

Parkville Water District

(Leadville, Colorado)

Financial Statements

December 31, 2018 and 2017

PARKVILLE WATER DISTRICT
LEADVILLE, COLORADO
FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
Parkville Water District
Leadville, Colorado 80461

We have audited the accompanying financial statements of Parkville Water District (A Proprietary Fund), as of and for the years ended December 31, 2018 and December 31, 2017, and related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkville Water District (the District) as of and for the years ended December 31, 2018 and December 31, 2017 and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary Information

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

Other Information

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



Kenneth L. Olsen, CPA, PC
Leadville, Colorado
September 12, 2019

PARKVILLE WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parkville Water District (PWD), we offer readers of PWD's financial statements this narrative overview of the financial activities of PWD for the fiscal year ending December 31, 2018. We encourage readers to consider the information presented here in conjunction with PWD's financial statements and notes to the basic financial statements to enhance their understanding of PWD's financial performance.

FINANCIAL HIGHLIGHTS

- In 2018, the assets of PWD exceed its liabilities at the close of the 2018 fiscal year by \$6,820,904 (net position). Of this amount \$1,405,570 (unrestricted net position) may be used to meet PWD's ongoing obligations. In 2018, total assets increased \$604,333, while total liabilities increased \$120,501, resulting in total net position increasing \$483,832 or about 7.6% over the course of the year's operations.
- PWD's operating expenses increased in 2018 by \$139,090. General and administrative expenses increased by \$17,095 in 2018.
- Operating revenues increased by \$152,968 or 10% in 2018.
- Non-operating revenues and capital contributions increased by \$198,060 primarily due to an increase in grant income and tap fees.
- On November 12, 2015, PWD signed a contract with the Colorado Water Conservation Board (CWCB) in the amount of \$181,800 for Evans Reservoir Bypass Flume Replacement project. On June 9, 2016 Mountain Structures was awarded the bid for the project. The project was funded with a \$300,000 grant from the Arkansas Basin Round Table and the State Basin Roundtable, along with the \$181,800 loan from CWCB.
- In 2017, Mountain Structures was awarded the bid for the Mountain Lake project. The project was completed in 2017 with a total cost of \$378,428, including engineering and other costs. PWD funded the entire project.
- In 2018, Mountain Structures was awarded the bid for the Mountain Lake Spillway project. The project was completed in 2018 with a total cost of \$166,076, including engineering and other costs. The project was funded with a WSRF grant from the Colorado Department of Natural Resources. Colorado Water Conservation Board for \$73,495. The rest of the cost was funded by PWD.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS OF PWD

The most common financial question posed to PWD is “How did we do financially during 2018”. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about PWD’s activities in a way that will help answer this question.

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

NET POSITION

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

Table A-1
Condensed Statements of Net Position

	<u>FY2018</u>	<u>FY2017</u>	<u>FY 2016</u>
Current and Other Assets	\$1,619,029	\$1,250,338	\$1,335,639
Capital Assets	<u>\$6,556,396</u>	<u>\$6,320,754</u>	<u>\$5,953,637</u>
Total Assets	<u>\$8,175,425</u>	<u>\$7,571,092</u>	<u>\$7,289,276</u>
Liabilities	<u>\$1,354,521</u>	<u>\$1,234,020</u>	<u>\$1,300,958</u>
Total Liabilities	<u>\$1,354,521</u>	<u>\$1,234,020</u>	<u>\$1,300,958</u>
Invested in Capital Assets	\$5,272,368	\$5,142,688	\$4,709,474
Restricted Net Position	\$ 142,966	\$ 145,880	\$ 125,915
Unrestricted Net Position	<u>\$1,405,570</u>	<u>\$1,048,504</u>	<u>\$1,152,929</u>
Total Net Position	<u>\$6,820,904</u>	<u>\$6,337,072</u>	<u>\$5,988,318</u>

As can be seen from Table A-1 above, net position increased \$483,832 to \$6,820,904 in 2018 from \$6,337,072 in 2017. Changes in Net Position included a \$235,642 increase in capital assets, \$368,691 increase in current and other assets, and a \$120,501 increase in current and other liabilities.

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Operating Revenues	\$1,659,003	\$1,506,035	\$1,515,378
Non-operating Revenues	<u>\$ 187,461</u>	<u>\$ 62,341</u>	<u>\$ 102,278</u>
Total Revenues	<u>\$1,846,464</u>	<u>\$1,568,376</u>	<u>\$1,617,656</u>
Depreciation Expense	\$ 368,438	\$ 308,673	\$ 270,962
Operating Expense	\$ 506,409	\$ 367,319	\$ 459,060
General and Administrative Expense	<u>\$ 570,356</u>	<u>\$ 553,261</u>	<u>\$ 564,526</u>
Total Expenses	<u>\$1,445,203</u>	<u>\$1,229,253</u>	<u>\$1,294,548</u>
Income (Loss) Before Capital Contributions	<u>\$ 401,261</u>	<u>\$ 339,123</u>	<u>\$ 323,108</u>
Capital Contributions – Grant	<u>\$ 82,571</u>	<u>\$ 9,631</u>	<u>\$ 300,000</u>
Changes in Net Position	\$ 483,832	\$ 348,754	\$ 623,108
Beginning Net Position	<u>\$6,337,072</u>	<u>\$5,988,318</u>	<u>\$5,365,210</u>
Ending Net Position	<u>\$6,820,904</u>	<u>\$6,337,072</u>	<u>\$5,988,318</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position of \$483,832 resulted in the increase in net position in 2018.

PWD's operating revenues increased by \$152,968 to \$1,659,003 in 2018 due to a rate increase. In 2018, the non-operating revenues and capital contributions increased by \$198,060. This increase is primarily due to an increase in grant income and tap fees.

PWD's operating expenses increased in 2018 by \$139,090 and general and administrative expenses increased by \$17,095 in 2018.

BUDGETARY HIGHLIGHTS

PWD adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. A 2018 budget comparison and analysis is presented to the Board of Directors as interim financial statements.

A 2018 budget comparison and analysis is presented in Table A-3.

**Table A-3
Budget vs. Actual
FY 2018**

	<u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> Over and (Under)
Revenues			
From Operations	\$ 1,934,195	\$1,659,003	\$ (275,192)
Non-operating/loan proceeds	<u>\$ 1,092,200</u>	<u>\$ 444,622</u>	<u>\$ (647,578)</u>
Total Revenue	<u>\$ 3,026,395</u>	<u>\$2,103,625</u>	<u>\$ (922,770)</u>
Operating Expenses			
Source of Supply	\$ 15,000	\$ 3,227	\$ (11,773)
Power and Pumping	\$ 59,000	\$ 52,195	\$ (6,805)
Water Treatment	\$ 90,000	\$ 98,010	\$ 8,010
Transmission and Distribution	\$ 404,704	\$ 315,134	\$ (89,570)
Equipment Maintenance	\$ 37,500	\$ 37,843	\$ 343
Business Office	\$ 233,000	\$ 241,513	\$ 8,513
Employee Benefits	\$ 241,900	\$ 194,090	\$ (47,810)
Outside Services and Other	\$ 149,000	\$ 134,753	\$ (14,247)
Purchase of Property, Plant, and Equipment	<u>\$ 1,796,291</u>	<u>\$ 604,080</u>	<u>\$(1,192,211)</u>
Total Expenses	<u>\$ 3,026,395</u>	<u>\$1,680,845</u>	<u>\$ (1,345,550)</u>
Net Loss per Budgetary Basis	<u>\$ (0)</u>	<u>\$ 422,780</u>	<u>\$ (422,780)</u>

The revenue from operations was under budget by \$275,192. The expenses were under budget by \$1,345,550.

CAPITAL ASSETS

At the end of 2018, PWD had \$12,698,547 invested in capital assets as shown in Table A-4. At the end of 2017, PWD had \$12,102,316 invested in capital assets. The increase is due to \$116,556 in work orders and \$487,524 in direct purchases. There was a retirement of plant of \$7,849.

Table A-4
Capital Assets

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Source of Supply Plant	\$ 3,882,398	\$ 3,713,922	\$ 3,334,338
Pumping Plant	248,439	248,439	248,439
Water Treatment Plant	2,004,813	1,966,236	1,959,126
Transmission and Distribution Plant	4,707,792	4,539,079	4,291,085
General Plant	<u>1,855,105</u>	<u>1,634,640</u>	<u>1,594,158</u>
Sub-Total	\$12,698,547	\$12,102,316	\$11,427,146
Less Accumulated Depreciation	<u>\$ 6,142,151</u>	<u>\$ 5,781,562</u>	<u>\$ 5,473,509</u>
Net Property and Equipment	<u>\$ 6,556,396</u>	<u>\$ 6,320,754</u>	<u>\$ 5,953,637</u>

DEBT ADMINISTRATION

At December 31, 2012, PWD had a loan payable with Colorado Water Conservation Board (CWCB) for the Canterbury Tunnel Repair Project for \$1,026,371.44. The payments are \$59,355.16 annually for 30 years, beginning February 1, 2014. At December 31, 2018 the balance was \$927,251.

At December 31, 2015 PWD had a loan payable with First National Bank of Hugo for the purchase of an interest in 166 solar panels as well as “production capability” of specific solar photovoltaic panels located at the Lake County Solar Array @141 County Road 10, Leadville, Co for \$192,900. The amount of the loan was \$145,070. The payments are \$2692.41, monthly for five years, beginning March 1, 2015. At December 31, 2018 the balance was \$33,994.

At December 31, 2016 PWD had a loan payable with CWCB for the Evans Reservoir Bypass Flume Replacement Project for \$181,800. The payments are \$20,186.25 annually for ten years, beginning on December 1, 2017. At December 31, 2018 the balance was \$148,193.

At December 31, 2018 PWD had a lease purchase with CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader for \$174,590.41. The payments are \$2817.51 monthly for 6 years including principal and interest at the rate of 5.05%. At December 31, 2018 the balance was \$174,590.41.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

In 2018, a complete re-design and replacement of the spillway on the dam at Mountain Lake was the largest capital project of 2018. This project consisted of a new concrete control wall and a new relocated spillway ditch with rip rap armoring. The new structure adds to the safety and security of the 100-year-old dam. The total cost of the project was \$161,000 with \$75,000 assistance in the form of a CWCB Grant and the balance coming from Capital reserve.

A block of new water main was installed on Hemlock Street between East 11th and East 12th Street. This 8” water main replaced the existing 2” main and improved supply to the trailer court in this area as well as provide water for future development to the North. This project was a cooperative effort involving Parkville and the City of Leadville in a cost sharing arrangement.

Design and engineering were initiated on the Water Treatment Improvement Project. A \$25,000 Dola Grant assisted with design cost. This project will begin in October 2019 with an estimated total cost of \$2,000,000.

Because of the approximately 20% rate increase in 2018, the Parkville Board of Directors did not choose to raise rates or fees in 2019.

**Table A-5
Budget Rate History**

DISTRICT RATE HISTORY

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

PWD CONTACT INFORMATION

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

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

ASSETS	2018	2017
Current Assets		
Cash	1,227,958	845,880
Accounts Receivable	135,837	126,966
Other Receivables	1,814	599
Grant Receivable	1,188	-
Inventory	100,967	112,066
Prepaid Expenses	7,593	6,390
Other Investment	706	11,357
Deposits	-	1,200
Total Current Assets	<u>1,476,063</u>	<u>1,104,458</u>
Noncurrent Assets		
Restricted Assets		
Cash - Tabor Emergency Reserve	48,000	59,000
Cash - Debt Service	94,966	86,880
Total Restricted Assets	<u>142,966</u>	<u>145,880</u>
Capital Assets		
Property, Plant & Equipment		
Utility Plant in Service (Schedule 4)	12,698,547	12,102,316
Less Accumulated Depreciation & Amortization	(6,142,151)	(5,781,562)
Net Capital Assets	<u>6,556,396</u>	<u>6,320,754</u>
Total Noncurrent Assets	<u>6,699,362</u>	<u>6,466,634</u>
TOTAL ASSETS	\$ 8,175,425	\$ 7,571,092
LIABILITIES		
Current Liabilities		
Accounts Payable	22,547	12,056
Accrued Taxes and Expenses	4,006	739
Customers' Deposits	9,167	8,167
Interest Payable	34,773	34,992
Long Term Debt - Due in One Year	96,610	68,512
Total Current Liabilities	<u>167,103</u>	<u>124,466</u>
Noncurrent Liabilities		
Long Term Debt - Due After One Year	1,187,418	1,109,554
Total Noncurrent Liabilities	<u>1,187,418</u>	<u>1,109,554</u>
TOTAL LIABILITIES	1,354,521	1,234,020
NET POSITION		
Net Position		
Net Investment in Capital Assets	5,272,368	5,142,688
Restricted - Tabor Emergency Reserve	48,000	59,000
Restricted - Debt Service	94,966	86,880
Unrestricted	1,405,570	1,048,504
TOTAL NET POSITION	\$ 6,820,904	\$ 6,337,072

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

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

OPERATING REVENUE	2018	2017
Sales of Water		
Unmetered Sales to General Customers	2,029	2,370
Metered Residential	1,070,644	913,010
Metered Commercial	385,538	398,884
Standby Fees	63,016	32,795
Sales to Public Authorities	92,152	120,214
	<u>1,613,379</u>	<u>1,467,273</u>
Other Water Revenue		
Miscellaneous Service Revenue, Merchandising, Jobbing, Contract Work-net	45,624	38,762
Total Operating Revenue	<u>1,659,003</u>	<u>1,506,035</u>
OPERATING EXPENSES		
Operating Expenses (Schedule 2)	506,409	367,319
General & Administrative Expenses (Schedule 3)	570,356	553,261
Depreciation Expense (Schedule 5)	368,438	308,673
Total Operating Expenses	<u>1,445,203</u>	<u>1,229,253</u>
Net Operating Income (Loss)	<u>213,800</u>	<u>276,782</u>
NON-OPERATING REVENUE		
Gain (Loss) On Disposal of Capital Assets	3,000	0
Tap Fees	161,875	36,600
Interest on Investments	4,717	3,088
Other Non-Operating Revenue	17,869	22,653
Total Non-Operating Revenue	<u>187,461</u>	<u>62,341</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>401,261</u>	<u>339,123</u>
CAPITAL CONTRIBUTIONS		
Capital Contributions - Grant Income	82,571	9,631
Total Capital Contributions	<u>82,571</u>	<u>9,631</u>
CHANGES IN NET POSITION	483,832	348,754
NET POSITION AT BEGINNING OF YEAR	<u>6,337,072</u>	<u>5,988,318</u>
NET POSITION AT END OF YEAR	<u>\$ 6,820,904</u>	<u>\$ 6,337,072</u>

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	2018	2017
Cash Flows from Operating Activities:		
Cash Received from Customers	1,664,435	1,501,175
Cash (Paid) for Customer Deposits	1,000	1,000
Cash Payments to Suppliers for Goods & Services	(672,204)	(552,297)
Cash Payments to Employees for Services	(387,766)	(382,235)
Net Cash Provided by Operating Activities	605,465	567,643
Cash Flows from Non-Capital Financing Activities:		
Grant Income	0	0
Net Cash Provided by Non-Capital Financing Activities	0	0
Cash Flows from Capital & Related Financing Activities:		
Tap Fees Received	154,875	36,600
Loan Proceeds for Capital Assets	174,590	0
Acquisition & Construction of Capital Assets	(604,758)	(675,379)
Principal Paid on Loans	(68,628)	(66,097)
Other Non-Operating Revenue	17,869	22,653
Grant Income	81,383	9,631
Sale of Capital Asset	3,000	0
Net Cash Used for Capital & Related Financing Activities	(241,669)	(672,592)
Cash Flows from Investing Activities:		
Other Investments	10,651	(11,112)
Interest on Investments	4,717	3,088
Net Cash Provided by Investing Activities	15,368	(8,024)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	379,164	(112,973)
Cash and Cash Equivalents: Beginning of Year	991,760	1,104,733
Cash and Cash Equivalents: End of Year	\$ 1,370,924	\$ 991,760
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Operating Income (Loss)	213,800	276,782
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	368,438	308,673
Increase (Decrease) in Customer Deposits	1,000	1,000
(Increase) Decrease in Other Receivables	0	0
Increase (Decrease) in Accrued Taxes & Expenses, Interest	3,048	(814)
(Increase) Decrease in Prepaid Expenses	(1,203)	1,179
Increase (Decrease) in Accounts Payable	11,154	(1,438)
(Increase) Decrease in Inventory	11,099	(12,879)
(Increase) Decrease in Accounts Receivable	(1,871)	(4,860)
Total Adjustments	391,665	290,861
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 605,465	\$ 567,643

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

BASIS OF PRESENTATION

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

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

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

BASIS OF ACCOUNTING AND REVENUE RECOGNITION

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS & BUDGETARY ACCOUNTING

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

Modified Cash Basis Receipts	2,103,625
Less: Loss on Plant	0
Less: Unappropriated Fund Balance	0
Less: Loan Proceeds	(174,590)
Accrual Basis Revenues	\$ 1,929,035
Modified Cash Basis Expenditures	1,680,845
Add : Depreciation	368,438
Less: Plant Additions	(604,080)
Accrual Basis Expenses	\$ 1,445,203

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

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

STATEMENT OF CASH FLOWS

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

RECEIVABLES

Accounts receivable consists primarily of water user fees earned at December 31, 2018 and 2017.

INVENTORY

Inventory of pipe, fittings, and materials is valued at cost utilizing the first-in, first-out method. Inventory was determined based on a physical count at December 31, 2018 and 2017.

PREPAID ITEMS

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

COMPENSATED ABSENCES

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

As of December 31, 2018 and 2017, the District has an estimated unrecorded liability for accumulated sick pay of \$ 34,388 and \$ 34,044, respectively.

Since the sick pay accrues but does not vest, the liability has not been recorded in the financial statements. No liability for accrued vacation pay existed at December 31, 2018 and 2017.

OPERATING REVENUES & EXPENSES

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

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

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

REVENUE RECOGNITION

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

BAD DEBTS

Bad debts are recorded by the reserve method.

DEBT ISSUANCE COSTS

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

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

CONTRIBUTIONS-IN-AID OF CONSTRUCTION AND TAP FEES

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

NOTE 2 CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH

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

	2018	2017
Cash on Hand	\$ 300	\$ 300
Cash on Deposit in Financial Institutions	1,370,624	991,460
Total	\$ 1,370,924	\$ 991,760

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

	2018	2017
Cash and cash equivalents	\$ 1,227,958	\$ 845,880
Restricted cash	142,966	145,880
Total	\$ 1,370,924	\$ 991,760

DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Deposits in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institutions to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2

CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH (Continued)

DEPOSITS (CONTINUED)

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

RESTRICTED CASH

Restricted Cash – Tabor Emergency Reserve at December 31, 2018 and 2017 of \$ 48,000 and \$ 59,000, respectively, represents funds required under Amendment No. 1, the "Tabor Amendment" passed by Colorado voters in November 1992, for "emergency reserves" and may be utilized only for declared emergencies which exclude economic conditions, revenue shortfalls, and district salary and fringe benefit increases.

Restricted Cash – Debt Service at December 31, 2018 and 2017 of \$ 94,966 and \$ 86,880, respectively, represents funds required for the CWCB loans for pledged revenues and Debt Service reserve, See Note 5.

INVESTMENTS

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

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

INTEREST RATE RISK

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

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 **CAPITAL ASSETS**

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

NOTE 4 **LONG-TERM DEBT**

As of December 31, 2018 and 2017, the long-term debt of the District consisted of the following:

	2018	2017
<u>First National Bank of Hugo</u>		
Loan payable to First National Bank of Hugo for the purchase of a money interest in 166 solar panels as well as "production capability" (Solar Interest/Solar Output) of specific solar photovoltaic panels located at the Lake County Solar Array at 141 County Road 10, Leadville, Colorado. Purchase was dated January 30, 2015 for \$ 192,900. The loan amount was \$ 145,070, the loan is payable monthly beginning March 1, 2015, for five years in the amount of \$ 2,692.41, including principal and interest at the rate of 4.25%. The loan is also secured with the 2008 John Deere Backhoe and the 2012 Caterpillar Mini Excavator.	33,994	64,247
<u>Colorado Water Conservation Board (CWCB)</u>		
On January 12, 2012 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) with an original amount of \$ 1,838,200 for the Canterbury Tunnel Repair Project. Subsequently, the loan amount was reduced to \$ 1,026,371 on June 6, 2013. The loan is payable annually beginning February 1, 2014 for thirty years in the amount of \$ 59,355.16 including principal and interest at the rate of 4.00%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$ 33,940 and \$ 34,724 at December 31, 2018 and 2017 respectively.	927,251	948,660
<u>Colorado Water Conservation Board (CWCB)</u>		
On November 12, 2015 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) for a loan in the amount of \$181,800 for the Evans Reservoir Bypass Flume Replacement Project. The loan is payable annually beginning December 1, 2017 for ten years in the amount of \$ 20,186.25 including principal and interest at the rate of 1.95%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$241 and \$ 268 at December 31, 2018 and December 31, 2017 respectively.	148,193	165,159
<u>CAT Financial</u>		
Lease purchase to CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader. Purchase was dated October 11, 2018 for \$ 174,590.41. The lease purchase loan amount was \$174,590.41, the loan is payable monthly beginning January 6, 2019, for six years in the amount of \$ 2817.51, including principal and interest at the rate of 5.05%. The loan is secured with the Backhoe Loader. Accrued interest payable is \$592 at December 31, 2018.	174,590	-
<u>Total Long-term Debt</u>	<u>1,284,028</u>	<u>1,178,066</u>

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 **LONG-TERM DEBT** (Continued)

Changes in long-term debt

The following is a summary of change in long-term debt for the year ended December 31, 2018.

Type of Debt	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due in one year
First National Bank of Hugo	64,247	-	30,253	33,994	31,468
CWCB C150308	948,660	-	21,409	927,251	22,265
CWCB CT2016-2004	165,159	-	16,966	148,193	17,297
CAT Financial	-	174,590	-	174,590	25,580
Total Long-term Debt	<u>\$ 1,178,066</u>	<u>\$ 174,590</u>	<u>\$ 68,628</u>	<u>\$ 1,284,028</u>	<u>\$ 96,610</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for the long-term debt, as of December 31, 2018, are as follows:

	Principal	Interest	Total
2019	96,610	49,050	145,660
2020	70,217	45,669	115,886
2021	70,352	42,999	113,351
2022	73,128	40,223	113,351
2023	76,025	37,326	113,351
2024-2028	237,762	153,240	391,002
2029-2033	178,510	118,266	296,776
2034-2038	217,185	79,591	296,776
2039-2043	264,239	32,537	296,776
	<u>\$ 1,284,028</u>	<u>\$ 598,901</u>	<u>\$ 1,882,929</u>

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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

The computation of the 2018 CWCB C150308 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,659,003
Total Non-Operating Revenue	187,461
Revenue as defined by loan rate covenant	<u>\$ 1,846,464</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,445,203
Amount of debt service required for 2019	59,355
Debt service reserve required for 2019	5,936
Less: Depreciation	<u>(368,438)</u>
Net revenue required under loan rate covenant	<u>\$ 1,142,056</u>

The rate covenant requirement was met for 2018.

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 59,355.16 or \$ 5,935.52 on the due date of its first annual payment date of February 1, 2014 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2018 and December 31, 2017, the reserve accounts were properly funded.

The computation of the 2018 CWCB CT2016-2004 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,659,003
Total Non-Operating Revenue	187,461
Revenue as defined by loan rate covenant	<u>\$ 1,846,464</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,445,203
Amount of debt service required for 2019	20,186
Debt service reserve required for 2019	2,019
Less: Depreciation	<u>(368,438)</u>
Net revenue required under loan rate covenant	<u>\$ 1,098,970</u>

The rate covenant requirement was met for 2018.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 20,186.25 or \$ 2,018.63 on the due date of its first annual payment date of December 1, 2017 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2018 and December 31, 2017, the reserve account was properly funded.

NOTE 6 NET POSITION

Net position is classified in the following categories:

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

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

Pursuant to Amendment No 1 to the Colorado Constitution passed by voters in Colorado in November 1992, the Board of Directors of Parkville Water District designated the retained earnings as of December 31, 1992 in the amount of \$ 1,509,640 as "reserve increases" which, in the opinion of the District, will not be considered current year's spending in future years under the revenue limitations imposed by Amendment No 1. At December 31, 2018 and 2017, the Board of Directors designated \$ 1,066,988 and \$ 664,661, respectively for future capital expenditures.

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

NOTE 7 RENTAL INCOME

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8

PENSION PLANS

DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN)

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

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

The District's total payroll for 2018 and 2017 was \$ 444,247 and \$ 419,254, respectively. The District's contributions were calculated using the eligible base salary amount of \$ 341,590 for 2018 and \$ 349,372 for 2017. The total cost to the District in 2018 and 2017 was \$ 27,498 and \$ 28,124, respectively excluding administration fees.

DEFERRED COMPENSATION PLAN

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

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

NOTE 9

RISK MANAGEMENT

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

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 CONTINGENCIES

Parkville Water District has been the recipient of federal and state grants in prior years. These grant funds are subject to audit by grantor agencies. Management of the District believes that any disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2018 and 2017.

Amendment No 1 referred to in Note 6 contains certain restrictions on revenue and spending limits which may impose the need to refund excess revenue in excess of these limits to customers of the District in subsequent years via direct payments and/or fee reductions. In the opinion of the District, any such refunds will not have a material effect on any of the financial statements included herein or on the overall financial position of the District at December 31, 2018 and 2017. In November 2000, voters approved Referendum 5C which allows the District to collect and retain whatever amounts are received annually without the restriction of Amendment No 1.

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

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

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

NOTE 11 GRANTS

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

In 2018, Parkville Water District was awarded a WSRF Grant from the Colorado Department of Natural Resources, Colorado Water Conservation Board for the Mountain Lake Spillway Rehabilitation Project. The grant was for \$ 73,495. The District provided 30% of the project in matching funds. The project was completed in 2018 and funds were received.

In 2018, Parkville Water District was awarded a grant from the State of Colorado Department of Local Affairs for a maximum of \$ 25,000. The grant was for Parkville Water District Water Treatment Improvement Planning. The District was to provide at least 67% of the project costs. The project was completed in 2018 and Parkville received \$ 9,076.

NOTE 12 RELATED PARTY TRANSACTIONS

On December 8, 2011 the District passed a Resolution to provide for the District to enter into a water lease agreement with a company owned by a member of the Board of Directors. The Resolution provides that "The authority granted by this resolution is limited to entering a lease that expires January 1, 2015". At December 31, 2018 no water lease had been executed. The Lease was renewed on January 1, 2015. The lease expired January 1, 2018.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 13

SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 12, 2019, the date that the financial statements were available to be issued. At that time there were no material subsequent events that require recognition or additional disclosure.

PARKVILLE WATER DISTRICT

OTHER SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2018 AND 2017

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF REVENUE & EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018
(PREPARED ON THE MODIFIED CASH BASIS ACCOUNTING METHOD)

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUE				
Sales of Water:				
Unmetered	100	100	2,029	1,929
Metered Residential	1,287,117	1,287,117	1,070,644	(216,473)
Metered Commercial	457,728	457,728	385,538	(72,190)
Standby Fees	-	-	63,016	63,016
Sales to Public Authorities	152,250	152,250	92,152	(60,098)
Other Revenue:				
Miscellaneous Service Revenue, Merchandising, jobbing, etc.	37,000	37,000	45,624	8,624
Interest on investments	3,200	3,200	4,717	1,517
Tap Fees	77,000	77,000	161,875	84,875
Other Non-Operating Revenue	12,000	12,000	20,869	8,869
Grant Income/Loan Proceeds	1,000,000	1,000,000	257,161	(742,839)
Unappropriated Funds	-	-	-	-
TOTAL REVENUE	\$ 3,026,395	\$ 3,026,395	\$ 2,103,625	\$ (922,770)
EXPENDITURES				
Source of Supply	15,000	15,000	3,227	(11,773)
Power & Pumping	59,000	59,000	52,195	(6,805)
Water Treatment	90,000	90,000	98,010	8,010
Transmission & Distribution	404,704	404,704	315,134	(89,570)
Equipment Maintenance	37,500	37,500	37,843	343
Business Office	233,000	233,000	241,513	8,513
Employee Benefits	241,900	241,900	194,090	(47,810)
Outside Services & Other	149,000	149,000	134,753	(14,247)
Purchase of Property, Plant, & Equipment	1,796,291	1,796,291	604,080	(1,192,211)
TOTAL EXPENDITURES	\$ 3,026,395	\$ 3,026,395	\$ 1,680,845	\$ (1,345,550)

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Source of Supply		
Labor	0	0
Supplies & Expense	3,227	1,906
	<u>3,227</u>	<u>1,906</u>
Power & Pumping		
Power	50,056	41,190
Supplies	2,139	601
	<u>52,195</u>	<u>41,791</u>
Water Treatment		
Labor	1,244	2,300
Power	11,897	11,192
Chemicals	42,035	39,492
Telephone	8,557	5,816
Supplies	18,096	8,703
Tests & Licenses	16,181	9,074
	<u>98,010</u>	<u>76,577</u>
Transmission & Distribution		
Labor	182,344	168,074
Power	1,880	1,761
Supplies	130,910	47,929
	<u>315,134</u>	<u>217,764</u>
Equipment Maintenance		
Fuel & Fluids	12,091	10,188
Truck Maintenance	10,227	3,254
Backhoe Maintenance	6,418	12,404
Small Tools	5,923	2,660
Supplies	3,184	775
	<u>37,843</u>	<u>29,281</u>
TOTAL OPERATING EXPENSES	\$ 506,409	\$ 367,319

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Business Office		
Labor	75,893	74,382
Power	7,363	7,071
Telephone	1,457	1,700
Supplies	6,490	4,853
Meter Reading	0	0
Computer Supplies & Service	30,733	20,906
Supervisory Labor	91,869	91,869
Postage	8,962	9,452
Safety	18,746	11,518
	<u>241,513</u>	<u>221,751</u>
Employee Benefits		
Sick Pay	3,003	4,365
Holiday Pay	14,302	14,957
Vacation Pay	19,111	26,288
Unemployment Insurance	1,269	1,183
FICA and Medicare	32,352	30,315
Pension Plan	28,848	29,290
Workmen's Compensation	8,009	9,705
Health Insurance	84,262	93,031
Other Benefits	2,934	1,599
	<u>194,090</u>	<u>210,733</u>
Outside Service & Other		
Legal	30,544	6,178
Engineering	970	0
Accounting and Other Professional Services	15,880	26,315
Other Services	9,252	8,325
Interest Expense	43,138	44,973
Liability, Vehicle, & Casualty Insurance	28,687	28,486
Director Fees	6,100	6,500
Bad Debt	182	0
	<u>134,753</u>	<u>120,777</u>
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	<u>\$ 570,356</u>	<u>\$ 553,261</u>

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF UTILITY PLANT IN SERVICE
DECEMBER 31, 2018

	Beginning 1/1/2018	Work Orders	Direct Purchase	Retirement	Ending 12/31/2018
SOURCE OF SUPPLY PLANT					
Organization	27,877				27,877
Land and Land Rights	59,818		4,000		63,818
Structures & Improvements	2,277,335		2,400		2,279,735
Collection & Reservoirs	899,365		162,076		1,061,441
Lake, River, Other Intakes	26,504				26,504
Supply Mains	219,201				219,201
Wells & Mains	127,511				127,511
Water Rights	76,311				76,311
TOTAL	3,713,922	0	168,476	0	3,882,398
PUMPING PLANT					
Land & Construction in Progress	525				525
Structures & Improvements	44,861				44,861
Electric Pumping Equipment	193,147				193,147
Other Pumping Equipment	8,615				8,615
New Mains	1,291				1,291
TOTAL	248,439	0	0	0	248,439
WATER TREATMENT PLANT					
Land & Land Rights	16,733				16,733
Structures & Improvements	1,677,485		38,577		1,716,062
Water Treatment Equipment	184,218				184,218
Filter Media	87,800				87,800
TOTAL	1,966,236	0	38,577	0	2,004,813
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	3,322				3,322
Structure & Improvements	3,160				3,160
Distribution, Reservoir & Stand Pipe	104,772				104,772
Transmission & Distribution Mains	2,083,370	75,640	32,763		2,191,773
Services	1,286,668	30,352		(697)	1,316,323
Meters	439,549				439,549
Hydrants	525,170	10,564		(152)	535,582
Other	93,068		20,243		113,311
TOTAL	4,539,079	116,556	53,006	(849)	4,707,792
GENERAL PLANT					
Land & Land Rights	59,181				59,181
Structures & Improvements	633,326		16,184		649,510
Office Equipment	45,256		17,050		62,306
Transportation Equipment	239,484		1,998		241,482
Tools, Shop, Garage Equipment	160,394		13,904	(7,000)	167,298
Power Operated Equipment	477,893		174,590		652,483
Computer Equipment	19,106		3,739		22,845
TOTAL	1,634,640	0	227,465	(7,000)	1,855,105
GRAND TOTALS	\$ 12,102,316	\$ 116,556	\$ 487,524	\$ (7,849)	\$ 12,698,547

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2018

	Rates	Beginning 1/1/2018	Retirements	Provision	Ending 12/31/2018
SOURCE OF SUPPLY PLANT					
Organization	3.0%	27,875		0	27,875
Land and Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	256,143		56,963	313,106
Collection & Reservoirs	2.5%	228,758		24,510	253,268
Lake, River, Other Intakes	2.5%	17,387		663	18,050
Supply Mains	2.5%	219,202		0	219,202
Wells & Mains	2.5%	108,296		3,188	111,484
Water Rights	0.0%	0		0	0
TOTAL		857,661	0	85,324	942,985
PUMPING PLANT					
Land & Construction in Progress	0.0%	0		0	0
Structures & Improvements	2.5%	17,782		1,122	18,904
Electric Pumping Equipment	2.5%	62,066		4,829	66,895
Other Pumping Equipment	2.5%	5,999		215	6,214
New Mains	2.5%	1,288		0	1,288
TOTAL		87,135	0	6,166	93,301
WATER TREATMENT PLANT					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	1,391,380		42,419	1,433,799
Water Treatment Equipment	2.5%	64,230		4,606	68,836
Filter Media	5.0%	72,435		4,390	76,825
TOTAL		1,528,045	0	51,415	1,579,460
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	0.0%	0		0	0
Structure & Improvements	2.5%	3,160		0	3,160
Distribution, Reservoir & Stand Pipe	2.5%	76,698		2,619	79,317
Transmission & Distribution Mains	2.5%	1,361,946		53,439	1,415,385
Services	2.5%	555,160	(697)	32,537	587,000
Meters	2.5%	32,187		10,989	43,176
Hydrants	2.5%	194,367	(152)	13,259	207,474
Other	2.5%	35,995		2,580	38,575
TOTAL		2,259,513	(849)	115,423	2,374,087
GENERAL PLANT					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	135,519		16,035	151,554
Office Equipment	15.0%	45,256		8,067	53,323
Transportation Equipment	10.0%	228,380		13,104	241,484
Tools, Shop, Garage Equipment	10.0%	143,055		16,385	159,440
Power Operated Equipment	10.0%	477,893	(7,000)	56,519	527,412
Computer Equipment	15.0%	19,105		0	19,105
TOTAL		1,049,208	(7,000)	110,110	1,152,318
GRAND TOTALS		\$ 5,781,562	\$ (7,849)	\$ 368,438	\$ 6,142,151

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