Ralston Valley Water and Sanitation District

Arvada, Colorado

Financial Statements with Independent Auditors' Report

December 31, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Ralston Valley Water and Sanitation District

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December 31, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Ralston Valley Water and Sanitation District
Arvada, Colorado

We have audited the accompanying financial statements of the Ralston Valley 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 basic financial statements of the Ralston Valley Water and Sanitation District, as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 opinion.

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Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 an opinion on the financial statements that collectively comprise the Ralston Valley Water and Sanitation District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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.

Report on Comparative Information

We previously audited the Ralston Valley Water and Sanitation District's basic financial statements as of and for the year ended December 31, 2017, and we expressed an unmodified opinion on those financial statements in our report dated July 14, 2018. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hinkle & Company, PC

Greenwood Village, Colorado
July 19, 2019

Ralston Valley Water and Sanitation District
Management's Discussion and Analysis

As management of The Ralston Valley Water and Sanitation District, we offer readers of the District's basic financial statements his narrative and analysis of the financial activities of the Ralston Valley Water and Sanitation District for the year ending December 31, 2018.

The Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's basic financial statements.

Financial Highlights

The District's total net position increased by $196,111 compared with it's total net position in 2017. District operating revenues increased $104,532 based largely on the fact that we sustained a dry summer and extended dry fall. We continue, as do all water utilities, to rely heavily on water sales for revenue. Purchased water was $407,278 that is $3,278 more than the 2018 budget. Sewage treatment charges were $10,778 lower than projected due to the extended dry season and lower water table. Repair and maintenance was primarily sewer main jetting and several watermain repairs, for a cost of $104,933. Additional funds appropriated in 2018 were for additional debt payments, repairs and water purchases. Net cash provided by operating activities was $18,968 while there was a net loss from operations of $(46,214). Administrative and general expenses increased $48,342 from 2017.. Changes in net position can be attributed to converting cash to capital assets plus depreciation. An additional $100,000 payment was made to CWRPDA for debt service. on the 2006 loans.

The operations of the District are funded solely by revenue received from utility billing for water and sewer service to District residents. Capital improvements are funded through the loan established with the Colorado Water Resources and Power Development Authority.

Overview of Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services. The financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

*The **Statement of Net Position** presents information on all of the District's assets and liabilities, with the difference between the two being the reported net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.*

*The statement of **Revenues, Expenses, and Changes in Net Position** presents information showing how the District's net position changed over the course of the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end.)*

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

These financial statements distinguish functions of the District that will be principally supported by service charges. The functions of the District include the effective and economical operation of water and sewer systems within the jurisdictional boundaries of the District.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

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

Ralston Valley Water and Sanitation District

Net Position

	2018	2017
Total Assets		
Total Current Assets	$ 1,669,410	$ 1,607,245
Non Current Assets		
Capital assets not depreciated	24,263	24,263
Capital Assets net of accumulated deprediation	2,324,126	2,416,557
Restricted Cash and Investments	54,723	63,806
Total Non Current Assets	***2,403,112***	***2,504,626***
Total Assets	***4,072,522***	***4,111,871***
Liabilities		
Current Liabilities	115,224	139,257
Long Term Liabilities	1,060,774	1,268,511
Total Current Liabilities	***1,175,998***	***1,407,769***
Deferred Inflows of Resources	***222,690***	***226,380***
Net Position		
Net Investment in Capital Assets	1,323,980	1,202,218
Restricted for Debt Service	47,695	56,065
Restricted for Emergencies	33,032	48,566
Unrestricted	1,269,127	1,170,874
Total Net Position	***2,477,723***	***2,477,723***
Total Liabilities, Deferred Inflows of Resources, and Net Position	***4,072,522***	***4,111,871***

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, total assets exceeded total liabilities and deferred inflows of resources by $2,673,834. A large portion of the District's net position reflects its net investment in capital assets. The District uses these capital assets to provide service to citizens; consequently these assets are not available for future spending.

Ralston Valley Water and Sanitation District

Revenues, Expenses, and Changes in Net Position

		2018		2017
Operating Revenues				
Charges for Services	$	876,839	$	774,667
Miscellaneous Income		6,049		3,789
Total Operating Revenues		**882,888**		**778,356**
Operating Expenses				
Administrative and General		191,088		183,920
Water Purchases		407,278		364,743
Sewage Treatment Charges		130,972		125,329
Repairs and Maintenance		107,333		69,943
Depreciation		92,431		95,098
Total Operating Expenses		**929,102**		**839,033**
Income (Loss) From Operations		**(46,214)**		**(60,677)**
Non Operating Revenues (Expenses)				
Interest Income	$	2,995	$	1,831
Arvada/Denver Connection Fees, net		(4,190)		
Property Taxes		226,803		199,470
Specific Ownership Taxes		21,421		23,000
Treasurer Fees		(3,405)		(2,993)
Interest Expenses		(52,184)		(57,286)
Total Non Operating Revenues (Expenses)		**198,950**		**169,124**
Tap Fees		**43,375**		
Change in Net Position		**196,111**		**108,447**
Net Position Beginning		**2,477,723**		**2,369,276**
Net Position Ending	**$**	**2,673,834**	**$**	**2,477,723**

Budgetary Highlights

*The District's final budget for expenditures was **$1,084,275** for the year ended December 31, 2018. Actual expenditures were **$1,098,943.** Actual expenditures were more than the budgeted amount by **$14,668.** The majority of this difference plus or minus is attributed to repair and maintenance charges, purchased water, professional fees, and capital outlay.*

*The total revenue for the District was $**1,173,292** which was more than the 2018 budgeted revenues by **$89,017***

Capital Asset and Debt Administration

The Ralston Valley Water and Sanitation District has successfully incorporated the funding acquired to make Capital Improvements throughout the District. Improvements range from additional water distribution connections to the City of Arvada to sliplining and reducing infiltration into the collection system. The additional connections to the water distribution system allow for better flow and supply throughout the District. The sewer system rehabilitation projects will reduce annual treatment charges as well as extend the life of the sewer facilities. These projects were being funded by annual property tax assessments on residents of the District. This is the result of the successful May 2006 mill levy election for Capital Improvement funds.

Funding is being provided by the Colorado Water Resources and Power Development Authority which has a 20 year loan with the District. Terms of the loan provide for bi-annual payments in May and November with an interest rate of 3.75% annually. The remaining cash available from the sewer project was used to buy down the CWRPDA sewer loan balance.

Economic Factors and the Next Year's Budget and Rates

The Ralston Valley Water and Sanitation District Board of Directors moved to increase water and sewer rates upon receiving notification of sewer and water increases from the City of Arvada and the Metropolitan Reclamation District. See the District's monthly financial reports for monthly and year to date water and sewer revenue totals. Water revenue was up due to dry summer conditions and sewage treatment was down due to successful sewer main rehabilitation.

The Board of Directors approves water and sewer tap increases annually for any future development within the District.

Requests for Information

The financial report is designed to provide a general overview of the RVWSD for all of those who have interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Phil Wathier
District Manager
Ralston Valley Water and Sanitation District
P.O. Box 749
Arvada, Colorado 80001
(303) 424-9526

Basic Financial Statements

Ralston Valley Water and Sanitation District
Statement of Net Position
December 31, 2018

	2018	2017
Assets		
Current Assets		
Cash	$ 1,332,749	$ 1,277,065
Accounts Receivable	102,834	92,746
Property Taxes Receivable	222,690	226,380
Prepaid Expenses	11,137	11,054
Total Current Assets	1,669,410	1,607,245
Noncurrent Assets		
Restricted Cash and Investments	54,723	63,806
Capital Assets, *Not being depreciated*	24,263	24,263
Capital Assets, *Net of accumulated deprecation*	2,324,126	2,416,557
Total Noncurrent Assets	2,403,112	2,504,626
Total Assets	$ 4,072,522	$ 4,111,871
Liabilities		
Current Liabilities		
Accounts Payable	$ -	$ 17,078
Accrued Liabilities	246	246
Accrued Interest Payable	7,028	7,741
Loans Payable, Current Portion	107,950	114,192
Total Current Liabilities	115,224	139,257
Long-Term Liabilities		
Arvada Paralleling Contract	106,265	106,021
Arvada Cost Recovery Contract	38,050	38,080
Loans Payable	916,459	1,124,410
Total Long-Term Liabilities	1,060,774	1,268,511
Total Liabilities	1,175,998	1,407,768
Deferred Inflows of Resources		
Property Taxes	222,690	226,380
Net Position		
Net Investment in Capital Assets	1,323,980	1,202,218
Restricted for Debt Service	47,695	56,065
Restricted for Emergencies	33,032	48,566
Unrestricted	1,269,127	1,170,874
Total Net Position	2,673,834	2,477,723
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,072,522	$ 4,111,871

See Notes to Financial Statements.

Ralston Valley Water and Sanitation District

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

	2018	2017
Operating Revenues		
Charges for Services	$ 876,839	$ 774,567
Miscellaneous	6,049	3,789
Total Operating Revenues	882,888	778,356
Operating Expenses		
Administrative and General	191,088	183,920
Water Purchases	407,278	364,743
Sewage Treatment Charges	130,972	125,329
Repairs and Maintenance	107,333	69,943
Depreciation	92,431	95,098
Total Operating Expenses	929,102	839,033
Net Loss From Operations	(46,214)	(60,677)
Nonoperating Revenues (Expenses)		
Interest Income	2,995	1,831
Arvada/Denver Connection Fees*, net*	(4,220)	-
Property Taxes	226,803	199,470
Specific Ownership Taxes	21,421	23,000
Treasurer Fees	(3,405)	(2,993)
Interest Expense	(44,674)	(52,184)
Total Nonoperating Revenues (Expenses)	198,920	169,124
Net Income Before Capital Contributions	152,706	108,447
Capital Contributions		
Tap Fees	41,155	-
Capital Improvement Fees	2,250	-
Change in Net Position	196,111	108,447
Net Position*, Beginning of year*	2,477,723	2,369,276
Net Position*, End of year*	$ 2,673,834	$ 2,477,723

Ralston Valley Water and Sanitation District

Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
Cash Flows From Operating Activities		
Cash Received from Customers	$ 872,800	$ 787,141
Cash Paid to Employees	(122,760)	(110,468)
Cash Paid to Vendors and Suppliers	(731,072)	(615,265)
Net Cash Provided by Operating Activities	18,968	61,408
Cash Flows From Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	-	(32,560)
Water and Sewer Tap Fees Received	41,185	-
Capital Improvement Fees Received	2,250	-
Arvada/Denver Connection Fees Collected	(4,280)	-
Payments to Arvada/Denver	-	-
Arvada Paralleling Fees Collected	244	-
Taxes Received	244,819	219,297
Loan Principal Payments	(214,193)	(218,929)
Loan Interest Payments	(45,387)	(53,553)
Net Cash Provided (Used) by Capital and Related Financing Activities	24,638	(85,745)
Cash Flows From Investing Activities		
Investment Earnings	2,995	1,831
Net Cash Provided by Investing Activities	2,995	1,831
Net Increase (Decrease) in Cash and Cash Equivalents	46,601	(22,506)
Cash and Cash Equivalents, *Beginning of year*	1,340,871	1,363,377
Cash and Cash Equivalents, *End of year*	$ 1,387,472	$ 1,340,871
Reconciliation of Net Loss From Operations to Net Cash Provided by Operating Activities		
Net Loss from Operations	$ (46,214)	$ (60,677)
Adjustments to Reconcile Net Loss from Operations to Net Cash Provided by Operating Activities		
Depreciation	92,431	95,098
Changes in Assets and Liabilities		
Accounts Receivable	(10,088)	8,785
Prepaid Expenses	(83)	1,124
Accounts Payable	(17,078)	17,078
Net Cash Provided by Operating Activities	$ 18,968	$ 61,408

Note 1: Summary of Significant Accounting Policies

The financial statements of the Ralston Valley Water and Sanitation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Based upon the application of this criteria, no additional organizations are included within the District's reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods or services.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. 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 nonoperating revenues and expenses.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position

Cash Equivalents - Cash equivalents include investments with an original maturity of three months or less.

Receivables - Accounts receivable are recorded as bad debts at the time they are determined to be uncollectible. No allowance for doubtful accounts has been established because management believes all amounts are collectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets include property, infrastructure, and equipment. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Water Distribution and Sewer Collection Systems	40 years
Equipment	5 - 20 years

Compensated Absences - Certain District employees are allowed to accrue paid time off (PTO). Accrued but unpaid PTO is not paid at separation of employment, and therefore, no liability is reported in the financial statements.

Deferred Inflows of Resources - Property taxes earned but levied for a subsequent year are reported as deferred inflows of resources in the financial statements.

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied in December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer’s Office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

Note 1: Summary of Significant Accounting Policies (Continued)

Comparative Information

The financial statements include certain prior-year comparative information, but not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2017, from which the information was derived.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The District follows these procedures to establish the budgetary information reported in the financial statements:

- Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any revisions that alter total expenditures must be approved by the Board of Directors.
- The budget is presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted.
- All appropriations lapse at year end.

Note 3: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the District had bank deposits of $1,124,878 collateralized with securities held by the financial institution's agent but not in the District's name.

Note 3: Cash and Investments (Continued)

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings established by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer, except for corporate securities.

Local Government Investment Pool - At December 31, 2018, the District had $54,723 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is measured at the net asset value per share, with each share valued at $1. CSAFE is rated AAAm by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Cash and Investments (Continued)

Restricted Cash and Investments

At December 31, 2018, the District had investments of $54,723 restricted by election for debt service.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Capital Assets, *Not Being Depreciated*				
Easements	$ 24,263	$ -	$ -	$ 24,263
Total Capital Assets, *Not Being Depreciated*	24,263	-	-	24,263
Capital Assets, *Being Depreciated*				
Water System	2,106,446	-	-	2,106,446
Sewer System	1,896,336	-	-	1,896,336
Equipment	51,259	-	-	51,259
Total Capital Assets, *Being Depreciated*	4,054,041	-	-	4,054,041
Less Accumulated Depreciation				
Water System	(817,748)	(51,530)	-	(869,278)
Sewer System	(790,044)	(38,338)	-	(828,382)
Equipment	(29,692)	(2,563)	-	(32,255)
Total Accumulated Depreciation	(1,637,484)	(92,431)	-	(1,729,915)
Total Capital Assets, *Being Depreciated, net*	2,416,557	(92,431)	-	2,324,126
Capital Assets, Net	$ 2,440,820	$ (92,431)	$ -	$ 2,348,389

Note 5: Agreements

Arvada Paralleling Contract

In 1974, the District entered into an agreement with the City of Arvada to provide sewer collection services. The District collects a $244 surcharge with every sewer tap fee sold to defray the costs of any additions or parallel lines that may be needed for the City's system. The City may request reimbursement for these surcharge fees at any time. The District's liability for any additional lines is limited to the surcharge fees collected. At December 31, 2018, the District's liability under this agreement was $106,265.

Note 5: Agreements (Continued)

Arvada Cost Recovery Contract

The City of Arvada allowed the District to use a water transmission main line, which saved the District substantial construction costs. In 1974, the District agreed to reimburse the City with an initial down payment plus future payments totaling $60,000. The District collects a $30 fee with each residential tap fee and remits the fees to the City in payment of this obligation. One tap was sold and $30 was collected during the year ended December 31, 2018. The remaining liability at December 31, 2018, was $38,050.

Note 6: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
CWRPDA Loan (Water)	$ 657,850	$ -	$ (108,831)	$ 549,019	$ 55,960
CWRPDA Loan (Sewer)	580,752	-	(105,362)	475,390	51,990
Total	$ 1,238,602	$ -	$ (214,193)	$ 1,024,409	$ 107,950

On August 9, 2006, the District entered into two loan agreements with the Colorado Water Resources and Power Development Authority (CWRPDA) to finance upgrades to the water and sewer systems. Interest accrues on the loans at 3.75% per annum. Principal and interest payments are due semi-annually on May 1 and November 1, through May 1, 2027. During the year ended December 31, 2018, the District made additional principal payments on the loans of $100,000.

Future payments for the outstanding debt are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$ 107,950	$ 37,413	$ 145,363
2020	112,037	33,326	145,363
2021	116,277	29,086	145,363
2022	120,679	24,684	145,363
2023	125,245	20,118	145,363
2024 - 2027	442,221	31,882	474,103
Total	$ 1,024,409	$ 176,509	$ 1,200,918

Note 7: Public Entity Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the District participates in the Colorado Special Districts Property and Liability Pool (the Pool), a separate and independent governmental and legal entity formed by intergovernmental agreement.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool.

It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

Note 8: Commitments and Contingencies

TABOR Amendment

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is subject to many interpretations, but the District believes it is in substantial compliance with the requirements of the amendment.

The District has established emergency reserves representing 3% of qualifying expenses, as required by the amendment. At December 31, 2018, the emergency reserve of $33,032 was reported as restricted net position in the financial statements.

Supplementary Information

Ralston Valley Water and Sanitation District

Budgetary Comparison Schedule
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Water Service Charges	$ 560,400	$ 630,000	$ 701,335	$ 71,335
Sewer Service Charges	181,900	181,900	175,504	(6,396)
Other Service Charges	-	-	3,100	3,100
Miscellaneous	7,875	5,400	6,049	649
Interest Income	1,500	2,700	2,995	295
Property Taxes	236,000	236,000	226,803	(9,197)
Specific Ownership Taxes	23,800	23,800	21,421	(2,379)
Water Tap Fees	-	1,000	26,665	25,665
Arvada Sewer Tap Fees	-	-	30	30
Sewer Tap Fees	-	1,000	7,140	6,140
Capital Improvement Fees	-	2,475	2,250	(225)
Total Revenues	1,011,475	1,084,275	1,173,292	89,017
Expenditures				
Answering Service	1,785	2,170	2,121	49
Auto Expense	3,645	3,868	4,927	(1,059)
Billing Service	3,000	2,950	3,045	(95)
Director Fees	5,600	5,100	5,100	-
Engineering	5,000	-	-	-
Payroll Taxes	13,200	9,192	9,744	(552)
Insurance	15,501	14,500	13,971	529
Licenses and Permits	-	-	880	(880)
Professional Fees	15,000	19,152	19,231	(79)
Miscellaneous	-	-	145	(145)
Office Supplies	5,200	5,064	5,637	(573)
Outside Services	-	-	2,400	(2,400)
Rent	4,951	5,250	5,399	(149)
Repairs and Maintenance	60,000	95,000	104,933	(9,933)
Salaries	117,000	116,961	117,660	(699)
Sewage Treatment Charge	141,750	131,728	130,972	756
Treasurer Fees	4,000	3,500	3,405	95
Utilities	1,000	996	975	21
Water Purchases	341,700	404,000	407,278	(3,278)
Water Quality Testing	3,520	2,792	2,253	539
Debt Service	173,000	259,572	258,867	705
Contingency	33,032	33,032	-	33,032
Total Expenditures	947,884	1,114,827	1,098,943	15,884
Change in Net Position, *Budgetary Basis*	$ 63,591	$ (30,552)	74,349	$ 104,901
Adjustments to GAAP Basis				
Depreciation Expense			(92,431)	
Loan Principal			214,193	
Change in Net Position, *GAAP Basis*			$ 196,111	