

Middle Park Water Conservancy District

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2018 and 2017

Middle Park Water Conservancy District

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middle Park Water Conservancy District
Grand County, Colorado

We have audited the accompanying financial statements of Middle Park Water Conservancy District (the District), as of and for the years ended December 31, 2018 and 2017, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 Middle Park Water Conservancy District, as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof 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 on pages 1 through 4 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 management's discussion and analysis 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 supplemental information as listed in the table of contents is presented for purposes of additional analysis and legal requirements, and is not a required part of the basic financial statements. The supplemental 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 8, 2019

Management's Discussion and Analysis

The discussion and analysis of Middle Park Water Conservancy District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,119,460 (net position). Of this amount, \$1,114,760 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$64,738 from the prior fiscal year.
- Operating revenues increased \$32,103, or approximately 20%, from the prior year.
- Operating expenses decreased \$8,442, or approximately 3%, due primarily to decreases in water related expenses.

Overview of the Financial Statements

The Middle Park Water Conservancy District basic financial statements included in this report are those of a special purpose government engaged in a business-type activity. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, and liabilities and deferred inflows 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 Revenues, Expenses and Changes in Net Position* 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic and fund financial statements.

Supplemental Information.

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. Middle Park Water Conservancy District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Middle Park Water Conservancy District maintains a single enterprise fund to account for water services.

Middle Park Water Conservancy District adopts an annual appropriated budget for the enterprise fund. A budgetary comparison statement has been provided in the supplemental information to demonstrate compliance with the budget.

Unlike the basic financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Middle Park Water Conservancy District, assets exceeded liabilities and deferred inflows by \$1,119,460 at the close of the most recent fiscal year.

Middle Park Water Conservancy District		
Net position		
	<u>2018</u>	<u>2017</u>
Assets		
Current assets	\$ 1,261,590	\$ 1,199,250
Total Assets	<u>1,261,590</u>	<u>1,199,250</u>
Liabilities and deferred inflows of resources		
Current liabilities	1,599	5,549
Deferred inflows of resources	<u>140,531</u>	<u>138,979</u>
Total Liabilities and deferred inflows of resources	<u>142,130</u>	<u>144,528</u>
Net position		
Restricted for emergency reserve	4,700	4,200
Unrestricted	<u>1,114,760</u>	<u>1,050,522</u>
Total Net position	<u>\$ 1,119,460</u>	<u>\$ 1,054,722</u>

Current assets of the District consist of cash and cash equivalents of \$1,111,380, including investments of \$791,746 as of December 31, 2018. After liquidation of current liabilities and deferred inflows of \$142,130, the unrestricted net position of \$1,114,760 is available to be used to meet the government's ongoing obligations to its citizens and creditors.

Middle Park Water Conservancy District		
Changes in Net Position		
	<u>2018</u>	<u>2017</u>
Operating revenues		
Water sales	\$ 192,224	\$ 160,121
Non-operating revenues		
Property and specific ownership tax, net	140,381	130,728
Interest earnings	<u>15,888</u>	<u>8,106</u>
Total Revenues	<u>348,493</u>	<u>298,955</u>
Operating expenses		
Counsel fees and operating expenses	198,032	218,757
Engineering expenses	67,589	57,697
Other operating expenses	<u>18,134</u>	<u>15,743</u>
Total Expenses	<u>283,755</u>	<u>292,197</u>
Change in Net Position	64,738	6,758
Net Position-Beginning	<u>1,054,722</u>	<u>1,047,964</u>
Net Position-Ending	<u>\$ 1,119,460</u>	<u>\$ 1,054,722</u>

Enterprise Fund Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions after notification and publication requirements. No changes were made to the original approved budget for 2018.

Due to a higher number of water contracts in 2018 than originally anticipated, water sales were higher from the budgeted amount by \$32,224.

Capital Asset and Debt Administration

Capital assets. The Middle Park Water Conservancy District has no investment in capital assets.

Long-term debts. The Middle Park Water Conservancy District had no long-term debts outstanding as of December 31, 2018 and 2017.

Economic Factors and Next Year's Budget

- Growth within the District is anticipated to continue at a modest pace, with water sales at approximately the historic average.
- The District's legal counsel continues to monitor water supply and water rights, and maintain working relationships with other interested parties.
- The 2019 budget includes a carryover of anticipated expenses for continued water rights leasing and costs related to the Windy Gap Firming Project, the Colorado River Basin negotiations and the Denver Moffat Firming Project.
- Travel is anticipated related to CWC, NWRA, seminars and Special Projects.

Requests for Information

This financial report is designed to provide a general overview of Middle Park Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Counsel, Kent Whitmer, Middle Park Conservancy District, P.O. Box 38, Hot Sulphur Springs, Colorado 80451.

Middle Park Water Conservancy District

STATEMENTS OF NET POSITION

December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT OPERATING ASSETS		
Cash and investments	\$ 1,111,380	\$ 1,042,832
Prepaid expenses	9,679	17,439
Property taxes receivable	140,531	138,979
Total assets	1,261,590	1,199,250
LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	1,599	5,549
Total liabilities	1,599	5,549
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	140,531	138,979
Total deferred inflows of resources	140,531	138,979
NET POSITION		
Restricted for emergencies	4,700	4,200
Unrestricted	1,114,760	1,050,522
Total net position	1,119,460	1,054,722
Total liabilities, deferred inflows of resources, and net position	\$ 1,261,590	\$ 1,199,250

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the years ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUE		
Water sales and other service revenue	\$ 192,224	\$ 160,121
Total operating revenues	192,224	160,121
OPERATING EXPENSES		
Insurance, director expenses and travel	13,084	9,869
Counsel fees and operating expenses	198,032	218,757
Engineering expenses	67,589	57,697
Dues	1,400	2,374
Audit	3,650	3,500
Total operating expenses	283,755	292,197
OPERATING (LOSS)	(91,531)	(132,076)
NON-OPERATING REVENUES		
General property taxes, net of treasurer fees	132,076	123,385
Specific ownership taxes	8,305	7,343
Other interest earnings	15,888	8,106
Total non-operating revenues	156,269	138,834
CHANGE IN NET POSITION	64,738	6,758
NET POSITION - Beginning of year	1,054,722	1,047,964
NET POSITION - End of year	\$ 1,119,460	\$ 1,054,722

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 192,224	\$ 160,121
Cash paid to suppliers	<u>(279,945)</u>	<u>(296,478)</u>
Net cash used by operating activities	<u>(87,721)</u>	<u>(136,357)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from property and specific ownership taxes	<u>140,381</u>	<u>130,728</u>
Net cash provided by noncapital financing activities	<u>140,381</u>	<u>130,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>15,888</u>	<u>8,106</u>
Net cash provided by investment activities	<u>15,888</u>	<u>8,106</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,548	2,477
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,042,832</u>	<u>1,040,355</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 1,111,380</u></u>	<u><u>\$ 1,042,832</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	<u>\$ (91,531)</u>	<u>\$ (132,076)</u>
Adjustments to reconcile operating loss to net cash used by operating activities		
Change in assets and liabilities		
(Increase) decrease in prepaid expenses	7,760	(349)
Increase (decrease) in accounts payable	<u>(3,950)</u>	<u>(3,932)</u>
Total adjustments	<u>3,810</u>	<u>(4,281)</u>
Net cash used by operating activities	<u><u>\$ (87,721)</u></u>	<u><u>\$ (136,357)</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Note 1 – Reporting entity and summary of significant accounting policies

Nature of activity

Middle Park Water Conservancy District is a quasi-municipal corporation and political subdivision of the State of Colorado. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries.

Reporting entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Summary of significant accounting policies

The following is a summary of the more significant accounting policies of the District:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District follows Governmental Accounting Standards Board pronouncements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees, inclusion fees, and contributed assets from developers are recorded as capital contributions when received or collectible.

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges

Middle Park Water Conservancy District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2018 and 2017**

to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets, when applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contribution.

Cash equivalents

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Property taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December and are payable in the following year. Taxes levied in December and collectable in the following year are recorded as deferred inflows of resources at December 31.

Property tax revenues are recognized when they are paid to the District by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue at the time remitted to the District by the County Treasurer. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable.

Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the District in the subsequent month.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

Estimates

The presentation 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.

Note 2 – Cash, cash equivalents and investments

Cash and investments as of December 31, 2018 and 2017 consists of the following:

	2018	2017
Deposits with financial institutions	\$ 319,634	\$ 266,497
Investment in CSAFE (see below)	791,746	776,335
Total cash and investments	<u>\$ 1,111,380</u>	<u>\$ 1,042,832</u>

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2018 and 2017

At December 31, 2018 and 2017, the District's cash deposits had bank balances of \$324,456 and \$278,039, respectively, and carrying balances of \$319,634 and \$266,497, respectively.

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2018 and 2017, the federal insurance limits were \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2018 and 2017, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

CSAFE

The District invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2018 and 2017

Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investment in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 3 – Net position

The District's net position may consist of three components – net investment in capital assets, restricted, and unrestricted. The District has no investment in capital assets.

Restricted position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has \$4,700 and \$4,200 reserved for emergencies (Note 4) as of December 31, 2018 and 2017, respectively.

The District's unrestricted net position as of December 31, 2018 and 2017 was \$1,114,760 and \$1,050,522, respectively.

Note 4 – Tax, spending and debt limitation

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from many of the provisions of TABOR.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District has reserved \$4,700 at December 31, 2018 and \$4,200 at December 31, 2017.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an Enterprise will require judicial interpretation.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2018 and 2017

Note 5 – Risk Management

The District is exposed to various risks of losses related to torts, theft of assets, errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

Note 6 – Subsequent Events

Management has evaluated subsequent events through July 8, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Middle Park Water Conservancy District

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET BASIS
BUDGET AND ACTUAL**

For the year ended December 31, 2018

	Original & Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES			
General property taxes (net)	\$ 139,000	\$ 132,076	\$ (6,924)
Specific ownership taxes	7,000	8,305	1,305
Interest earnings	4,300	15,888	11,588
Water sales and other service revenue	160,000	192,224	32,224
Total revenues	310,300	348,493	38,193
EXPENDITURES			
Insurance, director expenses and travel	37,500	13,084	24,416
Counsel fees and operating expenses	207,550	198,032	9,518
Engineering expenses	50,420	67,589	(17,169)
Dues	2,500	1,400	1,100
Audit	3,750	3,650	100
Emergency and contingency	83,599	-	83,599
Reserves	34,108	-	34,108
Construction fund (Windy Gap)	927,187	-	927,187
Total expenditures	1,346,614	283,755	1,062,859
Excess (Deficit) of revenues over (Under) expenditures	(1,036,314)	64,738	1,101,052
FUND BALANCE - Beginning of year	1,036,314	1,054,722	18,408
FUND BALANCE - End of year	\$ -	\$ 1,119,460	\$ 1,119,460