,258	--	--	2,126,258
Equipment	13,281	--	--	13,281
Office equipment	2,195	--	--	2,195
Total	4,449,912	108,277	--	4,558,189
Accumulated depreciation	(2,215,222)	(95,821)	--	(2,311,043)
Net	2,234,690	12,456	--	2,247,146
<u>Non-depreciated assets:</u>				
Land	10,500	--	--	10,500
Construction in process	53,259	--	--	53,259
Total non-depreciated assets	63,809	--	--	63,759
Total net book value	\$ 2,298,499	\$ 12,456	\$ --	2,310,905

3. Other information

Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado.

The Pool is an organization created by intergovernmental agreement to provide property, liability, public official liability, and boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, general liability and public official's liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2017.

TABOR Amendment

In November of 1992, Colorado voters approved Amendment 1 to the state Constitution which, is commonly known as The Taxpayer's Bill of Rights or the TABOR Amendment.

The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refunding to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as "Enterprises." The Redstone Water & Sanitation District does not qualify as an "Enterprise."

The amendment defined the District's year ending December 31, 1992, as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The District must refund revenue received in excess of the prior year's revenue to the voters, unless the voters were to approve retention of the excess revenue. The District placed a question on the November 1996, ballot that would permit the District to keep and spend all revenues from all sources in 1996 and subsequent years without limiting in any year the amount of other revenues that may be collected. The voters approved this ballot question.

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's spending. Conditions under which these reserves may be spent are severely limited.

The Redstone Water & Sanitation District, Redstone, Colorado, believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual
For the year ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Property	\$ 163,221	\$ 166,799	\$ 3,578
Specific ownership	2,000	4,613	2,613
Penalties and interest on taxes	400	1,009	609
Charges for services:			
Water service charges	97,688	93,860	(3,828)
Waste Water service charges	66,308	59,879	(6,429)
Other charges	500	--	(500)
Other:			
Interest income	--	897	897
Miscellaneous	635	--	(635)
Tap Fees	--	--	--
Line of credit	100,000	--	(100,000)
Grants	75,000	--	(75,000)
Other income (loss)	69,048	3,998	(65,050)
Total revenue	574,800	331,055	(243,745)
Expenses:			
Water:			
Sources of Supply:			
Capital outlay - capitalized	75,000	108,227	(33,227)
Reservoir maintenance	2,000	1,093	907
Water Tank Maintenance	500	53	447
Total sources of supply expenses	77,500	109,373	(31,873)
Water treatment expenses:			
Lab expense	5,000	6,238	(1,238)
Chemicals	6,000	2,684	3,316
Permits and licenses	150	--	150
Engineering	2,000	221	1,779
Utilities	6,000	5,079	921
East Creek maintenance	6,000	14,151	(8,151)
Trash	250	--	250
Water Plant Supplies	1,250	130	1,120
Telephone	650	846	(196)
Plank Springs Maintenance	3,000	2,046	954
Miscellaneous	1,000	--	1,000
Total water treatment expenses	31,300	31,395	(95)
Transmission and distribution expense:			
Repairs and maintenance	4,000	--	4,000
Meter Reading	1,900	1,980	(80)
Operations Contract	26,112	26,112	--
Total transmission and distribution expense	32,012	28,092	3,920

(continued)

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual (continued)
For the year ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
Administrative and general expenses:			
Accounting and audit	\$ 14,592	\$ 23,936	\$ (9,344)
Bad debt	--	--	--
County Treasurer's fees	5,300	4,065	1,235
Dues and subscriptions	336	347	(11)
Insurance and surety bonds	6,400	6,114	286
Professional Services	640	--	640
Legal notices and publications	192	--	192
Legal services	1,600	57,962	(56,362)
Bank Charges	512	--	512
Miscellaneous	320	10,737	(10,417)
Office supplies and expense	1,600	945	655
Telephone	896	1,066	(170)
Total administration	32,388	105,172	(72,784)
Total water expenses	173,200	274,032	(68,052)
Waste water:			
Collection and transmission expense:			
Line Maintenance and Repairs	2,000	--	2,000
Total collection and transmission expense	2,000	--	2,000
Waste water treatment expenses:			
Sludge removal	10,000	660	9,340
Lab expense	4,000	4,816	(816)
Permits and licenses	1,440	260	1,180
Plant repairs and maintenance	6,000	786	5,214
Operations Contract	14,688	14,688	--
Utilities	8,500	5,991	2,509
Trash	150	--	150
Sewer Plant Supplies	600	21	579
Miscellaneous	1,000	--	1,000
Total waste water treatment expenses	46,378	27,222	19,156

(continued)

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual (continued)
For the year ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
Administrative and general expenses:			
Accounting and audit	\$ 8,208	\$ 4,014	\$ 4,194
Bad debt	--	--	--
County Treasurer's fees	2,981	4,065	(1,084)
Dues and subscriptions	189	195	(6)
Insurance and surety bonds	3,600	3,439	161
Professional Services	360	--	360
Legal notices and publications	108	--	108
Legal services	900	47,705	(46,805)
Bank Charges	288	140	148
Miscellaneous	180	--	180
Office supplies and expense	900	472	428
Telephone	504	600	(96)
Total administration	18,218	60,630	(42,412)
Total Waste water expenses	141,596	196,079	(54,483)
Debt service:			
Bond interest	--	--	--
Colorado water revolving loan interest	--	811	(811)
Colorado water revolving loan principal	31,804	30,762	1,042
Waste water Revolving Loan Interest	17,551	17,432	119
Waste water Revolving Loan principal	71,449	71,449	--
Total debt service	120,804	120,455	350
Total expenses	360,600	482,339	(122,185)
Net (loss) - non - US GAAP budgetary basis	<u>\$ 214,200</u>	<u>(151,284)</u>	<u>\$ (365,484)</u>
Adjustments to US GAAP basis:			
Add:			
Colorado water revolving loan principal		30,762	
Waste water Revolving Loan principal		71,449	
Capital outlay - capitalized		108,227	
Less:			
Depreciation expense		<u>(95,821)</u>	
Total adjustments to US GAAP basis		<u>114,617</u>	
Net income - US GAAP basis		(36,667)	
Net position - beginning of year		<u>666,461</u>	
Net position - end of year		<u>\$ 629,794</u>	