

# **COLUMBUS SEWER UTILITY**

An Enterprise Fund of the  
City of Columbus, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2017 and 2016

# COLUMBUS SEWER UTILITY

An Enterprise Fund of the City of Columbus, Wisconsin

## TABLE OF CONTENTS

As of and for the Years Ended December 31, 2017 and 2016

---

Independent Auditors' Report	1 - 2
Required Supplementary Information	
Management's Discussion and Analysis	3 - 7
Financial Statements	
Statements of Net Position	8 - 9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 36
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability (Asset)	37
Schedule of Contributions - Pension	37
Notes to Required Supplementary Information	38
Supplemental Information	
Utility Plant	39
Operating Revenues and Expenses	40

## INDEPENDENT AUDITORS' REPORT

To the City Council  
Columbus Sewer Utility  
Columbus, Wisconsin

We have audited the accompanying financial statements of Columbus Sewer Utility, an enterprise fund of the City of Columbus, Wisconsin, as of and for the years ended December 31, 2017 and 2016, and the related notes to the 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Columbus Sewer Utility'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 Columbus Sewer Utility'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 Columbus Sewer Utility 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.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Columbus Sewer Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Columbus, Wisconsin, as of December 31, 2017 and 2016 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

#### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. The 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 18, 2018

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# COLUMBUS SEWER UTILITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2017 and 2016

The management of the Columbus Sewer Utility (utility) offers all persons interested in the financial position of the utility this narrative overview and analysis of the utility's financial performance during the years ending December 31, 2017 and 2016. You are invited to read this narrative in conjunction with the utility's financial statements.

---

### FINANCIAL HIGHLIGHTS

---

- > Total assets increased by \$1,807,000 from the prior year primarily due to a \$1,459,000 increase in the capital assets, net, and an \$566,000 increase in cash and restricted cash. To fund new capital projects, and refund existing debt, the utility issued \$2,555,000 of new debt in 2017. Capital asset activity is discussed later in this analysis. In 2016, Total assets decreased by \$239,000 from the prior year primarily due to a \$642,000 decrease in the main replacement account for construction projects, partially offset by an increase in plant in service, an increase in accumulated depreciation, and a \$272,000 increase in cash and investments.
- > Operating revenues increased \$94,000 in 2017, primarily due to an increase in high-strength surcharges to high strength customers and an increase in sales to Fall River due to a rate increase effective August 1, 2016. In 2016, Operating revenues were consistent with prior year, decreasing less than \$1,000
- > Operation and maintenance expenses in 2017 increased by \$56,000, primarily due to an increase in the maintenance of treatment and disposal of plant equipment due to masonry repairs at the WWTP. In 2016, Operation and maintenance expenses decreased by \$38,000, primarily due to maintenance of the sewer lining in the sewer collection system which did not reoccur in the current year, offset by an increase in outside services employed and salary allocations

---

### OVERVIEW OF THE FINANCIAL STATEMENTS/USING THIS REPORT

---

The Columbus Sewer Utility is an enterprise fund of the City of Columbus and is managed by the City Council. The purpose of the utility is to provide sewer service to properties located within the municipality and the Town of Elba Sanitary District and the Village of Fall River. The utility served 2,221, 2,184, and 2,157 customers in 2017, 2016, and 2015, respectively.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The utility follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the utility.

- > The Statements of Net Position includes all of the utility's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utility.
- > The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the utility's financial health.
- > The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

See accompanying independent Auditor's Report.

# COLUMBUS SEWER UTILITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2017 and 2016

### UTILITY FINANCIAL ANALYSIS

An analysis of the utility's financial position begins with a review of the Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the utility's net position and changes therein. The utility's net position – the difference between assets and liabilities is key to measuring the financial health of the utility. Over time, increases or decreases in the net position are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position can also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions and new regulations.

A summary of the utility's Statements of Net Position is presented in Table 1-A.

**Table 1-A  
Condensed Statements of Net Position**

	2017	2016	2015	Percentage Change '17 v '16
Current and other assets	\$ 3,660,000	\$ 3,312,000	\$ 3,643,000	12%
Capital Assets (Net)	11,259,000	9,800,000	9,708,000	14
<b>Total Assets</b>	<b>14,919,000</b>	<b>13,112,000</b>	<b>13,351,000</b>	<b>14</b>
Deferred Outflows of Resources	108,000	154,000	42,000	(30)
Long-term Debt Outstanding	4,811,000	3,111,000	3,341,000	55
Other liabilities	254,000	162,000	126,000	57
<b>Total Liabilities</b>	<b>5,065,000</b>	<b>3,273,000</b>	<b>3,467,000</b>	<b>55</b>
Deferred Inflows of Resources	45,000	59,000	-	(24)
Net investment in capital assets	6,671,000	6,689,000	6,367,000	(5)
Restricted	659,000	546,000	563,000	11
Unrestricted	2,587,000	2,699,000	2,996,000	8
<b>Total Net Position</b>	<b>\$ 9,917,000</b>	<b>\$ 9,934,000</b>	<b>\$ 9,926,000</b>	<b>0%</b>

During 2017, the increase in total assets was driven mainly by the completion of the James St project in 2017. In 2016, the decrease in total assets was driven mainly by a decrease in the main replacement account, driven by increased capital spending.

As previously noted, the Statements of Net Position show the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position as shown in Table 2-A .

## COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended December 31, 2017 and 2016

---

### UTILITY FINANCIAL ANALYSIS (cont.)

---

**Table 2-A**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Position**

	2017	2016	2015	Percentage Change '17 v '16
Operating revenues	\$ 1,505,000	\$ 1,411,000	\$ 1,412,000	7%
Nonoperating revenues	28,000	16,000	29,000	75
Total Revenues	1,533,000	1,427,000	1,441,000	8
Depreciation expense	552,000	564,000	557,000	(2)
Operation & maintenance	852,000	784,000	822,000	9
Nonoperating expenses	180,000	90,000	98,000	100
Total Expenses	1,584,000	1,438,000	1,477,000	10
Income (Loss) Before Capital Contributions	(51,000)	(11,000)	(36,000)	364
Capital contributions	34,000	19,000	47,000	79
Change in net position	(17,000)	8,000	11,000	(313)
Cumulative effect of a change in accounting principle	-	-	82,000	-
Beginning Net Position	9,934,000	9,926,000	9,833,000	-
Net Position End of Year	\$ 9,917,000	\$ 9,934,000	\$ 9,926,000	0%

The decrease in net position for 2017 is due to an increase in both operating expenses and non-operating expenses. The increase in non-operating expenses are due to a debt discount incurred with the issuance of new debt, an increase in interest expense, and the increase in operating expenses are discussed on page 3. The increase in net position for 2016 is due to a decrease in operating expenses as discussed on page 3.



## COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended December 31, 2017 and 2016

### UTILITY FINANCIAL ANALYSIS (cont.)

Condensed Statements of Cash Flows are presented in Table 3-A.

**Table 3-A**  
**Condensed Statements of Cash Flows**

	2017	2016	2015	Percentage Change '17 v '16
Cash Flows From:				
Operating activities	\$ 668,000	\$ 652,000	\$ 572,000	2%
Noncapital financing activities	25,000	24,000	24,000	4
Capital and related financing activities	(149,000)	(1,020,000)	(806,000)	(85)
Investing activities	(741,000)	621,000	766,000	(219)
Net Change in Cash and Cash Equivalents	(197,000)	277,000	556,000	(171)
Cash and Cash Equivalents - Beginning of Year	2,400,000	2,123,000	1,568,000	13
Cash and Cash Equivalents - End of Year	\$ 2,203,000	\$ 2,400,000	\$ 2,123,000	(8)%

During 2017, cash flow related to investing decreased due to investments purchased exceeding the amount of investments sold. Cash flow related to capital and financing activity increased as a result of new debt issued in 2017. In 2016, cash flow related to investing increased due to investments sold exceeding the amount of investments purchased.

### CAPITAL ASSETS

During 2017, capital assets increased \$1,841,000 primarily due to spending on street projects, as the James St project was completed in 2017. Accumulated depreciation increased by \$444,000 due to an additional year of depreciation. In 2016, capital assets increased \$565,000 primarily due to spending on street projects. Net capital assets decreased by \$92,000 due to an additional year of depreciation.

### LONG-TERM DEBT

During 2017 and 2016, the utility retired \$169,000 and \$165,000 of outstanding revenue bonds. The utility also retired \$685,000 and \$65,000 of general obligation debt in 2017 and 2016. The 2017B refunding GO bonds were issued to refund the 2007A Series GO Debt. The utility also issued 2017C Revenue Bonds for capital improvements. Repayment schedules are included in Note 7.

# **COLUMBUS SEWER UTILITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended December 31, 2017 and 2016

---

## **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

---

The current sewer rates were approved by the city council with an effective date of October 19, 2010. The rate charged to Elba Sanitary District was reviewed and decreased effective January 1, 2014.

In 2010, the utility signed an agreement with the Village of Fall River to allow the utility to provide wholesale wastewater treatment to the Village. The Village connected to the utility in early 2012. The current rates charged to the Village of Fall River increased in August 1, 2016.

On February 20, 2018, the City Council approved a rate increase for the City of Columbus and a rate decrease for the Town of Elba and the Village of Fall River.

---

## **CONTACTING UTILITY'S FINANCIAL MANAGEMENT**

---

This financial report is designed to provide our customers, investors and creditors with a general overview of the utility's finances. If you have questions about this report, or need additional financial information, contact the Columbus Sewer Utility at the Columbus City Hall via phone 920 623 5900 or mail 105 N. Dickason Blvd., Columbus, WI 53925.

# COLUMBUS SEWER UTILITY

## STATEMENTS OF NET POSITION As of December 31, 2017 and 2016

	<i><b>ASSETS</b></i>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>			
Cash and investments		\$ 777,557	\$ 264,165
Main replacement account		103,046	465,007
Pump replacement account		149,262	113,789
Connection charge account		240,937	206,735
Wholesale connection charge account		1,203,127	1,203,127
Interest receivable		7,893	1,075
Restricted Assets			
Redemption account		184,381	150,127
Other accounts receivable		24,872	27,246
Due from water utility		92,619	99,266
Due from TIF district		25,190	24,696
Total Current Assets		<u>2,808,884</u>	<u>2,555,233</u>
<b>NONCURRENT ASSETS</b>			
Restricted Assets			
Reserve account		138,603	-
Replacement account		492,440	406,973
Construction account		86,282	-
Other Assets			
Preliminary survey and investigation		-	190,147
Long-term receivable from TIF		133,711	158,901
Capital Assets			
Construction work in progress		60,860	-
Plant in service		22,810,415	20,969,301
Accumulated depreciation		<u>(11,612,537)</u>	<u>(11,168,949)</u>
Total Noncurrent Assets		<u>12,109,774</u>	<u>10,556,373</u>
Total Assets		<u>14,918,658</u>	<u>13,111,606</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension		<u>108,182</u>	<u>154,288</u>

<b>LIABILITIES</b>		<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 156,287	\$ 55,310
Accrued wages		9,040	13,632
Accrued interest		3,519	7,002
Accrued vacation leave		4,881	5,373
Current portion of general obligation debt		70,000	65,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		248,603	169,453
Accrued interest		18,799	11,392
Total Current Liabilities		<u>511,129</u>	<u>327,162</u>
<b>NONCURRENT LIABILITIES</b>			
General obligation debt		550,000	620,000
Revenue bonds		3,942,801	2,256,403
Accrued sick leave		47,865	41,483
Net pension liability		13,501	27,996
Total Noncurrent Liabilities		<u>4,554,167</u>	<u>2,945,882</u>
Total Liabilities		<u>5,065,296</u>	<u>3,273,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension		<u>44,771</u>	<u>58,916</u>
<b>NET POSITION</b>			
Net investment in capital assets		6,671,279	6,689,496
Restricted for:			
Debt service		166,522	138,735
Equipment replacement		492,440	406,973
Unrestricted		<u>2,586,532</u>	<u>2,698,730</u>
<b>TOTAL NET POSITION</b>		<u><u>\$ 9,916,773</u></u>	<u><u>\$ 9,933,934</u></u>

See accompanying notes to the financial statements.

## COLUMBUS SEWER UTILITY

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Treatment charges	\$ 1,449,939	\$ 1,361,693
Other	<u>54,775</u>	<u>49,063</u>
Total Operating Revenues	<u>1,504,714</u>	<u>1,410,756</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	851,870	783,702
Depreciation	<u>551,905</u>	<u>563,466</u>
Total Operating Expenses	<u>1,403,775</u>	<u>1,347,168</u>
<b>OPERATING INCOME</b>	<u>100,939</u>	<u>63,588</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	28,228	15,858
Interest expense	(116,086)	(89,981)
Debt issuance costs	<u>(63,742)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(151,600)</u>	<u>(74,123)</u>
Loss Before Contributions	(50,661)	(10,535)
<b>CAPITAL CONTRIBUTIONS - CONNECTION FEES</b>	<u>33,500</u>	<u>19,000</u>
<b>CHANGE IN NET POSITION</b>	(17,161)	8,465
NET POSITION - Beginning of Year	<u>9,933,934</u>	<u>9,925,469</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 9,916,773</u></u>	<u><u>\$ 9,933,934</u></u>

See accompanying notes to the financial statements.

# COLUMBUS SEWER UTILITY

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 1,513,735	\$ 1,407,160
Paid to suppliers for goods and services	(611,248)	(523,113)
Paid to employees for operating payroll	(234,122)	(231,914)
Net Cash Flows From Operating Activities	<u>668,365</u>	<u>652,133</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of advances from other funds including principal	<u>24,696</u>	<u>24,212</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,706,903)	(719,085)
Capital contributions received	33,500	19,000
Debt retired	(854,453)	(230,381)
Interest paid	(112,161)	(89,981)
Proceeds from debt issue	2,555,000	-
Debt issuance costs	(63,742)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(148,759)</u>	<u>(1,020,447)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments purchased	(1,171,979)	(409,940)
Investments sold and matured	409,940	1,011,500
Investment income	21,410	19,349
Net Cash Flows From Investing Activities	<u>(740,629)</u>	<u>620,909</u>
<b>Net Change in Cash and Cash Equivalents</b>	(196,327)	276,807
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,399,983</u>	<u>2,123,176</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,203,656</u>	<u>\$ 2,399,983</u>

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 100,939	\$ 63,588
Noncash items in operating income		
Depreciation	551,905	563,466
Changes in assets and liabilities		
Other accounts receivable	2,374	(3,986)
Due from water utility	6,647	390
Pension related deferrals and liabilities	17,466	15,621
Accounts payable	(12,264)	13,436
Accrued wages	(4,592)	4,748
Accrued vacation and sick leave	5,890	(5,130)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 668,365</u>	<u>\$ 652,133</u>

<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS</b>		
Cash and investments	\$ 777,557	\$ 264,165
Redemption account	184,381	150,127
Reserve account	138,603	-
Replacement account	492,440	406,973
Construction account	86,282	-
Main replacement account	103,046	465,007
Pump replacement account	149,262	113,789
Connection charge account	240,937	206,735
Wholesale connection charge account	1,203,127	1,203,127
Total Cash and Investments	3,375,635	2,809,923
Less: Noncash equivalents	(1,171,979)	(409,940)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 2,203,656</u>	<u>\$ 2,399,983</u>

See accompanying notes to the financial statements.

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The financial statements of Columbus Sewer Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below.

### ***REPORTING ENTITY***

The utility is a separate enterprise fund of the City of Columbus (municipality). The utility is managed by the city council. The utility provides sewer service to properties within the municipality. The utility also provides sewer service to the Town of Elba Sanitary District and the Village of Fall River.

The sewer utility operates under rules and rates established by the city council.

### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

### ***ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION***

#### ***Deposits and Investments***

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.



# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)*

#### *Deposits and Investments (cont.)*

Investment of utility funds is restricted by state statutes. Investments are limited to:

- > Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- > Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- > Bonds or securities issued or guaranteed by the federal government.
- > The local government investment pool.
- > Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- > Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- > Repurchase agreements with public depositories, with certain conditions.

The utility has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

#### *Receivables/Payables*

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

#### *Restricted Assets*

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)*

#### ***Main and Pump Replacement Accounts***

The council has established designated cash accounts for the replacement of sewer mains and lift station pumps which are shown as replacement accounts on the Statements of Net Position.

The council has elected to internally designate the main replacement account for the James Street reconstruction project which occurred in 2017. These funds are not legally restricted and could be used for other purposes if the need arose. The utility has \$252,308 and \$578,796 designated as of December 31, 2017 and 2016, respectively. This amount is shown in the Current Assets section of the Statements of Net Position.

#### ***Connection and Wholesale Connection Charge Account***

The connection charge account represents fees collected for hook-up to the sewer system for the payment of debt service. It is available for any utility purposes.

The wholesale connection charge account represents the connection fee collected from a wholesale customer. The wholesale contract specifies the cash to be used for system upgrades to benefit the wholesale customer and the city jointly.

#### ***Preliminary Survey and Investigation***

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

#### ***Capital Assets***

Capital assets are generally defined by the utility as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the estimated acquisition value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Sewer Plant	
Collecting system	10 - 100
Collecting system pumping	15 - 20
Treatment and disposal	15 - 40
General	7 - 20

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)*

#### ***Pensions***

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

#### ***Deferred Outflow of Resources***

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

#### ***Accrued Sick Leave and Vacation***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

#### ***Long-term Receivable from TIF***

In 2010 an advance to TIF 3 was recorded related to the West Side Interceptor for \$300,000. The advance accrues 2% interest on the remaining principal balance annually. A formal repayment schedule has been approved. During 2017 the sewer utility received \$28,368 which \$24,696 was applied toward the principal balance of the loan and \$3,672 was received in interest.

#### ***Long-Term Obligations***

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

#### ***Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### **REVENUES AND EXPENSES**

The utility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utility are charges to customers for sales and services. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

#### **Charges for Services**

Billings are rendered and recorded monthly based on metered usage. The utility does not accrue revenues beyond billing dates.

Current rates were approved by the city council with an effective date of October 19, 2010. The city council also revised the rate charged to the Town of Elba, with an effective date of January 1, 2014. The city council revised the Fall River rates in accordance with their agreement effective August 1, 2016.

#### **Capital Contributions**

Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses, and changes in net position.

#### **Connection Fees**

The sewer utility charges new customers a connection fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses, and changes in net position.

#### **Taxes**

Municipal utilities are exempt from income taxes.

### **EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS**

GASB has approved GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14, Statement No. 81, *Irrevocable Split-Interest Agreements*, Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 85, *Omnibus*, Statement No. 86, *Certain Debt Extinguishment Issues*, and Statement No. 87, *Leases*. When they become effective, application of these standards may restate portions of these financial statements.

### **COMPARATIVE DATA**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

# COLUMBUS SEWER UTILITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

### **NOTE 2 - DEPOSITS AND INVESTMENTS**

	Carrying Value as of December 31,		Risks
	2017	2016	
Checking and savings	\$ 652,743	\$ 825,689	Custodial credit risk
Certificates of deposits	1,171,979	409,940	Custodial credit risk
Money market	413,180	1,547,766	Custodial credit risk
LGIP	1,137,733	26,528	Credit risk
Totals	\$ 3,375,635	\$ 2,809,923	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

The utility may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utility alone. Therefore, coverage for the utility may be reduced. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017 and 2016, the fair value of the LGIP's assets were substantially equal to the utility's share.

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the utility's deposits may not be returned to the utility.

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

#### *Custodial Credit Risk* (cont.)

#### Investments (cont.)

The utility maintains certain investments with the municipality. The following is a summary of the these investment balances disclosed by type.

	2017		2016	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Old National Bank/Anchor Bank	\$ 423,049	\$ 423,049	\$ 557,094	\$ 557,094
Farmers and Merchants Union Bank including CDARS	801,830	801,830	1,215,541	1,215,541
DMB Community Bank	1,013,023	1,013,023	1,010,760	1,010,760
Totals	\$ 2,237,902	\$ 2,237,902	\$ 2,783,395	\$ 2,783,395

The utility's investment policy addresses this risk by requiring all deposits and investments be collateralized in full. The utility and city have obtained collateral agreements as of December 31, 2017 and 2016 for \$6,166,607 and \$7,530,598. The collateral was held at Farmers and Merchants Union Bank, Old National and DMB Community Bank in 2017 and in 2016.

#### **Credit Risk**

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

The utility held investments in the Local Government Investment Pool which is an external pool that is not rated.

The investment policy does not address credit risk.

### NOTE 3 - INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund balances for the years ending December 31, 2017 and 2016:

Due To	Due From	2017		2016	
		Amount	Principal Purpose	Amount	Principal Purpose
Sewer	Water	\$ 92,619	Utility billings	\$ 99,266	Utility billings

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

## NOTE 4 - RESTRICTED ASSETS

### *Restricted Accounts*

Certain proceeds of the utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report debt proceeds restricted for use in construction.

### *Replacement Account*

As a condition of receiving state and federal funds for wastewater plant construction, the utility has established an account for replacement of certain mechanical equipment.

### *Restricted Net Position*

The following calculation supports the amount of restricted net position:

	2017	2016
Restricted Assets		
Redemption account	\$ 184,381	\$ 150,127
Reserve account	138,603	-
Replacement account	492,440	406,973
Construction account	86,282	-
Total Restricted Assets	901,706	557,100
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(137,663)	-
Construction Account	(86,282)	-
Total Restricted Assets Not Funded by Revenues	(223,945)	-
Current Liabilities Payable From Restricted Assets	(18,799)	(11,392)
Total Restricted Net Position as Calculated	\$ 658,962	\$ 545,708

The purpose of the restricted net position is as follows:

	2017	2016
Debt service	\$ 166,522	\$ 138,735
Equipment replacement	492,440	406,973
Total Restricted Net Position	\$ 658,962	\$ 545,708

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### **NOTE 5 - ADVANCES TO OTHER FUNDS**

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/2017
8/1/2011	West side interceptor	8/1/2023	2.00%	\$ 300,000	\$ 158,901

Repayment requirements to maturity follow:

Year Ending December 31	Principal	Interest	Total
2018	\$ 25,190	\$ 3,178	\$ 28,368
2019	25,694	2,674	28,368
2020	26,208	2,160	28,368
2021	26,732	1,636	28,368
2022	27,266	1,102	28,368
2023	27,811	556	28,367
Totals	<u>\$ 158,901</u>	<u>\$ 11,306</u>	<u>\$ 170,207</u>



## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 6 - CHANGES IN CAPITAL ASSETS

#### *Sewer Utility*

A summary of changes in sewer capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 2,500	\$ -	\$ -	\$ 2,500
Capital assets being depreciated				
Collecting system	9,161,747	1,462,203	45,218	10,578,732
Collecting system pumping	633,725	302,827	58,500	878,052
Treatment and disposal	10,813,635	154,723	4,600	10,963,758
General	357,694	29,679	-	387,373
Total Capital Assets Being Depreciated	20,966,801	1,949,432	108,318	22,807,915
Total Capital Assets	20,969,301	1,949,432	108,318	22,810,415
Less: Accumulated depreciation				
Collecting system	(1,601,105)	(97,495)	45,218	(1,653,382)
Collecting system pumping	(633,725)	(36,330)	58,500	(611,555)
Treatment and disposal	(8,584,583)	(399,660)	4,599	(8,979,644)
General	(349,536)	(18,420)	-	(367,956)
Total Accumulated Depreciation	(11,168,949)	(551,905)	108,317	(11,612,537)
Construction in progress	-	60,860	-	60,860
Net Capital Assets	\$ 9,800,352			\$ 11,258,738

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

#### *Sewer Utility* (cont.)

A summary of changes in sewer capital assets for 2016 follows:

	Balance 1/1/16	Increases	Decreases	Balance 12/31/16
Capital assets, not being depreciated				
Land and land rights	\$ 2,500	\$ -	\$ -	\$ 2,500
Capital assets being depreciated				
Collecting system	8,694,404	518,815	51,472	9,161,747
Collecting system pumping	633,725	-	-	633,725
Treatment and disposal	10,715,630	137,257	39,252	10,813,635
General	357,694	-	-	357,694
Total Capital Assets Being Depreciated	<u>20,401,453</u>	<u>656,072</u>	<u>90,724</u>	<u>20,966,801</u>
Total Capital Assets	<u>20,403,953</u>	<u>656,072</u>	<u>90,724</u>	<u>20,969,301</u>
Less: Accumulated depreciation				
Collecting system	(1,536,800)	(115,777)	51,472	(1,601,105)
Collecting system pumping	(604,196)	(29,529)	-	(633,725)
Treatment and disposal	(8,217,273)	(406,562)	39,252	(8,584,583)
General	(337,938)	(11,598)	-	(349,536)
Total Accumulated Depreciation	<u>(10,696,207)</u>	<u>(563,466)</u>	<u>90,724</u>	<u>(11,168,949)</u>
Net Capital Assets	<u>\$ 9,707,746</u>			<u>\$ 9,800,352</u>

### NOTE 7 - LONG-TERM OBLIGATIONS

#### *Revenue Bonds*

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/17
11/14/2007	Capital improvements	5/1/2027	2.48%	\$ 2,258,679	\$ 1,269,929
6/8/2011	Capital improvements	5/1/2031	2.40	1,313,944	986,475
4/4/2017	Capital improvements	5/1/2037	1.40 - 4.00	1,935,000	1,935,000

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

**Revenue Bonds** (cont.)

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 248,603	\$ 109,222	\$ 357,825
2019	252,854	103,870	356,724
2020	262,210	98,215	360,425
2021	266,673	92,258	358,931
2022	271,244	86,030	357,274
2023-2027	1,463,820	326,067	1,789,887
2028-2032	826,000	158,239	984,239
2033-2037	600,000	59,466	659,466
Totals	<u>\$ 4,191,404</u>	<u>\$ 1,033,367</u>	<u>\$ 5,224,771</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2017 and 2016 were \$259,275 and \$226,685, respectively. Total customer gross revenues as defined for the same periods were \$1,566,442 and \$1,445,614. Annual principal and interest payments are expected to require 17% of revenues on average.

**General Obligation Debt**

The following general obligation bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/17
2/22/2007	Sewer system improvements	4/1/2026	4.00%	\$ 750,000	\$ -
4/4/2017	Refunding 2007 GO Bonds	4/1/2026	2.00-2.65	620,000	620,000

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

#### *General Obligation Debt* (cont.)

General obligation bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 70,000	\$ 13,375	\$ 83,375
2019	70,000	11,975	81,975
2020	70,000	10,576	80,576
2021	65,000	9,144	74,144
2022	65,000	7,681	72,681
2023-2026	<u>280,000</u>	<u>14,688</u>	<u>294,688</u>
Totals	<u>\$ 620,000</u>	<u>\$ 67,439</u>	<u>\$ 687,439</u>

#### *Long-Term Obligations Summary*

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	1/1/17 Balance	Additions	Reductions	12/31/17 Balance	Due Within One Year
Revenue bonds	\$ 2,425,856	\$ 1,935,000	\$ 169,452	\$ 4,191,404	\$ 248,603
General obligation debt	685,000	620,000	685,000	620,000	70,000
Accrued vacation and sick leave	46,856	7,607	1,717	52,746	4,881
Net pension liability	<u>27,996</u>	-	<u>14,495</u>	<u>13,501</u>	-
Totals	<u>\$ 3,185,708</u>	<u>\$ 2,562,607</u>	<u>\$ 870,664</u>	<u>\$ 4,877,651</u>	<u>\$ 323,484</u>

Long-term obligation activity for the year ended December 31, 2016 is as follows:

	1/1/16 Balance	Additions	Reductions	12/31/16 Balance	Due Within One Year
Revenue bonds	\$ 2,591,237	\$ -	\$ 165,381	\$ 2,425,856	\$ 169,453
General obligation debt	750,000	-	65,000	685,000	65,000
Accrued vacation and sick leave	51,986	6,061	11,191	46,856	5,373
Net pension liability	-	<u>27,996</u>	-	<u>27,996</u>	-
Totals	<u>\$ 3,393,223</u>	<u>\$ 34,057</u>	<u>\$ 241,572</u>	<u>\$ 3,185,708</u>	<u>\$ 239,826</u>

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

---

### ***Current Refunding***

On April 4, 2017, bonds in the amount of \$620,000 were issued with an average interest rate of 2.27% to refund \$620,000 of outstanding 2007 bonds with an average interest rate of 4.00%. The net proceeds were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$748,800 from April 4, 2017 through April 1, 2026. The cash flow requirements on the new bonds are \$694,358 from October 1, 2017 through April 1, 2026. The current refunding resulted in an economic gain of \$48,963.

### ***Bond Covenant Disclosures***

The following information is provided in compliance with the resolution creating the revenue bonds:

### ***Insurance***

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utility is covered under the following insurance policies at December 31, 2017:

<u>Type</u>	<u>Coverage</u>	<u>Expiration</u>
<i>Employers Mutual Casualty Company</i>		
Workers compensation	\$ 500,000	7/10/18
Commercial automobile	1,000,000 liability	7/10/18
Commercial umbrella	3,000,000 each loss & aggregate	7/10/18
General liability	2,000,000	7/10/18
Property	56,957,818	7/10/18

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

#### *Bond Covenant Disclosures* (cont.)

##### *Debt Coverage*

Under terms of the resolutions providing for the issuance of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2017 and 2016 as follows:

	2017	2016
Operating revenues	\$ 1,504,714	\$ 1,410,756
Investment income	28,228	15,858
Connection fees	33,500	19,000
Less: Operation and maintenance expenses	(851,870)	(783,702)
Net Defined Earnings	\$ 714,572	\$ 661,912
Minimum Required Earnings per Resolution:		
Current year debt service	\$ 259,275	\$ 226,685
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 285,203	\$ 249,354
Actual Debt Coverage	2.76	2.92

##### *Number of Customers and Billed Volumes - Sewer*

The utility has the following number of customers and billed volumes for 2017 and 2016:

	Customers		Sales (00 ccf)	
	2017	2016	2017	2016
Residential	1,947	1,924	91,949	92,032
Commercial	234	230	49,573	43,954
Industrial	8	8	5,428	4,348
Public authority	20	20	3,053	3,014
Wholesale	2	2	89,091	79,681
Totals	2,211	2,184	239,094	223,029

# COLUMBUS SEWER UTILITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

### NOTE 8 - NET POSITION

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the utility's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the sewer net investment in capital assets:

	2017	2016
Construction work in progress	\$ 60,860	\$ -
Plant in service	22,810,415	20,969,301
Accumulated depreciation	<u>(11,612,537)</u>	<u>(11,168,949)</u>
Sub-Totals	<u>11,258,738</u>	<u>9,800,352</u>
Less: Capital related debt		
Current portion of capital related long-term debt	318,603	234,453
Long-term portion of capital related long-term debt	<u>4,492,801</u>	<u>2,876,403</u>
Sub-Totals	<u>4,811,404</u>	<u>3,110,856</u>
Add: Unspent debt proceeds		
Construction funds	86,282	-
Reserve from borrowing	<u>137,663</u>	<u>-</u>
Sub-Totals	<u>223,945</u>	<u>-</u>
Total Net Investment in Capital Assets	<u>\$ 6,671,279</u>	<u>\$ 6,689,496</u>

# COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

## NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

---

### **General Information About the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.



## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The WRS recognized \$15,594 and \$16,009 in contributions from the utility during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2017 and December 31, 2016 are:

	2017		2016	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.8%	6.8%	6.6%	6.6%
Protective with Social Security	6.8%	10.6%	6.6%	9.4%
Protective without Social Security	6.8%	14.9%	6.6%	13.2%

# COLUMBUS SEWER UTILITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

### **NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2017, the utility reported a liability (asset) of \$13,501 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City of Columbus's proportion was .01877302%, which was a decrease of .0001978% from its proportion measured as of December 31, 2015.

At December 31, 2016, the utility reported a liability (asset) of \$27,996 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City of Columbus's proportion was .0189708%, which was a decrease of .0003834% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2017, and 2016 the utility recognized pension expense of \$33,285 and \$30,704.

At December 31, 2017, the utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,980	\$ 44,771
Changes in assumption	14,884	-
Net differences between project and actual earnings on pension plan	70,519	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,336	-
Employer contributions subsequent to the measurement date	16,463	-
Total	\$ 108,182	\$ 44,771

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### **NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

At December 31, 2016, the utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,736	\$ 58,916
Changes in assumption	19,587	-
Net differences between project and actual earnings on pension plan	113,043	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,328	-
Employer contributions subsequent to the measurement date	15,594	-
Total	\$ 154,288	\$ 58,916

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31	Sewer Utility
2018	\$ 18,337
2019	18,337
2020	12,548
2021	(2,302)
2022	28
Thereafter	-
Total	\$ 46,948

## COLUMBUS SEWER UTILITY

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

#### **NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)**

**Actuarial assumptions.** The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2017	2016
Actuarial valuation date	December 31, 2015	December 31, 2014
Measurement date of net pension liability (asset)	December 31, 2016	December 31, 2015
Actuarial cost method	Entry age	Entry age
Asset valuation method	Fair market value	Fair market value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions used in the December 31, 2015 actuarial valuation are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

Actuarial assumptions used in the December 31, 2014 actuarial valuation are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2017 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%.  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

---

### NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

---

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2016 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%.

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability as of December 31, 2017 and December 31, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78% in 2017 and 3.56% in 2016. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

### NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

**Sensitivity of the utility's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the utility's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the utility's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

The sensitivity analysis as of December 31, 2017 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
City of Columbus Sewer Utility's proportionate share of the net position liability (asset)	\$ 177,610	\$ 13,501	\$ (112,871)

The sensitivity analysis as of December 31, 2016 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
City of Columbus Sewer Utility's proportionate share of the net position liability (asset)	\$ 196,364	\$ 27,996	\$ (103,503)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/Publications/cafr.htm>.

### NOTE 10 - SUBSEQUENT EVENTS

The utility evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

**Rate Increase**

On February 20, 2018, the City Council approved a rate increase for the City of Columbus and a rate decrease for the Town of Elba and Village of Fall River.

**REQUIRED SUPPLEMENTARY INFORMATION**



## COLUMBUS SEWER UTILITY

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) Wisconsin Retirement System For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/15	0.01935420%	\$ (40,684)	\$ 206,179	19.73%	102.74%
12/31/16	0.01897080%	27,996	235,427	11.89%	98.20%
12/31/17	0.01877302%	13,501	236,273	12.84%	99.12%

### SCHEDULE OF CONTRIBUTIONS Wisconsin Retirement System For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 16,009	\$ 16,009	\$ -	235,427	6.80%
12/31/16	15,594	15,594	-	236,273	6.60%
12/31/17	16,463	16,463	-	242,103	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.

## COLUMBUS SEWER UTILITY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

---

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Columbus Sewer Utility is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTAL INFORMATION**

## COLUMBUS SEWER UTILITY

SEWER UTILITY PLANT  
As of and for the Year Ended December 31, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
<b>COLLECTING SYSTEM</b>				
Collecting mains	\$ 7,924,676	\$ 1,462,203	\$ 45,218	\$ 9,341,661
Interceptor mains	936,226	-	-	936,226
Other collecting system equipment	300,845	-	-	300,845
Total Collecting System	<u>9,161,747</u>	<u>1,462,203</u>	<u>45,218</u>	<u>10,578,732</u>
<b>COLLECTING SYSTEM PUMPING</b>				
Electric pumping equipment	604,435	302,827	58,500	848,762
Other power pumping equipment	14,414	-	-	14,414
Miscellaneous pumping equipment	14,876	-	-	14,876
Total Collecting System Pumping	<u>633,725</u>	<u>302,827</u>	<u>58,500</u>	<u>878,052</u>
<b>TREATMENT AND DISPOSAL</b>				
Land and land rights	2,500	-	-	2,500
Structures and improvements	3,866,970	-	-	3,866,970
Preliminary treatment equipment	1,811,020	-	-	1,811,020
Secondary treatment equipment	2,254,642	-	-	2,254,642
Advanced treatment equipment	681,604	154,723	4,600	831,727
Sludge treatment and disposal equipment	1,216,252	-	-	1,216,252
Plant site piping	395,151	-	-	395,151
Flow metering and monitoring equipment	244,632	-	-	244,632
Other treatment and disposal equipment	343,364	-	-	343,364
Total Treatment and Disposal	<u>10,816,135</u>	<u>154,723</u>	<u>4,600</u>	<u>10,966,258</u>
<b>GENERAL</b>				
Office furniture and equipment	18,218	-	-	18,218
Transportation equipment	77,320	-	-	77,320
Other general equipment	262,156	29,679	-	291,835
Total General	<u>357,694</u>	<u>29,679</u>	<u>-</u>	<u>387,373</u>
<b>TOTAL SEWER UTILITY PLANT</b>	<u><u>\$20,969,301</u></u>	<u><u>\$ 1,949,432</u></u>	<u><u>\$ 108,318</u></u>	<u><u>\$22,810,415</u></u>

## COLUMBUS SEWER UTILITY

### SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Sewer Revenues		
Residential	\$ 856,420	\$ 852,564
Commercial	345,356	319,803
Industrial	71,220	35,738
Public authorities	24,636	24,504
Service to other systems	152,307	129,084
Total Sewer Revenues	1,449,939	1,361,693
Other Operating Revenues		
Miscellaneous	54,775	49,063
Total Operating Revenues	1,504,714	1,410,756
<b>OPERATING EXPENSES</b>		
Operation and Maintenance		
Operation		
Supervision and labor	122,053	117,025
Power and fuel for pumping	10,157	8,725
Power and fuel for aeration equipment	77,900	73,059
Chlorine	33,358	31,011
Other operating supplies	22,065	18,356
Transportation	4,412	5,249
Sludge processing - salaries	16,393	16,014
Sludge processing - employee benefits	7,138	6,674
Repairs and maintenance	2,344	7,054
Chemicals	3,564	2,673
Total Operation	299,384	285,840
Maintenance		
Collection system	39,599	44,009
Pumping equipment	25,946	29,137
Treatment and disposal plant equipment	195,236	99,797
General plant structures and equipment	29,394	40,925
Total Maintenance	290,175	213,868
Customer Accounts		
Accounting and collecting	72,688	65,217
Administrative and General		
Salaries	88,513	82,474
Office supplies	1,957	2,187
Outside services employed	60,655	101,853
Insurance	26,643	19,971
Miscellaneous	1,855	2,292
Economic development contribution	10,000	10,000
Total Administrative and General	189,623	218,777
Total Operation and Maintenance	851,870	783,702
Depreciation	551,905	563,466
Total Operating Expenses	1,403,775	1,347,168
 OPERATING INCOME	 \$ 100,939	 \$ 63,588