

**DEXTER-ALMO HEIGHTS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reporting Entity

The Dexter-Almo Heights Water District operates as a proprietary fund, and is considered to be a separate reporting entity, and not a component unit subject to inclusion in the financial statements of any other entity. Criteria considered in determining the reporting entity included evaluating oversight responsibility, financial interdependency, selection of board members and management personnel, influence over operations, and accountability for fiscal matters.

Fund Accounting

The accounts of the Dexter-Almo Heights Water District are organized using governmental fund accounting, which uses the basis of funds or account groups, each of which is considered a separate reporting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenditures.

The District is considered to be a proprietary fund type, or enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

Fixed assets at December 31, 2016, are stated at cost less depreciation as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Waterworks System in Service	\$1,364,274	\$541,890	\$822,384
Wells (2)	12,540	12,540	0
Building and Improvements	26,679	18,468	8,211
Equipment and Vehicle	16,000	6,880	9,120
Office Furniture & Equipment	9,224	8,326	898
TOTALS	<u>\$1,428,717</u>	<u>\$588,104</u>	<u>\$840,613</u>