

**GREATER PINE ISLAND  
WATER ASSOCIATION, INC.  
Financial Statements  
December 31, 2016 and 2015**

# GREATER PINE ISLAND WATER ASSOCIATION, INC.

## Financial Statements

December 31, 2016 and 2015

### Table of Contents

|  |    |
|--|----|
| Independent Auditor's Report.....                      | 1  |
| Financial Statements:                                  |    |
| Balance Sheets.....                                    | 3  |
| Statements of Income.....                              | 5  |
| Statements of Changes in Members' Equity.....          | 6  |
| Statements of Cash Flows.....                          | 7  |
| Notes to Financial Statements.....                     | 9  |
| Supplementary Information:                             |    |
| Schedule 1 - Schedule of Employee Benefit Expense..... | 16 |
| Schedule 2 - Schedule of Insurance Expense.....        | 17 |
| Schedule 3 - Schedule of Professional Fees.....        | 18 |
| Schedule 4 - Schedule of Miscellaneous Expenses.....   | 19 |
| Schedule 5 - Schedule of Capital Expenditures.....     | 20 |

# CPA Associates, LLP

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## Independent Auditor's Report

To the Board of Directors of  
Greater Pine Island Water Association, Inc.:

We have audited the accompanying balance sheets of Greater Pine Island Water Association, Inc. as of December 31, 2016 and 2015, and the related statements of income, changes in members' equity, and cash flows for the years then ended and the related notes to the financial statements.

### *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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 Greater Pine Island Water Association, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's 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 the financial statements themselves, and other additional procedures in accordance with auditing standards in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*CRA Associates, LLP*

Vero Beach, Florida  
February 7, 2017



GREATER PINE ISLAND WATER ASSOCIATION, INC.

Balance Sheets

December 31, 2016 and 2015

| <u>Assets</u>                                | <u>2016</u>          | <u>2015</u>       |
|--|----------------------|-------------------|
| Current assets:                              |                      |                   |
| Cash and cash equivalents:                   |                      |                   |
| Unrestricted                                 | \$ 3,664,177         | 3,043,617         |
| Restricted (Note 2)                          | 7,187                | 8,311             |
| Total cash and cash equivalents              | 3,671,364            | 3,051,928         |
| Accounts receivable:                         |                      |                   |
| Customers                                    | 198,182              | 179,783           |
| Other  | 17,678               | -                 |
| Accrued interest receivable                  | 181                  | 573               |
| Patronage dividend receivable                | 18,124               | 19,922            |
| Inventory, parts, and materials              | 78,755               | 96,264            |
| Prepaid expenses and other                   | 94,865               | 89,014            |
| Total current assets                         | 4,079,149            | 3,437,484         |
| Property, plant, and equipment, net (Note 3) | 12,783,704           | 13,002,800        |
| Other assets:                                |                      |                   |
| Investment in CoBank                         | 327,277              | 321,236           |
| Restricted certificate of deposit (Note 6)   | 115,000              | 115,000           |
| Loan costs, net                              | 11,618               | 13,055            |
| Total other assets                           | 453,895              | 449,291           |
| Total assets                                 | <u>\$ 17,316,748</u> | <u>16,889,575</u> |

See the accompanying notes to financial statements.

| <u>Liabilities and Members' Equity</u>           | <u>2016</u>          | <u>2015</u>       |
|--|----------------------|-------------------|
| Current liabilities:                             |                      |                   |
| Current maturities of long-term debt (Note 5)    | \$ 227,636           | 204,403           |
| Accounts payable                                 | 31,215               | 25,923            |
| Accrued liabilities (Note 4)                     | 194,646              | 224,250           |
| Total current liabilities                        | <u>453,497</u>       | <u>454,576</u>    |
| Long-term liabilities:                           |                      |                   |
| Long-term debt, less current maturities (Note 5) | 2,079,402            | 2,339,687         |
| Injection well liability (Note 6)                | 19,924               | 18,205            |
| Total long-term liabilities                      | <u>2,099,326</u>     | <u>2,357,892</u>  |
| Total liabilities                                | 2,552,823            | 2,812,468         |
| Members' equity:                                 |                      |                   |
| Members' fees and capital investments            | 12,530,977           | 12,149,244        |
| Retained earnings                                | 2,232,948            | 1,927,863         |
| Total members' equity                            | <u>14,763,925</u>    | <u>14,077,107</u> |
| Total liabilities and members' equity            | <u>\$ 17,316,748</u> | <u>16,889,575</u> |

See the accompanying notes to financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Statements of Income**

For the years ended December 31, 2016 and 2015

|                                     | <u>2016</u>       | <u>2015</u>      |
|-------------------------------------|-------------------|------------------|
| Operating revenues:                 |                   |                  |
| Metered water sales                 | \$ 3,551,962      | 3,382,400        |
| Other                               | 42,945            | 47,884           |
| Total operating revenues            | <u>3,594,907</u>  | <u>3,430,284</u> |
| Operating expenses:                 |                   |                  |
| Salaries                            | 1,083,924         | 1,008,084        |
| Depreciation (Note 3)               | 789,765           | 798,506          |
| Employee benefits                   | 260,908           | 255,127          |
| Electricity                         | 230,054           | 241,739          |
| Insurance                           | 149,202           | 148,238          |
| Repairs and maintenance             | 268,454           | 174,657          |
| Professional fees                   | 126,407           | 105,295          |
| Taxes and permits                   | 89,061            | 95,581           |
| Office expense and customer billing | 80,350            | 68,299           |
| Chemicals                           | 54,750            | 42,024           |
| Miscellaneous                       | 45,294            | 47,300           |
| Auto and truck                      | 35,951            | 28,310           |
| Operating supplies                  | 3,286             | 3,495            |
| Total operating expenses            | <u>3,217,406</u>  | <u>3,016,655</u> |
| Operating income                    | 377,501           | 413,629          |
| Other expenses:                     |                   |                  |
| Interest expense (Note 5)           | 127,541           | 139,349          |
| Amortization                        | 1,437             | 1,437            |
| Total other expenses                | <u>128,978</u>    | <u>140,786</u>   |
| Other income:                       |                   |                  |
| Interest income                     | 8,732             | 16,626           |
| Gain(loss) on disposal of assets    | 11,543            | (407)            |
| Miscellaneous income                | 36,287            | 15,792           |
| Total other income                  | <u>56,562</u>     | <u>32,011</u>    |
| Net income                          | <u>\$ 305,085</u> | <u>304,854</u>   |

See the accompanying notes to financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Changes in Members' Equity

For the years ended December 31, 2016 and 2015

|   | Members' Fees and Capital Investments |            |                 |                     |            | Total     | Retained earnings | Total Members' equity |
|---|---------------------------------------|------------|-----------------|---------------------|------------|-----------|-------------------|-----------------------|
|   | Membership fees                       | Meter fees | Capital charges | Aid-In construction | Total      |           |                   |                       |
| Balances at December 31, 2014             | \$ 1,932,743                          | 3,731,606  | 5,738,852       | 310,674             | 11,713,875 | 1,623,009 | 13,336,884        |                       |
| Net Income                                | -                                     | -          | -               | -                   | -          | 304,854   | 304,854           |                       |
| New member fees                           | 59,724                                | 154,892    | 216,814         | 4,147               | 435,577    | -         | 435,577           |                       |
| Adjustments and refunds to former members | (364)                                 | 137        | 9,537           | (9,518)             | (208)      | -         | (208)             |                       |
| Balances at December 31, 2015             | 1,992,103                             | 3,886,635  | 5,965,203       | 305,303             | 12,149,244 | 1,927,863 | 14,077,107        |                       |
| Net Income                                | -                                     | -          | -               | -                   | -          | 305,085   | 305,085           |                       |
| New member fees                           | 51,408                                | 137,747    | 187,006         | 2,717               | 378,878    | -         | 378,878           |                       |
| Adjustments and refunds to former members | (1,131)                               | 522        | 10,063          | (6,599)             | 2,855      | -         | 2,855             |                       |
| Balances at December 31, 2016             | \$ 2,042,380                          | 4,024,904  | 6,162,272       | 301,421             | 12,530,977 | 2,232,948 | 14,763,925        |                       |

See the accompanying notes to financial statements.



GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Statements of Cash Flows**

For the years ended December 31, 2016 and 2015

|   | <u>2016</u>         | <u>2015</u>      |
|---|---------------------|------------------|
| Cash flows from operating activities:                         |                     |                  |
| Cash received from customers                                  | \$ 3,612,795        | 3,430,449        |
| Cash paid to suppliers/employees                              | (2,457,973)         | (2,247,802)      |
| Interest received   | 9,124               | 16,218           |
| Interest paid   | (125,743)           | (136,979)        |
| Cash flows provided by operating activities                   | <u>1,038,203</u>    | <u>1,061,886</u> |
| Cash flows from investing activities:                         |                     |                  |
| Funds used for plant expansion and other capital expenditures | (570,669)           | (179,394)        |
| Increase in deep injection well liability                     | 1,719               | 1,004            |
| Proceeds from sale of assets                                  | 11,543              | -                |
| Investment in CoBank  | (6,041)             | (6,641)          |
| Cash flows (used) in investing activities                     | <u>(563,448)</u>    | <u>(185,031)</u> |
| Cash flows from financing activities:                         |                     |                  |
| Funds received for plant expansion-members                    | 381,733             | 435,367          |
| Repayment of long-term debt                                   | (237,052)           | (252,513)        |
| Cash flows provided by financing activities                   | <u>144,681</u>      | <u>182,854</u>   |
| Net increase in cash and cash equivalents                     | 619,436             | 1,059,709        |
| Cash and cash equivalents - beginning of year                 | <u>3,051,928</u>    | <u>1,992,219</u> |
| Cash and cash equivalents - end of year                       | <u>\$ 3,671,364</u> | <u>3,051,928</u> |

See the accompanying notes to financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Statements of Cash Flows, Continued**

For the years ended December 31, 2016 and 2015

|   | <u>2016</u>         | <u>2015</u>      |
|---|---------------------|------------------|
| Reconciliation of net income (loss) to net cash provided by operating activities: |                     |                  |
| Net income (loss)   | \$ 305,085          | 304,854          |
| Adjustments to reconcile net loss to net cash provided by operating activities:   |                     |                  |
| Depreciation  | 789,765             | 798,506          |
| Amortization  | 1,437               | 1,437            |
| Loss (Gain) on disposal of assets   | (11,543)            | 407              |
| Cash provided by (used for) changes in:   |                     |                  |
| Accounts receivable - customers   | (18,399)            | (15,627)         |
| Accounts receivable - other   | (17,678)            | 101,669          |
| Accrued interest receivable   | 392                 | (408)            |
| Patronage dividend receivable   | 1,798               | 2,370            |
| Inventory, parts, and materials   | 17,509              | (1,560)          |
| Prepaid expenses and other  | (5,851)             | 647              |
| Accounts payable  | 5,292               | (124,039)        |
| Accrued liabilities   | (29,604)            | (6,370)          |
| Cash flows provided by operating activities                                       | <u>\$ 1,038,203</u> | <u>1,061,886</u> |

See the accompanying notes to financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Notes to Financial Statements**

December 31, 2016 and 2015

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

The Greater Pine Island Water Association, Inc. (the "Association") is a private organization incorporated under Florida law in 1964 as a cooperative, for the purpose of supplying drinking water to its members residing on Pine Island and adjacent land in Lee County, Florida. Members may be individuals or business entities and are entitled to one vote, regardless of water usage, at the Association's annual meeting. The Association is classified as a non-profit membership association under Section 501(c) (12) of the Internal Revenue Code and, as such, is not subject to federal and state income taxes.

**(b) Statement of Cash Flows**

For the purpose of the statement of cash flows, the Association considers all liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

**(c) Revenue Recognition**

Fees for water consumption consists of three parts: a base fee, which is a standard monthly rate per connection; a ready to serve charge, which is a standard monthly charge based upon size of water meter; and a water usage rate, which is computed based on water consumption. The Association reads water meters on a monthly basis and records the resulting revenue as earned.

**(d) Fair Value of Financial Instruments**

The carrying values of the Association's financial instruments, which consists of accounts receivable, accounts payable, accrued liabilities and long-term debt, approximates fair value.

**(e) Use of Estimates**

The 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 certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Notes to Financial Statements**

**(1) Summary of Significant Accounting Policies, Continued**

**(f) *Unrestricted Certificates of Deposit***

Unrestricted Certificates of deposit are stated at cost, which approximates market, and are included in cash and cash equivalents

**(g) *Accounts Receivable***

Accounts receivable are stated at net realizable value and, in the opinion of management, are considered fully collectible; consequently, no allowance for bad debts was deemed necessary in the accompanying balance sheets as of December 31, 2016 and 2015.

**(h) *Inventory, Parts, and Materials***

Inventory, parts, and materials are stated at the lower of cost or market, utilizing the first-in, first-out method.

**(i) *Property, Plant, and Equipment***

Property, plant, and equipment are stated at cost less accumulated depreciation. Additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Other expenditures for repairs and maintenance are charged to operations in the period incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, which range from three to forty years.

**(j) *Investments in CoBank***

The Association's investments in CoBank are accounted for at cost and are increased for any qualified or allocated equities and are reduced for any distributions received.

**(k) *Intangible Assets***

Costs incurred in the course of obtaining mortgage financing are capitalized and amortized over the term of the respective loans using the straight-line method, which approximates the effective interest method.



GREATER PINE ISLAND WATER ASSOCIATION, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(l) *Impairment of Long-Lived Assets*

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

(m) *Compensated Absences*

Employees accrue sick leave at the rate of 1 day per month and are allowed to accumulate unused sick leave. The Association has adopted the policy of reimbursing a maximum accumulation of 260 hours to employees leaving the Association's service after 20 years of service, at the employee's most recent hourly wage rate.

(n) *Income Taxes*

While the Association is recognized as an organization exempt from income taxes under the Internal Revenue Code, it is required to file information returns with the Internal Revenue Service. Such information returns are subject to examination by the Service and if it was determined, that the Association was not operating in accordance with its exemption, its status would be revoked and income taxes would be assessed.

(o) *Members' Equity*

To become members of the Association, new members are required to pay certain fees. Among these fees are: basic membership fees, meter fees, impact fees and in some instances, aid-in construction fees. In addition, current earnings and losses are allocated to members based upon their proportionate share of consumption.

(2) Restricted Cash and Cash Equivalents

Restrictions on cash and cash equivalents consist of restrictions designated by the Board of Directors and consist of the following:

| <u>Purpose</u>                  | <u>2016</u>     | <u>2015</u>  |
|---------------------------------|-----------------|--------------|
| Employee medical reimbursements | <u>\$ 7,187</u> | <u>8,311</u> |



GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Notes to Financial Statements**

**(3) Property, Plant, and Equipment**

Property, plant, and equipment are comprised of the following at December 31, 2016 and 2015:

|                               | 2016          | 2015         |
|-------------------------------|---------------|--------------|
| Land and land improvements    | \$ 1,507,104  | 1,507,104    |
| Well systems                  | 4,348,047     | 4,327,605    |
| Treatment plant               | 5,265,897     | 5,009,466    |
| Distribution system           | 10,664,811    | 10,470,224   |
| Pumping stations              | 2,511,067     | 2,511,067    |
| Administrative office         | 295,893       | 295,893      |
| Field equipment               | 414,438       | 412,718      |
| Vehicles                      | 197,602       | 218,741      |
| Miscellaneous system assets   | 459,621       | 448,134      |
| Construction in progress      | 98,081        | 32,217       |
|                               | 25,762,561    | 25,233,169   |
| Less accumulated depreciation | (12,978,857)  | (12,230,369) |
|                               | \$ 12,783,704 | 13,002,800   |

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to \$789,765 and \$798,506, respectively.

**(4) Accrued Liabilities**

Accrued liabilities are comprised of the following at December 31, 2016 and 2015:

|                                 | 2016       | 2015    |
|---------------------------------|------------|---------|
| Accrued sick leave              | \$ 114,849 | 151,162 |
| Customer payments in advance    | 39,184     | 36,240  |
| Accrued interest payable        | 12,277     | 13,516  |
| Accrued wages and payroll taxes | 27,246     | 11,490  |
| Interest payable to Lee County  | 90         | 287     |
| Other liabilities               | 1,000      | 11,555  |
|                                 | \$ 194,646 | 224,250 |

GREATER PINE ISLAND WATER ASSOCIATION, INC.

**Notes to Financial Statements**

**(5) Long-Term Debt**

Long-term debt at December 31, 2016 and 2015 consists of the following:

|  | <b>2016</b>         | <b>2015</b>      |
|--|---------------------|------------------|
| Mortgage payable to CoBank, payable in monthly installments, including interest at a fixed rate of 6.18% on a portion of the mortgage payable balance (\$1,504,590) and a fixed rate of 6.12% on the remainder (\$802,448), maturing February 2025. Revenues and substantially all of the real and tangible personal property of the Association collateralize the mortgage payable. | \$ 2,307,038        | 2,544,090        |
| Less: current maturities   | (227,636)           | (204,403)        |
|  | <b>\$ 2,079,402</b> | <b>2,339,687</b> |

The aggregate principal maturities of long-term debt are as follows:

| <b>Year ending December 31,</b> |                     |
|---------------------------------|---------------------|
| 2017                            | \$ 227,636          |
| 2018                            | 241,965             |
| 2019                            | 257,195             |
| 2020                            | 273,384             |
| 2021                            | 290,955             |
| Thereafter                      | 1,015,903           |
|                                 | <b>\$ 2,307,038</b> |

The mortgage payable agreements contain conditions and covenants that prevent or restrict the Association from engaging in certain transactions without the consent of CoBank and requires the Association to maintain certain financial ratios, including working capital, depreciation and amortization.

**Notes to Financial Statements**

**(6) Letter of Credit**

The Association operates a deep injection well as a disposal site for the brine water produced by its reverse osmosis process. The Florida Department of Environmental Protection (DEP) requires operators of deep injection wells to demonstrate that its operators can plug the well when it is no longer of any use. To be in compliance with DEP regulations, the Association and Lee County, Florida jointly maintain a letter of credit with a commercial bank for the deep well injection system, which was a jointly funded project with Lee County, Florida. The Association and Lee County, Florida jointly funded a certificate of deposit in the amount of \$230,000, which serves as security for the letter of credit. Interest earned is allocable to both parties and may accumulate in the account. As of December 31, 2016 and 2015, accumulated interest payable to Lee County amounted to \$90 and \$287, respectively. The Association's portion of the certificate of deposit is reported as a restricted certificate of deposit in the accompanying balance sheets at December 31, 2016 and 2015.

The Association is recognizing a yearly charge to recognize the estimated liability of approximately \$101,200 for its anticipated future cost of plugging the well at the end of its useful life.

**(7) Defined Contribution 401(k) Plan**

The Association has adopted a defined contribution 401(k) plan (the "Plan") covering substantially all full-time employees who have attained the age of 18 and completed six months of service within a plan year. Under the terms of the Plan, employees may defer a portion of eligible compensation subject to maximum allowable dollar limitations. The Association may also make discretionary contributions to the Plan, such as matching contributions and discretionary profit sharing contributions. During the years ended December 31, 2016 and 2015, the Association contributed a total of \$113,883 and \$110,449, respectively, to the Plan in the form of matching contributions of \$25,037 and \$28,052 and discretionary profit sharing contributions of \$88,846 and \$82,397, respectively. The Association also incurred administration costs related to the plan in the amount of \$7,434 and \$3,838 for 2016 and 2015, respectively.

**(8) Subsequent Events**

Management has evaluated subsequent events through February 7, 2017, the date of which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements

**SUPPLEMENTARY INFORMATION**

**Schedule of Employee Benefit Expense**

For the years ended December 31, 2016 and 2015

|                                | <u>2016</u>       | <u>2015</u>    |
|--------------------------------|-------------------|----------------|
| Group health insurance         | \$ 136,360        | 137,728        |
| Pension costs                  | 121,317           | 114,147        |
| Uniforms                       | 3,231             | 3,252          |
| Total employee benefit expense | <u>\$ 260,908</u> | <u>255,127</u> |

See accompanying independent auditor's report.



**Schedule of Insurance Expense**

For the years ended December 31, 2016 and 2015

|                                 | <u>2016</u>       | <u>2015</u>    |
|---------------------------------|-------------------|----------------|
| General insurance               | \$ 112,036        | 103,171        |
| Workers' compensation insurance | 23,379            | 29,776         |
| Vehicle insurance               | 13,787            | 15,291         |
| Total insurance expense         | <u>\$ 149,202</u> | <u>148,238</u> |

See accompanying independent auditor's report.

**Schedule of Professional Fees**

For the years ended December 31, 2016 and 2015

|                         | <u>2016</u>       | <u>2015</u>    |
|-------------------------|-------------------|----------------|
| Contract services       | \$ 60,320         | 61,181         |
| Engineering fees        | 39,145            | 16,556         |
| Accounting fees         | 19,800            | 20,221         |
| Legal fees              | 7,142             | 7,337          |
| Total professional fees | <u>\$ 126,407</u> | <u>105,295</u> |

See accompanying independent auditor's report.

**Schedule of Miscellaneous Expenses**

For the years ended December 31, 2016 and 2015

|                              | <u>2016</u>      | <u>2015</u>   |
|------------------------------|------------------|---------------|
| Communications               | \$ 15,663        | 18,144        |
| Water samples                | 12,434           | 14,177        |
| Security system              | 3,767            | 2,893         |
| Disposal service             | 3,334            | 3,287         |
| Continuing education         | 1,627            | 2,696         |
| Miscellaneous                | 8,469            | 6,103         |
| Total miscellaneous expenses | <u>\$ 45,294</u> | <u>47,300</u> |

See accompanying independent auditor's report.

**Schedule of Capital Expenditures**

For the years ended December 31, 2016 and 2015

|   | <u>2016</u>       | <u>2015</u>    |
|---|-------------------|----------------|
| Distribution system   | \$ 215,029        | 56,455         |
| Treatment plant   | 256,433           | 100,727        |
| Other equipment   | <u>99,207</u>     | <u>22,212</u>  |
| Total capital expenditures to property,<br>plant, and equipment | <u>\$ 570,669</u> | <u>179,394</u> |

See accompanying independent auditor's report.