

# Parkville Water District

(Leadville, Colorado)

Financial Statements

December 31, 2019 and 2018

**PARKVILLE WATER DISTRICT**  
LEADVILLE, COLORADO  
FINANCIAL STATEMENTS

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## Independent Auditor's Report

Board of Directors  
Parkville Water District  
Leadville, Colorado 80461

We have audited the accompanying financial statements of Parkville Water District (A Proprietary Fund), as of and for the years ended December 31, 2019 and December 31, 2018, and 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Parkville Water District (the District) as of December 31, 2019 and December 31, 2018 and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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 District's basic financial statements. The schedules listed in the table of contents as other supplementary information in Section D are presented for purposes of additional analysis and are 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Kenneth L. Olsen, CPA, PC  
Leadville, Colorado  
September 25, 2020

## **PARKVILLE WATER DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Parkville Water District (PWD), we offer readers of PWD's financial statements this narrative overview of the financial activities of PWD for the fiscal year ending December 31, 2019. We encourage readers to consider the information presented here in conjunction with PWD's financial statements and notes to the basic financial statements to enhance their understanding of PWD's financial performance.

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#### **FINANCIAL HIGHLIGHTS**

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- In 2019, the assets of PWD exceed its liabilities at the close of the 2019 fiscal year by \$7,319,796 (net position). Of this amount \$1,264,159 (unrestricted net position) may be used to meet PWD's ongoing obligations. In 2019, total assets increased \$525,749, while total liabilities increased \$26,857, resulting in total net position increasing \$498,892 or about 7.3% over the course of the year's operations.
- PWD's operating expenses increased in 2019 by \$91,249. General and administrative expenses increased by \$30,970 in 2019.
- Operating revenues increased by \$14,982 or .9% in 2019.
- Non-operating revenues and capital contributions increased by \$144,064 primarily due to an increase in tap fees and sale of property and equipment.
- In 2018, Mountain Structures was awarded the bid for the Mountain Lake Spillway project. The project was completed in 2018 with a total cost of \$166,076, including engineering and other costs. The project was funded with a WSRF grant from the Colorado Department of Natural Resources. Colorado Water Conservation Board for \$73,495. The rest of the cost was funded by PWD.
- In 2019, JVA Engineering was awarded the bid for the Plant Rebuild project. A proposal from Glacier Construction was signed for the plant design. The project will be complete in 2020.

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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of PWD. The financial statements also include notes that explain in more detail some of the information in the financial statements.

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## **REQUIRED FINANCIAL STATEMENTS**

The financial statements of PWD report information of PWD using accounting methods similar to those used by private sector companies. These statements offer short-and long-term financial information about its activities. The Statement of Net Position includes all of PWD's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to PWD creditors (liabilities). It also provides the basis for evaluating the capital structure of PWD and assessing the liquidity and financial flexibility of PWD.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of PWD's operations over the past year and can be used to determine whether PWD has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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## **FINANCIAL ANALYSIS OF PWD**

The most common financial question posed to PWD is "How did we do financially during 2019". The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about PWD's activities in a way that will help answer this question.

These two statements report the net position of PWD and the changes in them. One can think of PWD's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in PWD's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

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**NET POSITION**

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To begin our analysis, a summary of PWD's Statement of Net Position is presented in Table A-1.

**Table A-1**  
**Condensed Statements of Net Position**

	<u>FY2019</u>	<u>FY2018</u>	<u>FY 2017</u>
Current and Other Assets	\$1,555,584	\$1,619,029	\$1,250,338
Capital Assets	<u>\$7,145,590</u>	<u>\$6,556,396</u>	<u>\$6,320,754</u>
Total Assets	<u>\$8,701,174</u>	<u>\$8,175,425</u>	<u>\$7,571,092</u>
Liabilities	<u>\$1,381,378</u>	<u>\$1,354,521</u>	<u>\$1,234,020</u>
Total Liabilities	<u>\$1,381,378</u>	<u>\$1,354,521</u>	<u>\$1,234,020</u>
Invested in Capital Assets	\$5,904,152	\$5,272,368	\$5,142,688
Restricted Net Position	\$ 151,485	\$ 142,966	\$ 145,880
Unrestricted Net Position	<u>\$1,264,159</u>	<u>\$1,405,570</u>	<u>\$1,048,504</u>
Total Net Position	<u>\$7,319,796</u>	<u>\$6,820,904</u>	<u>\$6,337,072</u>

As can be seen from Table A-1 above, net position increased \$498,892 to \$7,319,796 in 2019 from \$6,820,904 in 2018. Changes in Net Position included a \$589,194 increase in capital assets, \$63,445 decrease in current and other assets, and a \$26,857 increase in current and other liabilities.

**Table A-2**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Position**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Operating Revenues	\$1,673,985	\$1,659,003	\$1,506,035
Non-operating Revenues	<u>\$ 414,096</u>	<u>\$ 187,461</u>	<u>\$ 62,341</u>
Total Revenues	<u>\$2,088,081</u>	<u>\$1,846,464</u>	<u>\$1,568,376</u>
Depreciation Expense	\$ 390,205	\$ 368,438	\$ 308,673
Operating Expense	\$ 597,658	\$ 506,409	\$ 367,319
General and Administrative Expense	<u>\$ 601,326</u>	<u>\$ 570,356</u>	<u>\$ 553,261</u>
Total Expenses	<u>\$1,589,189</u>	<u>\$1,445,203</u>	<u>\$1,229,253</u>
Income (Loss) Before Capital Contributions	<u>\$ 498,892</u>	<u>\$ 401,261</u>	<u>\$ 339,123</u>
Capital Contributions – Grant	<u>\$ 0</u>	<u>\$ 82,571</u>	<u>\$ 9,631</u>
Changes in Net Position	\$ 498,892	\$ 483,832	\$ 348,754
Beginning Net Position	<u>\$6,820,904</u>	<u>\$6,337,072</u>	<u>\$5,988,318</u>
Ending Net Position	<u>\$7,319,796</u>	<u>\$6,820,904</u>	<u>\$6,337,072</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position of \$498,892 resulted in the increase in net position in 2019.

PWD's operating revenues increased by \$14,982 to \$1,673,985 in 2019. In 2019, the non-operating revenues and capital contributions increased by \$144,064. This increase is primarily due to an increase in tap fees and sale of property and equipment.

PWD's operating expenses increased in 2019 by \$91,249 and general and administrative expenses increased by \$30,970 in 2019.

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## **BUDGETARY HIGHLIGHTS**

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PWD adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. A 2019 budget comparison and analysis is presented to the Board of Directors as interim financial statements.

A 2019 budget comparison and analysis is presented in Table A-3.

**Table A-3**  
**Budget vs. Actual**  
**FY 2019**

	<u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> Over and (Under)
<b>Revenues</b>			
From Operations	\$ 1,886,000	\$1,673,985	\$ (212,015)
Non-operating/loan proceeds	\$ 2,397,000	\$ 487,296	\$ (1,909,704)
Total Revenue	<u>\$ 4,283,000</u>	<u>\$2,161,281</u>	<u>\$ (2,121,719)</u>
<b>Operating Expenses</b>			
Source of Supply	\$ 15,000	\$ 10,069	\$ (4,931)
Power and Pumping	\$ 66,000	\$ 59,279	\$ (6,721)
Water Treatment	\$ 104,000	\$ 93,873	\$ (10,127)
Transmission and Distribution	\$ 457,000	\$ 381,239	\$ (75,761)
Equipment Maintenance	\$ 44,500	\$ 53,198	\$ 8,698
Business Office	\$ 237,000	\$ 235,324	\$ (1,676)
Employee Benefits	\$ 241,900	\$ 229,340	\$ (12,560)
Outside Services and Other	\$ 179,100	\$ 136,662	\$ (42,438)
Purchase of Property, Plant, and Equipment	<u>\$ 2,938,500</u>	<u>\$ 979,399</u>	<u>\$ (1,959,101)</u>
Total Expenses	<u>\$ 4,283,000</u>	<u>\$2,178,383</u>	<u>\$ (2,104,617)</u>
Net Loss per Budgetary Basis	<u>\$ (0)</u>	<u>\$ (17,102)</u>	<u>\$ (17,102)</u>

The revenue from operations was under budget by \$212,015. The expenses were under budget by \$2,104,617.

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## **CAPITAL ASSETS**

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At the end of 2019, PWD had \$13,618,138 invested in capital assets as shown in Table A-4. At the end of 2018, PWD had \$12,698,547 invested in capital assets. The increase is due to \$113,789 in work orders and \$865,610 in direct purchases. There was a retirement of plant of \$59,808.

**Table A-4**  
**Capital Assets**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Source of Supply Plant	\$ 3,882,398	\$ 3,882,398	\$ 3,713,922
Pumping Plant	248,439	248,439	248,439
Water Treatment Plant	2,580,128	2,004,813	1,966,236
Transmission and Distribution Plant	4,902,697	4,707,792	4,539,079
General Plant	<u>2,004,476</u>	<u>1,855,105</u>	<u>1,634,640</u>
Sub-Total	\$13,618,138	\$12,698,547	\$12,102,316
Less Accumulated Depreciation	<u>\$ 6,472,548</u>	<u>\$ 6,142,151</u>	<u>\$ 5,781,562</u>
Net Property and Equipment	<b><u>\$ 7,145,590</u></b>	<b><u>\$ 6,556,396</u></b>	<b><u>\$ 6,320,754</u></b>

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## **DEBT ADMINISTRATION**

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At December 31, 2012, PWD had a loan payable with Colorado Water Conservation Board (CWCB) for the Canterbury Tunnel Repair Project for \$1,026,371.44. The payments are \$59,355.16 annually for 30 years, beginning February 1, 2014. At December 31, 2019 the balance was \$904,986.

At December 31, 2015 PWD had a loan payable with First National Bank of Hugo for the purchase of an interest in 166 solar panels as well as “production capability” of specific solar photovoltaic panels located at the Lake County Solar Array @141 County Road 10, Leadville, Co for \$192,900. The amount of the loan was \$145,070. The payments are \$2692.41, monthly for five years, beginning March 1, 2015. At December 31, 2019 the balance was \$0.00.

At December 31, 2016 PWD had a loan payable with CWCB for the Evans Reservoir Bypass Flume Replacement Project for \$181,800. The payments are \$20,186.25 annually for ten years, beginning on December 1, 2017. At December 31, 2019 the balance was \$130,897.

At December 31, 2018 PWD had a lease purchase with CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader for \$174,590.41. The payments are \$2817.51 monthly for 6 years including principal and interest at the rate of 5.05%. At December 31, 2019 the balance was \$146,198.

At December 31, 2019 PWD had a lease purchase with CAT Financial for the purchase of a Caterpillar Hydraulic Excavator for \$73,200.01. The payment are \$13,842.77 annually for 6 years including principal and interest at the rate of 5.35%. At December 31, 2019 the balance was \$59,357.

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## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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A full scale upgrade in the 35 year old Parkville Water Treatment Plant was started in late summer of 2019 and continued into the summer of 2020 with final completion in August of 2020. This project included a new Motor Control Center, new PLC, new media in the filters and clarifiers, new underdrain system, new back-up emergency generator, new chemical feed systems, and new plant control and SCADA system. Total cost of the project is \$1.6 million with the bulk of the funding from a low interest loan from the Colorado Water and Power Development Authority. Design and Engineering costs were funded by a \$107,000 Grant from the same source.

Mountain Structures inc. was selected as a contractor to help Parkville abandon outdated and leaking "alley mains" in the distribution system. This project consisted of installation of new service lines into all the houses that were connected to the alley mains. Because of this project, unaccounted water losses in the distribution system are greatly reduced. Cost of this work is approximately \$91,000.

The significant increase in revenue in 2020 was mostly due to pre-payment of Plant Investment Fees to avoid the 2020 fee increase.

**Table A-5  
Budget Rate History**

### **DISTRICT RATE HISTORY**

<u>Fiscal Year</u>	<u>Minimum Monthly Charges</u>	<u>Gallons Allowed</u>
2013	\$33.00	3,000
	\$ 4.00	1,000
2014	\$36.00	4,000
	\$ 4.50	1,000
2015	\$37.50	4,000
	\$ 4.50	1,000
2018	\$44.00	4,000
	\$ 4.70	1,000
2020	\$51.00	4,000
	\$ 5.45	1,000

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## **PWD CONTACT INFORMATION**

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This financial report is designed to provide our customers and creditors with a general overview of PWD's finances and to demonstrate PWD's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Francine Rogala, Office Manager, Parkville Water District, 2015 N. Poplar, Leadville, CO 80461 or by telephone at 719/486-1449.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**STATEMENT OF NET POSITION**  
DECEMBER 31

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Current Assets		
Cash	1,153,660	1,227,958
Accounts Receivable	150,730	135,837
Other Receivables	405	1,814
Grant Receivable	-	1,188
Inventory	89,771	100,967
Prepaid Expenses	8,449	7,593
Other Investment	1,084	706
Total Current Assets	<u>1,404,099</u>	<u>1,476,063</u>
Noncurrent Assets		
Restricted Assets		
Cash - Tabor Emergency Reserve	51,000	48,000
Cash - Debt Service	100,485	94,966
Total Restricted Assets	<u>151,485</u>	<u>142,966</u>
Capital Assets		
Property, Plant & Equipment		
Utility Plant in Service (Schedule 4)	13,618,138	12,698,547
Less Accumulated Depreciation & Amortization	(6,472,548)	(6,142,151)
Net Capital Assets	<u>7,145,590</u>	<u>6,556,396</u>
Total Noncurrent Assets	<u>7,297,075</u>	<u>6,699,362</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 8,701,174</b></u>	<u><b>\$ 8,175,425</b></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	91,582	22,547
Accrued Taxes and Expenses	2,879	4,006
Customers' Deposits	9,167	9,167
Interest Payable	36,312	34,773
Long Term Debt - Due in One Year	78,506	96,610
Total Current Liabilities	<u>218,446</u>	<u>167,103</u>
Noncurrent Liabilities		
Long Term Debt - Due After One Year	1,162,932	1,187,418
Total Noncurrent Liabilities	<u>1,162,932</u>	<u>1,187,418</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,381,378</b></u>	<u><b>1,354,521</b></u>
<b>NET POSITION</b>		
Net Position		
Net Investment in Capital Assets	5,904,152	5,272,368
Restricted - Tabor Emergency Reserve	51,000	48,000
Restricted - Debt Service	100,485	94,966
Unrestricted	1,264,159	1,405,570
<b>TOTAL NET POSITION</b>	<u><b>\$ 7,319,796</b></u>	<u><b>\$ 6,820,904</b></u>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**STATEMENT OF REVENUE, EXPENSES, & CHANGES IN NET POSITION**  
YEAR ENDED DECEMBER 31

<b>OPERATING REVENUE</b>	<b>2019</b>	<b>2018</b>
Sales of Water		
Bulk Water	796	0
Unmetered Sales to General Customers	1,792	2,029
Metered Residential	1,071,896	1,070,644
Metered Commercial	360,490	385,538
Standby Fees	64,658	63,016
Sales to Public Authorities	79,816	92,152
	<u>1,579,448</u>	<u>1,613,379</u>
Other Water Revenue		
Miscellaneous Service Revenue, Merchandising, Jobbing, Contract Work-net	94,537	45,624
Total Operating Revenue	<u>1,673,985</u>	<u>1,659,003</u>
<b>OPERATING EXPENSES</b>		
Operating Expenses (Schedule 2)	597,658	506,409
General & Administrative Expenses (Schedule 3)	601,326	570,356
Depreciation Expense (Schedule 5)	390,205	368,438
Total Operating Expenses	<u>1,589,189</u>	<u>1,445,203</u>
Net Operating Income (Loss)	<u>84,796</u>	<u>213,800</u>
<b>NON-OPERATING REVENUE</b>		
Gain (Loss) On Disposal of Capital Assets	0	3,000
Plant Investment Fees	271,600	161,875
Interest on Investments	5,357	4,717
Other Non-Operating Revenue	137,139	17,869
Total Non-Operating Revenue	<u>414,096</u>	<u>187,461</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>498,892</u>	<u>401,261</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Capital Contributions - Grant Income	0	82,571
Total Capital Contributions	<u>0</u>	<u>82,571</u>
<b>CHANGES IN NET POSITION</b>	<b>498,892</b>	<b>483,832</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>6,820,904</u>	<u>6,337,072</u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ 7,319,796</b></u>	<u><b>\$ 6,820,904</b></u>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**STATEMENT OF CASH FLOWS**  
YEAR ENDED DECEMBER 31

<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	<b>2019</b>	<b>2018</b>
Cash Flows from Operating Activities:		
Cash Received from Customers	1,648,639	1,664,435
Cash (Paid) for Customer Deposits	0	1,000
Cash Payments to Suppliers for Goods & Services	(746,251)	(672,204)
Cash Payments to Employees for Services	(442,009)	(387,766)
Net Cash Provided by Operating Activities	460,379	605,465
Cash Flows from Non-Capital Financing Activities:		
Grant Income	0	0
Net Cash Provided by Non-Capital Financing Activities	0	0
Cash Flows from Capital & Related Financing Activities:		
Plant Investment Fees Received	274,750	154,875
Loan Proceeds for Capital Assets	73,200	174,590
Acquisition & Construction of Capital Assets	(901,624)	(604,758)
Principal Paid on Loans	(115,790)	(68,628)
Other Non-Operating Revenue	22,253	17,869
Grant Income	1,188	81,383
Sale of Capital Asset	114,886	3,000
Net Cash Used for Capital & Related Financing Activities	(531,137)	(241,669)
Cash Flows from Investing Activities:		
Other Investments	(378)	10,651
Interest on Investments	5,357	4,717
Net Cash Provided by Investing Activities	4,979	15,368
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(65,779)	379,164
Cash and Cash Equivalents: Beginning of Year	1,370,924	991,760
Cash and Cash Equivalents: End of Year	<b>\$ 1,305,145</b>	<b>\$ 1,370,924</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net Operating Income (Loss)	84,796	213,800
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	390,205	368,438
Increase (Decrease) in Customer Deposits	0	1,000
(Increase) Decrease in Other Receivables	194	0
Increase (Decrease) in Accrued Taxes & Expenses, Interest	412	3,048
(Increase) Decrease in Prepaid Expenses	(856)	(1,203)
Increase (Decrease) in Accounts Payable	(7,525)	11,154
(Increase) Decrease in Inventory	11,196	11,099
(Increase) Decrease in Accounts Receivable	(18,043)	(1,871)
Total Adjustments	375,583	391,665
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 460,379</b>	<b>\$ 605,465</b>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Parkville Water District (the District) is organized under the provisions of Section 32-1-101 et seq., Colorado Revised Statutes (CRS). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY**

The District is a Statutory, Single-Purpose, Special District governed by a five-member Board of Directors that are elected by the qualified voters in the District. The Board is accountable only to the voters and has no authority or influence over any other governmental entity. Likewise, the District is not financially dependent upon nor directly influenced by any other level of government. These financial statements reflect the operation of the District only.

**BASIS OF PRESENTATION**

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position.

The accounts of Parkville Water District are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Parkville Water District is operated as a Proprietary/Enterprise Fund. This fund type is utilized for the purpose of accounting for operations that are financed and operated in a manner similar to private business enterprises –where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**BASIS OF ACCOUNTING AND REVENUE RECOGNITION**

“Basis of Accounting” refers to when revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements, made, regardless of the nature of the measurement.

Proprietary/Enterprise fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 1**                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES                      (Continued)

BUDGETS & BUDGETARY ACCOUNTING

Budgets are prepared by the District in accordance with legal requirements and a budgetary accounting system is utilized. The budgeted revenues and expenditures represent the original budget with amendments as finally adopted by the District's Board of Directors. Budget appropriations lapse at the end of each year. The District maintains its budget on a modified cash basis of accounting. A reconciliation of modified cash receipts and expenditures and generally accepted accounting principles (accrual basis revenues and expenses) is as follows:

Modified Cash Basis Receipts	2,161,281
Less: Loss on Plant	0
Less: Unappropriated Fund Balance	0
Less: Loan Proceeds	(73,200)
Accrual Basis Revenues	\$ 2,088,081
Modified Cash Basis Expenditures	2,178,383
Add : Depreciation	390,205
Less: Plant Additions	(979,399)
Accrual Basis Expenses	\$ 1,589,189

The following is the budget calendar as required by Colorado Statutes:

DATE	EVENT
October      15	Proposed budget submitted to District for Review
December    31	District adopts budget and enacts resolution making appropriations for the ensuing year

STATEMENT OF CASH FLOWS

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

RECEIVABLES

Accounts receivable consists primarily of water user fees earned at December 31, 2019 and 2018.

INVENTORY

Inventory of pipe, fittings, and materials is valued at cost utilizing the first-in, first-out method. Inventory was determined based on a physical count at December 31, 2019 and 2018.

PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 1**                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES                      (Continued)

CAPITAL ASSETS

All fixed assets are valued at cost or estimated cost if actual cost is not available. Donated fixed assets are valued at their estimated fair market value at date of donation. Depreciation is provided using the straight-line method over the asset's estimated useful life. Estimated useful lives utilized in the financial statements are:

Source of Supply Plant	20 - 40 Years
Pumping Plant	20 - 40 Years
Water Treatment Plant	20 - 40 Years
Transmission & Distribution	20 - 40 Years
General Plant	20 - 40 Years
Transportation Equipment	7 - 10 Years

COMPENSATED ABSENCES

Parkville Water District has a policy for the accumulation of sick pay up to certain limits.

As of December 31, 2019 and 2018, the District has an estimated unrecorded liability for accumulated sick pay of \$ 40,739 and \$ 34,388, respectively.

Since the sick pay accrues but does not vest, the liability has not been recorded in the financial statements. No liability for accrued vacation pay existed at December 31, 2019 and 2018.

OPERATING REVENUES & EXPENSES

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees for water services.

Operating expenses include the costs associated with the water service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

It is the District's policy to apply restricted resources first when expenses are incurred for purposes for which both restricted and unrestricted resources are available for use.

REVENUE RECOGNITION

The District's billings are rendered and recorded monthly based on calendar month metered flows of water.

BAD DEBTS

Bad debts are recorded by the reserve method.

DEBT ISSUANCE COSTS

Debt issuance costs are recognized as an expense during the period of issuance.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 1**                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES                      (Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONTRIBUTIONS-IN-AID OF CONSTRUCTION AND TAP FEES

Construction contribution by developers is recognized when the District assumes the responsibility for the system that was donated by the developer. Prior to 2002, Contributions-in-Aid of construction, principally grants from governmental agencies and system tap fees, were credited directly to Contributed Capital. With the implementation of GASB 33, these contributions (tap fees) are recorded as a component of net income.

**NOTE 2**                      CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH

At December 31, the District had the following components of cash and cash equivalents:

	2019	2018
Cash on Hand	\$ 300	\$ 300
Cash on Deposit in Financial Institutions	1,304,845	1,370,624
Total	\$ 1,305,145	\$ 1,370,924

Cash deposits and investments are reflected on the December 31, Statement of Net Position as follows:

	2019	2018
Cash and cash equivalents	\$ 1,153,660	\$ 1,227,958
Restricted cash	151,485	142,966
Total	\$ 1,305,145	\$ 1,370,924

DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Deposits in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institutions 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 2**

**CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH (Continued)**

**DEPOSITS (CONTINUED)**

The District bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial bank under provisions of the Colorado Public Deposit Protection Act.

**RESTRICTED CASH**

Restricted Cash - Tabor Emergency Reserve at December 31, 2019 and 2018 of \$ 51,000 and \$ 48,000, respectively, represents funds required under Amendment No. 1, the "Tabor Amendment" passed by Colorado voters in November 1992, for "emergency reserves" and may be utilized only for declared emergencies which exclude economic conditions, revenue shortfalls, and district salary and fringe benefit increases.

Restricted Cash - Debt Service at December 31, 2019 and 2018 of \$ 100,485 and \$ 94,966, respectively, represents funds required for the CWCB loans for pledged revenues and Debt Service reserve, See Note 5.

**INVESTMENTS**

The District is authorized by Colorado Statutes to invest in the following:

- Certificates of deposit with an original maturity in excess of three months
- Bonds and other interest-bearing obligations of the United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of local government entities in Colorado
- Banker's acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts, with certain exceptions
- Commercial paper

**INTEREST RATE RISK**

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no investment policy that limits its investment choices other than the limitation of state law.

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

**NOTE 3**

**CAPITAL ASSETS**

See Schedule 4 on page D4 and Schedule 5 on page D5 for Capital Asset detail.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 4      LONG-TERM DEBT**

As of December 31, 2019 and 2018, the long-term debt of the District consisted of the following:

	2019	2018
<u>First National Bank of Hugo</u>		
Loan payable to First National Bank of Hugo for the purchase of a money interest in 166 solar panels as well as "production capability" (Solar Interest/Solar Output) of specific solar photovoltaic panels located at the Lake County Solar Array at 141 County Road 10, Leadville, Colorado. Purchase was dated January 30, 2015 for \$ 192,900. The loan amount was \$ 145,070, the loan is payable monthly beginning March 1, 2015, for five years in the amount of \$ 2,692.41, including principal and interest at the rate of 4.25%. The loan is also secured with the 2008 John Deere Backhoe and the 2012 Caterpillar Mini Excavator. The loan was paid in full in 2019.	-	33,994
<u>Colorado Water Conservation Board (CWCB)</u>		
On January 12, 2012 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) with an original amount of \$ 1,838,200 for the Canterbury Tunnel Repair Project. Subsequently, the loan amount was reduced to \$ 1,026,371 on June 6, 2013. The loan is payable annually beginning February 1, 2014 for thirty years in the amount of \$ 59,355.16 including principal and interest at the rate of 4.00%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$ 33,125 and \$ 33,940 at December 31, 2019 and 2018 respectively.	904,986	927,251
<u>Colorado Water Conservation Board (CWCB)</u>		
On November 12, 2015 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) for a loan in the amount of \$181,800 for the Evans Reservoir Bypass Flume Replacement Project. The loan is payable annually beginning December 1, 2017 for ten years in the amount of \$ 20,186.25 including principal and interest at the rate of 1.95%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$213 and \$ 241 at December 31, 2019 and December 31, 2018 respectively.	130,897	148,193
<u>Caterpillar Financial Services Corporation</u>		
Lease purchase to CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader. Purchase was dated October 11, 2018 for \$ 174,590.41. The lease purchase loan amount was \$174,590.41, the loan is payable monthly beginning January 6, 2019, for six years in the amount of \$ 2817.51, including principal and interest at the rate of 5.05%. The loan is secured with the Backhoe Loader. Accrued interest payable is \$362 and \$592 at December 31, 2019 and December 31, 2018, respectively.	146,198	174,590
<u>Caterpillar Financial Services Corporation</u>		
Lease purchase to CAT Financial for the purchase of a 305.5E2CR Caterpillar Hydraulic Excavator. Purchase was dated March 6, 2019 for \$ 73,200.01. The lease purchase loan amount was \$73,200.01, the loan is payable annually beginning March 6, 2019, for six years in the amount of \$13,842.77, including principal and interest at the rate of 5.35%. The loan is secured with the Excavator. Accrued interest payable is \$2,610 at December 31, 2019.	59,357	-
<u>Total Long-term Debt</u>	1,241,438	1,284,028

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 4**      LONG-TERM DEBT      (Continued)

Changes in long-term debt

The following is a summary of change in long-term debt for the year ended December 31, 2019.

Type of Debt	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Due in one year
First National Bank of Hugo	33,994	-	33,994	-	-
CWCB C150308	927,251	-	22,265	904,986	23,156
CWCB CT2016-2004	148,193	-	17,296	130,897	17,634
CAT Financial - Backhoe	174,590	-	28,392	146,198	27,049
Cat Financial - Excavator	-	73,200	13,843	59,357	10,667
<b>Total Long-term Debt</b>	<b>\$ 1,284,028</b>	<b>\$ 73,200</b>	<b>\$ 115,790</b>	<b>\$ 1,241,438</b>	<b>\$ 78,506</b>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for the long-term debt, as of December 31, 2019, are as follows:

	Principal	Interest	Total
2020	78,506	48,688	127,194
2021	81,744	45,450	127,194
2022	85,130	42,065	127,195
2023	88,669	38,526	127,195
2024	88,601	34,830	123,431
2025-2029	191,813	145,335	337,148
2030-2034	185,650	111,125	296,775
2035-2039	225,872	70,904	296,776
2040-2043	215,453	21,968	237,421
	<b>\$ 1,241,438</b>	<b>\$ 558,891</b>	<b>\$ 1,800,329</b>

The following is a summary of change in long-term debt for the year ended December 31, 2018.

Type of Debt	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due in one year
First National Bank of Hugo	64,247	-	30,253	33,994	31,468
CWCB C150308	948,660	-	21,409	927,251	22,265
CWCB CT2016-2004	165,159	-	16,966	148,193	17,297
CAT Financial	-	174,590	-	174,590	25,580
<b>Total Long-term Debt</b>	<b>\$ 1,178,066</b>	<b>\$ 174,590</b>	<b>\$ 68,628</b>	<b>\$ 1,284,028</b>	<b>\$ 96,610</b>

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 5**      **LONG-TERM DEBT RATE COVENANT REQUIREMENT AND DEBT SERVICE RESERVE ACCOUNT**

The CWCB loans referred to in Note 4 contains certain financial requirements that are required to be met by the District as conditions of the loan. The rate covenant provides that during the term of the loan the District shall establish, levy and collect rates, charges and fees sufficient to pay the loan, to cover all expenditures for operation and maintenance and emergency repair services and maintain adequate debt service reserves.

The computation of the 2019 CWCB C150308 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,673,985
Total Non-Operating Revenue	414,096
Revenue as defined by loan rate covenant	<u>\$ 2,088,081</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,589,189
Amount of debt service required for 2019	59,355
Debt service reserve required for 2019	5,936
Less: Depreciation	<u>(390,205)</u>
Net revenue required under loan rate covenant	<u>\$ 1,264,275</u>

The rate covenant requirement was met for 2019.

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 59,355.16 or \$ 5,935.52 on the due date of its first annual payment date of February 1, 2014 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2019 and December 31, 2018, the reserve accounts were properly funded.

The computation of the 2019 CWCB CT2016-2004 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,673,985
Total Non-Operating Revenue	414,096
Revenue as defined by loan rate covenant	<u>\$ 2,088,081</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,589,189
Amount of debt service required for 2019	20,186
Debt service reserve required for 2019	2,019
Less: Depreciation	<u>(390,205)</u>
Net revenue required under loan rate covenant	<u>\$ 1,221,189</u>

The rate covenant requirement was met for 2019.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 5**            **LONG-TERM DEBT RATE COVENANT REQUIREMENT AND DEBT SERVICE RESERVE ACCOUNT (Continued)**

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 20,186.25 or \$ 2,018.63 on the due date of its first annual payment date of December 1, 2017 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2019 and December 31, 2018, the reserve accounts were properly funded.

**NOTE 6**            **NET POSITION**

Net position is classified in the following categories:

*Net Investment in Capital Assets:* This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted Net Position:* This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Pursuant to Amendment No 1 to the Colorado Constitution passed by voters in Colorado in November 1992, the Board of Directors of Parkville Water District designated the retained earnings as of December 31, 1992 in the amount of \$ 1,509,640 as "reserve increases" which, in the opinion of the District, will not be considered current year's spending in future years under the revenue limitations imposed by Amendment No 1. At December 31, 2019 and 2018, the Board of Directors designated \$ 945,077 and \$ 1,066,988, respectively for future capital expenditures.

*Unrestricted Net Position:* This component represents the net position of the District, which is not restricted for any project or other purpose.

**NOTE 7**            **RENTAL INCOME**

On October 1, 2009, Commnet Four Corners, LLC exercised its option to lease a 50'X50' area located on The May Queen mining claim owned by the District. The lease agreement requires rent of \$ 750 per month. The lease automatically renewed on October 1, 2019. This lease is for a period of five years. The Lessee shall have a right to renew the lease term for four additional terms of five years each.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 8**

**PENSION PLANS**

**DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN)**

Parkville Water District adopted a defined contribution plan, "Parkville Water District Money Purchase Pension Plan," effective August 1, 1995 for all of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. The District contributes an amount equal to 8.05% of the employee's base salary each month. The District's contributions for each employee are vested immediately. The plan is administered through Lincoln Trust.

**DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN) (Continued)**

The District's total payroll for 2019 and 2018 was \$ 516,805 and \$ 444,247, respectively. The District's contributions were calculated using the eligible base salary amount of \$ 440,701 for 2019 and \$ 341,590 for 2018. The total cost to the District in 2019 and 2018 was \$ 35,476 and \$ 27,498, respectively excluding administration fees.

**DEFERRED COMPENSATION PLAN**

Parkville Water District adopted a deferred compensation plan effective August 1, 1995, created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all Parkville Water District employees. Employees defer a portion of their salary until future years. Deferred compensation is available to employees upon termination, retirement, death, or financial hardship.

The District is the trustee for a trust established pursuant to IRC 457(g) which is an irrevocable trust. The trust provides that to the extent required by IRC 457(g), the plan trustee has no power to use or divest any part of the plan's trust assets or income other than for the exclusive benefit of the participants and their beneficiaries under the plan.

**NOTE 9**

**RISK MANAGEMENT**

Risk management is the process of managing an organization's activities to minimize the adverse effects of certain types of losses. The main elements of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). The District has identified the following as potential risks of loss:

- a. Torts
- b. Theft of, Damage to, or Destruction of Assets
- c. Business Interruption
- d. Errors or Omissions
- e. Job-Related Illnesses or Injuries to Employees
- f. Natural Disasters

The primary way in which the District minimizes adverse effects of losses is through the purchase of commercial insurance through the Colorado Special Districts Property and Liability Pool. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 10**      **CONTINGENCIES AND COMMITMENTS**

Parkville Water District has been the recipient of federal and state grants in prior years. These grant funds are subject to audit by grantor agencies. Management of the District believes that any disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2019 and 2018.

Amendment No 1 referred to in Note 6 contains certain restrictions on revenue and spending limits which may impose the need to refund excess revenue in excess of these limits to customers of the District in subsequent years via direct payments and/or fee reductions. In the opinion of the District, any such refunds will not have a material effect on any of the financial statements included herein or on the overall financial position of the District at December 31, 2019 and 2018. In November 2000, voters approved Referendum 5C which allows the District to collect and retain whatever amounts are received annually without the restriction of Amendment No 1.

On May 4, 2010 voters approved Ballot Issue A, which allows the District to collect, retain, and spend the full amount of all monies received.

On May 4, 2010, voters also approved Ballot Issue B, which allows the District to increase debt not to exceed \$ 2,000,000 for the purpose of financing the costs for providing extensions and improvements to the water system for the District.

The District believes it is in compliance with the financial provisions of Tabor. However, Tabor is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

The District has a remaining construction commitment with Glacier Construction Co. at December 31, 2019 for \$1,043,766. The contract is for the upgrade and improvements of the water treatment facility.

**NOTE 11**      **GRANTS**

In 2018, Parkville Water District was awarded a WSRF Grant from the Colorado Department of Natural Resources, Colorado Water Conservation Board for the Mountain Lake Spillway Rehabilitation Project. The grant was for \$ 73,495. The District provided 30% of the project in matching funds. The project was completed in 2018 and funds were received.

In 2018, Parkville Water District was awarded a grant from the State of Colorado Department of Local Affairs for a maximum of \$ 25,000. The grant was for Parkville Water District Water Treatment Improvement Planning. The District was to provide at least 67% of the project costs. The project was completed in 2018 and Parkville received \$ 9,076.

**NOTE 12**      **RELATED PARTY TRANSACTIONS**

On July 11, 2019, the District passed a Resolution to contract with Centennial Real Estate, Inc. to list for sale property owned by the District located at 9th Street in Leadville, Colorado. The owner of Centennial Real Estate, Inc. is the spouse of the Chairman of the Board. The property was sold on August 7, 2019 to an unrelated party.

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019 AND 2018

**NOTE 13**      **SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through September 25, 2020, the date that the financial statements were available to be issued.

On March 10, 2020, the District was awarded a Drinking Water Revolving Fund Design and Engineering loan by the Colorado Water Resources and Power Development Authority for \$157,000. The loan is for the design and engineering associated with the project that consists of upgrade and improvements to the existing Big Evans water treatment facility and installation of a new emergency power generator. At loan closing the Authority shall forgive 100% of the principal amount of the loan.

On May 22, 2020, the district entered into a loan agreement with Colorado Water Resources and Power Development Authority for \$2,000,000. The purpose of the loan is for the upgrade of the Big Evans water treatment facility.

The World Health Organization declared the spread of the coronavirus disease (COVID-19) a worldwide pandemic. The continued spread of COVID-19 may adversely impact the local, regional, and national economies. COVID-19 may impact various parts of the District's 2020 operations and financial results, but the effects are unknown.

# PARKVILLE WATER DISTRICT

## **OTHER SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**STATEMENT OF REVENUE & EXPENDITURES – BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**  
(PREPARED ON THE MODIFIED CASH BASIS ACCOUNTING METHOD)

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>REVENUE</b>				
Sales of Water:				
Bulk Water	-	-	796	796
Unmetered	2,500	2,500	1,792	(708)
Metered Residential	1,287,117	1,287,117	1,071,896	(215,221)
Metered Commercial	457,728	457,728	360,490	(97,238)
Standby Fees	-	-	64,658	64,658
Sales to Public Authorities	95,655	95,655	79,816	(15,839)
Other Revenue:				
Miscellaneous Service Revenue, Merchandising, jobbing, etc.	43,000	43,000	94,537	51,537
Interest on investments	3,000	3,000	5,357	2,357
Plant Investment Fees	84,000	84,000	271,600	187,600
Other Non-Operating Revenue	15,000	15,000	137,139	122,139
Grant Income/Loan Proceeds	1,295,000	1,295,000	73,200	(1,221,800)
Unappropriated Funds	1,000,000	1,000,000	-	(1,000,000)
<b>TOTAL REVENUE</b>	<b>\$ 4,283,000</b>	<b>\$ 4,283,000</b>	<b>\$ 2,161,281</b>	<b>\$ (2,121,719)</b>
<b>EXPENDITURES</b>				
Source of Supply	15,000	15,000	10,069	(4,931)
Power & Pumping	66,000	66,000	59,279	(6,721)
Water Treatment	104,000	104,000	93,873	(10,127)
Transmission & Distribution	457,000	457,000	381,239	(75,761)
Equipment Maintenance	44,500	44,500	53,198	8,698
Business Office	237,000	237,000	235,324	(1,676)
Employee Benefits	241,900	241,900	229,340	(12,560)
Outside Services & Other	179,100	179,100	136,662	(42,438)
Purchase of Property, Plant, & Equipment	2,938,500	2,938,500	979,399	(1,959,101)
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,283,000</b>	<b>\$ 4,283,000</b>	<b>\$ 2,178,383</b>	<b>\$ (2,104,617)</b>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**SCHEDULE OF OPERATING EXPENSES**  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Source of Supply		
Labor	2,754	0
Supplies & Expense	7,315	3,227
	<u>10,069</u>	<u>3,227</u>
Power & Pumping		
Power	57,722	50,056
Supplies	1,557	2,139
	<u>59,279</u>	<u>52,195</u>
Water Treatment		
Labor	7,119	1,244
Power	10,954	11,897
Chemicals	48,781	42,035
Telephone	11,354	8,557
Supplies	3,382	18,096
Tests & Licenses	1,239	16,181
Water Analysis	11,044	0
	<u>93,873</u>	<u>98,010</u>
Transmission & Distribution		
Labor	208,909	182,344
Power	1,933	1,880
Supplies	170,397	130,910
	<u>381,239</u>	<u>315,134</u>
Equipment Maintenance		
Fuel & Fluids	13,063	12,091
Truck Maintenance	13,708	10,227
Backhoe Maintenance	5,733	6,418
Small Tools	2,396	5,923
Supplies	18,298	3,184
	<u>53,198</u>	<u>37,843</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 597,658</b>	<b>\$ 506,409</b>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES**  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>Business Office</b>		
Labor	82,912	75,893
Power	7,803	7,363
Telephone	1,457	1,457
Supplies	4,080	6,490
Computer Supplies & Service	23,657	30,733
Supervisory Labor	94,917	91,869
Postage	9,323	8,962
Safety	11,175	18,746
	<u>235,324</u>	<u>241,513</u>
<b>Employee Benefits</b>		
Sick Pay	4,081	3,003
Holiday Pay	17,017	14,302
Vacation Pay	24,300	19,111
Unemployment Insurance	1,478	1,269
FICA and Medicare	37,704	32,352
Pension Plan	36,822	28,848
Workmen's Compensation	8,613	8,009
Health Insurance	95,571	84,262
Other Benefits	3,754	2,934
	<u>229,340</u>	<u>194,090</u>
<b>Outside Service &amp; Other</b>		
Legal	10,334	30,544
Engineering	18,864	970
Accounting and Other Professional Services	11,880	15,880
Other Services	9,827	9,252
Interest Expense	50,577	43,138
Liability, Vehicle, & Casualty Insurance	27,110	28,687
Director Fees	6,600	6,100
Bad Debt	1,470	182
	<u>136,662</u>	<u>134,753</u>
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<u>\$ 601,326</u>	<u>\$ 570,356</u>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**SCHEDULE OF UTILITY PLANT IN SERVICE**  
**DECEMBER 31, 2019**

	Beginning 1/1/2019	Work Orders	Direct Purchase	Retirement	Ending 12/31/2019
<b>SOURCE OF SUPPLY PLANT</b>					
Organization	27,877				27,877
Land and Land Rights	63,818				63,818
Structures & Improvements	2,279,735				2,279,735
Collection & Reservoirs	1,061,441				1,061,441
Lake, River, Other Intakes	26,504				26,504
Supply Mains	219,201				219,201
Wells & Mains	127,511				127,511
Water Rights	76,311				76,311
<b>TOTAL</b>	<b>3,882,398</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,882,398</b>
<b>PUMPING PLANT</b>					
Land & Construction in Progress	525				525
Structures & Improvements	44,861				44,861
Electric Pumping Equipment	193,147				193,147
Other Pumping Equipment	8,615				8,615
New Mains	1,291				1,291
<b>TOTAL</b>	<b>248,439</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>248,439</b>
<b>WATER TREATMENT PLANT</b>					
Land & Land Rights	16,733				16,733
Structures & Improvements	1,716,062		563,191		2,279,253
Water Treatment Equipment	184,218		12,124		196,342
Filter Media	87,800				87,800
<b>TOTAL</b>	<b>2,004,813</b>	<b>0</b>	<b>575,315</b>	<b>0</b>	<b>2,580,128</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>					
Land & Land Rights	3,322				3,322
Structure & Improvements	3,160				3,160
Distribution, Reservoir & Stand Pipe	104,772				104,772
Transmission & Distribution Mains	2,191,773	44,820	78,850		2,315,443
Services	1,316,323	51,044	4,300	(1,729)	1,369,938
Meters	439,549				439,549
Hydrants	535,582	17,925		(305)	553,202
Other	113,311				113,311
<b>TOTAL</b>	<b>4,707,792</b>	<b>113,789</b>	<b>83,150</b>	<b>(2,034)</b>	<b>4,902,697</b>
<b>GENERAL PLANT</b>					
Land & Land Rights	59,181				59,181
Structures & Improvements	649,510		36,598	(7,600)	678,508
Office Equipment	62,306		9,335		71,641
Transportation Equipment	241,482				241,482
Tools, Shop, Garage Equipment	167,298		65,068	(2,000)	230,366
Power Operated Equipment	652,483		96,144	(48,174)	700,453
Computer Equipment	22,845				22,845
<b>TOTAL</b>	<b>1,855,105</b>	<b>0</b>	<b>207,145</b>	<b>(57,774)</b>	<b>2,004,476</b>
<b>GRAND TOTALS</b>	<b>\$ 12,698,547</b>	<b>\$ 113,789</b>	<b>\$ 865,610</b>	<b>\$ (59,808)</b>	<b>\$ 13,618,138</b>

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

**PARKVILLE WATER DISTRICT**  
A PROPRIETARY FUND  
**SCHEDULE OF ACCUMULATED DEPRECIATION**  
**DECEMBER 31, 2019**

	Rates	Beginning 1/1/2019	Retirements	Provision	Ending 12/31/2019
<b>SOURCE OF SUPPLY PLANT</b>					
Organization	3.0%	27,875			27,875
Land and Land Rights	0.0%	0			0
Structures & Improvements	2.5%	313,106		56,993	370,099
Collection & Reservoirs	2.5%	253,268		26,536	279,804
Lake, River, Other Intakes	2.5%	18,050		663	18,713
Supply Mains	2.5%	219,202		0	219,202
Wells & Mains	2.5%	111,484		3,188	114,672
Water Rights	0.0%	0		0	0
<b>TOTAL</b>		<b>942,985</b>	<b>0</b>	<b>87,380</b>	<b>1,030,365</b>
<b>PUMPING PLANT</b>					
Land & Construction in Progress	0.0%	0			0
Structures & Improvements	2.5%	18,904		1,122	20,026
Electric Pumping Equipment	2.5%	66,895		4,829	71,724
Other Pumping Equipment	2.5%	6,214		215	6,429
New Mains	2.5%	1,288		0	1,288
<b>TOTAL</b>		<b>93,301</b>	<b>0</b>	<b>6,166</b>	<b>99,467</b>
<b>WATER TREATMENT PLANT</b>					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	1,433,799		49,941	1,483,740
Water Treatment Equipment	2.5%	68,836		4,757	73,593
Filter Media	5.0%	76,825		4,390	81,215
<b>TOTAL</b>		<b>1,579,460</b>	<b>0</b>	<b>59,088</b>	<b>1,638,548</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>					
Land & Land Rights	0.0%	0		0	0
Structure & Improvements	2.5%	3,160		0	3,160
Distribution, Reservoir & Stand Pipe	2.5%	79,317		2,619	81,936
Transmission & Distribution Mains	2.5%	1,415,385		56,340	1,471,725
Services	2.5%	587,000	(1,729)	33,578	618,849
Meters	2.5%	43,176		10,989	54,165
Hydrants	2.5%	207,474	(305)	13,610	220,779
Other	2.5%	38,575		2,833	41,408
<b>TOTAL</b>		<b>2,374,087</b>	<b>(2,034)</b>	<b>119,969</b>	<b>2,492,022</b>
<b>GENERAL PLANT</b>					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	151,554	(7,600)	16,600	160,554
Office Equipment	15.0%	53,323		10,046	63,369
Transportation Equipment	10.0%	241,484		0	241,484
Tools, Shop, Garage Equipment	10.0%	159,440	(2,000)	19,883	177,323
Power Operated Equipment	10.0%	527,412	(48,174)	67,646	546,884
Computer Equipment	15.0%	19,105		3,427	22,532
<b>TOTAL</b>		<b>1,152,318</b>	<b>(57,774)</b>	<b>117,602</b>	<b>1,212,146</b>
<b>GRAND TOTALS</b>		<b>\$ 6,142,151</b>	<b>\$ (59,808)</b>	<b>\$ 390,205</b>	<b>\$ 6,472,548</b>

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