

Colorado New Energy Improvement District

Financial Statements

Year Ended December 31, 2018

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Colorado New Energy Improvement District
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colorado New Energy Improvement District (the District), Denver, Colorado, 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 (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Colorado New Energy Improvement District, Denver, Colorado, as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with U.S. GAAP.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Hiratsuka & Associates, LLP

July 15, 2019
Wheat Ridge, Colorado

Colorado New Energy Improvement District

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

December 31, 2018

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS				
Cash	\$ 406,016	\$ 406,016	\$ -	\$ 406,016
Cash - restricted	30,876	30,876	-	30,876
Receivable - County Treasurer	105	105	-	105
Prepaid expenses	<u>3,537</u>	<u>3,537</u>	<u>-</u>	<u>3,537</u>
Total Assets	<u>\$ 440,534</u>	<u>\$ 440,534</u>	<u>-</u>	<u>440,534</u>
LIABILITIES				
Accounts payable	<u>\$ 44,586</u>	<u>\$ 44,586</u>	<u>-</u>	<u>44,586</u>
Total Liabilities	<u>44,586</u>	<u>44,586</u>	<u>-</u>	<u>44,586</u>
FUND BALANCES/NET POSITION				
Fund Balances:				
Nonspendable:				
Prepays	3,537	3,537	(3,537)	-
Restricted:				
Emergencies	30,876	30,876	(30,876)	-
Unassigned	<u>361,535</u>	<u>361,535</u>	<u>(361,535)</u>	<u>-</u>
Total Fund Balances	<u>395,948</u>	<u>395,948</u>	<u>(395,948)</u>	<u>-</u>
Total Liabilities, and Fund Balances	<u>\$ 440,534</u>	<u>\$ 440,534</u>		
Net Position:				
Restricted for:				
Emergencies			30,876	30,876
Unrestricted			<u>365,072</u>	<u>365,072</u>
Total Net Position			<u>\$ 395,948</u>	<u>\$ 395,948</u>

The notes to the financial statements are an integral part of these statements.

Colorado New Energy Improvement District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES				
Accounting	\$ 3,600	\$ 3,600	\$ -	\$ 3,600
Performance audit	26,899	26,899	-	26,899
Legal	122,327	122,327	-	122,327
Insurance	2,776	2,776	-	2,776
Project Admin Fee	2,265	2,265	-	2,265
Recording fees	9,515	9,515	-	9,515
Professional service fees - facilitator	8,677	8,677	-	8,677
Project Admin Fee - SRS	450,840	450,840	-	450,840
Special assessment payment to capital provider	338,311	338,311	-	338,311
Special assessment - County Treasurer Fee	2,846	2,846	-	2,846
Repay developer advances - interest	-	-	-	-
Total Expenditures	968,056	968,056	-	968,056
PROGRAM REVENUES				
Program administration fee	500,776	500,776	-	500,776
Filing fee reimbursement fee	8,067	8,067	-	8,067
Special assessment revenue	341,129	341,129	-	341,129
Total Program Revenues	849,972	849,972	-	849,972
NET CHANGES IN FUND BALANCES	(118,084)	(118,084)	118,084	
CHANGE IN NET POSITION			(118,084)	(118,084)
FUND BALANCES/NET POSITION:				
BEGINNING OF YEAR	514,032	514,032	-	514,032
END OF YEAR	\$ 395,948	\$ 395,948	\$ -	\$ 395,948

The notes to the financial statements are an integral part of these statements.

Colorado New Energy Improvement District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2018

	Original <u>Budget</u>	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Program administration fee	\$ 37,500	\$ 700,000	\$ 500,776	\$ (199,224)
Filing fee reimbursement fee	-	6,690	8,067	1,377
Special assessment revenue	-	615,081	341,129	(273,952)
Total Revenues	<u>37,500</u>	<u>1,321,771</u>	<u>849,972</u>	<u>(471,799)</u>
EXPENDITURES				
Accounting	20,000	40,000	3,600	36,400
Performance audit	-	-	26,899	(26,899)
Legal	20,000	70,000	122,327	(52,327)
Insurance	-	2,775	2,776	(1)
Membership dues and subscriptions	3,500	3,500	-	3,500
Board travel expense	500	500	-	500
Office administration	35,000	-	-	-
Project Admin Fee	-	2,265	2,265	-
Sponsorship fees	2,500	2,500	-	2,500
Recording fees	-	9,650	9,515	135
Professional service fees - facilitator	-	17,178	8,677	8,501
Project Admin Fee - SRS	-	630,000	450,840	179,160
Special assessment payment to capital provider	-	607,337	338,311	269,026
Special assessment - County Treasurer Fee	-	7,770	2,846	4,924
Contingency	-	35,077	-	35,077
Total Expenditures	<u>81,500</u>	<u>1,428,552</u>	<u>968,056</u>	<u>460,496</u>
NET CHANGE IN FUND BALANCE	(44,000)	(106,781)	(118,084)	(11,303)
FUND BALANCE:				
BEGINNING OF YEAR	<u>450,564</u>	<u>486,328</u>	<u>514,032</u>	<u>27,704</u>
END OF YEAR	<u>\$ 406,564</u>	<u>\$ 379,547</u>	<u>\$ 395,948</u>	<u>\$ 16,401</u>

The notes to the financial statements are an integral part of these statements.

Colorado New Energy Improvement District

Notes to Financial Statements December 31, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Colorado New Energy Improvement District (“District”), located in the State of Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was created by House Bill 10-1328 (the New Energy Jobs Creation Act of 2010), as a statewide special statutory district created to establish, develop, finance, implement, and administer a new energy improvement program that encourages property owners to invest in energy efficiency or renewable energy improvements to their property (“Program” or “C-PACE Program”). According to statute, the District constitutes a public instrumentality, and the exercise of its statutory powers and duties is deemed and held to be the performance of an essential public function. Pursuant to C.R.S. § 32-20-104(1), the District is a separate legal entity that is not an agency of the State or of any local government and is not subject to administrative direction by any department, commission, board, or agency of the State or of any local government. The C-PACE Program enables owners of eligible commercial and industrial buildings to finance up to 100% of energy efficiency, renewable energy and water conservation eligible improvements. Financing is provided by private capital providers at competitive rates with repayment terms up to 25 years. The Program financing repayment is facilitated through the County property tax assessment process. An assessment lien (similar to a sewer district assessment) is recorded against the property benefitting from the new energy improvements, and the assessment lien is collected utilizing the property tax payment process. The assessment is repaid over the financing term (up to 25 years) and the annual energy cost savings will, in most cases, exceed the annual assessment payment, thereby enabling capital intensive equipment upgrades. Because the Program assessment lien repayment obligation runs with the property, the assessment transfers to the next owner when the property is sold. The District's primary revenues are special assessments, which are passed through to the private third-party capital providers upon receipt from each County and verification by the District, and the District's share of the Program administration fee. The District's boundaries are noncontiguous and include the eligible real property of those property owners who voluntarily join the District through participation in the C-PACE Program and whose property is located within those counties whose county commissioners have considered and adopted a resolution authorizing the District to operate the Program within its jurisdiction. Twenty-three (23) of Colorado's 64 counties (Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Delta, Denver, Eagle, Fremont, Garfield, Gunnison, Jefferson, Lake, Larimer, Montezuma, Montrose, Ouray, Otero, Pitkin, Pueblo, Routt, San Miguel, and Weld) have authorized such participation.

Colorado New Energy Improvement District

Notes to Financial Statements December 31, 2018

The District is governed by a seven-member board of directors (“Board”) that includes the Director of the Colorado Energy Office (CEO) or his or her designee and six (6) additional members, appointed by the Governor for four-year terms, who collectively represent or have executive-level experience in commercial or residential real estate development, financial institutions, the utility industry, and the energy efficiency and renewable energy industries.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity.

GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

Colorado New Energy Improvement District

Notes to Financial Statements December 31, 2018

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide 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 a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Colorado New Energy Improvement District

Notes to Financial Statements December 31, 2018

During 2018, the District amended its total appropriations in the General Fund from \$81,500 to \$1,428,552 primarily due to increased activity levels in the program.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any deferred outflows of resources to report.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any deferred inflows of resources to report.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Colorado New Energy Improvement District

Notes to Financial Statements
December 31, 2018

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$3,537 represents prepaid insurance.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$30,876 of the General Fund balance has been restricted in compliance with this requirement.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Colorado New Energy Improvement District

Notes to Financial Statements
December 31, 2018

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. The District has no capital assets therefore no Net investment in capital assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash

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

Statement of Net Position:

Cash	\$ 406,016
Cash - Restricted	<u>30,876</u>
Total	<u>\$ 436,892</u>

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

Deposits with financial institutions	\$ 436,892
Total	<u>\$ 436,892</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the 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.

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Notes to Financial Statements December 31, 2018

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

On December 31, 2018, the District had no investments.

Debt Authorization

C.R.S. § 32-20-108(1) authorizes the District to issue up to \$800 million in special assessment bonds for financing eligible new energy improvement projects and to pay other costs of the District. However, the District is also statutorily authorized to fund projects through private third-party financing, rather than through the issuance of bonds. The District has not issued any special assessment bonds to date.

Note 3: Agreements

Professional Services Agreement

On March 6, 2018 the District entered into an updated Professional Services Agreement ("PSA") with Sustainable Real Estate Solutions Inc, a Delaware corporation ("SRS") whereby SRS agreed to continue to manage the Program including program management, marketing management and financial management. The District agreed to compensate SRS for its services upon the successful closing of each financed Project, through the payment of a volumetric success fee of 2.25% of the total aggregate gross amount made available to finance the specific project not to exceed \$45,000 for each project. The SRS PSA has been extended through December 31, 2019. The District charges a program administrative fee of 2.5 percent of the project amount financed (not to exceed \$50,000 per project), and the District's program administrative fee is set forth and disclosed in the C-PACE Program Guide, as the same may be amended from time to time. In 2019, SRS's volumetric success fee was reduced from 2.25% of the total aggregate gross amount made available to finance the specific project (not to exceed \$45,000) to 2.125% (not to exceed \$42,500).

At the sole discretion of the District, contingent upon SRS performing the services under the agreement to the satisfaction of the District, the District reserved the right to renew the term of the agreement for three additional one-year terms.

Colorado New Energy Improvement District

Notes to Financial Statements
December 31, 2018

Colorado C-PACE NEID-COUNTY PARTICIPATION AGREEMENT

The District has entered into Colorado C-Pace NEID-County Participation Agreements (“Participation Agreements”) with each of twenty-three (23) counties in the State of Colorado that have authorized the District to conduct the Program within county boundaries. The Participation Agreements outline the District’s responsibilities relating to the Program including the program requirements, the project requirements and the assessment and financing requirements. It also outlines the responsibilities of the Counties including the responsibility to bill and collect the assessments. After the District issues bonds notes or other obligations, or after a third party capital provider provides funds to finance the costs of any Program project, the Participation Agreement may not be amended or terminated by the parties without the prior approval of the holder of the District’s bonds, notes or other obligation, or the third party capital provider that have financed a specific project. Currently the District has entered into Participation Agreements with the following counties: Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Delta, Denver, Eagle, Fremont, Garfield, Gunnison, Jefferson, Lake, Larimer, Montezuma, Montrose, Ouray, Otero, Pitkin, Pueblo, Routt, San Miguel and Weld.

Note 4: Tax, Spending and Debt Limitations

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

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.

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 will require judicial interpretation.

Colorado New Energy Improvement District

Notes to Financial Statements
December 31, 2018

Note 5: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 6: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

At December 31, 2018, there were no reconciling items between the Governmental Funds Balance Sheet and the Statement of Net Position or between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.