

WESTERN HEIGHTS WATER COMPANY
Statements of Operations (Continued)

For the Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Other income | | |
| Meter connections | \$ 74,557 | \$ 215,012 |
| Stock transfer fees | 9,200 | 14,500 |
| Interest income | 5,469 | 3,625 |
| Miscellaneous | 46,971 | 46,753 |
| Assessment | 227,832 | 228,525 |
| Charges for improvements | - | 18,912 |
| | <u>364,029</u> | <u>527,327</u> |
| Income before provision for income taxes | 190,723 | 437,603 |
| Provision for income taxes | 800 | 800 |
| Net income | <u>\$ 189,923</u> | <u>\$ 436,803</u> |

WESTERN HEIGHTS WATER COMPANY

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2017 and 2016

| | <u>Capital Stock</u> | <u>Paid-in Capital</u> | <u>Retained Earnings and Contributed Capital</u> | <u>Total</u> |
|----------------------------|----------------------|------------------------|--|----------------------|
| Balance, January 1, 2016 | \$ 137,160 | \$ 1,621,036 | \$ 8,357,653 | \$ 10,115,849 |
| Net income | - | - | 436,803 | 436,803 |
| Stock purchased | 280 | 17,595 | - | 17,875 |
| Balance, December 31, 2016 | 137,440 | 1,638,631 | 8,794,456 | 10,570,527 |
| Net income | - | - | 189,923 | 189,923 |
| Stock purchased | 80 | 5,820 | - | 5,900 |
| Balance, December 31, 2017 | <u>\$ 137,520</u> | <u>\$ 1,644,451</u> | <u>\$ 8,984,379</u> | <u>\$ 10,766,350</u> |

NOTE: A copy of the audited financial statements, from which this information was derived may be examined at the Western Heights Water Company offices during regular business hours of Monday through Friday, 8:00 a.m. to 4:00 p.m.

**WESTERN HEIGHTS
WATER COMPANY**

MUTUAL GROWTH & SERVICE
for
OVER ONE HUNDRED YEARS

Balance Sheets
Statements of Operations
and

Statements of Changes in Stockholders' Equity

For the Years
2017 and 2016

OFFICERS and DIRECTORS

- Robert J. Zappia, M.D. ~ President
- Timothy Green ~ Vice-President
- Nicole Sufficool ~ Secretary/Treasurer
- Duane J. Burk ~ Director
- John R. Dahlke ~ Director
- Benjamin G. Kelly ~ Director

Incorporated in 1912

WESTERN HEIGHTS WATER COMPANY

Balance Sheets

December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> | | <u>2017</u> | <u>2016</u> |
|-------------------------------------|----------------------|----------------------|--|----------------------|----------------------|
| ASSETS | | | LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current assets | | | Current liabilities | | |
| Cash and cash equivalents | \$ 2,364,331 | \$ 2,566,294 | Accounts payable | \$ 292,912 | \$ 36,705 |
| Certificates of deposit | 106,531 | 105,802 | Accrued liabilities | 43,983 | 41,449 |
| Accounts receivable | 332,740 | 257,215 | Customer deposits | 21,510 | 32,747 |
| Inventories | 103,969 | 111,806 | Developer deposits | <u>152,419</u> | <u>152,419</u> |
| Prepaid expenses | <u>103,994</u> | <u>56,681</u> | | | |
| Total current assets | <u>3,011,565</u> | <u>3,097,798</u> | Total current liabilities | <u>510,824</u> | <u>263,320</u> |
| Property and equipment | | | Stockholders' equity | | |
| Land | 344,242 | 344,242 | Capital stock, par value \$ 40; authorized 5,000 shares; issued and outstanding 3,445 and 3,443 shares, respectively | 137,520 | 137,440 |
| Water rights | 247,754 | 247,754 | Paid-in capital | 1,644,451 | 1,638,631 |
| Wells and water distribution system | 14,428,409 | 14,097,764 | Retained earnings and contributed capital | <u>8,984,379</u> | <u>8,794,456</u> |
| Buildings and equipment | <u>921,943</u> | <u>920,859</u> | Total stockholders' equity | <u>10,766,350</u> | <u>10,570,527</u> |
| | 15,942,348 | 15,610,619 | Total liabilities and stockholders' equity | <u>\$ 11,277,174</u> | <u>\$ 10,833,847</u> |
| Less: Accumulated depreciation | <u>8,514,418</u> | <u>8,055,503</u> | | | |
| Construction in progress | 7,427,930 | 7,555,116 | | | |
| | <u>837,679</u> | <u>180,933</u> | | | |
| | <u>8,265,609</u> | <u>7,736,049</u> | | | |
| Total assets | <u>\$ 11,277,174</u> | <u>\$ 10,833,847</u> | | | |

WESTERN HEIGHTS WATER COMPANY
Statements of Operations
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Revenue | | |
| Water Sales | \$ 499,349 | \$ 489,951 |
| Basic charges | 1,472,571 | 1,256,342 |
| Water usage | <u>1,971,920</u> | <u>1,746,293</u> |
| Total revenue from water sales | <u>1,971,920</u> | <u>1,746,293</u> |
| Operating expenses | | |
| Wages | 221,033 | 186,484 |
| Payroll taxes | 20,664 | 17,068 |
| Employee benefits | 59,676 | 57,552 |
| Power | 228,472 | 214,579 |
| Repairs and maintenance | 229,123 | 203,782 |
| Mobile equipment usage, net | (13,654) | (1,590) |
| Depreciation | 450,652 | 458,222 |
| Purchased water | 257,337 | 232,184 |
| Water analysis | 7,241 | 3,332 |
| Engineering | 71,476 | 9,768 |
| Licenses and permits | 6,599 | 10,583 |
| Insurance | 19,559 | 35,350 |
| Property taxes | 7,232 | 5,134 |
| Employee expenses | 345 | 825 |
| Supplies and miscellaneous | 8,309 | 4,756 |
| Total operating expenses | <u>1,574,064</u> | <u>1,438,029</u> |
| Gross profit | <u>397,856</u> | <u>308,264</u> |
| General and administrative expenses | | |
| Office salaries | 241,088 | 189,248 |
| Payroll taxes | 19,560 | 15,118 |
| Employee benefits | 65,742 | 65,988 |
| Directors' fees | 16,150 | 10,700 |
| Office expenses | 90,065 | 66,383 |
| Communication | 8,521 | 7,264 |
| Professional fees | 87,053 | 21,538 |
| Depreciation | 8,262 | 9,392 |
| Insurance | 1,389 | 2,778 |
| Employee expenses | 155 | 892 |
| Licenses and permits | 30,414 | 4,853 |
| Miscellaneous | 2,763 | 3,834 |
| Total general and administrative expenses | <u>571,162</u> | <u>397,988</u> |
| Income from operations | <u>(173,306)</u> | <u>(89,724)</u> |