

Annual Financial Report

The Henrylyn Irrigation District

Keenesburg, Colorado

For the Year Ended December 31, 2018



Tim
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THE HENRYLYN IRRIGATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Henrylyn Irrigation District
Keenesburg, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of The Henrylyn Irrigation District, State of Colorado as of and for the years ended December 31, 2018, and the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 entity'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 of the effectiveness of the entity'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.

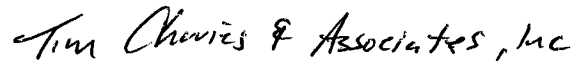
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Henrylyn Irrigation District, State of Colorado as of December 31, 2018, and the respective changes in financial position 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 and budgetary comparison information on pages 3-7 and 27-29 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 required supplementary information 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.

Greeley, Colorado
April 23, 2019



Tim Chavies & Associates, Inc.
Certified Public Accountants

THE HENRYLYN IRRIGATION DISTRICT
29490 County Road 14
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Management's Discussion and Analysis
December 31, 2018

The management's discussion and analysis (MD&A) of The Henrylyn Irrigation District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year. It should be read in conjunction with the accompanying basic financial statements. When available, the District has included comparative analysis of such data.

Financial Highlights

- The District's total net position increased \$1,086,685 or 10.61% between 2018 and 2017.
- Total revenues were \$3,369,411 in 2018 compared to \$2,547,251 in 2017, an increase of \$822,160 or 32.28%.
- Total administrative and general expenses were \$1,890,573 in 2018 compared to \$1,937,279 in 2017, a decrease of \$46,706 or 2.41%.
- The District's note to the Colorado Water Conservation Board was paid in accordance with the amortization schedule.

Overview of the Financial Statements

The discussion and analysis serve as an introduction to The Henrylyn Irrigation District's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the District's finances utilizing the full accrual method of accounting.

The Statement of Net Position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, including capital assets and long-term liabilities with the difference between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that

are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include only the general government. The District does not have any business-type activities or component units.

Fund Financial Statements focus on current available resources and are organized and operated on the basis of funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District only maintains one governmental fund (operating) and adopts an annually appropriated budget for this governmental fund. Budgetary comparison statements for the governmental fund are required to be presented and are included as part of the other supplementary schedules of this report.

The District does not have any **Proprietary Funds or Fiduciary Funds**.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information includes certain required supplementary information containing budgetary comparison schedules of revenues, expenditures and changes in fund balances for all funds.

Government-Wide Financial Analysis

Condensed financial information from the **Statement of Net Position**:

December 31.	2018	2017
Assets		
Current and other assets	\$ 5,460,250	\$ 5,043,684
Capital assets, net	8,449,976	7,442,290
Total Assets	13,910,226	12,485,974
Deferred Outflows	-	-
Liabilities		
Long-term debt outstanding	1,582,109	1,632,222
Other liabilities	931,386	541,281
Total Liabilities	2,513,495	2,173,503
Deferred Inflows	68,975	71,400
Net Position:		
Net investment in capital assets	6,817,754	5,760,816
Restricted - debt	78,678	277,132
Unrestricted	4,431,324	4,203,123
Total Net Position	\$ 11,327,756	\$ 10,241,071

Net position of the District was affected by 5K Agreement money being received from FRICO, increase in sale of water and permits, long-term debt decreasing by principal payments and net capital assets increasing due to actual purchases of new capital assets being more than depreciation.

Condensed financial information from the **Statement of Activities**:

December 31.	2018	2017
Revenues:		
Operating revenues	\$ 588,450	\$ 582,925
Other revenues	2,709,376	1,956,649
Earnings on investments	71,585	7,677
Total Revenues	3,369,411	2,547,251
Expenses:		
Administrative and general	1,890,573	1,937,279
Depreciation	386,711	341,052
Interest on debt	28,987	29,841
Total Expenses	2,306,271	2,308,172
Other Financing Sources (Uses):		
Proceeds on sale of assets	23,545	23,477
Total Other Financing Sources (Uses)	23,545	23,477
Net Change in Net Position	1,086,685	262,556
Net Position - beginning of year	10,241,071	9,978,515
Net Position - end of year	\$ 11,327,756	\$ 10,241,071

The Net Position of the District increased by \$1,086,685 during 2018. The increase was due to higher amounts received for sale of water of \$1,550,155 compared to \$983,603 and permits of \$428,533 compared to \$262,000, and purchase of capital assets and depreciation on capital assets.

Governmental Funds Financial Analysis

Governmental funds. All of the District's functions are reported in the general (operating) fund. The focus of this fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of its fiscal year.

Proprietary and Fiduciary funds. As mentioned earlier, the District does not have any of these types of funds.

Budgetary Highlights

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budget and actual comparison schedules are provided in the other supplementary information section of this report. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results for the general (operating) fund, the only fund of the District.

There were differences from the original adopted and the final revised budget due to additional appropriations being passed.

Fund	Original	Additional	Revised
Governmental	\$ 2,916,617	\$ 500,000	\$ 3,416,617
Total	\$ 2,916,617	\$ 500,000	\$ 3,416,617

Capital Assets and Debt Administration

Capital Assets (Net of Depreciation)

December 31.	2018	2017
Water stocks	\$ 71,500	\$ 71,500
Irrigation system	5,479,208	5,618,010
Rights of way	-	-
Building and improvements	994,650	1,021,810
Equipment	596,139	718,735
Office furniture and equipment	9,093	12,235
Construction in progress	1,299,386	-
Total	\$ 8,449,976	\$ 7,442,290

Capital assets – net of depreciation increased during 2018 due to capital outlay of \$1,394,397 (assets acquired) and depreciation of \$386,711. See Note 4 for further discussion.

Long-Term Debt

December 31.	2018	2017
State of Colorado - CWCB	\$ 1,632,222	\$ 1,681,474
Total	\$ 1,632,222	\$ 1,681,474

Long-term debt decreased \$49,252 by principal payment.

Economic Factors

The District's revenues are not generally dependent on economic factors. Approximately twenty percent of the District's revenues are from the collection of a per acre water tax levied upon all real property within the District. Other revenues are comprised of consideration for water right agreements with municipalities, permit fees and earnings on investments. Such revenues are anticipated to increase over time as the Denver Metro area continues to develop and require additional water supplies.

Financial Contact

This financial report is designed to provide a general overview of the District's finances for those who have an interest in the District. If you have any questions about the report or need additional financial information, please contact Rodney Baumgartner, Manager at 29490 County Road 14, Keenesburg Colorado 80643. Phone (303) 536-4702.

BASIC FINANCIAL STATEMENTS

THE HENRYLYN IRRIGATION DISTRICT

Statement of Net Position

December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash on hand and in checking	\$ 121,373	\$ 98,281
Cash in savings	-	4,258,697
Money market sweep account	4,873,673	-
Accounts receivable	254,222	265,914
Accrued interest receivable	-	453
Tax sale certificates receivable	5,029	8,237
Prepaid expenditures	58,300	63,570
Total Current Assets	5,312,597	4,695,152
Noncurrent Assets:		
Installment sale receivable	68,975	71,400
Restricted assets:		
Debt reserve	78,678	277,132
Total Noncurrent Assets	147,653	348,532
Capital Assets:		
Water stocks	71,500	71,500
Irrigation system	11,634,072	11,583,924
Rights of way	40,074	40,074
Buildings and improvements	1,081,075	1,081,075
Equipment	1,713,361	1,699,457
Office furniture and equipment	26,993	26,993
Construction in progress	1,299,386	-
Total Capital Assets	15,866,461	14,503,023
Less: accumulated depreciation	(7,416,485)	(7,060,733)
Net Capital Assets	8,449,976	7,442,290
Total Assets	13,910,226	12,485,974
DEFERRED OUTFLOWS		
Grant expenditures paid in advance of meeting timing requirements	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	767,736	379,481
Separation benefit payable	98,981	97,553
Accrued interest payable	14,556	14,995
Compensated absences	-	-
Current portion of long-term debt	50,113	49,252
Total Current Liabilities	931,386	541,281
Non-Current Liabilities:		
Note payable - State of Colorado	1,632,222	1,681,474
Less: portion due within one year	(50,113)	(49,252)
Total Non-Current Liabilities	1,582,109	1,632,222
Total Liabilities	2,513,495	2,173,503
DEFERRED INFLOWS		
Unavailable revenue - installment sale	68,975	71,400
NET POSITION		
Net Investment in capital assets	6,817,754	5,760,816
Restricted - debt	78,678	277,132
Unrestricted	4,431,324	4,203,123
Total Net Position	\$ 11,327,756	\$ 10,241,071

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT*Statement of Activities*

For the Year Ended December 31, 2018 and 2017

	2018	2017
Expenses:		
Administrative and general	\$ 1,890,573	\$ 1,937,279
Depreciation	386,711	341,052
Interest on debt	28,987	29,841
Total Expenses	2,306,271	2,308,172
Revenues:		
Operating revenues	588,450	582,925
Miscellaneous revenues	2,709,376	1,956,649
Investment income	71,585	7,677
Total Revenues	3,369,411	2,547,251
Other Financing Sources (Uses):		
Proceeds from sale of assets	23,545	23,477
Total Other Financing Sources (Uses)	23,545	23,477
Net Change in Net Position	1,086,685	262,556
Net Position - beginning of year	10,241,071	9,978,515
Net Position - end of year	\$ 11,327,756	\$ 10,241,071

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT

Governmental Funds

Balance Sheet

December 31, 2018 and 2017

	Operating	Total Governmental Funds	
		2018	2017
ASSETS			
Current Assets:			
Cash on hand and in checking	\$ 121,373	\$ 121,373	\$ 98,281
Cash in savings	-	-	4,258,697
Money market sweep account	4,873,673	4,873,673	-
Accounts receivable	254,222	254,222	265,914
Accrued interest receivable	-	-	453
Tax sale certificates receivable	5,029	5,029	8,237
Prepaid expenditures	58,300	58,300	63,570
Total Current Assets	5,312,597	5,312,597	4,695,152
Noncurrent Assets:			
Installment sale receivable	68,975	68,975	71,400
Restricted assets:			
Debt reserve	78,678	78,678	277,132
Total Noncurrent Assets	147,653	147,653	348,532
Total Assets	5,460,250	5,460,250	5,043,684
DEFERRED OUTFLOWS			
Grant expenditures paid in advance of meeting timing requirements	-	-	-
Total Assets and Deferred Outflows	\$ 5,460,250	\$ 5,460,250	\$ 5,043,684
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 767,736	\$ 767,736	\$ 379,481
Separation benefit payable	98,981	98,981	97,553
Accrued interest payable	14,556	14,556	14,995
Compensated absences	-	-	-
Total Current Liabilities	881,273	881,273	492,029
Total Liabilities	881,273	881,273	492,029
DEFERRED INFLOWS			
Unavailable revenue - installment sale	68,975	68,975	71,400
Total Liabilities and Deferred Inflows	950,248	950,248	563,429
FUND BALANCE			
Nonspendable - prepaid	58,300	58,300	63,570
Restricted - debt	78,678	78,678	277,132
Committed - subsequent year's expenditures	734,265	734,265	1,308,598
Assigned	-	-	-
Unassigned	3,638,759	3,638,759	2,830,955
Total Fund Balance	4,510,002	4,510,002	4,480,255
Total Liabilities, Deferred Inflows and Fund Balance	\$ 5,460,250	\$ 5,460,250	\$ 5,043,684

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2018 and 2017

	2018	2017
Total Governmental Fund Balance	\$ 4,510,002	\$ 4,480,255
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:		
Capital assets	15,866,461	14,503,023
Less: accumulated depreciation	(7,416,485)	(7,060,733)
	8,449,976	7,442,290
Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds	-	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Note payable - State of Colorado	(1,632,222)	(1,681,474)
Net Position of Governmental Activities	\$ 11,327,756	\$ 10,241,071

THE HENRYLYN IRRIGATION DISTRICT*Governmental Funds**Statement of Revenues, Expenditures and Changes in Fund Balance*

December 31, 2018 and 2017

	Operating	Total Governmental Funds	
		2018	2017
Revenues			
Operating revenues	\$ 588,450	\$ 588,450	\$ 582,925
Miscellaneous revenues	2,709,376	2,709,376	1,956,649
Earnings on investments	71,585	71,585	7,677
Total Revenues	3,369,411	3,369,411	2,547,251
Expenditures:			
Administrative and general	1,890,573	1,890,573	1,937,279
Capital outlay	1,394,397	1,394,397	1,009,779
Debt service:			
Principal	49,252	49,252	48,404
Interest	28,987	28,987	29,841
Total Expenditures	3,363,209	3,363,209	3,025,303
Excess (Deficiency) of Revenues over Expenditures	6,202	6,202	(478,052)
Other Financing Sources (Uses):			
Proceeds from sale of assets	23,545	23,545	213,734
Long-term debt proceeds	-	-	-
Total Other Financing Sources (Uses)	23,545	23,545	213,734
Net Change in Fund Balance	29,747	29,747	(264,318)
Fund balance - beginning of year	4,480,255	4,480,255	4,744,573
Fund balance - end of year	\$ 4,510,002	\$ 4,510,002	\$ 4,480,255

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT

Governmental Funds

*Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance to the Statement of Activities*

December 31, 2018 and 2017

	2018	2017
Net change in fund balance - total governmental funds	\$ 29,747	\$ (264,318)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	1,394,397	1,009,779
Depreciation expense	(386,711)	(341,052)
	<u>1,007,686</u>	<u>668,727</u>
The net effect of various miscellaneous transactions involving capital assets is to decrease net position (i.e. sales, disposals and trade-ins)	-	(190,257)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated capital assets	-	-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Note payable - State of Colorado	49,252	48,404
Issuance of new debt to purchase capital assets increases long-term liabilities in the Statement of Net Position:		
Long-term debt proceeds	-	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued interest payable	-	-
Change in Net Position of Governmental Activities	\$ 1,086,685	\$ 262,556

NOTES TO THE BASIC FINANCIAL STATEMENTS

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henrylyn Irrigation District (District) is a public or quasi-municipal corporation that was created by order of the Board of County Commissioners of Weld County, Colorado, on October 7, 1907. The District was organized pursuant to a petition of the landowners setting forth the boundaries of the District for the purpose of providing for the irrigation and drainage work necessary to maintain the irrigability of the land within the District and to purchase, acquire, lease or rent such ditches, canals and reservoirs and their franchises.

The financial statements of the Henrylyn Irrigation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities.

Reporting Entity

The District is a primary government that has a separately elected governing board and is legally separate, as well as financially independent of other state and local governments. The primary government may appoint a simple majority of the organization's governing board or have the ability to impose its will on the organization. A component unit may be a financial benefit or burden to the primary government and which is a legally separate organization of which the elected officials of the primary government are financially accountable. The District does not have any component units.

New Accounting Pronouncements

GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This statement is the companion statement to GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No 75 enhances accountability and transparency through new and revised note disclosures and required supplementary information (RSI). The District has no OPEB plans, therefore, for year ended December 31, 2018 implementation had no impact to the District's financial statements.

GASB Statement No 85, *Omnibus 2017*. This statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District has no component units, goodwill, fair value measurements, or postemployment benefits, therefore, for year ended December 31, 2018 implementation had no impact to the District's financial statements.

Basic Financial Statements

Government-Wide Financial Statements are presented on an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. Government-wide financial statements consist of Statement of Net Position and Statement of Activities. The Statement of Net Position includes all assets, deferred outflow of resources, liabilities, and deferred inflows of resources.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period which they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal year.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution are adopted by the District in accordance with the Colorado State Statutes. The budget for the Operating Fund is prepared on a basis consistent with generally accepted accounting principles, except that loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or about September 20, the District staff submits to the District Board a proposed operating budget for the fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments. Prior to November 1, the District certifies the number of acres of land subject to assessment for the budget year and certifies the levy per acre to the Board of County Commissioners.
- Prior to December 31, the budget is legally adopted by the District. Colorado law requires that the Operating Fund have a legally adopted budget and total expenditures cannot exceed the amount appropriated. Appropriations lapse at the end of the fiscal year, but appropriations may be increased prior to the end of the fiscal year provided that the increase is offset by unanticipated resources.

Encumbrances

Encumbrances are commitments under purchase orders, contracts, and other commitments (as opposed to expenditures) and are shown in the governmental fund types as a designated portion of fund balance for subsequent fiscal year's expenditures.

Compensated Absences

Employees are granted vacation time in varying amounts depending upon the length of continuous service the employee has given the District. Vacation time cannot be accumulated from one anniversary year to another anniversary year. (Anniversary year commences on the date of employment). There is no policy for sick pay.

Cash and Cash Equivalents

For purposes of the basic financial statements, the District considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

Investments

Investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments. See Note 3 for further discussion.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The District records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During years ended December 31, 2018 and 2017, no interest was capitalized. The District's capitalization level is \$500 for capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Distribution system	25 to 50
Buildings and improvements	20
Office equipment and furnishings	5 to 10
Operation and maintenance equipment	5 to 10
Vehicles	5 to 10
Computer equipment	3 to 5

As a result of the implementation of Statement No. 34, the District is accounting for infrastructure and capital assets on its financial statements. The government-wide financial statements include those assets that were completed during the fiscal year-end, considered construction in progress or purchased or constructed in prior years.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets include the debt reserves amounts required by the State of Colorado Water Conservation Board (CWCB) loan. See Note 5 for further discussion on the CWCB loan.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. (1) Nonspendable fund balance cannot be spent because of its form. (2) Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. (3) Committed fund balance is a limitation imposed by the District's board through approval of resolutions. (4) Assigned fund balance is a limitation imposed by a designee of the District's board. (5) Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposed for which amounts in any of those unrestricted fund balance classifications can be used.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Article X, Section 20, of the Colorado Constitution contains several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes that it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In September, 1998, according to the District's lawyer, the District has been held to be exempt from the provisions of Colorado Amendment #1 (TABOR) - Colorado Constitution Article X, Section 20, by the Colorado Supreme Court in Case No. 97 SA 303, Campbell vs. Orchard Mesa Irrigation District: Taxpayer Bill of Rights (Amendment One). The opinion states that in answer to a certified question an irrigation district formed pursuant to Colorado Statute is a public corporation that exercises limited public powers, that is to provide ways and means of supplying water to lands for the benefit of landowners within the district. But "that we hold that an irrigation district is not a 'district' for purposes of Article X, Section 20 of the Colorado Constitution because it is not a local government entity thereunder".

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash 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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

Total cash deposits at December 31, 2018 and 2017 were as follows:

	2018	2017
Cash on hand and Cash with Weld County Treasurer	\$ -	\$ 55
Cash in Checking	121,373	98,226
Cash in Savings	-	4,258,697
Total Cash Deposits	\$ 121,373	\$ 4,356,978

The State Regulatory Commissions for banks are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

THE HENRYLYN IRRIGATION DISTRICT*Notes to the Basic Financial Statements*

December 31, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)**Investments (continued)**

The District has the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level:				
US Treasury Bond/Note	\$ -	\$ -	\$ -	\$ -
Federal Agency Obligations	-	-	-	-
Equities	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	-
Investments measured at Amortized Cost:				
Certificates of Deposit				-
Money market sweep account				4,952,351
Total Investments				\$ 4,952,351

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using discounted cash flow techniques or valued using consensus pricing.

Maturities of investments at December 31, 2018 were as follows:

	Investment Maturities in Years				Total
	Less than 1	1 to 5	6 to 10	More than 10	
Certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair value	-	-	-	-	-
Investments at amortized cost	4,952,351	-	-	-	4,952,351
Total Investments	\$ 4,952,351	\$ -	\$ -	\$ -	\$ 4,952,351

The District's policy is to hold investments until maturity.

Custodial Credit Risk is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investment (or related collateral securities that are held by an outside party). The District had no custodial credit risk for its investments at December 31, 2018 and 2017.

Credit Risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The District's investment policy follows Colorado Revised State Statutes.

Interest Rate Risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The District can minimize the interest rate risk of its investments by holding the investment until maturity.

THE HENRYLYN IRRIGATION DISTRICT*Notes to the Basic Financial Statements*

December 31, 2018

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)**Investments (continued)**

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District has no such policy limiting how much can be with one financial institution due to the Colorado Public Deposit Protection Act (PDPA).

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The District has no policy for foreign currency risk.

Summary

Total cash deposits and investments at December 31, 2018 and 2017 are as follows:

	2018	2017
Cash deposits	\$ 121,373	\$ 4,356,978
Investments	4,952,351	277,132
Total Cash Deposits and Investments	5,073,724	4,634,110
Less: restricted debt reserve	(78,678)	(277,132)
Total Cash Deposits and Investments - unrestricted	\$ 4,995,046	\$ 4,356,978

Investment Income

	2018	2017
Interest income	\$ 7,160	\$ 7,677
Dividend income	64,425	-
Net increase (decrease) in the fair value of investments	-	-
Total Investment Income	\$ 71,585	\$ 7,677

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next. This figure will vary year to year depending on the fair market value of the investments at year end and is not a budgetary item.

Calculation of net increase (decrease) in fair value of investments is as follows:

	2018	2017
Fair value at end of year	\$ -	\$ -
Less: Fair value at beginning of prior year	-	-
Less: Fair value at beginning of year	-	-
Add: Cost basis of investment sold	-	-
Net increase (decrease) in Fair Value	\$ -	\$ -

THE HENRYLYN IRRIGATION DISTRICT*Notes to the Basic Financial Statements*

December 31, 2018

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets as of December 31, 2018:

Governmental Activities	Beginning			Ending
Non-Depreciable Assets:	Balance	Additions	Retirements	Balance
Water stocks	\$ 71,500	\$ -	\$ -	\$ 71,500
Depreciable Assets:				
Irrigation system	11,583,924	50,148	-	11,634,072
Rights of way	40,074	-	-	40,074
Buildings and improvements	1,081,075	-	-	1,081,075
Equipment	1,699,457	44,863	(30,959)	1,713,361
Furniture and fixtures	26,993	-	-	26,993
Construction in progress	-	1,299,386	-	1,299,386
Totals at Historical Cost	14,503,023	1,394,397	(30,959)	15,866,461
Less: Accumulated Depreciation for:				
Irrigation system	(5,965,914)	(188,950)	-	(6,154,864)
Rights of way	(40,074)	-	-	(40,074)
Buildings and improvements	(59,265)	(27,160)	-	(86,425)
Equipment	(980,722)	(167,459)	30,959	(1,117,222)
Furniture and fixtures	(14,758)	(3,142)	-	(17,900)
Total Accumulated Depreciation	(7,060,733)	(386,711)	30,959	(7,416,485)
Capital Assets - Net	\$ 7,442,290	\$ 1,007,686	\$ -	\$ 8,449,976

Depreciation expense was charged to governmental functions as follows:

Administration and general	\$ 386,711
Total Depreciation Expense	\$ 386,711

NOTE 5 – LONG-TERM DEBT**Note Payable - State of Colorado**

The State of Colorado Water Conservation Board pursuant to the provisions of 37-60-119, Colorado Revised Statutes, 1973, as amended, loaned to the District money in the principal amount of \$2,967,279 (including the 1% loan service charge) to rehabilitate the upslope of the Prospect dam to increase both the erosion protection and the stability of the dam. As a requirement for this loan, the District must maintain a loan reserve fund. The loan bears interest at the rate of 1.75% and is to be repaid in 30 annual installments of \$78,667. The balance due to the State of Colorado Water Conservation Board (CWCB) as of December 31, 2018 and 2017 is \$1,632,222 and \$1,681,474, respectively.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Changes in Long Term Debt

	12/31/2017	Additions	Reductions	12/31/2018	Due Within One Year
Note Pay - State of Colo	\$ -	\$ -	\$ -	\$ -	\$ -
Note Pay - State of Colo	1,681,474	-	(49,252)	1,632,222	50,113
Totals	\$ 1,681,474	\$ -	\$ (49,252)	\$ 1,632,222	\$ 50,113

NOTE 6 - DEBT SERVICE REQUIREMENTS

Summary of debt service requirements - Annual principal and interest to maturity:

Year	State of Colorado		Total		Annual Principal & Interest
	Principal	Interest	Principal	Interest	
2019	50,113	28,564	50,113	28,564	78,677
2020	50,990	27,687	50,990	27,687	78,677
2021	51,883	26,794	51,883	26,794	78,677
2022	52,791	25,886	52,791	25,886	78,677
2023	53,715	24,962	53,715	24,962	78,677
5yr	259,492	133,893	259,492	133,893	393,385
2024	54,655	24,022	54,655	24,022	78,677
2025	55,611	23,066	55,611	23,066	78,677
2026	56,584	22,093	56,584	22,093	78,677
2027	57,575	21,102	57,575	21,102	78,677
2028	58,582	20,095	58,582	20,095	78,677
10yr	283,007	110,378	283,007	110,378	393,385
2029	59,607	19,070	59,607	19,070	78,677
2030	60,650	18,027	60,650	18,027	78,677
2031	61,712	16,965	61,712	16,965	78,677
2032	62,792	15,885	62,792	15,885	78,677
2033	63,891	14,786	63,891	14,786	78,677
15yr	308,652	84,733	308,652	84,733	393,385
2034	65,009	13,668	65,009	13,668	78,677
2035	66,146	12,531	66,146	12,531	78,677
2036	67,304	11,373	67,304	11,373	78,677
2037	68,482	10,195	68,482	10,195	78,677
2038	69,680	8,997	69,680	8,997	78,677
20yr	336,621	56,764	336,621	56,764	393,385
2039	70,899	7,778	70,899	7,778	78,677
2040	72,140	6,537	72,140	6,537	78,677
2041	73,403	5,274	73,403	5,274	78,677
2042	74,687	3,990	74,687	3,990	78,677
2043	75,994	2,683	75,994	2,683	78,677
25yr	367,123	26,262	367,123	26,262	393,385
2044	77,327	1,394	77,327	1,394	78,721
2045	-	-	-	-	-
2046	-	-	-	-	-
2047	-	-	-	-	-
2048	-	-	-	-	-
30yr	77,327	1,394	77,327	1,394	78,721
Total	\$ 1,632,222	\$ 413,424	\$ 1,632,222	\$ 413,424	\$ 2,045,646

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 7 - ASSESSMENTS

Water assessments are assessed on a per acre basis. The per acre amount is determined in the prior year for budgeting purposes, and the assessments are made and collected in the year in which water is to be delivered. Although the amount is measurable in the prior year, the revenue is not available until the current year, when water is delivered.

The 2018 fiscal year assessments calendar is as follows:

Lien Date	January 1, 2018
Assessment Date	November 1, 2017
Assessment bills mailed	January 1, 2018
First installment due	February 28, 2018
Second installment due	June 15, 2018
If paid in full, due	April 30, 2018
Tax sale - delinquent assessments	November 15, 2018

As of December 31, 2018, and 2017 there were no delinquent assessments or uncollected assessments.

NOTE 8 - LIABILITY INSURANCE FOR CANALS OR RESERVOIRS

The District has been held to be a public entity, subject to protection from the Governmental Immunity Act. Therefore, any tort actions for damages resulting from the operation of the District, its canals or reservoirs, would be subject to a maximum judgment amount of \$150,000 for any one person and \$400,000 for any single occurrence.

On November 5, 1985, the District adopted a resolution which shall indemnify any employee, landowner, officer or member of the Board of Directors of the Henrylyn Irrigation District in the event such employee, landowner, officer or member of the Board of Directors is determined to be liable for any damage arising from leakage or overflow of waters from any reservoir or canal of the District, or any damage arising from floods caused by breaking of the embankments of any reservoir or canal of the District, unless it is also determined that the act or omission of such employee, landowner, officer or member of the Board of Directors of the District was dishonest, fraudulent, malicious or criminal. This resolution was passed by a special election held on December 3, 1985.

NOTE 9 - FARMERS GUN CLUB AGREEMENT

On October 1, 2016, the District entered into another agreement with the Farmers Gun Club for exclusive use for the hunting and recreational rights and the Farmers Gun Club agrees to pay the District annual payments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$ 160,950	2021	\$ 186,585
2017	\$ 165,779	2022	\$ 192,183
2018	\$ 170,752	2023	\$ 197,948
2019	\$ 175,874	2024	\$ 203,887
2020	\$ 181,151	2025	\$ 210,003

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 10 - CITY OF THORNTON - EXCHANGE AGREEMENT

On July 18, 1985, an agreement was made between the District and the City of Thornton which granted the City of Thornton the first right to use up to 100 cubic feet a second of the excess capacity in the Main Burlington Ditch. Upon execution of the agreement, the District received \$125,000.

In addition, each and every year within 20 days of receipt thereof from the District, the City of Thornton is to pay the District a sum equal to 15% of the amount charged by Farmers Reservoir and Irrigation Company to the District as the District's share of the operation and maintenance expenses for the Burlington Ditch and O'Brian Canal, from the headgate on the South Platte River to Barr Lake. The sum is not to exceed \$5,000 per year.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and subcontractors; and natural disasters. As indicated in Note 8, the District is held to be a public entity and subject to protection from the Governmental Immunity Act and subject to maximum judgments. The District purchases commercial insurance for most risks of loss. As of December 31, 2018, and 2017, the District did not have any liabilities in excess of insurance limits. Claims have not exceeded insurance coverage in the prior three years.

NOTE 12 - CONTINGENCIES

In the opinion of the District's management and counsel, there is no material pending or threatened litigation, claims, and assessments. Furthermore, the District's management and counsel are unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed as of December 31, 2018 and 2017.

NOTE 13 - OFFER TO PURCHASE 5,000 ACRE-FOOT WATER SUPPLY (5K WATER)

On July 18, 2000, the District, the Farmers Reservoir & Irrigation Company ("FRICO"), and the Burlington Ditch, Reservoir & Land Company (Burlington) collectively (the "Companies") received an offer from the South Adams Water and Sanitation District ("SACWSD") to purchase a permanent municipal water supply. SACWSD offered to purchase 5,000 acre-feet of fully consumable water at \$12,000 per acre-foot from the Companies, which fully consumable water the Companies are legally entitled to receive from the Denver Water Board ("Denver") pursuant to a previous water rights litigation Settlement Agreement in case no. 1996 CW 145 – Water Division I.

The directors from all three entities (Henrylyn, FRICO and Burlington) negotiated and executed a Stock Purchase Agreement ("5K Agreement") with SACWSD, dated December 5, 2001, which agreement was presented to the entities (Henrylyn, FRICO and Burlington) for final approval.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 13 - OFFER TO PURCHASE 5,000 ACRE-FOOT WATER SUPPLY (5K WATER) (CONTINUED)

On December 4, 2001, the District held an election with a Special Question requesting District landowner approval of the 5K Agreement, this Special Question passed by a majority vote. During 2001, FRICO and Burlington shareholders also approved the 5K Agreement.

Pursuant to previous agreements with FRICO and Burlington, the District is entitled to receive one-third of all net revenues realized from the 5K Agreement. Payment is structured over time as stated in the 5K Agreement, which is available at the District's office in Keenesburg, Colorado.

An initial purchase of 500-acre feet of fully consumable water "as is/where is" pursuant to the 5K Agreement closed on April 12, 2002, with the District receiving one third of \$3.5 million dollars, or \$1,166,667.

This initial purchase of 500-acre feet of fully consumable water by SACWSD from the Companies under the 5K Agreement was reviewed by the Water Court, State Engineer and Division Engineer for final approval in case no. 2002 CW 105A – Water Division I.

The Companies negotiated an Amended Stock Purchase Agreement ("Amended 5K Agreement") with SACWSD dated September 8, 2006 which Amended 5K Agreement provided for the direct delivery of the 5,000-acre feet of fully consumable water from Denver to SACWSD, obviating the necessity of the Companies pursuing a water court application to approve any exchange of the 5K fully consumable water. The Water Court for Water Division I entered its Decree in case no. 2002 CW 105A – Water Division I on December 19, 2006 approving the exchange of FRICO's Barr Lake storage water right with the District's Horse Creek and Prospect Reservoirs storage water rights.

The District received \$499,333 and \$416,066 of 5K Agreement money in 2018 and 2017, respectively.

NOTE 14 – MUTUAL WATER CARRIAGE AND STORAGE AGREEMENT

On October 16, 2002, the District, the Farmers Reservoir & Irrigation Company ("FRICO"), and the Burlington Ditch, Reservoir & Land Company ("Burlington") entered into a Mutual Water Carriage and Storage Agreement with Silver Peaks Metropolitan District No. 1 ("Silver Peaks").

This agreement was originally a requirement of the 5K Water Agreement (See Note 13) that required the companies to acquire, construct and maintain water diversion and storage facilities necessary to exchange up to 5,000-acre feet of the Companies' decreed water rights for a like amount of fully consumable water to be delivered to the Companies from Denver. The Amended 5K Agreement executed on September 8, 2006 provided for the direct delivery of the 5,000-acre feet of fully consumable water from Denver to SACWSD, obviating the necessity of the Companies pursuing a water court application to approve any exchange of the 5K fully consumable water.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2018

NOTE 14 – MUTUAL WATER CARRIAGE AND STORAGE AGREEMENT (CONTINUED)

These Agreements, together with companion operating and maintenance agreements, condominium declarations, and corresponding option rights, provide the Companies with 2,000 acre feet of storage in the Brannon Reservoir, a lined gravel pit at 124th Avenue and Brighton Road, and an undivided one-half interest in a diversion structure from the South Platte River, a pump plant from the river through the Brannon Reservoir and a 36” pipeline from the Brannon Reservoir to the Burlington-O’Brian Canal. Notwithstanding that these facilities are no longer required to facilitate an exchange of the 5K fully consumable water, the Companies have agreed to own and utilize these facilities for their joint purposes in the future.

NOTE 15 – POST-EMPLOYMENT BENEFITS

On August 5, 2003, the District adopted a Separation Benefit available to all qualifying full-time employees of the District who were employed as of June 1, 2003 or are hereafter employed by the District. This benefit shall be applicable to all qualifying full-time employees of the District, not including independent contractors or retained professionals, irrespective of the reason for such qualified employee’s respective separation of employment from the District.

To qualify for this Separation Benefit, the full-time employee shall have been continuously employed by the District for not less than five (5) years. Upon separation of employment after not less than five (5) years of service, a qualified employee shall be entitled to an additional compensation benefit calculated as equal to one week’s salary, as of date of separation, for each full completed year of service.

If the Separation Benefit payable exceeds the amount a qualified employee’s then existing weekly wage would have been at date of separation for a period of thirteen (13) weeks, then the benefit payable shall be made in regular quarterly installments, commencing within one (1) quarter after separation and continuing quarterly thereafter until paid in full.

Regular deduction for payroll taxes, social security, medicare and other mandated withholdings shall apply to the payment of any Separation Benefit payable.

As of December 31, 2018, and 2017, the Separation Benefit payable was \$98,981 and \$97,553, respectively.

NOTE 16 – ECONOMICS DEPENDENCY

The past water years were universally recognized in Colorado as some of the driest years on record in the last 300 years.

NOTE 17 – SUBSEQUENT EVENTS

The District has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through April 23, 2019, the date on which the financial statements were issued, and did not identify any event or transaction that would have a material impact on the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

THE HENRYLYN IRRIGATION DISTRICT

Schedule of Revenues

Budget to Actual - Operating Fund

Year Ended December 31, 2018

With Comparative Actual Amounts For the Year Ended December 31, 2017

Non-GAAP Budgetary Basis	2018				2017 Actual
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:					
Operating Revenues:					
Assessments:					
Assessments - current	\$ 585,991	\$ 585,991	\$ 582,491	\$ (3,500)	\$ 582,056
Prior year assessments	-	-	5,959	5,959	869
Total Assessments	585,991	585,991	588,450	2,459	582,925
Other Operating Revenues:	-	-	-	-	-
Total Operating Revenues	585,991	585,991	588,450	2,459	582,925
Miscellaneous Revenues:					
Augmentation water - Central					
Colorado Water Conservancy District	1,000	1,000	27,746	26,746	1,000
5K Water Agreement	496,560	496,560	499,333	2,773	416,066
Sale of water	285,000	285,000	1,550,155	1,265,155	983,603
Maintenance reimbursements	1,716	1,716	1,716	-	1,716
Lease - Farmers Gun Club	170,752	170,752	170,752	-	165,779
Lease - Oil & gas	8,000	8,000	-	(8,000)	97,091
Rentals	5,000	5,000	-	(5,000)	300
Permits	20,000	20,000	428,533	408,533	262,000
Proceeds from sale of assets	10,000	10,000	23,545	13,545	213,734
Oil royalties	6,000	6,000	18,536	12,536	5,860
Other income	15,000	15,000	12,605	(2,395)	23,234
Loan proceeds	-	-	-	-	-
Total Miscellaneous Revenues	1,019,028	1,019,028	2,732,921	1,713,893	2,170,383
Investment Income:					
Interest income	3,000	3,000	7,160	4,160	7,677
Dividend income	-	-	64,425	64,425	-
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Total Investment Income	3,000	3,000	71,585	68,585	7,677
Total Revenues	\$ 1,608,019	\$ 1,608,019	\$ 3,392,956	\$ 1,784,937	\$ 2,760,985

THE HENRYLYN IRRIGATION DISTRICT

Schedule of Expenditures

Budget to Actual - Operating Fund

Year Ended December 31, 2018

With Comparative Actual Amounts For the Year Ended December 31, 2017

Non-GAAP Budgetary Basis	2018				2017 Actual
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	
Expenditures:					
Administrative and General:					
Canal and Reservoir expenses:					
O'Brian Canal	\$ 300,000	\$ 300,000	\$ 140,749	\$ 159,251	\$ 124,247
Denver Hudson Canal	100,000	100,000	60,000	40,000	-
Other Laterals:					
Repairs and maintenance	100,000	100,000	56,759	43,241	48,884
Horsecreek Reservoir:					
Electricity	6,000	6,000	3,890	2,110	3,155
Repairs and maintenance - house	-	-	-	-	-
Repairs and maintenance - dike	100,000	100,000	7,822	92,178	123,702
Prospect Reservoir:					
Electricity	3,000	3,000	2,259	741	2,156
Repairs and maintenance - dike	20,000	20,000	15,973	4,027	5
Lord Reservoir	5,000	5,000	1,404	3,596	122
Office salaries	500,000	500,000	480,587	19,413	470,110
Office expenses	35,000	35,000	22,916	12,084	23,650
Other labor	2,000	2,000	-	2,000	-
Materials and supplies	20,000	20,000	7,780	12,220	9,818
Director salaries	7,200	7,200	7,200	-	7,200
Payroll taxes	40,000	40,000	38,644	1,356	37,476
Employee group insurance	90,000	90,000	103,621	(13,621)	81,027
Employee benefit programs	25,000	25,000	10,000	15,000	20,000
Equipment costs:					
Repairs and maintenance	30,000	30,000	28,979	1,021	36,377
Gas and oil	40,000	40,000	47,341	(7,341)	39,614
Vehicle licenses	6,500	6,500	6,671	(171)	6,467
Water assessments	18,639	18,639	21,339	(2,700)	18,639
Water leases	25,000	25,000	113,005	(88,005)	-
Engineering	200,000	200,000	191,018	8,982	127,206
Audit	9,500	9,500	9,975	(475)	9,975
Legal	300,000	300,000	351,339	(51,339)	558,030
Professional services	-	-	18,281	(18,281)	70,700
Insurance and bonds	60,000	60,000	67,143	(7,143)	64,253
County Treasurer's fee	100	100	100	-	100
Weed control	40,000	40,000	23,737	16,263	26,237
Other expenses	50,000	50,000	52,041	(2,041)	28,129
Crop damages	5,000	5,000	-	5,000	-
Total Administrative and General	2,137,939	2,137,939	1,890,573	247,366	1,937,279
Capital Outlay	700,000	1,200,000	1,394,397	(194,397)	1,009,779
Debt Service:					
Principal payments on debt	49,252	49,252	49,252	-	48,404
Interest paid	29,426	29,426	28,987	439	29,841
Total Debt Service	78,678	78,678	78,239	439	78,245
Total Expenditures	\$ 2,916,617	\$ 3,416,617	\$ 3,363,209	\$ 53,408	\$ 3,025,303

THE HENRYLYN IRRIGATION DISTRICT

Reconciliation of Budgetary Basis to GAAP Basis

Budget to Actual - Operating Fund

Year Ended December 31, 2018

With Comparative Actual Amounts For the Year Ended December 31, 2017

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Non-GAAP Budgetary Basis					
Revenues:					
Operating revenues	\$ 585,991	\$ 585,991	\$ 588,450	\$ 2,459	\$ 582,925
Miscellaneous revenues	1,019,028	1,019,028	2,732,921	1,713,893	2,170,383
Investment income	3,000	3,000	71,585	68,585	7,677
Total Revenues	1,608,019	1,608,019	3,392,956	1,784,937	2,760,985
Expenditures:					
Administrative and general	2,137,939	2,137,939	1,890,573	247,366	1,937,279
Capital outlay	700,000	1,200,000	1,394,397	(194,397)	1,009,779
Debt service	78,678	78,678	78,239	439	78,245
Total Expenditures	2,916,617	3,416,617	3,363,209	53,408	3,025,303
Excess (Deficiency) of Revenues over Expenditures	\$ (1,308,598)	\$ (1,808,598)	29,747	\$ 1,838,345	(264,318)
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			1,394,397		1,009,779
Capital assets sold			-		(190,257)
Depreciation expense			(386,711)		(341,052)
Long-term debt payments			49,252		48,404
Long-term debt proceeds			-		-
Net Change in Net Position			\$ 1,086,685		\$ 262,556