

Parkville Water District

(Leadville, Colorado)

Financial Statements

December 31, 2017 and 2016

E

RECEIVED

Office of the State Auditor

September 26, 2018

PARKVILLE WATER DISTRICT
LEADVILLE, COLORADO
FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditor's Report	A1 – A2
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	B1 – B8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	C1
Statement of Revenue, Expenses, & Changes in Net Position	C2
Statement of Cash Flows	C3
Notes to Basic Financial Statements	C4 – C14
OTHER SUPPLEMENTARY INFORMATION	
Schedule 1: Statement of Revenue & Expenditures – Budget and Actual	D1
Schedule 2: Schedule of Operating Expenses	D2
Schedule 3: Schedule of General & Administrative Expenses	D3
Schedule 4: Schedule of Utility Plant in Service	D4
Schedule 5: Schedule of Accumulated Depreciation	D5

Kenneth L. Olsen, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

PO Box 912

731 Highway 24

Leadville, CO 80461

(719) 486-0268

Member of American Institute
Of Certified Public Accountants

Kenneth L. Olsen, CPA

Independent Auditor's Report

Board of Directors
Parkville Water District
Leadville, Colorado 80461

We have audited the accompanying financial statements of Parkville Water District (A Proprietary Fund), as of and for the years ended December 31, 2017 and December 31, 2016, and related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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 audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 District'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 District'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkville Water District (the District) as of and for the years ended December 31, 2017 and December 31, 2016 and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules listed in the table of contents as other supplementary information in Section D are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Kenneth L. Olsen, CPA, PC
Leadville, Colorado
September 24, 2018

PARKVILLE WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parkville Water District (PWD), we offer readers of PWD's financial statements this narrative overview of the financial activities of PWD for the fiscal year ending December 31, 2017. We encourage readers to consider the information presented here in conjunction with PWD's financial statements and notes to the basic financial statements to enhance their understanding of PWD's financial performance.

FINANCIAL HIGHLIGHTS

- In 2017, the assets of PWD exceed its liabilities at the close of the 2017 fiscal year by \$6,337,072 (net position). Of this amount \$1,048,504 (unrestricted net position) may be used to meet PWD's ongoing obligations. In 2017, total assets increased \$281,816, while total liabilities decreased \$66,938, resulting in total net position increasing \$348,754 or about 5.8% over the course of the year's operations.
- PWD's operating expenses decreased in 2017 by \$65,295, due to a decrease in source of supply and transmission and distribution expense. General and administrative expenses decreased by \$11,265 in 2017.
- Operating revenues decreased by \$9,343 or 0.6% in 2017 due to a wet summer.
- Non-operating revenues and capital contributions decreased by \$330,306 primarily due to a decrease in grant income and tap fees.
- On November 12, 2015, PWD signed a contract with the Colorado Water Conservation Board (CWCB) in the amount of \$181,800 for Evans Reservoir Bypass Flume Replacement project. On June 9, 2016 Mountain Structures was awarded the bid for the project. The project was funded with a \$300,000 grant from the Arkansas Basin Round Table and the State Basin Roundtable, along with the \$181,800 loan from CWCB.
- In 2017, Mountain Structures was awarded the bid for the Mountain Lake project. The project was completed in 2017 with a total cost of \$378,428, including engineering and other costs. PWD funded the entire project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management’s discussion and analysis report, the independent auditor’s report and the basic financial statements of PWD. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of PWD report information of PWD using accounting methods similar to those used by private sector companies. These statements offer short-and long-term financial information about its activities. The Statement of Net Position includes all of PWD’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to PWD creditors (liabilities). It also provides the basis for evaluating the capital structure of PWD and assessing the liquidity and financial flexibility of PWD.

All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of PWD’s operations over the past year and can be used to determine whether PWD has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF PWD

The most common financial question posed to PWD is “How did we do financially during 2017”. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about PWD’s activities in a way that will help answer this question.

These two statements report the net position of PWD and the changes in them. One can think of PWD’s net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in PWD’s net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of PWD's Statement of Net Position is presented in Table A-1.

Table A-1
Condensed Statements of Net Position

	<u>FY2017</u>	<u>FY2016</u>	<u>FY 2015</u>
Current and Other Assets	\$1,250,338	\$1,335,639	\$1,231,204
Capital Assets	<u>\$6,320,754</u>	<u>\$5,953,637</u>	<u>\$5,306,639</u>
Total Assets	<u>\$7,571,092</u>	<u>\$7,289,276</u>	<u>\$6,537,843</u>
Liabilities	<u>\$1,234,020</u>	<u>\$1,300,958</u>	<u>\$1,172,633</u>
Total Liabilities	<u>\$1,234,020</u>	<u>\$1,300,958</u>	<u>\$1,172,633</u>
Invested in Capital Assets	\$5,142,688	\$4,709,474	\$4,196,780
Restricted Net Position	\$ 145,880	\$ 125,915	\$ 113,802
Unrestricted Net Position	<u>\$1,048,504</u>	<u>\$1,152,929</u>	<u>\$1,054,628</u>
Total Net Position	<u>\$6,337,072</u>	<u>\$5,988,318</u>	<u>\$5,365,210</u>

As can be seen from Table A-1 above, net position increased \$348,754 to \$6,337,072 in 2017 from \$5,988,318 in 2016. Changes in Net Position included a \$367,117 increase in capital assets, \$85,301 decrease in current and other assets, and a \$66,938 decrease in current and other liabilities.

Table A-2
Condensed Statements of Revenues,
Expenses and Changes in Net Position

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Operating Revenues	\$1,506,035	\$1,515,378	\$1,491,147
Non-operating Revenues	<u>\$ 62,341</u>	<u>\$ 102,278</u>	<u>\$ 35,162</u>
 Total Revenues	 <u>\$1,568,376</u>	 <u>\$1,617,656</u>	 <u>\$1,526,309</u>
Depreciation Expense	\$ 308,673	\$ 270,962	\$ 262,938
Operating Expense	\$ 367,319	\$ 459,060	\$ 422,550
General and Administrative Expense	<u>\$ 553,261</u>	<u>\$ 564,526</u>	<u>\$ 559,731</u>
 Total Expenses	 <u>\$1,229,253</u>	 <u>\$1,294,548</u>	 <u>\$1,245,219</u>
Income (Loss) Before Capital Contributions	<u>\$ 339,123</u>	<u>\$ 323,108</u>	<u>\$ 281,090</u>
Capital Contributions – Grant	<u>\$ 9,631</u>	<u>\$ 300,000</u>	<u>\$ 0</u>
Changes in Net Position	\$ 348,754	\$ 623,108	\$ 281,090
Beginning Net Position	<u>\$5,988,318</u>	<u>\$5,365,210</u>	<u>\$5,084,120</u>
Ending Net Position	<u>\$6,337,072</u>	<u>\$5,988,318</u>	<u>\$5,365,210</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position of \$348,754 resulted in the increase in net position in 2017.

PWD's operating revenues decreased by \$9,343 to \$1,506,035 in 2017 due to a wet summer. In 2017, the non-operating revenues and capital contributions decreased by \$330,306. This decrease is primarily due to a decrease in grant income and tap fees.

PWD's operating expenses decreased in 2017 by \$65,295 and general and administrative expenses decreased by \$11,265 in 2017.

BUDGETARY HIGHLIGHTS

PWD adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. A 2017 budget comparison and analysis is presented to the Board of Directors as interim financial statements.

A 2017 budget comparison and analysis is presented in Table A-3.

Table A-3
Budget vs. Actual
FY 2017

	<u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> Over and (Under)
Revenues			
From Operations	\$ 1,604,000	\$1,506,035	\$ (97,965)
Non-operating/loan proceeds	\$ 291,400	\$ 71,972	\$ (219,428)
Unappropriated Funds	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>
Total Revenue	<u>\$ 2,145,400</u>	<u>\$1,578,007</u>	<u>\$ (567,393)</u>
Operating Expenses			
Source of Supply	\$ 15,000	\$ 1,906	\$ (13,094)
Power and Pumping	\$ 57,000	\$ 41,791	\$ (15,209)
Water Treatment	\$ 87,500	\$ 76,577	\$ (10,923)
Transmission and Distribution	\$ 348,000	\$ 217,764	\$ (130,236)
Equipment Maintenance	\$ 37,500	\$ 29,281	\$ (8,219)
Business Office	\$ 226,500	\$ 221,751	\$ (4,749)
Employee Benefits	\$ 261,500	\$ 210,733	\$ (50,767)
Outside Services and Other	\$ 144,000	\$ 120,777	\$ (23,223)
Purchase of Property, Plant, and Equipment	<u>\$ 968,400</u>	<u>\$ 675,790</u>	<u>\$ (292,610)</u>
Total Expenses	<u>\$ 2,145,400</u>	<u>\$1,596,370</u>	<u>\$ (549,030)</u>
Net Loss per Budgetary Basis	<u>\$ (0)</u>	<u>\$ (18,363)</u>	<u>\$ (18,363)</u>

The revenue from operations was under budget by \$317,393. The expenses were under budget by \$549,030.

CAPITAL ASSETS

At the end of 2017, PWD had \$12,102,316 invested in capital assets as shown in Table A-4. At the end of 2016, PWD had \$11,427,146 invested in capital assets. The increase is due to \$96,598 in work orders and \$579,192 in direct purchases. There was a retirement of plant of \$620

**Table A-4
Capital Assets**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Source of Supply Plant	\$ 3,713,922	\$ 3,334,338	\$ 2,778,946
Pumping Plant	248,439	248,439	242,948
Water Treatment Plant	1,966,236	1,959,126	1,951,765
Transmission and Distribution Plant	4,539,079	4,291,085	4,084,020
General Plant	<u>1,634,640</u>	<u>1,594,158</u>	<u>1,507,746</u>
Sub-Total	\$12,102,316	\$11,427,146	\$10,529,425
Less Accumulated Depreciation	<u>\$ 5,781,562</u>	<u>\$ 5,473,509</u>	<u>\$ 5,222,786</u>
Net Property and Equipment	<u>\$ 6,320,754</u>	<u>\$ 5,953,637</u>	<u>\$ 5,306,639</u>

DEBT ADMINISTRATION

At December 31, 2012, PWD had a loan payable with Colorado Water Conservation Board (CWCB) for the Canterbury Tunnel Repair Project for \$1,026,371.44. The payments are \$59,355.16 annually for 30 years, beginning February 1, 2014. At December 31, 2017 the balance was \$948,660.

At December 31, 2015 PWD had a loan payable with First National Bank of Hugo for the purchase of an interest in 166 solar panels as well as “production capability” of specific solar photovoltaic panels located at the Lake County Solar Array @141 County Road 10, Leadville, Co for \$192,900. The amount of the loan was \$145,070. The payments are \$2692.41, monthly for five years, beginning March 1, 2015. At December 31, 2017 the balance was \$64,247.

At December 31, 2016 PWD had a loan payable with CWCB for the Evans Reservoir Bypass Flume Replacement Project for \$181,800. The payments are \$20,186.25 annually for ten years, beginning on December 1, 2017. At December 31, 2017 the balance was \$165,159.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The modification of the outlet structure on the dam at Mountain Lake was the largest of the capital projects in 2017. This work consisted of a new sluice gate style valve and operating stem on the reservoir side of the dam, removal of the old discharge valve in the dam, and the addition of a buffer toe drain system and additional discharge piping. This eliminated the constantly pressurized piping in the dam, which was a hazard to the safety of the dam. The entire project was funded with cash from Capital Reserve.

The other large Capital project in 2017 was the completion of new mainlines and service lines in the 600 block of West 2nd and across Loomis from West 2nd to Chestnut. Two blocks of mainline and 14 new service lines were installed along with 2 new hydrants. Completion of this project allowed us to abandon the old alley mains in that area that had been leaking many thousands of gallons of water per day for many years.

In 2107, Parkville completed our first ever Rate Study which was performed by RPI Consulting in Durango. The Parkville Board of Directors chose to follow the recommendations of the study and institute a new, simpler rate structure, along with a significant rate increase for some customer classes. The new rates which take effect in February of 2018 will simplify the rate structure and make the rates more equitable for all customers. The new rates will increase revenue to more adequately fund capital improvements, debt service, and O&M expenses.

**Table A-5
Budget Rate History**

DISTRICT RATE HISTORY

<u>Fiscal Year</u>	<u>Minimum Monthly Charges</u>	<u>Gallons Allowed</u>
2013	\$33.00 \$ 4.00	3,000 1,000
2014	\$36.00 \$ 4.50	4,000 1,000
2015	\$37.50 \$ 4.50	4,000 1,000
2018	\$44.00 \$ 4.70	4,000 1,000

PWD CONTACT INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of PWD's finances and to demonstrate PWD's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Francine Ortega, Office Manager, Parkville Water District, 2015 N. Poplar, Leadville, CO 80461 or by telephone at 719/486-1449.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31

ASSETS	2017	2016
Current Assets		
Cash	845,880	978,818
Accounts Receivable	126,966	122,106
Other Receivables	599	599
Inventory	112,066	99,187
Prepaid Expenses	6,390	7,569
Other Investment	11,357	245
Deposits	1,200	1,200
Total Current Assets	<u>1,104,458</u>	<u>1,209,724</u>
Noncurrent Assets		
Restricted Assets		
Cash - Tabor Emergency Reserve	59,000	47,000
Cash - Debt Service	86,880	78,915
Total Restricted Assets	<u>145,880</u>	<u>125,915</u>
Capital Assets		
Property, Plant & Equipment		
Utility Plant in Service (Schedule 4)	12,102,316	11,427,146
Less Accumulated Depreciation & Amortization	(5,781,562)	(5,473,509)
Net Capital Assets	<u>6,320,754</u>	<u>5,953,637</u>
Total Noncurrent Assets	<u>6,466,634</u>	<u>6,079,552</u>
TOTAL ASSETS	\$ 7,571,092	\$ 7,289,276
LIABILITIES		
Current Liabilities		
Accounts Payable	12,056	13,083
Accrued Taxes and Expenses	739	773
Customers' Deposits	8,167	7,167
Interest Payable	34,992	35,772
Long Term Debt - Due in One Year	68,512	66,090
Total Current Liabilities	<u>124,466</u>	<u>122,885</u>
Noncurrent Liabilities		
Long Term Debt - Due After One Year	1,109,554	1,178,073
Total Noncurrent Liabilities	<u>1,109,554</u>	<u>1,178,073</u>
TOTAL LIABILITIES	1,234,020	1,300,958
NET POSITION		
Net Position		
Net Investment in Capital Assets	5,142,688	4,709,474
Restricted - Tabor Emergency Reserve	59,000	47,000
Restricted - Debt Service	86,880	78,915
Unrestricted	1,048,504	1,152,929
TOTAL NET POSITION	\$ 6,337,072	\$ 5,988,318

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSES, & CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31

OPERATING REVENUE	2017	2016
Sales of Water		
Unmetered Sales to General Customers	2,370	2,370
Metered Residential	913,010	925,469
Metered Commercial	398,884	395,224
Standby Fees	32,795	32,115
Sales to Public Authorities	120,214	131,630
	1,467,273	1,486,808
Other Water Revenue		
Miscellaneous Service Revenue, Merchandising, Jobbing, Contract Work-net	38,762	28,570
Total Operating Revenue	1,506,035	1,515,378
OPERATING EXPENSES		
Operating Expenses (Schedule 2)	367,319	459,060
General & Administrative Expenses (Schedule 3)	553,261	564,526
Depreciation Expense (Schedule 5)	308,673	270,962
Total Operating Expenses	1,229,253	1,294,548
Net Operating Income (Loss)	276,782	220,830
NON-OPERATING REVENUE		
Gain (Loss) On Disposal of Capital Assets	0	(14,445)
Tap Fees	36,600	89,250
Interest on Investments	3,088	2,513
Other Non-Operating Revenue	22,653	24,960
Total Non-Operating Revenue	62,341	102,278
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	339,123	323,108
CAPITAL CONTRIBUTIONS		
Capital Contributions - Grant Income	9,631	300,000
Total Capital Contributions	9,631	300,000
CHANGES IN NET POSITION	348,754	623,108
NET POSITION AT BEGINNING OF YEAR	5,988,318	5,365,210
NET POSITION AT END OF YEAR	\$ 6,337,072	\$ 5,988,318

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT

A PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	2017	2016
Cash Flows from Operating Activities:		
Cash Received from Customers	1,501,175	1,502,061
Cash (Paid) for Customer Deposits	1,000	0
Cash Payments to Suppliers for Goods & Services	(552,297)	(612,041)
Cash Payments to Employees for Services	(382,235)	(417,084)
Net Cash Provided by Operating Activities	567,643	472,936
Cash Flows from Non-Capital Financing Activities:		
Grant Income	0	0
Net Cash Provided by Non-Capital Financing Activities	0	0
Cash Flows from Capital & Related Financing Activities:		
Tap Fees Received	36,600	89,250
Loan Proceeds for Capital Assets	0	181,800
Acquisition & Construction of Capital Assets	(675,379)	(933,076)
Principal Paid on Loans	(66,097)	(47,496)
Other Non-Operating Revenue	22,653	24,960
Grant Income	9,631	300,000
Deposit for Capital Asset	0	(1,200)
Net Cash Used for Capital & Related Financing Activities	(672,592)	(385,762)
Cash Flows from Investing Activities:		
Other Investments	(11,112)	(31)
Interest on Investments	3,088	2,513
Net Cash Provided by Investing Activities	(8,024)	2,482
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(112,973)	89,656
Cash and Cash Equivalents: Beginning of Year	1,104,733	1,015,077
Cash and Cash Equivalents: End of Year	\$ 991,760	\$ 1,104,733
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Operating Income (Loss)	276,782	220,830
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	308,673	270,962
Increase (Decrease) in Customer Deposits	1,000	0
(Increase) Decrease in Other Receivables	0	0
Increase (Decrease) in Accrued Taxes & Expenses, Interest	(814)	(696)
(Increase) Decrease in Prepaid Expenses	1,179	1,157
Increase (Decrease) in Accounts Payable	(1,438)	(4,612)
(Increase) Decrease in Inventory	(12,879)	(1,388)
(Increase) Decrease in Accounts Receivable	(4,860)	(13,317)
Total Adjustments	290,861	252,106
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 567,643	\$ 472,936

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Parkville Water District (the District) is organized under the provisions of Section 32-1-101 et seq., Colorado Revised Statutes (CRS). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

REPORTING ENTITY

The District is a Statutory, Single-Purpose, Special District governed by a five-member Board of Directors that are elected by the qualified voters in the District. The Board is accountable only to the voters and has no authority or influence over any other governmental entity. Likewise, the District is not financially dependent upon nor directly influenced by any other level of government. These financial statements reflect the operation of the District only.

BASIS OF PRESENTATION

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position.

The accounts of Parkville Water District are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Parkville Water District is operated as a Proprietary/Enterprise Fund. This fund type is utilized for the purpose of accounting for operations that are financed and operated in a manner similar to private business enterprises –where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

BASIS OF ACCOUNTING AND REVENUE RECOGNITION

“Basis of Accounting” refers to when revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements, made, regardless of the nature of the measurement.

Proprietary/Enterprise fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS & BUDGETARY ACCOUNTING

Budgets are prepared by the District in accordance with legal requirements and a budgetary accounting system is utilized. The budgeted revenues and expenditures represent the original budget with amendments as finally adopted by the District's Board of Directors. Budget appropriations lapse at the end of each year. The District maintains its budget on a modified cash basis of accounting. A reconciliation of modified cash receipts and expenditures and generally accepted accounting principles (accrual basis revenues and expenses) is as follows:

Modified Cash Basis Receipts	1,578,007
Less: Loss on Plant	0
Less: Unappropriated Fund Balance	0
Less: Loan Proceeds	0
Accrual Basis Revenues	\$ 1,578,007
Modified Cash Basis Expenditures	1,596,370
Add : Depreciation	308,673
Less: Plant Additions	(675,790)
Accrual Basis Expenses	\$ 1,229,253

The following is the budget calendar as required by Colorado Statutes:

DATE	EVENT
October 15	Proposed budget submitted to District for Review
December 31	District adopts budget and enacts resolution making appropriations for the ensuing year

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the District considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

RECEIVABLES

Accounts receivable consists primarily of water user fees earned at December 31, 2017 and 2016.

INVENTORY

Inventory of pipe, fittings, and materials is valued at cost utilizing the first-in, first-out method. Inventory was determined based on a physical count at December 31, 2017 and 2016.

PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

All fixed assets are valued at cost or estimated cost if actual cost is not available. Donated fixed assets are valued at their estimated fair market value at date of donation. Depreciation is provided using the straight-line method over the asset's estimated useful life. Estimated useful lives utilized in the financial statements are:

Source of Supply Plant	20 - 40 Years
Pumping Plant	20 - 40 Years
Water Treatment Plant	20 - 40 Years
Transmission & Distribution	20 - 40 Years
General Plant	20 - 40 Years
Transportation Equipment	7 - 10 Years

COMPENSATED ABSENCES

Parkville Water District has a policy for the accumulation of sick pay up to certain limits.

As of December 31, 2017 and 2016, the District has an estimated unrecorded liability for accumulated sick pay of \$ 34,044 and \$ 38,775, respectively.

Since the sick pay accrues but does not vest, the liability has not been recorded in the financial statements. No liability for accrued vacation pay existed at December 31, 2017 and 2016.

OPERATING REVENUES & EXPENSES

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees for water services.

Operating expenses include the costs associated with the water service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

It is the District's policy to apply restricted resources first when expenses are incurred for purposes for which both restricted and unrestricted resources are available for use.

REVENUE RECOGNITION

The District's billings are rendered and recorded monthly based on calendar month metered flows of water.

BAD DEBTS

Bad debts are recorded by the reserve method.

DEBT ISSUANCE COSTS

Debt issuance costs are recognized as an expense during the period of issuance.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONTRIBUTIONS-IN-AID OF CONSTRUCTION AND TAP FEES

Construction contribution by developers is recognized when the District assumes the responsibility for the system that was donated by the developer. Prior to 2002, Contributions-in-Aid of construction, principally grants from governmental agencies and system tap fees, were credited directly to Contributed Capital. With the implementation of GASB 33, these contributions (tap fees) are recorded as a component of net income.

NOTE 2 CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH

At December 31, The District had the following components of cash and cash equivalents:

	2017	2016
Cash on Hand	\$ 300	\$ 300
Cash on Deposit in Financial Institutions	991,460	1,104,433
Total	\$ 991,760	\$ 1,104,733

Cash deposits and investments are reflected on the December 31, Statement of Net Position as follows:

	2017	2016
Cash and cash equivalents	\$ 845,880	\$ 978,818
Restricted cash	145,880	125,915
Total	\$ 991,760	\$ 1,104,733

DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Deposits in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institutions to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2

CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH (Continued)

DEPOSITS (CONTINUED)

The District bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial bank under provisions of the Colorado Public Deposit Protection Act.

RESTRICTED CASH

Restricted Cash – Tabor Emergency Reserve at December 31, 2017 and 2016 of \$ 59,000 and \$ 47,000, respectively, represents funds required under Amendment No. 1, the "Tabor Amendment" passed by Colorado voters in November 1992, for "emergency reserves" and may be utilized only for declared emergencies which exclude economic conditions, revenue shortfalls, and district salary and fringe benefit increases.

Restricted Cash – Debt Service at December 31, 2017 and 2016 of \$ 86,880 and \$ 78,915, respectively, represents funds required for the CWCB loans for pledged revenues and Debt Service reserve, See Note 5.

INVESTMENTS

The District is authorized by Colorado Statutes to invest in the following:

- Certificates of deposit with an original maturity in excess of three months
- Bonds and other interest-bearing obligations of the United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of local government entities in Colorado
- Banker's acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts, with certain exceptions
- Commercial paper

INTEREST RATE RISK

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no investment policy that limits its investment choices other than the limitation of state law.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 **CAPITAL ASSETS**

See Schedule 4 on page D4 and Schedule 5 on page D5 for Capital Asset detail.

NOTE 4 **LONG-TERM DEBT**

As of December 31, 2017 and 2016, the long-term debt of the District consisted of the following:

	2017	2016
<u>First National Bank of Hugo</u>		
Loan payable to First National Bank of Hugo for the purchase of a money interest in 166 solar panels as well as "production capability" (Solar Interest/Solar Output) of specific solar photovoltaic panels located at the Lake County Solar Array at 141 County Road 10, Leadville, Colorado. Purchase was dated January 30, 2015 for \$ 192,900. The loan amount was \$ 145,070, the loan is payable monthly beginning March 1, 2015, for five years in the amount of \$ 2,692.41, including principal and interest at the rate of 4.25%. The loan is also secured with the 2008 John Deere Backhoe and the 2012 Caterpillar Mini Excavator.	64,247	93,118
<u>Colorado Water Conservation Board (CWCB)</u>		
On January 12, 2012 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) for a loan with an original amount of \$ 1,838,200 for the Canterbury Tunnel Repair Project. Subsequently the loan amount was reduced to a final amount of \$ 1,026,371 on June 6, 2013. The loan is payable annually beginning February 1, 2014 for thirty years in the amount of \$ 59,355.16 including principal and interest at the rate of 4.00%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$ 34,724 and \$ 35,477 at December 31, 2017 and 2016 respectively.	948,660	969,245
<u>Colorado Water Conservation Board (CWCB)</u>		
On November 12, 2015 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) for a loan in the amount of \$181,800 for the Evans Reservoir Bypass Flume Replacement Project. The loan is payable annually beginning December 1, 2017 for ten years in the amount of \$ 20,186.25 including principal and interest at the rate of 1.95%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$268 and \$ 295 at December 31, 2017 and December 31, 2016 respectively.	165,159	181,800
<u>Total Long-term Debt</u>	1,178,066	1,244,163

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 LONG-TERM DEBT (Continued)

Changes in long-term debt

The following is a summary of change in long-term debt for the year ended December 31, 2017.

Type of Debt	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Due in one year
First National Bank of Hugo	93,118	-	28,871	64,247	30,138
CWCB C150308	969,245	-	20,585	948,660	21,409
CWCB CT2016-2004	181,800	-	16,641	165,159	16,965
Total Long-term Debt	<u>\$ 1,244,163</u>	<u>-</u>	<u>\$ 66,097</u>	<u>\$ 1,178,066</u>	<u>\$ 68,512</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for the long-term debt, as of December 31, 2017, are as follows:

	Principal	Interest	Total
2018	68,512	43,338	111,850
2019	71,029	40,821	111,850
2020	43,432	38,761	82,193
2021	42,059	37,482	79,541
2022	43,373	36,168	79,541
2023-2027	218,036	159,485	377,521
2028-2032	171,645	125,131	296,776
2033-2037	208,832	87,944	296,776
2038-2042	254,076	42,700	296,776
2043	57,072	2,283	59,355
	<u>\$ 1,178,066</u>	<u>\$ 614,113</u>	<u>\$ 1,792,179</u>

The following is a summary of change in long-term debt for the year ended December 31, 2016.

Type of Debt	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due in one year
First National Bank of Hugo	120,820	-	27,702	93,118	28,864
CWCB C150308	989,039	-	19,794	969,245	20,585
CWCB CT2016-2004	-	181,800	-	181,800	16,641
Total Long-term Debt	<u>\$ 1,109,859</u>	<u>\$ 181,800</u>	<u>\$ 47,496</u>	<u>\$ 1,244,163</u>	<u>\$ 66,090</u>

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 LONG-TERM DEBT RATE COVENANT REQUIREMENT AND DEBT SERVICE RESERVE ACCOUNT

The CWCB loans referred to in Note 4 contains certain financial requirements that are required to be met by the District as conditions of the loan. The rate covenant provides that during the term of the loan the District shall establish, levy and collect rates, charges and fees sufficient to pay the loan, to cover all expenditures for operation and maintenance and emergency repair services and maintain adequate debt service reserves.

The computation of the 2017 CWCB C150308 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,506,035
Total Non-Operating Revenue	62,341
Revenue as defined by loan rate covenant	\$ 1,568,376
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,229,253
Amount of debt service required for 2018	59,355
Debt service reserve required for 2018	5,936
Less: Depreciation	(308,673)
Net revenue required under loan rate covenant	\$ 985,871

The rate covenant requirement was met for 2017.

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 59,355.16 or \$ 5,935.52 on the due date of its first annual payment date of February 1, 2014 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2017 and December 31, 2016, the reserve accounts were properly funded.

The computation of the 2017 CWCB CT2016-2004 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,506,035
Total Non-Operating Revenue	62,341
Revenue as defined by loan rate covenant	\$ 1,568,376
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,229,253
Amount of debt service required for 2018	20,186
Debt service reserve required for 2018	2,019
Less: Depreciation	(308,673)
Net revenue required under loan rate covenant	\$ 942,785

The rate covenant requirement was met for 2017.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 LONG-TERM DEBT RATE COVENANT REQUIREMENT AND DEBT SERVICE RESERVE ACCOUNT (Continued)

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 20,186.25 or \$ 2,018.63 on the due date of its first annual payment date of December 1, 2017 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2017 the reserve account was properly funded. At December 31, 2016 no reserve account was required to be funded.

NOTE 6 NET POSITION

Net position is classified in the following categories:

Net Investment in Capital Assets: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position: This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Pursuant to Amendment No 1 to the Colorado Constitution passed by voters in Colorado in November 1992, the Board of Directors of Parkville Water District designated the retained earnings as of December 31, 1992 in the amount of \$ 1,509,640 as "reserve increases" which, in the opinion of the District, will not be considered current year's spending in future years under the revenue limitations imposed by Amendment No 1. At December 31, 2017 and 2016, the Board of Directors designated \$ 664,661 and \$ 811,914, respectively for future capital expenditures.

Unrestricted Net Position: This component represents the net position of the District, which is not restricted for any project or other purpose.

NOTE 7 RENTAL INCOME

On October 1, 2009, Commnet Four Corners, LLC exercised its option to lease a 50'X50' area located on The May Queen mining claim owned by the District. The lease agreement requires rent of \$ 750 per month. The lease automatically renewed on October 1, 2014. This lease is for a period of five years. The Lessee shall have a right to renew the lease term for four additional terms of five years each.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8

PENSION PLANS

DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN)

Parkville Water District adopted a defined contribution plan, "Parkville Water District Money Purchase Pension Plan," effective August 1, 1995 for all of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. The District contributes an amount equal to 8.05% of the employee's base salary each month. The District's contributions for each employee are vested immediately. The plan is administered through Lincoln Trust.

DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN) (Continued)

The District's total payroll for 2017 and 2016 was \$ 419,254 and \$ 449,858, respectively. The District's contributions were calculated using the eligible base salary amount of \$ 349,372 for 2017 and \$ 413,074 for 2016. The total cost to the District in 2017 and 2016 was \$ 28,124 and \$ 33,252, respectively excluding administration fees.

DEFERRED COMPENSATION PLAN

Parkville Water District adopted a deferred compensation plan effective August 1, 1995, created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all Parkville Water District employees. Employees defer a portion of their salary until future years. Deferred compensation is available to employees upon termination, retirement, death, or financial hardship.

The District is the trustee for a trust established pursuant to IRC 457(g) which is an irrevocable trust. The trust provides that to the extent required by IRC 457(g), the plan trustee has no power to use or divest any part of the plan's trust assets or income other than for the exclusive benefit of the participants and their beneficiaries under the plan.

NOTE 9

RISK MANAGEMENT

Risk management is the process of managing an organization's activities to minimize the adverse effects of certain types of losses. The main elements of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). The District has identified the following as potential risks of loss:

- a. Torts
- b. Theft of, Damage to, or Destruction of Assets
- c. Business Interruption
- d. Errors or Omissions
- e. Job-Related Illnesses or Injuries to Employees
- f. Natural Disasters

The primary way in which the District minimizes adverse effects of losses is through the purchase of commercial insurance through the Colorado Special Districts Property and Liability Pool. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 CONTINGENCIES

Parkville Water District has been the recipient of federal and state grants in prior years. These grant funds are subject to audit by grantor agencies. Management of the District believes that any disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2017 and 2016.

Amendment No 1 referred to in Note 6 contains certain restrictions on revenue and spending limits which may impose the need to refund excess revenue in excess of these limits to customers of the District in subsequent years via direct payments and/or fee reductions. In the opinion of the District, any such refunds will not have a material effect on any of the financial statements included herein or on the overall financial position of the District at December 31, 2017 and 2016. In November 2000, voters approved Referendum 5C which allows the District to collect and retain whatever amounts are received annually without the restriction of Amendment No 1.

On May 4, 2010 voters approved Ballot Issue A, which allows the District to collect, retain, and spend the full amount of all monies received.

On May 4, 2010, voters also approved Ballot Issue B, which allows the District to increase debt not to exceed \$ 2,000,000 for the purpose of financing the costs for providing extensions and improvements to the water system for the District.

The District believes it is in compliance with the financial provisions of Tabor. However, Tabor is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 11 GRANTS

In 2015, Parkville Water District was awarded a \$ 300,000 grant from the Arkansas Basin Roundtable and the State Basin Roundtable for the Evans Reservoir Bypass Flume Replacement Project. The District was required to supplement this grant with matching funds of 10% cash and in-kind contributions and the Colorado Water Conservation Board loan referred to in Note 4. The project was completed in 2016.

In 2017, Parkville Water District was awarded a Safety and Loss Prevention Grant through the Colorado Special Pool's SLPG Program. The grant as for \$9,631 and was used for the purchase of ditch boxes.

NOTE 12 RELATED PARTY TRANSACTIONS

On December 8, 2011 the District passed a Resolution to provide for the District to enter into a water lease agreement with a company owned by a member of the Board of Directors. The Resolution provides that "The authority granted by this resolution is limited to entering a lease that expires January 1, 2015". At December 31, 2017 no water lease had been executed. The Lease was renewed on January 1, 2015.

NOTE 13 SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 24, 2018, the date that the financial statements were available to be issued. At that time there were no material subsequent events that require recognition or additional disclosure.

PARKVILLE WATER DISTRICT

OTHER SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2017 AND 2016

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF REVENUE & EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(PREPARED ON THE MODIFIED CASH BASIS ACCOUNTING METHOD)

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUE				
Sales of Water:				
Unmetered	2,000	2,000	2,370	370
Metered Residential	940,000	940,000	913,010	(26,990)
Metered Commercial	447,000	447,000	398,884	(48,116)
Standby Fees	30,000	30,000	32,795	2,795
Sales to Public Authorities	145,000	145,000	120,214	(24,786)
Other Revenue:				
Miscellaneous Service Revenue, Merchandising, jobbing, etc.	40,000	40,000	38,762	(1,238)
Interest on investments	2,400	2,400	3,088	688
Tap Fees	77,000	77,000	36,600	(40,400)
Other Non-Operating Revenue	12,000	12,000	22,653	10,653
Grant Income/Loan Proceeds	200,000	200,000	9,631	(190,369)
Unappropriated Funds	250,000	250,000		(250,000)
TOTAL REVENUE	\$ 2,145,400	\$ 2,145,400	\$ 1,578,007	\$ (567,393)
EXPENDITURES				
Source of Supply	15,000	15,000	1,906	(13,094)
Power & Pumping	57,000	57,000	41,791	(15,209)
Water Treatment	87,500	87,500	76,577	(10,923)
Transmission & Distribution	348,000	348,000	217,764	(130,236)
Equipment Maintenance	37,500	37,500	29,281	(8,219)
Business Office	226,500	226,500	221,751	(4,749)
Employee Benefits	261,500	261,500	210,733	(50,767)
Outside Services & Other	144,000	144,000	120,777	(23,223)
Purchase of Property, Plant, & Equipment	968,400	968,400	675,790	(292,610)
TOTAL EXPENDITURES	\$ 2,145,400	\$ 2,145,400	\$ 1,596,370	\$ (549,030)

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Source of Supply		
Labor	0	0
Supplies & Expense	1,906	47,786
	<u>1,906</u>	<u>47,786</u>
Power & Pumping		
Power	41,190	35,603
Supplies	601	298
	<u>41,791</u>	<u>35,901</u>
Water Treatment		
Labor	2,300	1,938
Power	11,192	6,904
Chemicals	39,492	28,083
Telephone	5,816	5,367
Supplies	8,703	10,388
Tests & Licenses	9,074	14,861
	<u>76,577</u>	<u>67,541</u>
Transmission & Distribution		
Labor	168,074	194,116
Power	1,761	1,799
Supplies	47,929	88,966
	<u>217,764</u>	<u>284,881</u>
Equipment Maintenance		
Fuel & Fluids	10,188	8,811
Truck Maintenance	3,254	7,460
Backhoe Maintenance	12,404	1,760
Small Tools	2,660	1,425
Supplies	775	3,495
	<u>29,281</u>	<u>22,951</u>
TOTAL OPERATING EXPENSES	\$ 367,319	\$ 459,060

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Business Office		
Labor	74,382	75,047
Power	7,071	8,252
Telephone	1,700	1,335
Supplies	4,853	3,220
Meter Reading	0	837
Computer Supplies & Service	20,906	18,254
Supervisory Labor	91,869	102,116
Postage	9,452	9,571
Safety	11,518	5,476
	<u>221,751</u>	<u>224,108</u>
Employee Benefits		
Sick Pay	4,365	14,105
Holiday Pay	14,957	11,962
Vacation Pay	26,288	16,963
Unemployment Insurance	1,183	1,196
FICA and Medicare	30,315	32,507
Pension Plan	29,290	34,331
Workmen's Compensation	9,705	14,316
Health Insurance	93,031	102,029
Other Benefits	1,599	1,432
	<u>210,733</u>	<u>228,841</u>
Outside Service & Other		
Legal	6,178	9,552
Engineering	0	1,223
Accounting and Other Professional Services	26,315	11,510
Other Services	8,325	7,486
Interest Expense	44,973	46,212
Liability, Vehicle, & Casualty Insurance	28,486	28,694
Director Fees	6,500	6,900
Bad Debt	0	0
	<u>120,777</u>	<u>111,577</u>
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	<u><u>\$ 553,261</u></u>	<u><u>\$ 564,526</u></u>

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF UTILITY PLANT IN SERVICE
DECEMBER 31, 2017

	Beginning 1/1/2017	Work Orders	Direct Purchase	Retirement	Ending 12/31/2017
SOURCE OF SUPPLY PLANT					
Organization	27,877				27,877
Land and Land Rights	59,818				59,818
Structures & Improvements	2,277,335				2,277,335
Collection & Reservoirs	520,937		378,428		899,365
Lake, River, Other Intakes	26,504				26,504
Supply Mains	219,201				219,201
Wells & Mains	126,355		1,156		127,511
Water Rights	76,311				76,311
TOTAL	3,334,338	0	379,584	0	3,713,922
PUMPING PLANT					
Land & Construction in Progress	525				525
Structures & Improvements	44,861				44,861
Electric Pumping Equipment	193,147				193,147
Other Pumping Equipment	8,615				8,615
New Mains	1,291				1,291
TOTAL	248,439	0	0	0	248,439
WATER TREATMENT PLANT					
Land & Land Rights	16,733				16,733
Structures & Improvements	1,670,375		7,110		1,677,485
Water Treatment Equipment	184,218				184,218
Filter Media	87,800				87,800
TOTAL	1,959,126	0	7,110	0	1,966,236
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	3,322				3,322
Structure & Improvements	3,160				3,160
Distribution, Reservoir & Stand Pipe	104,772				104,772
Transmission & Distribution Mains	1,886,701	48,137	149,152	(620)	2,083,370
Services	1,238,207	48,461			1,286,668
Meters	436,685		2,864		439,549
Hydrants	525,170				525,170
Other	93,068				93,068
TOTAL	4,291,085	96,598	152,016	(620)	4,539,079
GENERAL PLANT					
Land & Land Rights	59,181				59,181
Structures & Improvements	633,326				633,326
Office Equipment	45,256				45,256
Transportation Equipment	239,484				239,484
Tools, Shop, Garage Equipment	128,606		31,788		160,394
Power Operated Equipment	469,199		8,694		477,893
Computer Equipment	19,106				19,106
TOTAL	1,594,158	0	40,482	0	1,634,640
GRAND TOTALS	\$ 11,427,146	\$ 96,598	\$ 579,192	\$ (620)	\$ 12,102,316

The accompanying notes are an integral part of these financial statements.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2017

	Rates	Beginning 1/1/2017	Retirements	Provision	Ending 12/31/2017
SOURCE OF SUPPLY PLANT					
Organization	3.0%	27,875		0	27,875
Land and Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	199,210		56,933	256,143
Collection & Reservoirs	2.5%	211,004		17,754	228,758
Lake, River, Other Intakes	2.5%	16,724		663	17,387
Supply Mains	2.5%	219,202		0	219,202
Wells & Mains	2.5%	105,123		3,173	108,296
Water Rights	0.0%	0		0	0
TOTAL		779,138	0	78,523	857,661
PUMPING PLANT					
Land & Construction in Progress	0.0%	0		0	0
Structures & Improvements	2.5%	16,660		1,122	17,782
Electric Pumping Equipment	2.5%	57,237		4,829	62,066
Other Pumping Equipment	2.5%	5,784		215	5,999
New Mains	2.5%	1,288		0	1,288
TOTAL		80,969	0	6,166	87,135
WATER TREATMENT PLANT					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	1,349,532		41,848	1,391,380
Water Treatment Equipment	2.5%	59,625		4,605	64,230
Filter Media	5.0%	68,045		4,390	72,435
TOTAL		1,477,202	0	50,843	1,528,045
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	0.0%	0		0	0
Structure & Improvements	2.5%	3,160		0	3,160
Distribution, Reservoir & Stand Pipe	2.5%	74,079		2,619	76,698
Transmission & Distribution Mains	2.5%	1,312,940	(620)	49,626	1,361,946
Services	2.5%	523,599		31,561	555,160
Meters	2.5%	21,234		10,953	32,187
Hydrants	2.5%	181,238		13,129	194,367
Other	2.5%	33,668		2,327	35,995
TOTAL		2,149,918	(620)	110,215	2,259,513
GENERAL PLANT					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	119,686		15,833	135,519
Office Equipment	15.0%	45,256		0	45,256
Transportation Equipment	10.0%	204,431		23,949	228,380
Tools, Shop, Garage Equipment	10.0%	128,605		14,450	143,055
Power Operated Equipment	10.0%	469,199		8,694	477,893
Computer Equipment	15.0%	19,105		0	19,105
TOTAL		986,282	0	62,926	1,049,208
GRAND TOTALS		\$ 5,473,509	\$ (620)	\$ 308,673	\$ 5,781,562

The accompanying notes are an integral part of these financial statements.