

FISCAL YEAR 2016-2017

FINANCIAL INFORMATION  
FOUR CORNERS COUNTY WATER AND SEWER DISTRICT  
GALLATIN COUNTY, MONTANA  
FOR THE FISCAL YEAR ENDING JUNE 30, 2017

WATER

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## IDENTIFICATION

For Year Ended:	6/30/2017
Date FCWSD First Organized:	May 15, 2003
Date Facilities and Water Rights Were Purchased By District:	May 5, 2016
Telephone Number:	406-585-4166

### Contacts

Primary Contact: Kevin Kundert  
General Manager  
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Bozeman, MT 59718

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### Ownership

FCWSD is a duly elected and formed county water and sewer district, which owns and operates water and sewer infrastructure in compliance with §§7-13-2201 et seq and 7-13-2301 et seq.

Financial information contained herein is related to providing service to the Elk Grove Subdivision only.

**INCOME STATEMENT - WATER**

<b>Account Name</b>		<b>FY 2016-2017</b>
<b>OPERATING REVENUE:</b>		
User Charges		\$ 250,090
Late Payment Fees		\$ 507
Permit Fees		
<b>TOTAL OPERATING REVENUE:</b>		<b>\$ 250,597</b>
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance Expense <sup>(1)</sup>		\$ (53,025)
Admin Expense <sup>(2)</sup>		\$ (57,976)
Asset Replacement Fund <sup>(3)</sup>		\$ (52,612)
RD Water Loan		\$ (75,197)
<b>TOTAL OPERATING EXPENSES:</b>		<b>\$ (238,809)</b>
<b>NET INCOME (LOSS)</b>		<b>\$ 11,788</b>

Footnotes

- (1) Water O&M Expense discrete as Elk Grove served by separate water system.
- (2) 20% of total District Admin Expense to match proportion of accounts in Elk Grove. Water portion of Admin split 50% with sewer.
- (3) The Asset Replacement Fund is money set aside for future asset replacement. See Page 6 for additional details.





**ANALYSIS OF ANNUAL ASSET REPLACEMENT COSTS - WATER**

Item	Original Installation Cost <sub>(1)</sub>	Reconstruction Cost, 2015 <sub>(1)</sub>	Installation Date <sub>(1)</sub>	Useful Life, Years <sub>(1)</sub>	Useful Life Remaining, Years (n)	Reconstruction Cost, End of Useful Life (F)	Sinking Fund Factor	Annual Replacement Costs (A)
<b>Water Distribution Facility (Dick Anderson and Fluidyne)</b>								
Total invoices allocated to WDF	\$ 164,645	\$ 201,941	2008	50	41	\$ 678,501.35	0.0178	\$ 12,098.40
Fluidyne labor allocated to WDF	\$ 36,191	\$ 44,389	2008	50	41	\$ 149,142.55	0.0178	\$ 2,659.37
Markup allocated to WDF	\$ 395	\$ 485	2008	50	41	\$ 1,629.55	0.0178	\$ 29.06
Dick Anderson Invoices	\$ 105,876	\$ 129,859	2008	50	41	\$ 436,313.11	0.0178	\$ 7,779.93
<b>Utility Solutions Purchase<sub>(2)</sub></b>								
Unallocated purchase price	\$ 168,027	\$ 168,027						
Land	\$ 23,744	\$ 23,744						
<b>EG Pumphouse Improvements</b>								
Total invoices	\$ 10,396	\$ 12,481	2008	15	6	\$ 14,902.97	0.1605	\$ 2,392.30
<b>Well #3 Improvements</b>								
Schedule I (Haggerty)	\$ 28,801	\$ 34,579	2008	50	41	\$ 116,181.94	0.0178	\$ 2,071.65
Schedule II (WP&H)	\$ 75,758	\$ 90,954	2008	30	21	\$ 169,201.23	0.0409	\$ 6,914.49
Schedule III	\$ 58,139	\$ 69,801	2008	20	11	\$ 96,620.91	0.0843	\$ 8,144.55
Schedule IV	\$ 33,486	\$ 40,203	2008	15	6	\$ 48,004.48	0.1605	\$ 7,705.93
<b>Additional</b>								
Inspection and Pump Test	\$ 16,543	\$ 19,861	2008	50	41	\$ 66,730.95	0.0178	\$ 1,189.88
<b>Additional 2006 Expenditures</b>								
EG Pumphouse Repair	\$ 873	\$ 1,111	2006	20	9	\$ 1,449.60	0.1046	\$ 151.64
EG Wells (WP&H)	\$ 7,650	\$ 9,737	2006	50	39	\$ 30,837.34	0.0191	\$ 587.59
<b>Additional 2007 Expenditures</b>								
EG Controls	\$ 2,224	\$ 2,761	2007	20	10	\$ 3,710.55	0.0934	\$ 346.69
<b>Subtotal</b>	<b>\$ 732,748</b>	<b>\$ 849,933</b>				<b>\$ 1,813,226.56</b>		<b>\$ 52,071.48</b>
<b>Elk Grove Water System - Dick Anderson Construction &amp; Fluidyne</b>								
Unallocated Fluidyne invoices	\$ 39,375	\$ 47,273	2008	30	21	\$ 87,941.71	0.0409	\$ 3,593.78
Dick Anderson Construction Invoices	\$ 542,976	\$ 651,891	2008	30	21	\$ 1,212,709.29	0.0409	\$ 49,557.97
<b>Subtotal</b>	<b>\$ 582,351</b>	<b>\$ 699,164</b>				<b>\$ 1,300,650.99</b>		<b>\$ 53,151.75</b>
<b>Water System Total Annual Asset Replacement Cost</b>								<b>\$ 105,223.23</b>
<b>Water System Asset Replacement Factor<sub>(3)</sub></b>								<b>50%</b>
<b>Water System Annual Asset Replacement Cost</b>								<b>\$ 52,611.62</b>

**Assumptions**

Inflation Rate (i)	3.00%	F = (2015 construction cost) * (1 + i) <sup>n</sup>	A = (reconstruction cost) * $\frac{i}{(1 + i)^n - 1}$
Rate of Return Saved Funds (i)	1.50%	where i = inflation rate	where i = rate of return
No salvage value of assets		n = remaining useful life	n = remaining useful life

**Footnotes**

- (1) Per Valuation Update for the Water and Sewer Systems of Utility Solutions, Inc, HDR 2015 (i.e. appraisal of infrastructure during purchase of system from U.S.)  
 (2) Land is a permanent asset, not included in replacement costs  
 (3) The FCWSD Board of Directors voted to fund 50% of the Total Elk Grove Annual Asset Replacement Cost in order to set aside funds for asset replacement. The chosen asset replacement fund places less burden on Elk Grove Subdivision lots than strict depreciation and builds a reserve for future improvements.

**LONG TERM DEBT - WATER**

Description of Obligation	Payments		Principal
	Total Annual Debt Service	Elk Grove Share (28% of Total)	
RD Water Loan (From Purchase of System)	\$ 268,560	\$ 75,197	\$3.94M