

**TRIUNFO SANITATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND JUNE 30, 2016**

ASSETS		2017	2016
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 8,865,096	\$ 8,736,523
Accrued interest receivable		25,557	20,967
Accounts receivable – water sales and services, net	(Note B3)	928,514	724,601
Accounts receivable – sanitation fees	(Note B3)	278,472	200,526
Accounts receivable – other	(Note B3)	7,078	37,504
Advance deposits – investment-in-joint venture LVMWD/TSD	(Note B5)	3,324,675	2,256,294
Water-in-storage inventory		19,870	17,051
Prepaid and other		99,426	32,511
Total current assets – unrestricted		<u>13,548,688</u>	<u>12,025,977</u>
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,376,806	1,315,718
Total current assets – restricted		<u>1,376,806</u>	<u>1,315,718</u>
Total current assets – unrestricted and restricted		<u>14,925,494</u>	<u>13,341,695</u>
Non-current assets			
Capital assets, net	(Note B4)	40,191,465	29,615,922
Investment-in-joint venture LVMWD/TSD	(Note B5)	30,603,461	31,159,462
Total non-current assets		<u>70,794,926</u>	<u>60,775,384</u>
Total assets		<u>85,720,420</u>	<u>74,117,079</u>
LIABILITIES			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		1,648,024	1,451,635
Accrued interest payable – loan		256,814	132,532
Loan payable – current portion	(Note B6)	1,095,272	446,678
Developer refund agreements – current portion	(Note B6)	27,254	27,254
Payable from current assets – unrestricted		<u>3,027,364</u>	<u>2,058,099</u>
Payable from restricted current assets:			
Customer deposits		42,121	47,345
Unearned revenue		666,373	666,373
Payable from restricted current assets		<u>708,494</u>	<u>713,718</u>
Total current liabilities – unrestricted and restricted		<u>3,735,858</u>	<u>2,771,817</u>
Non-current liabilities:			
Loans payable	(Note B6)	18,879,867	8,250,139
Developer refund agreements	(Note B6)	388,347	415,601
Total non-current liabilities		<u>19,268,214</u>	<u>8,665,740</u>
Total liabilities		<u>23,004,072</u>	<u>11,437,557</u>
NET POSITION			
Net investment in capital assets	(Note B7)	19,867,037	20,705,185
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Unrestricted		42,247,311	41,372,337
Total net position		<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>

See accompanying notes to the financial statements.

TRIUNFO SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sanitation fees	\$ 7,657,139	\$ 7,144,479
Potable water sales	4,575,323	3,725,085
Recycled water sales	2,406,038	2,295,803
Water meter service fees	1,679,051	1,379,077
Connection fees	138,650	107,975
Other charges for services	130,487	356,194
Total operating revenues	<u>16,586,688</u>	<u>15,008,613</u>
Operating expenses:		
Wastewater treatment	4,058,695	3,917,234
Potable water purchased	2,961,082	2,680,573
Recycled water purchased	1,629,682	1,871,720
Professional services	230,423	94,030
Management and administrative	4,249,750	4,338,605
Total operating expenses	<u>13,129,632</u>	<u>12,902,162</u>
Operating income before depreciation	3,457,056	2,106,451
Depreciation and amortization	<u>(1,271,388)</u>	<u>(1,288,281)</u>
Operating income	<u>2,185,668</u>	<u>818,170</u>
Non-operating revenue(expense)		
Change in investment-in-joint venture LVMWD/TSD (Note B5)	(1,874,056)	(1,827,859)
Rental revenue - cellular antennas	111,672	112,270
Interest and investment earnings	50,628	69,338
Interest expense	(444,335)	(367,450)
Other income(expenses), net	7,249	11,450
Total non-operating revenue(expenses), net	<u>(2,148,842)</u>	<u>(2,002,251)</u>
Change in net position	36,826	(1,184,081)
Net position, beginning of fiscal year	<u>62,679,522</u>	<u>63,863,603</u>
Net position, end of fiscal year	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers for water sales and services	\$ 8,589,925	\$ 7,461,982
Receipts from customers for sanitation services	7,579,192	7,125,254
Receipts for other services	160,912	354,100
Payments to vendors for materials and services	(13,002,977)	(13,457,094)
Net cash provided by operating activities	<u>3,327,052</u>	<u>1,484,242</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(11,846,931)	(405,464)
Capital contributions	10,137,035	-
Proceeds from capital debt	11,725,000	-
Principal and interest paid on long-term debt	(10,931,018)	(828,360)
Net cash used in capital and related financing activities	<u>(915,914)</u>	<u>(1,233,824)</u>
Cash flows from non-capital financing activities:		
Insurance claim reimbursement	7,249	9,497
Sales proceeds from inventory	-	1,953
Net cash provided by non-capital financing activities	<u>7,249</u>	<u>11,450</u>
Cash flows from investing activities:		
Advance deposits – investment-in-joint venture LVMWD/TSD facility	(2,386,436)	(645,942)
Proceeds from rental revenue - cellular antennas	111,672	112,270
Proceeds from interest and investment earnings	46,038	55,156
Net cash used in investing activities	<u>(2,228,726)</u>	<u>(478,516)</u>
Net increase(decrease) in cash and cash equivalents	189,661	(216,648)
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>10,052,241</u>	<u>10,268,889</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	<u>\$ 10,241,902</u>	<u>\$ 10,052,241</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 8,865,096	\$ 8,736,523
Restricted cash and cash equivalents	<u>1,376,806</u>	<u>1,315,718</u>
Total cash and cash equivalents	<u>\$ 10,241,902</u>	<u>\$ 10,052,241</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 2,185,668</u>	<u>\$ 818,170</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,271,388	1,288,281
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – water sales and services, net	(203,913)	(50,245)
Accounts receivable – sanitation fees	(77,946)	(18,519)
Accounts receivable – other, net	30,425	(6,827)
Water-in-storage inventory	(2,818)	14,917
Prepaid and other	(66,914)	(7,821)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	196,386	(562,029)
Customer deposits	<u>(5,224)</u>	<u>8,315</u>
Total adjustments	<u>1,141,384</u>	<u>666,072</u>
Net cash provided by operating activities	<u>\$ 3,327,052</u>	<u>\$ 1,484,242</u>
Schedule of noncash transactions:		
Accrued capitalized interest, net	\$ (187,521)	\$ (234,918)
Change in investment-in-joint venture LVMWD/TSD	\$ (1,874,056)	\$ (1,827,859)

See accompanying notes to the financial statements.