

**Bancroft-Clover
Water and Sanitation District**

Annual Financial Report

December 31, 2018 and 2017

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Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Members of the Board of Directors
Bancroft-Clover Water & Sanitation District
Jefferson County, Colorado

We have audited the accompanying financial statements of Bancroft-Clover Water & Sanitation 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 of 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 Bancroft-Clover Water & Sanitation District, as of December 31, 2018 and 2017, and the respective 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 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 Bancroft-Clover Water & Sanitation District's financial statements as a whole. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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 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.

A handwritten signature in cursive script, appearing to read "Haynie & Co".

Littleton, Colorado

June 17, 2019

Bancroft-Clover Water & Sanitation District Management's Discussion and Analysis

This section of the District's annual financial report presents our analysis of the District's financial performance during the Fiscal Years ended December 31, 2018 and 2017. Please read it in conjunction with the financial statements.

Financial Highlights

Bancroft-Clover Water and Sanitation District increased its net position by \$2,260,788 in 2018 compared to an increase in net position of \$3,316,561 in 2017. The increase in net position was \$1,690,821 more than budgeted and was largely due to variances in: investment income and water and sewer capital. Investment income was over budget by \$186,977 due to more monies being held in the investment accounts. Capital outlay for water and sewer were under budget by \$1,174,757 due to delays in water and sewer improvements as the capital master plan was updated..

The Board increased rates for water and sewer service to absorb increased rates from the District's partners, Denver Water and The Metro Wastewater Reclamation District. Water rates were increased by 3% and sewer rates were increased by 5% to reflect the increased cost to provide water and sewer service.

Overview of the Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

Statement of Net Position

The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses, and Changes in Net Position

This statement measures the results of the District's operations over the past year and may be used to determine profitability, credit worthiness, and whether the District has successfully recovered all its costs through its user fees, taxes and other charges.

Statement of Cash Flows

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing, capital and related financing, and investing activities. It also provides answers to such questions as where did the cash come from, how cash was used, and what was the change in cash balance during the reporting period.

Bancroft-Clover Water & Sanitation District

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that can help answer that question. These two statements report the net position of the District and the related change in these assets. The District's net position, (the difference between assets and liabilities), is one way to measure financial health or financial position. Over time increases in the District's net position are one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

Net Position

As part of our analysis, we provide a summary of the District's Statement of Net Position (below):

Condensed Statement of Net Position

December 31,	2018	2017	'17-'18 \$ Change	'17-'18% % Change
Current assets	\$ 16,233,343	\$ 13,726,626	\$ 2,506,717	18.3%
Capital and other assets	33,676,365	33,783,929	(107,564)	-0.3%
Total Assets	49,909,708	47,510,555	2,399,153	5.0%
Current liabilities	486,345	355,675	130,670	36.7%
Deferred inflows of resources	589,618	581,923	7,695	1.3%
Total liabilities and deferred inflows of resources	1,075,963	937,598	138,365	14.8%
Net investment in capital assets	21,929,882	22,293,528	(363,646)	-1.6%
Unrestricted net position	26,903,863	24,279,429	2,624,434	10.8%
Total net position	48,833,745	46,572,957	2,260,788	4.9%

The District's net position increased by \$2,260,788, or 4.9%, due primarily to increases in investments.

The Statement of Net Position shows the changes in the financial position and, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in the following chart, during the year, the District's operating and non-operating revenues increased by \$536,951, or 4.2%, compared to last year due mainly to an increase of \$245,881 in total investment income along with an increase in water sales of \$156,654. Capital contributions decreased by \$686,587 which was offset by an increase in expenses of \$906,137.

Bancroft-Clover Water & Sanitation District

Net Position (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

December 31,	2018	2017	'17-'18 \$ Change	'17-'18% % Change
Operating revenue	\$ 12,440,022	\$ 12,152,920	\$ 287,102	2.4%
Non-operating revenue	1,019,892	770,043	249,849	32.4%
Total revenues	13,459,914	12,922,963	536,951	4.2%
Depreciation expense	711,266	709,505	1,761	0.2%
Other operating expense	10,148,093	9,295,637	852,456	9.2%
General & administrative expense	962,352	897,315	65,037	7.2%
Non-operating expense	297	13,414	(13,117)	-97.8%
Total expenses	11,822,008	10,915,871	906,137	8.3%
Capital contributions	622,882	1,309,469	(686,587)	-52.4%
Change in net position	2,260,788	3,316,561	(1,055,773)	-31.8%
Beginning net position	46,572,957	43,256,396	3,316,561	7.7%
Ending net position	48,833,745	46,572,957	2,260,788	4.9%

Budgetary Highlights

As required by State Law, the District adopts a budget and appropriates funds by December 16 for the following fiscal year. If an amendment is necessary, the Board will approve a supplemental appropriation at a public hearing and file it with the State of Colorado. In 2018, no supplemental appropriation was requested. Budget to actual comparative statements are included as Supplemental Information in the audited financial statements.

Capital Assets and Debt Administration

At the end of 2018, the District had invested \$21,929,882 in net property, plant and equipment representing a decrease of 1.6% over prior year. The table below summarizes the changes in property, plant and equipment.

Capital assets

December 31,	2018	2017	'17-'18 \$ Change	'17-'18% % Change
Buildings	\$ 2,196,082	\$ 2,196,082	\$ -	0.0%
Water system	22,810,752	22,790,258	20,494	0.1%
Sewer system	15,594,027	15,266,901	327,126	2.1%
Furniture & equipment	997,888	997,888	-	0.0%
Land	144,728	144,728	-	0.0%
Subtotal	41,743,477	41,395,857	347,620	0.8%
Less: accumulated depreciation	(19,813,595)	(19,102,329)	(711,266)	3.7%
Net Capital assets	21,929,882	22,293,528	(363,646)	-1.6%

Bancroft-Clover Water & Sanitation District

Capital Assets and Debt Administration (continued)

System increases are due to contributions from small development projects as well as a pipe rehabilitation project. In 2018 the District spent \$218,511 for cured in place pipe method to rehabilitate a number of pipes in the sewer collections system. Other notable projects in 2018 included \$56,538 in constructed sewer systems for the West Mexico and West Jewell Street project.

Long-Term Debt

The District continues to have zero long-term debt.

ECONOMIC FACTORS AND 2018 SERVICE RATES

The District's Board of Directors and management considered many factors when setting the 2018 budget, including user fees and charges and replacement of service lines. As in past years, the District conducted an analysis of the impact Denver Water's and Metro Wastewater's 2018 rate adjustments. A private consulting firm was engaged to calculate water and sewer rates based on its cost of service. Operating revenues were budgeted to decrease by approximately 1.9% in 2018. In 2018, charges paid to Denver Water were budgeted to decrease by 7.4%. This decrease was driven by decrease in the budgeted volume. Fees paid to Metro Wastewater were budgeted to increase by 26.9% due to adjustments applied to volumes of wastewater processed in 2016 and 2017. The District's rates for service reflect the changes in revenues necessary to fund operations and capital projects. In most years, treated water and sewer processing are the two largest cost items in the District budget.

Final 2019 Budget vs. Final 2018 Budget

December 31,	<u>2019 Budget</u>	<u>2018 Budget</u>	<u>'18-'19</u>	<u>'18-'19%</u>
			\$ Change	% Change
Operating revenue	\$12,531,988	\$12,115,492	\$ 416,496	3.4%
Non-operating revenue	<u>976,047</u>	<u>1,439,310</u>	<u>(463,263)</u>	-32.2%
Total revenues	<u>13,508,035</u>	<u>13,554,802</u>	<u>(46,767)</u>	-0.3%
Other operating expense	10,811,851	10,175,468	636,383	6.3%
General & administrative expense	964,450	957,024	7,426	0.8%
Non-operating expense	<u>2,614,490</u>	<u>1,779,000</u>	<u>835,490</u>	47.0%
Total expenses	<u>14,390,791</u>	<u>12,911,492</u>	<u>1,479,299</u>	11.5%
Change in net position	<u>(882,756)</u>	<u>643,310</u>	<u>(1,526,066)</u>	-237.2%
Beginning net position	<u>8,327,445</u>	<u>7,684,135</u>	<u>643,310</u>	8.4%
Ending net position	<u>7,444,689</u>	<u>8,327,445</u>	<u>(882,756)</u>	-10.6%

In the 2019 budget, Bancroft-Clover's net position is expected to decrease by \$882,756 over 2018. The budgeted decrease in net position is due to projected capital expenditures to replace portions of the treated water distribution system. Operating revenue is budgeted at \$12,531,988 and total expenses are budgeted at \$14,390,791.

Bancroft-Clover Water & Sanitation District

Requests for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tim Lowe, District Manager
Bancroft-Clover Water & Sanitation District
900 S. Wadsworth Boulevard
Lakewood, CO 80226

Basic Financial Statements

Bancroft-Clover Water & Sanitation District

Statements of Net Position December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,642,971	\$ 4,743,489
Investments	9,681,010	7,060,767
Accounts receivable:		
Customers	1,045,779	1,118,019
Other	116,057	117,178
Property taxes receivable	595,429	586,843
Deposits	9,350	9,350
Prepaid expenses	52,941	-
Inventories, supplies and materials	89,806	90,980
Total Current Assets	<u>16,233,343</u>	<u>13,726,626</u>
Capital Assets		
Not Being Depreciated		
Land	144,728	144,728
Total Capital Assets, Not Being Depreciated	<u>144,728</u>	<u>144,728</u>
Being Depreciated		
Buildings	2,196,082	2,196,082
Water system	22,810,752	22,790,258
Sewer system	15,594,027	15,266,901
Furniture and equipment	997,888	997,888
Total Capital Assets, Being Depreciated	41,598,749	41,251,129
Less accumulated depreciation	(19,813,595)	(19,102,329)
Net Capital Assets, Being Depreciated	<u>21,785,154</u>	<u>22,148,800</u>
Net Capital Assets	<u>21,929,882</u>	<u>22,293,528</u>
Noncurrent Assets		
Investments—long-term	11,746,483	11,490,401
Total Assets	<u>\$49,909,708</u>	<u>\$47,510,555</u>
Liabilities Deferred Inflow of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 486,345	\$ 355,675
Total Current Liabilities	<u>486,345</u>	<u>355,675</u>
Deferred Inflow of Resources		
Deferred property tax	589,618	581,923
Total Deferred Inflow of Resources	<u>589,618</u>	<u>581,923</u>
Net Position		
Net investment in capital assets	21,929,882	22,293,528
Unrestricted	26,903,863	24,279,429
Total Net Position	<u>48,833,745</u>	<u>46,572,957</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$49,909,708</u>	<u>\$47,510,555</u>

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

Bancroft-Clover Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Water Operations		
Revenue		
Water sales	\$ 8,780,505	\$ 8,623,851
Tap connection charges	20,791	19,417
Late charges	<u>78,369</u>	<u>64,682</u>
Total Water Revenue	8,879,665	8,707,950
Direct Water Expenses	<u>7,825,853</u>	<u>7,353,753</u>
Gross Income from Water Operations	<u>1,053,812</u>	<u>1,354,197</u>
Sewer Operations		
Revenue		
Sewage treatment	<u>3,560,357</u>	<u>3,444,970</u>
Total Sewer Operations	3,560,357	3,444,970
Direct Sewer Expense	<u>2,983,487</u>	<u>2,598,080</u>
Gross Income from Sewer Operations	576,870	846,890
General and Administrative Expenses	<u>1,012,371</u>	<u>950,624</u>
Operating Income	<u>618,311</u>	<u>1,250,463</u>
Nonoperating Revenues (Expenses)		
General property tax	579,065	574,031
Specific ownership tax	63,850	64,916
Net investment income	376,977	131,096
County Treasurer's collection fees	(8,693)	(8,618)
Miscellaneous	<u>8,396</u>	<u>(4,796)</u>
Total Nonoperating Revenues	<u>1,019,595</u>	<u>756,629</u>
Income Before Capital Contributions	<u>1,637,906</u>	<u>2,007,092</u>
Capital Contributions		
Tap fees received	608,590	707,840
Contributed capital assets	<u>14,292</u>	<u>601,629</u>
Total Capital Contributions	<u>622,882</u>	<u>1,309,469</u>
Change in Net Position	2,260,788	3,316,561
Net Position—Beginning of Year	<u>46,572,957</u>	<u>43,256,396</u>
Net Position—End of Year	<u><u>\$48,833,745</u></u>	<u><u>\$46,572,957</u></u>

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

Bancroft-Clover Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 12,513,383	\$ 12,177,854
Cash paid to suppliers for goods and services	(10,004,432)	(9,301,433)
Cash paid to employees for services	<u>(1,027,110)</u>	<u>(998,306)</u>
Net Cash From Operating Activities	<u>1,481,841</u>	<u>1,878,115</u>
Cash Flows from Non-capital Financing Activities:		
Property and specific ownership tax	633,331	629,728
Other nonoperating revenue (expense)	<u>8,396</u>	<u>(4,796)</u>
Net Cash From Non-capital Financing Activities	<u>641,727</u>	<u>624,932</u>
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	608,590	707,840
Acquisition of property and equipment	<u>(333,328)</u>	<u>(523,864)</u>
Net Cash From Capital and Related Financing Activities	<u>275,262</u>	<u>183,976</u>
Cash Flows from Investing Activities:		
Sale of investments	3,045,000	5,403,000
Purchase of investments	(3,044,439)	(9,425,985)
Interest income received (paid)	<u>(2,499,909)</u>	<u>32,869</u>
Net Cash From Investing Activities	<u>(2,499,348)</u>	<u>(3,990,116)</u>
Net Change in Cash and Cash Equivalents	(100,518)	(1,303,093)
Cash and Cash Equivalents—beginning of year	<u>4,743,489</u>	<u>6,046,582</u>
Cash and Cash Equivalents—end of year	<u><u>\$ 4,642,971</u></u>	<u><u>\$ 4,743,489</u></u>

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

Bancroft-Clover Water & Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Net Operating Income to		
Net Cash From Operating Activities:		
Operating income (loss)	\$ 618,311	\$1,250,463
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	711,266	709,505
Changes in assets and liabilities:		
Change in accounts receivable—		
Water and sewer	72,240	24,364
Other	1,121	570
Change in inventories, supplies and materials	1,174	5,206
Change in prepaid expenses	(52,941)	-
Change in accounts payable	<u>130,670</u>	<u>(111,993)</u>
 Total Adjustments	 <u>863,530</u>	 <u>627,652</u>
 Net Cash From Operating Activities	 <u><u>\$1,481,841</u></u>	 <u><u>\$1,878,115</u></u>
 Non-cash transactions		
Contributed assets	\$ 14,292	\$ 601,629
Mark to market adjustment	245,835	98,377
	<u><u>\$ 260,127</u></u>	<u><u>\$ 700,006</u></u>

The accompanying notes are an integral part of these statements.

Bancroft-Clover Water & Sanitation District

Notes to Audited Financial Statements

December 31, 2018 and 2017

1. Definition of Reporting Entity

Bancroft-Clover Water & Sanitation District (District), a quasi-municipal corporation, was established on August 30, 1954 as a Title 32 Special District to provide water and sanitation services to southeastern Lakewood and portions of unincorporated Jefferson County, Colorado.

The District contracts with the City and County of Denver through its Board of Water Commissioners (Board) to purchase water to serve the District's customers. The District contracts with Metro Wastewater Reclamation District to provide its raw sewage processing.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to local governments. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows:

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

Fund Accounting

The Proprietary Fund is composed of water and sewer operations. It is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting

Enterprise fund accounting is utilized in accordance with generally accepted accounting principles. The financial statements are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenues received in advance are recorded as a liability for deferred revenue and the liability is removed when earned.

The District has elected to follow Governmental Accounting Standards Board (GASB) pronouncements.

Property, Plant and Equipment

Capital assets which include land, buildings, water and sewer distribution and collection systems and furniture and equipment are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	30 years
Water System	50 years
Sewer System	50 years
Furniture and Equipment	5 - 7 years

Interest costs incurred during the construction phase are capitalized as incurred.

Budget and Budgetary Accounting

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 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. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Operations

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Tap Fees and Contributed Lines

Tap fees are recorded as revenue when received and contributed lines are recorded at year end.

Cash and Cash Equivalents

The District considers cash deposits and highly liquid investments with an intended maturity of three months or less to be cash equivalents.

Investments

The District's policy is to account for investments at fair market value in accordance with GASB 31. Gains or losses on the sale of investments are recognized when the investment is sold.

Accounts Receivable

Accounts receivable are determined to be fully collectible as shown at December 31, 2018 and 2017; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

Inventories

Inventory is stated at the lower of cost or market, using the first-in, first-out method, and consists of expendable supplies.

Compensated Absences

The District has a policy which allows employees to accumulate unused personal leave time. Personal leave time is accrued annually based on years of service. The maximum carryover limit is 352 hours. The District records a liability at year end for the amount of carryover.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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 borrowing used for the acquisition, construction or improvement of those assets. The net asset amount is also adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted. For 2018, the District's Unrestricted Net Position totaled \$26,903,863 which was \$2,624,434, or 10.8% more than 2017.

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

Management 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.

Property Taxes

The District collects property tax from property owners within the district based on assessed values at December 31 of the prior year. Property owners are to pay these assessments either in full by April 30th or in halves by February 28/29th and June 15th. These taxes are collected by Jefferson County and remitted to the district on the 10th day of the month following collection. Tax revenues remitted to the District for 2018 totaled \$579,065.

3. Cash, Cash Equivalents and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 equal to the aggregate uninsured deposits. The institution is required to certify sufficient collateral to cover uninsured public funds to state agencies on a regular basis.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

3. Cash, Cash Equivalents and Investments (continued)

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

At December 31, 2018 and 2017, the District's cash deposits had a bank balance and a carrying balance as follows:

	2018		2017	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Cash on hand	\$ 500	\$ -	\$ 500	\$ -
Cash in checking	<u>4,642,471</u>	<u>4,619,685</u>	<u>4,742,989</u>	<u>5,138,650</u>
	<u><u>\$ 4,642,971</u></u>	<u><u>\$ 4,619,685</u></u>	<u><u>\$ 4,743,489</u></u>	<u><u>\$ 5,138,650</u></u>

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance, but are collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance, but are collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The District had no Category 3 deposits in 2018 and 2017, respectively.

	2018	2017
Insured deposits	\$ 250,000	\$ 250,000
Category 1	500	500
Category 2	<u>4,392,471</u>	<u>4,492,989</u>
Total cash and equivalents	<u><u>\$ 4,642,971</u></u>	<u><u>\$ 4,743,489</u></u>

Investments

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

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2018 and 2017

3. Cash, Cash Equivalents and Investments (continued)

- obligations of the United States and certain U.S. government 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, and
- local government investment pools.

Credit Risk - The District's investments are recorded at fair value based on quoted market prices. District investments are securities that are held by the entity or its agent in the District's name, and are insured or registered by the District or its agent. 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, or would further limit its investment choices. The District places no limit on the amount the District may invest in any one issuer.

As of December 31, 2018 and 2017, the District's investments in U.S. Treasuries and U.S. instrumentalities were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service.

Local Government Investment Pools – As of December 31, 2018 the District had \$6,662,905 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colotrust is rated AAAM by Standard and Poor's. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. The District funds are only invested in Colotrust Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

3. Cash, Cash Equivalents and Investments (continued)

Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method.

As of December 31, 2018 and 2017, the District had the following investments:

		Remaining Maturity (in Months)		
<u>2018</u>		12 Months or	13 to 24	25 to 60
Type of Investment	Fair Value	Less	Months	Months
Investment pools	\$ 6,662,905	\$ 6,662,905	\$ -	\$ -
U.S. Treasury Securities	<u>14,764,588</u>	<u>3,018,105</u>	<u>2,940,252</u>	<u>8,806,231</u>
Total Investments	<u>\$ 21,427,493</u>	<u>\$ 9,681,010</u>	<u>\$ 2,940,252</u>	<u>\$ 8,806,231</u>
		Remaining Maturity (in Months)		
<u>2017</u>		12 Months or	13 to 24	25 to 60
Type of Investment	Fair Value	Less	Months	Months
Investment pools	\$ 4,032,240	\$ 4,032,240	\$ -	\$ -
U.S. Treasury Securities	<u>14,518,928</u>	<u>3,028,527</u>	<u>2,969,606</u>	<u>\$ 8,520,795</u>
Total Investments	<u>\$ 18,551,168</u>	<u>\$ 7,060,767</u>	<u>\$ 2,969,606</u>	<u>\$ 8,520,795</u>

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. As of December 31, 2018, U.S. Treasury Securities of \$14,764,588 comprise 69% of the District's investment portfolio.

Fair Value Measurement and Application – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District's investments are measured at fair value using Level 1 inputs.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

3. Cash, Cash Equivalents and Investments (continued)

At December 31, 2018, cash deposits and investment, are classified on the statements of net position as follows:

December 31,	2018	2017
Cash and cash equivalents		
Petty cash	\$ 500	\$ 500
Cash deposits	<u>4,642,471</u>	<u>4,742,989</u>
Total Cash	<u>\$ 4,642,971</u>	<u>\$ 4,743,489</u>
Investments		
Investments—current	9,681,010	7,060,767
Investments—long-term	<u>11,746,483</u>	<u>11,490,401</u>
Total Investments	<u>\$ 21,427,493</u>	<u>\$ 18,551,168</u>
Total Cash and Investments	<u>\$ 26,070,464</u>	<u>\$ 23,294,657</u>

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2018 and 2017 follows:

	December 31, 2017	Additions	Retirements/ Transfers	December 31, 2018
Capital assets, not being depreciated:				
Land	<u>\$ 144,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,728</u>
Total capital assets, not being depreciated	<u>144,728</u>	<u>-</u>	<u>-</u>	<u>144,728</u>
Capital assets, being depreciated:				
Buildings	2,196,082	-	-	2,196,082
Water system	22,790,258	20,494	-	22,810,752
Sewer system	15,266,901	327,126	-	15,594,027
Furniture and equipment	<u>997,888</u>	<u>-</u>	<u>-</u>	<u>997,888</u>
Total capital assets, being depreciated	<u>41,251,129</u>	<u>347,620</u>	<u>-</u>	<u>41,598,749</u>

Bancroft-Clover Water and Sanitation District
Notes to Audited Financial Statements (continued)
December 31, 2018 and 2017

4. Capital Assets (continued)

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31,</u> <u>2018</u>
Less accumulated depreciation for:				
Buildings	(985,011)	(52,711)	-	(1,037,722)
Water system	(9,620,034)	(386,988)	-	(10,007,022)
Sewer system	(7,636,155)	(235,053)	-	(7,871,208)
Furniture and equipment	(861,129)	(36,514)	-	(897,643)
Total accumulated depreciation	<u>(19,102,329)</u>	<u>(711,266)</u>	<u>-</u>	<u>(19,813,595)</u>
Total capital assets, being depreciated, net	<u>22,148,800</u>	<u>(363,646)</u>	<u>-</u>	<u>21,785,154</u>
Capital assets, net	<u><u>\$ 22,293,528</u></u>	<u><u>\$ (363,646)</u></u>	<u><u>-</u></u>	<u><u>\$ 21,929,882</u></u>

	<u>December 31,</u> <u>2016</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31,</u> <u>2017</u>
Capital assets, not being depreciated:				
Land	<u>\$ 144,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,728</u>
Total capital assets, not being depreciated	<u>144,728</u>	<u>-</u>	<u>-</u>	<u>144,728</u>
Capital assets, being depreciated:				
Buildings	2,196,082	-	-	2,196,082
Water system	22,184,475	705,550	99,767	22,790,258
Sewer system	14,786,579	480,322	-	15,266,901
Furniture and equipment	958,500	39,388	-	997,888
Total capital assets, being depreciated	<u>40,125,636</u>	<u>1,225,260</u>	<u>99,767</u>	<u>41,251,129</u>
Less accumulated depreciation for:				
Buildings	(932,300)	(52,711)	-	(985,011)
Water system	(9,231,508)	(388,526)	-	(9,620,034)
Sewer system	(7,406,021)	(230,134)	-	(7,636,155)
Furniture and equipment	(822,995)	(38,134)	-	(861,129)
Total accumulated depreciation	<u>(18,392,824)</u>	<u>(709,505)</u>	<u>-</u>	<u>(19,102,329)</u>
Total capital assets, being depreciated, net	<u>21,732,812</u>	<u>515,755</u>	<u>99,767</u>	<u>22,148,800</u>
Capital assets, net	<u><u>\$ 21,877,540</u></u>	<u><u>\$ 515,755</u></u>	<u><u>\$ 99,767</u></u>	<u><u>\$ 22,293,528</u></u>

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

4. Capital Assets (continued)

Depreciation expense for the years ended December 31, 2018 and 2017 was charged to the following operations:

	2018	2017
Direct water expense	\$ 418,354	\$ 418,555
Direct sewer expense	242,893	237,641
General and administration	<u>50,019</u>	<u>53,309</u>
Total Expenses	<u>\$ 711,266</u>	<u>\$ 709,505</u>

5. Net Position

The District has net position consisting of two components — net investment in capital assets and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2018 and 2017. As of December 31, 2018 and 2017, the District had net investment in capital assets of \$21,929,882 and \$22,293,528, respectively.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of December 31, 2018 and 2017.

Unrestricted net position consists of net position that do not meet the definition of net investment in capital assets or restricted capital assets.

6. Contracts and Commitments

Water Service Contract

The District is provided water under a master meter distributor's contract with the Board of Water Commissioners of the City and County of Denver (Denver Water Board). The contract provides, among other things, that Denver Water Board will serve the District until build out, may restrict the right of the District to issue new taps and requires compliance to their Operating Rules and Engineering Standards.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

6. Contracts and Commitments (continued)

Sewage Treatment Contract

The District is a "special connector" by agreement with Metro Wastewater Reclamation District (Metro) which provides the treatment of sewage collected within the District. The standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system. The composition of the charges from the 2018 and 2017 estimates are as follows:

	<u>2018</u>	<u>2017</u>
Certified Estimate for current year	\$ 2,487,109	\$ 2,388,025
Adjustment of second preceding year estimate to actual finding	147,844	(83,879)
Preliminary adjustment of preceding year estimate, over preceding year certified estimate	<u>129,569</u>	<u>(30,603)</u>
Total annual charges	<u>\$ 2,764,522</u>	<u>\$ 2,273,543</u>

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District pays annual premiums for liability, property, public officials' liability and workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

8. Employee Retirement Plan

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants after one full month of employment. Under this plan, six percent of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of six percent from the District.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

8. Employee Retirement Plan (continued)

The District's contributions, plus earnings, become vested, based on years of service, at a rate of 50% after three years; 75% after four years; and 100% after 5 years. Unvested contributions for employees who leave employment before five years of participation are used to reduce the District's current period contribution requirement. Plan provisions and contributions requirements are established and may be amended by CCOERA and would have to be approved by the District's Board of Directors. There is no liability for benefits under the plan beyond the District's matching payments.

Both the District and the participating employees made the required six percent contributions for 2018 and 2017. Some employees elect to contribute more than the required six percent.

The District's and employees' contributions to the plan for the years ended December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Plan Members	\$ 45,866	\$ 50,023
District	\$ 36,819*	\$ 43,618

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

*This includes \$5,749 in forfeitures applied to direct pension expense in 2018. Forfeitures are funds paid into an employees retirement plan with the assumption of that employee fully vesting. If the employee separates from the company prior to fully vesting, excess funds are held by plan administrator as forfeitures and can be used as a credit by the company in lieu of future contributions.

9. Intergovernmental Agreements

Technical Advisory Committee Agreement

Effective July 31, 2003, the District became a participant of the Technical Advisory Committee (TAC). The committee was formed to promote cooperative strategies to respond to drought and research water rates and fees in the Denver area. The TAC consists of a designated representative from each participant. The participant's share of the costs is based on the participant's percentage share of the total number of accounts.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

9. Intergovernmental Agreements (continued)

A year-end reconciliation of actual costs to budgeted costs is calculated and amounts are refunded or billed to participants or credited to the participant's payment due for the subsequent year. The percentage share for each participant is adjusted as of December 31 or each year based on the total number of participants. The agreement automatically renews for each participant from calendar year to year. For the years ended December 31, 2018 and 2017, the District paid \$0 and \$5,264, respectively, under this agreement.

Alameda Water and Sanitation District Agreement

The District has a formal agreement with Alameda Water and Sanitation District (Alameda) dated August 15, 2011 for the shared use of the Sanderson Gulch sewer line with Alameda to reimburse a portion of the costs subsequent to each year end. Based on the agreement, Alameda is to reimburse the District for the average flow per Equivalent Residential Unit (EQR) for properties flowing into the Sanderson Gulch Metering Facility. The cost per EQR is based on the annual charge for service charged by Metro Wastewater Reclamation District as well as any costs of maintenance of the Bancroft-Clover facilities.

Green Mountain Water and Sanitation District

The District has a formal agreement with Green Mountain Water and Sanitation District (Green Mountain) for the shared use of Weir Gulch sewer line. Based on the agreement, the District is to reimburse Green Mountain for a certain percentage of the Weir Gulch Metering Facility costs charged by Metro Wastewater Reclamation District.

Bear Creek Water and Sanitation District

The District has a formal agreement dated November 3, 1969 with Bear Creek Water and Sanitation District (Bear Creek) for a connection to the District's system. Under the agreement, Bear Creek installed approximately 1,870 feet of 12-inch pipe and a water meter to feed up to 250 single family residential taps in their district. Bear Creek maintains the water meter and vault, and the District maintains the 12-inch pipe line. Water supplied to Bear Creek through this connection is credited to the District each billing cycle.

The District also has a formal agreement with Bear Creek Water and Sanitation District dated April 11, 2011 for a shared use of the Bear Creek sewer line, with Bear Creek to reimburse a portion of the costs subsequent to each year-end. Based on the agreement, the District is to reimburse Bear Creek for a pro-rated share of the Bear Creek Metering Facility costs charged by Metro Wastewater Reclamation District.

Bancroft-Clover Water and Sanitation District

Notes to Audited Financial Statements (continued)

December 31, 2018 and 2017

9. Intergovernmental Agreements (continued)

South Sheridan Water and Sanitation District

The District has a formal agreement with the South Sheridan Water and Sanitation District (South Sheridan) dated February 8, 2012 that sets forth the terms for the District and South Sheridan to provide sanitary sewer services to each other. It was determined that there are certain properties within the District's boundaries being serviced by South Sheridan and likewise, certain properties within South Sheridan's boundaries being serviced by the District. Per the agreement, each district will pay the other district the respective costs for services provided to these properties.

10. Tax, Spending and Debt Limitations

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 the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for the exclusion. However, TABOR still applies to the assessment of the District's mill levy.

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

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.

Supplementary Information

Bancroft-Clover Water & Sanitation District
Schedule of Direct Water Operating Expenses
For the Years Ended December 31, 2018 and 2017

	2018	2017
Source of Supply		
Purchased water	\$ 6,232,648	\$ 6,100,517
Power purchased for pumping	23,408	27,587
Total Source of Supply	<u>6,256,056</u>	<u>6,128,104</u>
Transmission, Distribution and Other Expenses		
Depreciation	418,354	418,555
Salaries and wages	316,379	335,010
Employee pensions	80,351	73,537
MXU Replacement program	397,018	-
Repairs and maintenance—lines	113,297	173,105
Engineering fees	22,564	43,301
Water tap installations	84,089	49,940
Miscellaneous	1,103	-
Taxes—payroll	24,732	26,290
Repairs and maintenance—services	47,614	65,419
Repairs and maintenance—equipment	7,277	8,165
Automobile and truck expense	14,832	7,552
Telephone	12,484	13,056
Tools and equipment expense	10,109	3,044
Fire hydrant maintenance	1,987	2,812
Water line pot holing	9,992	-
Water quality	129	1,099
Operating supplies	1,685	1,062
Continuing education	1,222	1,570
Uniforms	1,037	1,411
Safety Equipment	3,542	721
Total Transmission, Distribution and Other Expenses	<u>1,569,797</u>	<u>1,225,649</u>
Total Direct Water Expenses	<u><u>\$ 7,825,853</u></u>	<u><u>\$ 7,353,753</u></u>

Bancroft-Clover Water & Sanitation District
Schedule of Direct Sewer Operating Expenses
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Transmission, Distribution and Other Expenses		
Depreciation	\$ 242,893	\$ 237,641
Repairs and maintenance—general	36,425	65,500
Repairs and maintenance—preventative	130,264	116,976
Sanitary sewer line TV	121,129	108,197
Salaries and wages	79,095	83,752
Engineering fees	32,342	44,431
Employee pensions	19,950	18,384
Taxes—payroll	6,337	6,573
Utilities	3,666	3,886
Truck expense	3,616	1,871
Telephone	3,168	3,265
Repairs and maintenance—equipment and buildings	1,736	2,003
Operating supplies	368	291
Continuing education	306	242
Sewer operator certification	315	55
Uniforms	228	353
Tools	2,016	108
Safety equipment	885	180
Equipment expense	-	129
Total Collection and Transmission Expenses	<u>684,739</u>	<u>693,837</u>
Sewage Treatment Expenses—Outside Service		
Metro Wastewater	2,273,543	1,876,971
Other	25,205	27,272
Total Sewage Treatment Expenses—Outside Services	<u>2,298,748</u>	<u>1,904,243</u>
Total Direct Sewer Expenses	<u>\$ 2,983,487</u>	<u>\$ 2,598,080</u>

Bancroft-Clover Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 363,611	\$ 344,290
Employee pensions and benefits	108,481	83,217
Depreciation	50,019	53,309
Mailing expense	44,989	49,285
Office supplies and expenses	26,438	25,260
Water rate and tap fee study	29,595	19,709
Repairs and maintenance—equipment and other	31,147	37,492
Payroll taxes	28,174	27,253
Accounting services	20,826	20,896
Master Plan	65,517	47,990
Insurance	14,510	42,174
Auditing	18,900	18,400
Computer expense	40,425	28,422
Legal	28,859	28,172
TAC expenses	-	5,264
Utilities	4,464	3,807
Bank charges	25,886	32,191
Equipment rent	13,353	12,153
Seminars	14,263	2,595
Telephone	7,249	6,717
Computer support	21,845	25,601
Directors' fees	6,500	5,800
Automobile expense	598	(401)
Dues	2,721	2,549
Human resources consulting	-	3,000
Meetings	6,618	613
Engineering fees	26,203	25,040
Other expenses	9,097	(1,599)
Lien fees	(111)	(154)
Continuing education	2,194	1,579
	<u>2,194</u>	<u>1,579</u>
Total General and Administrative Expenses	<u>\$ 1,012,371</u>	<u>\$ 950,624</u>

Bancroft-Clover Water & Sanitation District
Statement of Revenue, Expenditures and Changes in Funds Available
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2018

	Original and Final Budget	2018 Actual	Variance Favorable (Unfavorable)	2017 Actual
Revenue				
Operating revenues:				
Water sales	\$ 8,527,966	\$ 8,780,505	\$ 252,539	\$ 8,623,851
Tap connection charges	49,000	20,791	(28,209)	19,417
Sewage treatment	3,478,526	3,560,357	81,831	3,444,970
Late charges	60,000	78,369	18,369	64,682
Non-operating revenues:				
General property tax	581,923	579,065	(2,858)	574,031
Specific ownership tax	45,000	63,850	18,850	64,916
Net investment income	190,000	376,977	186,977	131,096
Tap fees	620,887	608,590	(12,297)	707,840
Miscellaneous	1,500	8,396	6,896	(4,796)
Total Revenue	<u>\$ 13,554,802</u>	<u>\$ 14,076,900</u>	<u>\$ 522,098</u>	<u>13,626,007</u>
Expenditures:				
Operating expense—water:				
Source of supply	\$ 5,743,671	\$ 6,073,612	\$ (329,941)	6,023,449
Transmission, distribution and other expenses	1,304,598	1,333,887	(29,289)	911,749
Operating expense—sewer:				
Collection and transmission	713,082	467,051	246,031	483,468
Sewage treatment	2,414,117	2,273,543	140,574	1,876,971
General and administrative expenses	957,024	971,045	(14,021)	905,933
Capital outlay:				
Water	580,000	259,321	320,679	259,321
Sewer	1,179,000	324,922	854,078	324,922
Administrative	20,000	39,388	(19,388)	39,388
Total Expenditures	<u>12,911,492</u>	<u>11,742,769</u>	<u>\$ 1,168,723</u>	<u>10,825,201</u>
Change in net position (budgetary basis)	<u>\$ 643,310</u>	<u>\$ 2,334,131</u>	<u>\$ 1,690,821</u>	<u>\$ 2,800,806</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):				
Contributed assets		14,292		
Depreciation		(711,266)		
Capital outlay		623,631		
Change in net position (GAAP basis)		<u>2,260,788</u>		
Net position, beginning of year		<u>46,572,957</u>		
Net position, end of year		<u>\$ 48,833,745</u>		