

The North Sterling Irrigation District

Financial Statements

For the Year ended December 31, 2018

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Independent Auditors' Report

Board of Directors
The North Sterling Irrigation District
Sterling, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Sterling Irrigation District (the District), as of and for the year 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 on 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 District as of December 31, 2018, and the respective changes in financial position for the year 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 listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 26, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the North Sterling Irrigation District's (District) annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2018.

FINANCIAL HIGHLIGHTS

- The District remains in good financial condition.
- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of 2018 by \$2,704,698. Of this amount \$286,618 or 11% is unrestricted and may be used to meet the District's ongoing obligations to landowners and creditors.
- During the year, the District's revenue from taxes and other revenues for governmental programs were greater than the expenditures by \$63,489.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the District's assets and liabilities, with the difference between the two 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 related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the District are as follows:

- **Governmental activities.** All of the District's basic services are included here, such as the District's Maintenance and Operation of the Reservoir and Associated Facilities, Recharge/Augmentation program, as well as general administration. Lease of recharge water, well fees, and pumping fees finance the Recharge/Augmentation program.

The government-wide financial statements can be found starting on page 8 of this report.

Fund Financial Statements

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. Some funds are required to be established by State law, however, the District's Board has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (General Fund and the Capital Reserve Fund). Both of the funds of the District are governmental funds.

Governmental funds. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$2,704,698 at the close of 2018.

Net Position

Combined net position of the District as of December 31, 2018 is shown in Table 1 below.

**Table 1
NET POSITION**

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 1,052,990	\$ 1,320,955
Capital assets	<u>3,135,705</u>	<u>2,824,138</u>
Total assets	<u>\$ 4,188,695</u>	<u>\$ 4,145,093</u>
Current liabilities	\$ 22,776	\$ 33,353
Long-term liabilities	<u>765,633</u>	<u>815,860</u>
Total liabilities	788,409	849,213
Deferred property tax revenues	695,588	654,671
Net position		
Net investment in capital assets	2,370,072	2,008,278
Restricted for debt service	48,008	41,150
Unrestricted	<u>286,618</u>	<u>591,781</u>
Total net position	<u>2,704,698</u>	<u>2,641,209</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,188,695</u>	<u>\$ 4,145,093</u>

The largest portion of the District's net position, 87% reflect its investment in capital assets. This is a result of the District owning a 74,590 acre-foot reservoir with 130 miles of canal and all associated structures and facilities. 2% represents restricted net position, while the remaining balance, 11%, is unrestricted net position which represents resources that may be used to meet the District's ongoing obligations to its landowners and creditors.

At the end of 2018, the District is able to report positive balances in all categories of net position.

Changes in net position

The District's total revenue of \$991,726 was greater than program expenses of \$928,237 for an increase in net position of \$63,489.

**Table 2
CHANGES IN NET POSITION**

	<u>2018</u>	<u>2017</u>
Program revenues		
Charges for services	\$ 175,527	\$ 243,971
General revenues		
Property taxes	658,608	632,404
Other revenues	109,934	55,276
Investment earnings	6,164	4,775
Sale of assets	<u>41,493</u>	<u>5,984</u>
 Total revenues	 991,726	 942,410
 Program expenses		
Maintenance and operations	542,514	588,253
General and administrative	190,920	185,942
Depreciation and interest	<u>194,803</u>	<u>151,058</u>
 Total expenses	 <u>928,237</u>	 <u>925,253</u>
 Change in net position	 63,489	 17,157
 Net position at beginning of year	 <u>2,641,209</u>	 <u>2,624,052</u>
 Net position at end of year	 <u>\$ 2,704,698</u>	 <u>\$ 2,641,209</u>

Governmental Activities

Revenue for the District's governmental activities totaled \$991,726 for 2018. Tax revenue produced 66% of these revenues. Tax revenue includes property taxes, both current and delinquent, as well as interest.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$320,888. The general fund and the capital reserve fund reported fund balances of \$70,888 and \$250,000 respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$78,795 below the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$3,135,705 (net of accumulated depreciation). This amount includes a broad range of capital assets, including land, dam, canals, buildings and improvements, equipment, furniture and fixtures, and transportation equipment.

The District remains committed to the upkeep and maintenance of the District's assets. More detailed information about the District's capital assets is presented in Table 3.

Table 3
CAPITAL ASSETS ON DECEMBER 31, 2018

Land	\$ 50,711
Buildings and improvements	169,373
Irrigation system	2,189,572
Maintenance equipment	520,438
Other equipment	2
Transportation equipment	<u>205,609</u>
Total	<u>\$ 3,135,705</u>

Long-term debt. The District's long-term debt consists of a note agreement with the Colorado Water Conservation Board in the amount of \$765,633 to provide funds for the renovation of the North Sterling Dam and Spillway.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is in a good financial position. In 2018, while oil field activity slowed and the need for water for drilling and hydraulic fracturing diminished, other activities such as pressure testing tanks and pipeline projects still required water and contributed to an influx of unbudgeted income to the District. With this influx and the sale of some equipment that was no longer used by the District, an anticipated draw on the Capital Reserve Fund in 2018 of \$300,000 to purchase a new D6T Caterpillar Dozer was only \$150,000 and the District also carried over approximately \$47,600 into 2019. This \$150,000 will be transferred back to the Capital Reserve Fund at a rate of \$50,000 per year unless funds come available through lower expenses or additional unexpected income, in which case the reserve fund will be replenished sooner. In 2019 it is anticipated that the 2017 agreement between the voluntary subset of District landowners called Point of Rocks Water Company II LLC and BNN Energy will bring approximately \$30,000 in income to the District. This, along with the District's 2005 deal with Public Service Company, will help to keep the District financially strong. The District's board of Directors did, however, vote to increase the District's levy from \$16/acre to \$17/acre for 2019 in order to keep up with the ever increasing costs of operating and maintaining the irrigation system. The District's budget for 2019 is for ordinary maintenance and operation with no major projects expected in the near future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our landowners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the North Sterling Irrigation District, 112 North 8th Avenue, Sterling, Colorado 80751.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Net Position
December 31, 2018

	Governmental Activities
<hr/>	
Assets	
Cash	\$ 44,192
Investments	217,411
Receivables	719,592
Prepaid item	23,787
Restricted investments	48,008
Capital assets, net of depreciation	<u>3,135,705</u>
Total assets	<u>\$ 4,188,695</u>
Liabilities	
Accounts payable	\$ 12,727
Accrued interest payable	10,049
Noncurrent liabilities	
Due within one year	51,356
Due in more than one year	<u>714,277</u>
Total liabilities	788,409
Deferred inflows of resources	
Deferred property tax revenues	<u>695,588</u>
Total deferred inflows of resources	695,588
Net position	
Net investment in capital assets	2,370,072
Restricted for debt service	48,008
Unrestricted	<u>286,618</u>
Total net position	<u>2,704,698</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,188,695</u>

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

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Activities
December 31, 2018

	<u>Governmental Activities</u>
Expenses	
Water conservancy	
Maintenance and operations	\$ 542,514
General and administrative	190,920
Depreciation and amortization	177,106
Interest and fiscal charges	17,697
	<u>928,237</u>
Total program expenses	928,237
Revenues	
Program revenues	
Charges for services	175,527
General revenues	
Property taxes	658,608
Investment earnings	6,164
Miscellaneous	109,934
Sale of assets	41,493
	<u>816,199</u>
Total general revenues	816,199
Total revenues	<u>991,726</u>
Change in net position	63,489
Net position at beginning of year	<u>2,641,209</u>
Net position at end of year	<u><u>\$ 2,704,698</u></u>

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

THE NORTH STERLING IRRIGATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Capital Reserve Fund	Total Governmental Funds
Assets			
Cash	\$ 44,192		\$ 44,192
Investments	15,419	\$ 201,992	217,411
Other receivables	24,004		24,004
Property taxes receivable	695,588		695,588
Restricted investments		48,008	48,008
Total assets	\$ 779,203	\$ 250,000	\$ 1,029,203
Liabilities			
Accounts payable	\$ 12,727		\$ 12,727
Total liabilities	12,727	\$ -	12,727
Deferred inflows of resources			
Deferred property tax revenues	695,588		695,588
Total deferred inflows of resources	695,588	-	695,588
Fund balance			
Restricted for debt service		48,008	48,008
Committed to capital needs		201,992	201,992
Unassigned	70,888		70,888
Total fund balance	70,888	250,000	320,888
Total liabilities, deferred inflows of resources and fund balance	\$ 779,203	\$ 250,000	\$ 1,029,203

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

THE NORTH STERLING IRRIGATION DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 320,888
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	3,135,705
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(765,633)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,049)
In the statement of activities, insurance (an operating expense) is measured by the amount incurred during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amount actually paid).	<u>23,787</u>
Net position of the governmental activities	<u><u>\$ 2,704,698</u></u>

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

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Capital Reserve Fund	Total Governmental Funds
Revenues			
Taxes	\$ 658,608		\$ 658,608
Miscellaneous	254,474		254,474
Earnings on investments	540	\$ 5,624	6,164
Total revenues	913,622	5,624	919,246
Expenditures			
Current			
Maintenance and operations	569,275		569,275
General and administrative	193,680		193,680
Capital outlay	470,942		470,942
Debt service			
Principal	50,226		50,226
Interest and fiscal charges	18,357		18,357
Total expenditures	1,302,480	-	1,302,480
Excess of revenues over (under) expenditures	(388,858)	5,624	(383,234)
Other financing sources (uses)			
Sale of assets	81,510		81,510
Transfers in	155,624		155,624
Transfers out		(155,624)	(155,624)
Total other financing sources (uses)	237,134	(155,624)	81,510
Net change in fund balances	(151,724)	(150,000)	(301,724)
Fund balance at beginning of year	222,612	400,000	622,612
Fund balance at end of year	\$ 70,888	\$ 250,000	\$ 320,888

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

THE NORTH STERLING IRRIGATION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	\$ (301,724)
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	345,626
Repayment of principal on note and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	50,227
In the statement of activities, the net gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(34,059)
In the statement of activities, certain expenses are measured by the amount incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid).	<u>3,419</u>
Change in net position of governmental activities	<u>\$ 63,489</u>

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of The North Sterling Irrigation District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local 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.

A.1 – Reporting entity

The North Sterling Irrigation District is a special district governed by an elected three-member board. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and augmentation fees. Expenditures include all costs associated with the daily operation of the District.

Capital Reserve Fund – This fund is a special revenue fund used to account for the earnings on investments that the governing body has set aside for future capital needs.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds, if applicable.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements (where applicable) but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Augmentation fees, which are billed shortly after year-end, may or may not be received within the sixty day period. These fees are expected to be collected within the sixty day period, and thus are recognized as revenues in the current period, even if receipt is delayed.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 - Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balances.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Property taxes

Ad valorem (according to value) property tax revenue is recognized in compliance with National Council on Governmental Accounting (NCGA) Interpretation 3 “Revenue Recognition—Property Taxes.” This interpretation states that property tax revenue is recorded when it becomes available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

The District does not accrue revenue from property taxes or other tax sources. These taxes are recorded as revenue at the time of receipt since they are not susceptible to accrual because they are measurable but not available. Property taxes which are measurable but not available, and hence not susceptible to accrual, are recorded as an asset on the balance sheet of the fund entitled to such taxes under the heading “Property Taxes Receivable” with an equal amount of “Deferred Property Tax Revenue” recorded as deferred inflows of resources. This method of reporting the ensuing year’s property taxes is considered preferable in order to disclose property taxes to be received from the adoption of the ensuing year’s budget.

The District’s property taxes, levied by December 1 on assessed valuation as of the preceding January 1, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, 2) one-half on or before February 28 and the remaining one-half on or before June 15.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10 – 50 years
Irrigation system	75 years
Furniture and fixtures	10 years
Maintenance equipment	10 – 15 years
Transportation equipment	10 years

A.9 – Compensated absences

Annual leave

The District has adopted personnel policies that provide for annual leave for permanent employees based on the following schedule:

1 st year of employment	5 days
2 nd through 4 th year of employment	10 days
5 th year of employment and beyond	12 days

Upon termination of employment with the District, any unused annual leave up to twelve days will be paid to the employee. No liability is shown on the financial statements due to the immateriality of the amounts involved.

Sick leave

Sick leave is earned only by permanent employees at a rate of six days annually. There is no limit as to the number of days an employee may accumulate, but no benefits will be payable to the employee upon termination of employment with the District.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A.11 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.12 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.13 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of directors (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of directors through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$55,561, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Investments with a maturity of more than five years must be authorized by the board of directors.

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2018, the District had invested \$265,419 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the District had the following investments:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-10	11-20
Investment in Colotrust	\$ 265,419	\$ 265,419	\$ -	\$ -

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Receivables
Property taxes receivable	\$ 695,588
Other receivables	24,004
Total	\$ 719,592

Note D – Interfund transactions

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

	Transfers In	Transfers Out
<u>Governmental funds</u>		
General Fund	\$ 155,624	\$ -
Capital Reserve Fund	-	155,624
Total	\$ 155,624	\$ 155,624

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District annually transfers investment earnings from the Capital Reserve Fund to the General Fund to provide support for maintenance and operations, and to meet capital asset needs. The District transferred an additional \$150,000 to help fund capital acquisitions.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 50,711	\$ -	\$ -	\$ 50,711
Total capital assets, not being depreciated	50,711	-	-	50,711
Capital assets, being depreciated:				
Buildings and improvements	271,442	20,473	-	291,915
Irrigation system	4,369,670	31,317	-	4,400,987
Furniture and fixtures	9,025	-	-	9,025
Maintenance equipment	800,226	367,233	(166,243)	1,001,216
Other equipment	8,853	-	-	8,853
Transportation equipment	<u>226,202</u>	<u>103,709</u>	<u>(46,444)</u>	<u>283,467</u>
Total capital assets, being depreciated	<u>5,685,418</u>	<u>522,732</u>	<u>(212,687)</u>	<u>5,995,463</u>
Total capital assets	5,736,129	522,732	(212,687)	6,046,174
Less accumulated depreciation for:				
Buildings and improvements	(113,082)	(9,460)	-	(122,542)
Irrigation system	(2,152,874)	(58,541)	-	(2,211,415)
Furniture and fixtures	(9,025)	-	-	(9,025)
Maintenance equipment	(564,797)	(82,224)	166,243	(480,778)
Other equipment	(8,851)	-	-	(8,851)
Transportation equipment	<u>(63,362)</u>	<u>(26,881)</u>	<u>12,385</u>	<u>(77,858)</u>
Total accumulated depreciation	<u>(2,911,991)</u>	<u>(177,106)</u>	<u>178,628</u>	<u>(2,910,469)</u>
Governmental activities capital assets, net	<u>\$ 2,824,138</u>	<u>\$ 345,626</u>	<u>\$ (34,059)</u>	<u>\$ 3,135,705</u>

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note F - Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Note payable	\$ 815,860	\$ -	\$ (50,227)	\$ 765,633	\$ 51,356

Note payable

CWCB Note -- The District has entered into a \$1,094,840 note agreement with the Colorado Water Conservation Board (CWCB) dated September 3, 2009, due in annual installments of \$68,583. The agreement provides for the disbursement of funds at the District's request to facilitate the renovation of the North Sterling Dam and Spillway. The note bears interest of 2.25% per annum and is for a period of 20 years. Principal and interest shall be payable in equal loan payments, with the first payment due and payable one year from the payment initiation date (the date the CWCB determines that the project is substantially complete), and annually thereafter. The project was complete in 2011, with the first annual payment submitted in 2012.

The note agreement requires the District to establish and maintain a debt service reserve account, with a deposit being required in an amount equal to one-tenth of an annual payment on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this note. Currently, \$48,008 has been included in "restricted investments" on the statement of net position.

The following schedule represents the District's debt service requirements to maturity for the outstanding note payable at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 51,356	\$ 17,227	\$ 68,583
2020	52,512	16,071	68,583
2021	53,693	14,890	68,583
2022	54,902	13,681	68,583
2023	56,137	12,446	68,583
2024-2028	300,207	42,708	342,915
2029-2031	<u>196,826</u>	<u>8,923</u>	<u>205,749</u>
Total	<u>\$ 765,633</u>	<u>\$ 125,946</u>	<u>\$ 891,579</u>

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note G – 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 natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitation may be required to be refunded unless the District voters decide to allow the District to retain the revenue. The District may be subject to the provisions of the TABOR Amendment. TABOR is complex and subject to judicial interpretation. The District considers itself to be a water activity enterprise and, in accordance with Colorado Revised Statutes 37-45.1-103, is excluded from the provisions of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Colorado Budget Law

Expenditures in the Capital Reserve Fund exceeded appropriations by \$154,424 which may be in violation of Colorado Local Government Budget Laws.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Capital Reserve Fund

THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 656,171	\$ 656,171	\$ 658,608	\$ 2,437
Miscellaneous	99,115	99,115	255,014	155,899
Total revenues	755,286	755,286	913,622	158,336
Expenditures				
Current				
Maintenance and operations	646,913	646,913	569,275	77,638
General and administrative	156,028	156,028	193,680	(37,652)
Capital outlay	450,695	450,695	470,942	(20,247)
Debt service				
Principal	50,226	50,226	50,226	-
Interest and fiscal charges	18,357	18,357	18,357	-
Total expenditures	1,322,219	1,322,219	1,302,480	19,739
Excess of revenues over (under) expenditures	(566,933)	(566,933)	(388,858)	178,075
Other financing sources				
Sale of assets	126,000	126,000	81,510	(44,490)
Transfers in	300,000	300,000	155,624	(144,376)
Total other financing sources	426,000	426,000	237,134	(188,866)
Net change in fund balance	\$ (140,933)	\$ (140,933)	(151,724)	\$ (10,791)
Fund balance at beginning of year			222,612	
Fund balance at end of year			\$ 70,888	

THE NORTH STERLING IRRIGATION DISTRICT
Capital Reserve Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 1,200	\$ 1,200	\$ 5,624	\$ 4,424
Expenditures				
Contingency reserve				-
Excess of revenues over expenditures	1,200	1,200	5,624	4,424
Other financing uses				
Transfers out	(1,200)	(1,200)	(155,624)	(154,424)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(150,000)	<u>\$ (150,000)</u>
Fund balance at beginning of year			<u>400,000</u>	
Fund balance at end of year			<u>\$ 250,000</u>	

THE NORTH STERLING IRRIGATION DISTRICT
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are adopted as required by Colorado Statutes. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts included in the financial statements are based on the final amended budget. After initial budget approval, the District's board of directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Expenditures may not legally exceed appropriations as adopted by resolution at the fund level.

On or before October 15, the executive director submits the proposed budget to the board of directors. A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments. Prior to December 15, the District must adopt the budget by formal resolution and certify the mill levies to the County Commissioners. On or before December 31, the District must enact a resolution making appropriations for the following calendar year.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures

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General Fund

General Fund – The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property taxes and augmentation fees. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements. It is adopted for the specified time period of January 1 to December 31, and all revenues and expenditures for the General Fund must be completed within the budget year.

THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 654,671	\$ 654,671	\$ 654,671	\$ -
Delinquent taxes and interest	1,500	1,500	3,937	2,437
Total taxes	656,171	656,171	658,608	2,437
Miscellaneous				
Earnings on investments	1,365	1,365	540	(825)
Pasture and house leases	12,500	12,500	12,990	490
Sale of recharge water	10,000	10,000	69,363	59,363
Augmentation fees	10,000	10,000	10,700	700
Point of rocks payment	65,000	65,000	64,989	(11)
Point of rocks II payment			9,485	9,485
Right of way crossing			8,000	8,000
Insurance proceeds			15,913	15,913
Reimbursements			58,316	58,316
Miscellaneous	250	250	4,718	4,468
Total miscellaneous	99,115	99,115	255,014	155,899
Sale of assets	126,000	126,000	81,510	(44,490)
Transfers in	300,000	300,000	155,624	(144,376)
Total revenues	<u>\$ 1,181,286</u>	<u>\$ 1,181,286</u>	<u>\$ 1,150,756</u>	<u>\$ (30,530)</u>

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THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Maintenance and operations				
Salaries	\$ 301,250	\$ 301,250	\$ 253,452	\$ 47,798
Mileage	600	600		600
Telephone	8,064	8,064	5,410	2,654
Utilities	5,856	5,856	5,184	672
Petroleum products	50,934	50,934	41,780	9,154
Equipment repairs	22,200	22,200	43,302	(21,102)
Building materials	17,672	17,672	33,760	(16,088)
Construction supplies	15,000	15,000	9,208	5,792
Weed and moss chemicals	147,400	147,400	162,735	(15,335)
Water control devices	2,480	2,480	3,622	(1,142)
Hardware and tools	2,500	2,500	2,180	320
Equipment hire	3,800	3,800	137	3,663
Miscellaneous	2,400	2,400	6,496	(4,096)
Recharge activities			2,009	(2,009)
Contingency reserve	66,757	66,757		66,757
Total maintenance and operations	646,913	646,913	569,275	77,638
General and administrative				
Director's salary and expenses	5,940	5,940	4,673	1,267
County treasurer's fees	100	100	100	-
Bond of secretary	100	100	100	-
Supplies			2,665	(2,665)
Salary of secretary	4,944	4,944	4,800	144
Salary of office help	18,540	18,540	18,450	90
Food and lodging	1,200	1,200	1,367	(167)
Office expense	8,180	8,180	2,482	5,698
Election expense	450	450	63	387
Audit fees	3,300	3,300	3,300	-
Attorney fees	5,000	5,000	2,990	2,010
Engineering fees			1,637	(1,637)
Lobbyist	5,000	5,000	35,912	(30,912)
Compensation insurance	10,282	10,282	22,645	(12,363)
Building and content insurance	2,988	2,988	3,344	(356)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Maintenance equipment insurance	4,022	4,022	6,072	(2,050)
Vehicle insurance	8,645	8,645	9,538	(893)
General liability insurance	18,400	18,400	16,727	1,673
Director's liability insurance	1,830	1,830	1,914	(84)
Health insurance	22,995	22,995	19,689	3,306
Payroll taxes	25,657	25,657	22,587	3,070
Employee benefits	6,455	6,455	5,534	921
Miscellaneous	2,000	2,000	7,091	(5,091)
Total general and administrative	156,028	156,028	193,680	(37,652)
Capital outlay	450,695	450,695	470,942	(20,247)
Debt service				
Principal	50,226	50,226	50,226	-
Interest and fiscal charges	18,357	18,357	18,357	-
Total debt service	68,583	68,583	68,583	-
Total expenditures	\$ 1,322,219	\$ 1,322,219	\$ 1,302,480	\$ 19,739