

IDLEDALE WATER AND SANITATION DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2018

**IDLEDALE WATER AND SANITATION DISTRICT
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YEAR ENDED DECEMBER 31, 2018**

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Board of Directors
Idledale Water and Sanitation District
Jefferson County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the Idledale Water and Sanitation District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Idledale Water and Sanitation District as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

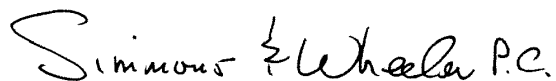
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

 Simmons & Wheeler P.C.

Englewood, CO
September 25, 2019

BASIC FINANCIAL STATEMENTS

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	2018
CURRENT ASSETS	
Cash and Investments	\$ 18,074
Cash and Investments - Restricted	254,369
Accounts Receivable - Customers	6,852
Receivable from County Treasurer	1,843
Property Taxes Receivable	215,071
Total Current Assets	496,209
CAPITAL ASSETS	
Capital Assets Not Being Depreciated	127,932
Capital Assets, Net of Accumulated Depreciation	990,392
Total Capital Assets	1,118,324
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Debt Refundng	6,056
Total Deferred Outflows of Resources	6,056
CURRENT LIABILITIES	
Accounts Payable	6,654
Payroll Expenses Payable	5,140
Accrued Loan Interest	2,515
Current Maturities of Long -Term Debt	57,000
Total Current Liabilities	71,309
LONG-TERM LIABILITIES	
Long-Term Debt Due in More Than One Year	922,900
Total Long-Term Liabilities	922,900
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	215,071
Total Deferred Inflows of Resources	215,071
NET POSITION	
Net Investment in Capital Assets	138,424
Restricted	254,369
Unrestricted	18,516
Total Net Position	\$ 411,309

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2018**

	2018
OPERATING REVENUES	
Water Service Fees	\$ 14,002
Total Operating Revenues	14,002
OPERATING EXPENSES	
Administration/Management	39,076
Audit	4,400
Directors' Fees	3,900
Election/Publication	182
Engineering	875
Insurance	8,148
Legal	14,280
Miscellaneous	1,734
Supplies and Expenses	973
Payroll Taxes	4,577
Treatment and Testing	2,441
Plant Operator Salaries	49,952
Repairs and Maintenance	9,682
Utilities	6,782
Water Purchase/Augmentation/Hauling	16,686
Depreciation	37,499
Total Operating Expenses	201,187
INCOME (LOSS) FROM OPERATIONS	(187,185)
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	214,942
Specific Ownership Taxes	19,971
Net Investment Income	7,070
Other Income	2,236
Loan Interest	(56,019)
County Treasurer's Fees	(3,233)
Total Nonoperating Revenues	184,967
CHANGE IN NET POSITION	(2,218)
Total Net Position - Beginning of Year	413,527
TOTAL NET POSITION - END OF YEAR	\$ 411,309

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018**

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 25,506
Payment for Operating Expenses - Goods and Services	(98,176)
Payment for Operating Expenses - Employees and Related Expenses	(56,078)
Payment for Operating Expenses - Director Fees and Related Expenses	(4,953)
Net Cash Provided by Operating Activities	(133,701)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property Taxes	214,942
Specific Ownership Taxes	18,295
Other Revenue	2,236
County Treasurer's Fees	(3,233)
Net Cash Provided by Noncapital Financing Activities	232,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(7,006)
Principal Payment - 2017 Revenue Bonds	(57,100)
Interest Payment - 2017 Revenue Bonds	(30,165)
Net Cash (Required) by Capital and Related Financing Activities	(94,271)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	7,070
Net Cash (Required) by Investing Activities	7,070
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,338
Cash and Cash Equivalents - Beginning of Year	261,105
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 272,443
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	
Income from Operations	\$ (187,185)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Flows Provided by Operating Activities:	
Depreciation/Amortization	37,499
Net (Increase) Decrease in Accounts Receivable	11,504
Net (Increase) Decrease in Prepaid Expenses	7,534
Net Increase (Decrease) in Accounts Payable/Payroll Liabilities	(3,053)
Net Cash Provided by Operating Activities	\$ (133,701)

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

Idledale Water and Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Jefferson County, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Town of Idledale, Jefferson County, Colorado. The District was established in 1947 provide for the orderly and uniform administration of water and sewer operation within the jurisdictional boundaries of the District. The district currently serves approximately 133 connected water taps. The District does not currently provide any sewer services. The District's primary revenues are property taxes and water service fees. The District is governed by an elected Board of Directors.

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

The District has two employees who perform plant operations functions. All administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

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.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements 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 sanitation service to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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 appropriation can only be modified upon completion of notification and publication requirements.

Cash Equivalents

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuation determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent property are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include computer equipment and sewer system components, are reported by the District. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Water System	3-50 Years
Machinery and Equipment	10 Years
Buildings	40 Years
Office Equipment	10 Years

Tap Fees and Construction Contributions

Public improvements contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair value when received. Tap fees become collectible upon issuance of the tap permit and are classified as capital contributions at the time of collection.

Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Loss on Debt Refunding

In the government-wide financial statements, the deferred cost of debt refunding is being amortized using the straight-line method over the shorter of the life of the refunded debt or the new debt. The amortized amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources. The issuance of the Series 2017 Loan resulted in a deferred loss on refunding of \$30,955. Accumulated amortization of the deferred loss on debt refunding at December 31, 2018, is \$24,899.

Equity – Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 18,074
Cash and Investments - Restricted	254,369
Total Cash and Investments	<u>\$ 272,443</u>

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 8,162
Investments	<u>264,281</u>
Total Cash and Investments	<u><u>\$ 272,443</u></u>

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. 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.

At December 31, 2018, the District's cash deposits had a bank balance of \$8,435 and a carrying balance of \$8,162.

Investments

The District has adopted a formal investment policy which follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, 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 or investment custodial risk disclosure requirements 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. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 264,281

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state securities commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2018 follows:

	<u>Balance - December 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance - December 31, 2018</u>
Capital Assets Not Being Depreciated:				
Land	\$ 22,316	\$ -	\$ -	\$ 22,316
Water Rights	105,616	-	-	105,616
Total Capital Assets, Not Being Depreciated	127,932	-	-	127,932
Capital Assets Being Depreciated:				
Building	1,576	-	-	1,576
Water System	1,767,913	7,006	-	1,774,919
Machinery and Equipment	44,555	-	-	44,555
Furniture and Equipment	916	-	-	916
Total Capital Assets Being Depreciated	1,814,960	7,006	-	1,821,966
Less Accumulated Depreciation For:				
Building	(1,576)	-	-	(1,576)
Water System	(747,028)	(37,499)	-	(784,527)
Machinery and Equipment	(44,555)	-	-	(44,555)
Furniture and Equipment	(916)	-	-	(916)
Total Accumulated Depreciation	(794,075)	(37,499)	-	(831,574)
Total Capital Assets Being Depreciated	1,020,885	(30,493)	-	990,392
Capital Assets, Net	<u>\$ 1,148,817</u>	<u>\$ (30,493)</u>	<u>\$ -</u>	<u>\$ 1,118,324</u>

Depreciation expense for the year ended December 31, 2018, was charged to water operations in the amount of \$37,499.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM DEBT

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

	<u>Balance - December 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance - December 31, 2018</u>	<u>Amounts Due Within One Year</u>
Series 2017 Loan	\$ 1,037,000	\$ -	\$ 57,100	\$ 979,900	\$ 57,000
	<u>\$ 1,037,000</u>	<u>\$ -</u>	<u>\$ 57,100</u>	<u>\$ 979,900</u>	<u>\$ 57,000</u>

A description of the long-term obligations as of December 31, 2018, is as follows:

General Obligation Refunding and Improvement Loan – Series 2017

On December 21, 2017, the District obtained from NBH Bank a \$1,037,000 General Obligation Refunding and Improvement Loan, Series 2017 (Series 2017 Loan) for the purpose of advance refunding the District's Series 2009 Water Activity Enterprise Revenue Bond (Series 2009 Bond), funding a Loan Project Fund, and paying the cost of issuance of the Series 2017 Loan. Interest on the Series 2017 Loan is 3.08% per annum, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. Principal payments are due annually on December 1, commencing on December 1, 2018. The Series 2017 Loan matures on December 1, 2032.

With the issuance of the Series 2017 Loan, sufficient funds were placed in escrow to advance refund the principal and interest on the Series 2009 Bond, which will mature on April 1, 2019. The Series 2009 Bond is considered to be defeased and is not considered to be a liability of the District. The reacquisition price of the Series 2009 Bond exceeded the net carrying amount by \$30,955. This amount was recorded as a deferred outflow and is being amortized over the original remaining life of the Series 2009 Bond. The refunding resulted in an economic gain of \$110,214 and a cash flow savings of \$3,609 due to the average interest rate of the Series 2007 Loan being lower than the Series 2009 Bond.

The District's long-term debt will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 57,000	\$ 30,181	\$ 87,181
2020	58,800	28,425	87,225
2021	60,600	26,614	87,214
2022	62,500	24,748	87,248
2023	64,400	22,823	87,223
2024-2028	353,000	83,114	436,114
2029-2032	323,600	25,293	348,893
Total	<u>\$ 979,900</u>	<u>\$ 241,198</u>	<u>\$ 1,221,098</u>

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Authorized Debt

As of December 31, 2018, the District had no remaining unissued voted general obligation debt authorization.

NOTE 6 NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,118,324
Less: Outstanding Loan Payable	<u>(979,900)</u>
Net Investment in Capital Assets	<u><u>\$ 138,424</u></u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitution provisions or enabling legislation. The District had \$249,869 of funds restricted for capital improvements and \$4,500 restricted for TABOR emergency reserves.

The unrestricted component of net position is the net amount of the assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 7 SEGMENT INFORMATION

The District's enterprise fund provides only water services. Segment information for the year ended December 31, 2018, was as follows:

	<u>Water</u>	
Operating Revenue		\$ 14,002
Depreciation/Amortization		\$ 37,499
Net Operating Loss		\$ (187,185)
Net Capital Assets		\$ 1,118,324

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 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. Because the District's current water enterprise revenue accounts for less than 10% of the District's total revenue, its operations do not qualify for this exclusion.

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. As an enterprise, the District is exempt from this requirement.

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'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

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2018**

ENTERPRISE	<u>Original Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Water Sales	\$ 9,000	\$ 14,002	\$ 5,002
Investment Income	225	6,448	6,223
Other Income	-	2,236	2,236
Total Revenues	<u>9,225</u>	<u>22,686</u>	<u>13,461</u>
EXPENDITURES			
Admiistrative			
Payroll Taxes	3,213	4,279	(1,066)
Legal	-	7,140	(7,140)
Management	-	19,538	(19,538)
County Treasurer's Fees	56	-	56
Operations			
Engineering	-	875	(875)
Treatment and Testing	2,500	2,441	59
Training	155	-	155
Utilities	8,000	6,782	1,218
Maintenance and Repairs	6,000	8,885	(2,885)
Supplies and Expenses	4,000	395	3,605
Equipment Rental	1,500	797	703
Plant Operator Salary	42,000	49,952	(7,952)
Water Purchase/Augmentation/Hauling	600	16,686	(16,086)
Capital			
Capital Outlay	<u>200,000</u>	<u>7,006</u>	<u>192,994</u>
Total Expenditures	<u>268,024</u>	<u>124,776</u>	<u>143,248</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(258,799)	(102,090)	156,709
Funds Available - Beginning of Year	<u>267,248</u>	<u>507,372</u>	<u>240,124</u>
FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 8,449</u></u>	<u><u>\$ 405,282</u></u>	<u><u>\$ 396,833</u></u>

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
DEBT SERVICE			
REVENUES			
Property Taxes	\$ 87,264	\$ 87,487	\$ 223
Investment Income	100	253	153
Total Revenues	<u>87,364</u>	<u>87,740</u>	<u>376</u>
EXPENDITURES			
County Treasurer's Fees	1,309	1,316	(7)
2017 Loan Interest	30,165	30,165	-
2017 Loan Principal	57,100	57,100	-
Total Expenditures	<u>88,574</u>	<u>88,581</u>	<u>(7)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,210)	(841)	369
OTHER FINANCING SOURCES (USES)			
Transfers From (To) Other Funds	1,210	841	(369)
Total Other Financing Sources (Uses)	<u>1,210</u>	<u>841</u>	<u>(369)</u>
NET CHANGE IN FUNDS AVAILABLE	-	-	-
Funds Available - Beginning of Year	<u>-</u>	<u>(240,777)</u>	<u>(240,777)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ (240,777)</u>	<u>\$ (240,777)</u>

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

GENERAL	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 127,130	\$ 127,455	\$ 325
Specific Ownership Taxes	12,800	19,971	7,171
Investment Income	150	369	219
Total Revenues	<u>140,080</u>	<u>147,795</u>	<u>7,715</u>
EXPENDITURES			
Administration	20,000	19,538	462
Audit	5,400	4,400	1,000
Director's Fees	6,000	3,900	2,100
Election/Publication	1,000	182	818
Insurance	9,000	8,148	852
Legal	4,950	7,140	(2,190)
Miscellaneous	2,000	1,734	266
Office Supplies/Postage	2,100	578	1,522
Payroll Taxes	459	298	161
County Treasurer's Fees	1,907	1,917	(10)
Contingency	4,202	-	4,202
Total Expenditures	<u>57,018</u>	<u>47,835</u>	<u>9,183</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,062	99,960	16,898
OTHER FINANCING SOURCES (USES)			
Transfers From (To) Other Funds	<u>(1,210)</u>	<u>(841)</u>	<u>369</u>
Total Other Financing Sources (Uses)	(1,210)	(841)	369
NET CHANGE IN FUNDS AVAILABLE	81,852	99,119	17,267
Funds Available - Beginning of Year	<u>2,580</u>	<u>5,723</u>	<u>3,143</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 84,432</u>	<u>\$ 104,842</u>	<u>\$ 20,410</u>
<u>SUMMARY</u>			
Total District Revenue	\$ 237,879	\$ 259,062	\$ 21,183
Total District Expenditures	<u>414,826</u>	<u>262,033</u>	<u>152,793</u>
Total Excess (Deficit) of Revenues Over (Under) Expenditures	(176,947)	(2,971)	173,976
Funds Available - Beginning of Year	<u>269,828</u>	<u>272,318</u>	<u>2,490</u>
Funds Available - End of Year	<u>\$ 92,881</u>	<u>\$ 269,347</u>	<u>\$ 176,466</u>

**IDLEDALE WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

	Actual
Reconciliation of Budgetary Basis (Actual) To Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 259,062
Deduct:	
Interfund Transfers	(841)
Total Revenue Per Statement of Revenues, Expenses And Changes in Net Position	258,221
Expenditures (Budgetary Basis)	262,033
Add:	
Depreciation	37,499
Accrued Loan Interest	1,628
Amortization of Deferred Loss on Debt Refunding	24,226
Deduct:	
Capital Outlay	(7,006)
Loan Principal Payment	(57,100)
Interfund Transfers	(841)
Total Expenses Per Statement of Revenues, Expenses And Changes in Net Position	260,439
Change in Net Position Per Statement of Revenues, Expenses and Changes in Net Position	\$ (2,218)

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2018**

\$1,037,000 General Obligation
Refunding and Improvement Loan
Series 2017
Dated December 21, 2017
Interest Rate of 3.08%
Payable June 1 and December 1
Principal Due December 1

	Principal	Interest	Total All Bonds
2019	\$ 57,000	\$ 30,181	\$ 87,181
2020	58,800	28,425	87,225
2021	60,600	26,614	87,214
2022	62,500	24,748	87,248
2023	64,400	22,823	87,223
2024	66,400	20,839	87,239
2025	68,400	18,794	87,194
2026	70,500	16,688	87,188
2027	72,700	14,516	87,216
2028	75,000	12,277	87,277
2029	77,300	9,967	87,267
2030	79,600	7,586	87,186
2031	82,100	5,134	87,234
2032	84,600	2,606	87,206
	<u>\$ 979,900</u>	<u>\$ 241,198</u>	<u>\$ 1,221,098</u>

**IDLEDALE WATER AND SANITATION DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY
 TAXES COLLECTED
 YEAR ENDED DECEMBER 31, 2018**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2014	\$ 2,293,789	16.620	\$ 38,123	\$ 38,033	99.76%
2015	2,289,689	16.620	38,055	37,964	99.76
2016	2,387,433	9.344	22,308	21,968	98.48
2017	2,385,184	9.475	22,600	22,581	99.92
2018	2,859,999	74.963	214,394	214,942	100.26
Estimated for year ending December 31, 2019	\$ 2,890,518	74.406	\$ 215,071		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.