

**North Washington Street
Water and Sanitation District**

Annual Financial Report

December 31, 2019 and 2018

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Independent Auditor's Report

Members of the Board of Directors
North Washington Street Water & Sanitation District
Adams County, Colorado

We have audited the accompanying financial statements of the business-type activities of North Washington Street Water & Sanitation District (the "District") as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Washington Street Water & Sanitation District, as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

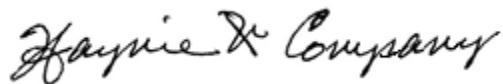
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Washington Street Water & Sanitation District's financial statements as a whole. The other supplementary information sections are presented for purposes of additional analysis and are not a required part of the financial statements.

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



Littleton, Colorado
July 16, 2020

Basic Financial Statements

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,337,218	\$ 2,806,925
Investments	15,485,757	15,267,337
Accounts receivable:		
Customers	761,774	746,045
Taxes	393,574	366,998
Other	-	5,431
Accrued interest	11,050	11,050
Accrued service fees	323,432	341,948
Inventory	110,370	127,870
Prepaid expenses	104	403,764
Total Current Assets	23,423,279	20,077,368
Capital Assets		
Not Being Depreciated		
Land	127,978	127,978
Construction in progress	1,068,977	527,785
Total Capital Assets, Not Being Depreciated	1,196,955	655,763
Being Depreciated		
Buildings	1,261,735	1,217,080
Water system	16,422,394	15,138,884
Sewer system	6,936,906	6,926,980
Furniture and equipment	3,286,014	3,200,928
Total Capital Assets, Being Depreciated	27,907,049	26,483,872
Less accumulated depreciation	(9,173,884)	(8,738,465)
Net Capital Assets, Being Depreciated	18,733,165	17,745,407
Net Capital Assets	19,930,120	18,401,170
Restricted Cash and Investments		
Customer and other deposits-Restricted	1,033,643	1,093,225
Total Assets	<u>\$44,387,042</u>	<u>\$39,571,763</u>

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

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2019 and 2018

	2019	2018
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 696,687	\$ 431,608
Compensated absences payable	107,433	82,389
Accrued payroll	13,629	13,629
Total Current Liabilities	817,749	527,626
Long-Term Liabilities		
Long-term portion of compensated absences payable	139,704	147,181
Total Long-Term Liabilities	139,704	147,181
Restricted Liabilities		
Customer deposits	140,792	141,657
Total Restricted Liabilities	140,792	141,657
Total Liabilities	1,098,245	816,464
Deferred Inflows of Resources		
Deferred property tax revenue	390,967	363,989
Total Deferred Inflows of Resources	390,967	363,989
Net Position		
Net investment in capital assets	19,930,120	18,401,170
Unrestricted	22,967,710	19,990,140
Total Net Position	42,897,830	38,391,310
Total Liabilities, Deferred Inflows and Net Position	\$44,387,042	\$39,571,763

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

North Washington Street Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Water Operations		
Revenue		
Water sales	\$ 5,846,824	\$ 5,868,178
Turn on fees	35,590	35,755
Miscellaneous	29,987	28,657
Total Water Revenue	5,912,401	5,932,590
Direct Water Expenses	(3,623,786)	(4,072,277)
Income from Water Operations	2,288,615	1,860,313
 Sanitation Operations		
Revenue		
Sewage treatment	5,250,006	5,015,698
Direct sanitation expenses	(2,658,942)	(2,470,225)
Total Sanitation Operations	2,591,064	2,545,473
 General and Administrative Expenses	(1,709,389)	(1,665,855)
Operating Income	3,170,290	2,739,931
Nonoperating Revenues (Expenses)		
General property tax	368,370	289,217
Specific ownership tax	23,708	31,472
Net investment income	334,032	248,200
Unrealized gain (loss) on investment	214,963	(41,674)
Miscellaneous revenue (expense)	6,719	40,514
County Treasurer's fees	(5,355)	(5,366)
Total Nonoperating Revenues (Expenses)	942,437	562,363
Income Before Capital Contributions	4,112,727	3,302,294
Capital Contributions		
Contributed lines and system development fees	393,793	1,474,113
Total Capital Contributions	393,793	1,474,113
Change in Net Position	4,506,520	4,776,407
Net Position—Beginning of Year	38,391,310	33,614,903
Net Position—End of Year	\$42,897,830	\$38,391,310

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

North Washington Street Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Cash received from customers	\$ 11,229,744	\$ 10,845,191
Cash paid to suppliers for goods and services	(5,265,879)	(7,116,918)
Cash paid to employees for services	(1,075,688)	(1,008,820)
Cash paid on behalf of employees	(511,325)	(482,612)
Net Cash From Operating Activities	4,376,852	2,236,841
Cash Flows from Non-capital Financing Activities:		
Miscellaneous nonoperating revenue (expense)	6,719	40,514
Property and specific ownership taxes received, net	386,723	315,323
Net Cash From Non-capital Financing Activities	393,442	355,837
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,964,369)	(2,112,152)
Development fees received	393,793	522,545
Net Cash From Capital and Related Financing Activities	(1,570,576)	(1,589,607)
Cash Flows from Investing Activities:		
Investments purchased	(3,457)	(2,473,421)
Net investment income received	334,032	248,200
Net Cash from Investing Activities	330,575	(2,225,221)
Net Change in Cash and Cash Equivalents	3,530,293	(1,222,150)
Cash and Cash Equivalents—Beginning of Year	2,806,925	4,029,075
Cash and Cash Equivalents—End of Year	\$ 6,337,218	\$ 2,806,925

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

North Washington Street Water & Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2019 and 2018

	2019	2018
Reconciliation of Net Operating Income to		
Net Cash From Operating Activities:		
Net operating income	<u>\$3,170,290</u>	<u>\$2,739,931</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	435,419	431,709
Changes in assets and liabilities:		
Receivables—Customers	(9,896)	(58,746)
Receivables—Other	18,516	(44,351)
Inventory	17,500	(32,051)
Prepaid expenses	462,377	(403,660)
Accounts payable	265,079	(421,461)
Compensated absences payable	<u>17,567</u>	<u>25,470</u>
Total Adjustments	<u>1,206,562</u>	<u>(503,090)</u>
Net Cash From Operating Activities	<u><u>\$4,376,852</u></u>	<u><u>\$2,236,841</u></u>

The accompanying notes are an integral part of these statements.

North Washington Street Water & Sanitation District

Notes to Financial Statements

December 31, 2019 and 2018

1. Definition of Reporting Entity

North Washington Street Water & Sanitation District, (District) is a special district created under the laws of the State of Colorado to provide water and sanitation services to its customers. The District's service area is located in Adams County and the City and County of Denver. The District is an independent entity with its own taxing power. The District buys all of its water from the Denver Board of Water Commissioners. The District's sewage is transported to and treated by Metro Wastewater Reclamation District. Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are exercised in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets. System development fees and contributed lines received are recorded as capital contributions when received.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

Capital Assets

The District's property and equipment are carried at cost in the case of outright purchases or construction. In the case of property contributed by sub-dividers or customers, such as water and sewer lines, the asset is recorded at an estimated fair market value at the date of contribution as determined by the District's consulting engineers.

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

Water system lines and accessories	50-100 years
Sewer system lines and accessories	50 years
Building	40 years
Equipment	6-20 years

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

Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts for water and sewer services since such accounts are negligible. The District policy regarding delinquent accounts is to place a lien against the real estate and not provide water or sewer services until back charges are paid. A security deposit from customers also helps to ensure collection.

Property Tax Revenue Recognition

Annual property taxes are levied on January 1 based on assessed valuations certified by the County Assessor's office by December 15 of the current year. A taxpayer has the option of paying all their taxes by the end of April or paying their taxes in two installments. If the taxpayer elects to pay in two installments, one half of their taxes are due by the end of February of the current year and the second half of their taxes are due by June 15 of the current year.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Taxes are considered to be delinquent if unpaid by the respective due dates. The County Treasurer collects the property taxes and remits the collections on a monthly basis to the District.

The District recognizes a receivable for property taxes when the mill levy is certified. Deferred revenue is recorded in the same amount since the taxes are not available at the year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Budget and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Operations

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenue, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

System Development Fees

System development revenue represents tap fees. These fees are recorded as contributions and combined with contributed lines (see below) on the Statements of Revenue, Expenses and Changes in Net Position.

Contributed Lines

Contributed lines represent contributions for plant and equipment acquired by the District primarily through donations by customers, developers and sub-dividers. These contributions are in the form of water and sewer lines installed and paid for by others and deeded over to the District and meter package charges paid by customers of the District.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net position amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

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

Management Estimates

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

Reclassifications

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact on the District's change in net position.

Property Taxes

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

3. Cash, Cash Equivalents and Investments

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents (less restricted balances)	\$ 6,337,218	\$ 2,806,925
Investments	15,485,757	15,267,337
Restricted cash and investments		
Customer deposits	140,792	141,657
Deposit for contributed sewer lines not yet installed	<u>892,851</u>	<u>951,568</u>
Total	<u>\$22,856,618</u>	<u>\$19,167,487</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

At December 31, 2019 and 2018, the District's cash deposits had a bank balance and a carrying balance as follows:

	<u>2019</u>		<u>2018</u>	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Deposits with financial institutions	\$6,336,218	\$6,266,280	\$2,805,925	\$2,935,885
Petty cash	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$6,337,218</u>	<u>\$6,267,280</u>	<u>\$2,806,925</u>	<u>\$2,936,885</u>

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

3. Cash, Cash Equivalents and Investments (continued)

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

The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

	2019	2018
Insured deposits	\$ 3,141,868	\$ 1,751,791
Category 1	1,000	1,000
Category 2	19,713,750	17,414,696
Total cash and investments	\$ 22,856,618	\$ 19,167,487

Investments

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

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities, bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

3. Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with debt service reserve or sinking fund requirements.

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to three years or less.

As of December 31, 2019 and 2018, the District had the following investments:

2019

<u>Type of Investment</u>	<u>Maturity</u>	<u>Reporting Basis</u> <u>Amortized Cost</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 3,214,813
		Fair Value
Money Market	Less than one year	\$ 2,413,337
Certificates of Deposit	Less than one year	1,210,490
U.S Agencies	Callable, less than one year	4,451,315
Certificates of Deposit	One to five years	2,676,384
U.S. Agencies	Callable quarterly, one to five years	<u>4,734,232</u>
Total Investments		\$ 18,700,570

2018

<u>Type of Investment</u>	<u>Maturity</u>	<u>Reporting Basis</u> <u>Amortized Cost</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 1,025,989
		Fair Value
Money Market	Less than one year	\$ 1,152
Certificates of Deposit	Less than one year	739,530
U.S Agencies	Callable, less than one year	2,178,571
Certificates of Deposit	One to five years	4,287,460
U.S. Agencies	Callable quarterly, one to five years	<u>8,060,624</u>
Total Investments		\$ 16,293,326

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

3. Cash, Cash Equivalents and Investments (continued)

CSAFE

At December 31, 2019 and 2018, the District had \$3,214,813 and \$1,025,989, respectively, an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. CSAFE is rated AAAM by Standard and Poor's. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. The portfolio may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in U.S agencies, which are reported at fair value using Level 1 inputs.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2019 and 2018 follows:

	Balance, December 31, 2018	Additions	Transfers	Retirements	Balance, December 31, 2019
Capital Assets, not being Depreciated					
Land	\$ 127,978	\$ -	\$ -	\$ -	\$ 127,978
Construction in Progress	527,785	989,730	(448,538)	-	1,068,977
Total Capital Assets, not being depreciated	655,763	989,730	(448,538)	-	1,196,955
Capital Assets, being depreciated					
Building	1,217,080	44,655	-	-	1,261,735
Water System	15,138,884	1,283,510	-	-	16,422,394
Sewer System	6,926,980	9,926	-	-	6,936,906
Equipment	3,200,928	85,086	-	-	3,286,014
Total capital assets, being depreciated	26,483,872	1,423,177	-	-	27,907,049
Less accumulated depreciation for:					
Building	(752,503)	(29,209)	-	-	(781,712)
Water System	(2,739,695)	(184,153)	-	-	(2,923,848)
Sewer System	(2,491,867)	(109,628)	-	-	(2,601,495)
Equipment	(2,754,399)	(112,428)	-	-	(2,866,827)
Total accumulated depreciation	(8,738,464)	(435,419)	-	-	(9,173,884)
Total capital assets, being depreciated, net	17,745,408	987,758	-	-	18,733,165
Capital Assets, net	\$ 18,401,170	\$ 1,977,488	\$ (448,538)	\$ -	\$ 19,930,120

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

4. Capital Assets (continued)

	Balance, December 31, 2017	Additions	Transfers	Retirements	Balance, December 31, 2018
Capital Assets, not being Depreciated					
Land	127,978	-	-		127,978
Construction in Progress	1,663,939	-	(1,136,154)		527,785
Total Capital Assets, not being depreciated	1,791,918	-	(1,136,154)	-	655,763
Capital Assets, being depreciated					
Building	1,205,450	11,630	-		1,217,080
Water System	12,689,684	2,449,200	-		15,138,884
Sewer System	6,199,552	727,428	-		6,926,980
Equipment	3,140,879	60,049	-		3,200,928
Total capital assets, being depreciated	23,235,565	3,248,307	-		26,483,872
Less accumulated depreciation for:					
Building	(723,763)	(28,740)	-		(752,503)
Water System	(2,571,681)	(168,014)	-		(2,739,695)
Sewer System	(2,386,053)	(105,814)	-		(2,491,867)
Equipment	(2,625,259)	(129,140)	-		(2,754,399)
Total accumulated depreciation	(8,306,756)	(431,708)	-	-	(8,738,465)
Total capital assets, being depreciated, net	14,928,809	2,816,599	-	-	17,745,407
Capital Assets, net	16,720,727	2,816,599	(1,136,154)	-	18,401,170

5. Long-Term Liabilities

The District's vacation policy states employees can carry forward unused vacation not to exceed the amount of vacation normally earned by an employee in one year. The District's sick leave policy states employees will be paid for accumulated sick leave up to 90 days upon retirement from the District.

Changes in the District's long-term liabilities for the years ended December 31, 2019 and 2018 are as follows:

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

5. Long-Term Liabilities (continued)

	Balance at December 31 2018	Additions	Reductions	Balance at December 31 2019	Due Within One Year
Compensated absences	\$ 229,570	\$ 76,172	\$ (58,605)	\$ 247,137	\$ 107,433

	Balance at December 31 2017	Additions	Reductions	Balance at December 31 2018	Due Within One Year
Compensated absences	\$ 204,100	\$ 76,908	\$ (51,438)	\$ 229,570	\$ 82,389

6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2019 and 2018. As of December 31, 2019 and 2018, the District had net investment in capital assets of \$19,930,120 and \$18,401,170, respectively.

Restricted net position include amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of December 31, 2019 and 2018.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

7. Sanitation Service Fees

Sewer service fees paid to the Metro Wastewater Reclamation District are based on estimates. The actual charge is not determined until all flow data has been received and laboratory analysis made of the sewage of all connecting members of the Metro Wastewater Reclamation District. According to the service contract, this actual charge is calculated by March following the end of the calendar year. Service charges for 2019 and 2018 have been adjusted to reflect the actual expense. Overpayments or underpayments arising from the difference between the original estimated charge and a revised estimated charge in August of each year is paid or credited in the next year. The difference between the revised estimated amount and the final adjusted amount is paid or credited in the second year following the adjustment. At December 31, 2019 and 2018, the District had a payable of \$118,710 and a prepaid expense of \$403,660, respectively, to Metro Wastewater Reclamation District. These adjustments arise from differences between actual charges and revised estimated charges.

8. Related Party

One of the five members of the Board of Directors is a co-owner of Colorado Lighting Inc. Amounts paid to Colorado Lighting Inc. during 2019 and 2018 for services were \$2,150 and \$1,990, respectively.

9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years.

10. Employees' Retirement Plan

The District participates in a retirement plan administered by the Colorado Counties Officials and Employees Retirement Association (Association). The Association established a defined contribution plan called the Colorado County Officials and Employees Retirement Plan (Plan) through which contributions of the District are combined with contributions of employees and invested in income earning instruments for the benefit of Plan participants. Any county, municipality, or special district of the State of Colorado may, with the consent of the Association, become a member of the Association and participate in the Plan by adopting it for its officers and employees. Employees of the District are required to participate in the Plan

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2019 and December 31, 2018

10. Employees' Retirement Plan (continued)

after the completion of one year of service, but participation is optional for all elected officers. The District matches contributions equal to 6% of the eligible employees' salaries. Employees may make additional voluntary contributions not to exceed 10% of their salary. Participants vest in employer contributions at the rate of 10% per year, and are immediately vested 100% in their own contributions and earnings on those contributions.

Any employee contributions forfeited by a participant due to termination of employment before becoming fully vested are returned to the District and netted against the pension expense on the District's financial statements.

The Association may at any time elect to terminate the Plan. In the event of such termination or withdrawal from the Plan by the District, each participant becomes 100% vested.

During 2019 and 2018, the District's contribution to the Plan was \$38,274 and \$37,977 respectively. At December 31, 2019 and 2018, there were no amounts due to the plan.

11. Deferred Compensation Plan

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

12. Tax, Spending and Debt Limitations

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for the exclusion.

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.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

12. Tax, Spending and Debt Limitations (continued)

Revenue in excess of the Fiscal Year spending limit must be refunded unless the voters approve retention of such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

13. Subsequent Events

The District has evaluated subsequent events through July 16, 2020, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the District. Other financial impacts could occur, though such potential impact is unknown at this time.

Supplementary Information

North Washington Street Water & Sanitation District
Schedule of Direct Water Operating Expenses
For the Years Ended December 31, 2019 and 2018

Water Operating Expenses	<u>2019</u>	<u>2018</u>
Source of Supply:		
Purchased water	\$ 3,047,457	\$ 3,421,116
Repairs and maintenance	20,828	77,595
Telephone	606	845
Total Source of Supply	<u>3,068,891</u>	<u>3,499,556</u>
 Transmission and Collection:		
Power for pumping	30,010	27,586
Operating supplies	8,878	8,233
Repairs and maintenance	100,672	94,994
Salaries and wages	232,911	251,615
Employee benefits	59,528	65,602
Payroll taxes	18,735	19,658
Worker's compensation insurance	8,260	7,903
Gasoline	6,695	6,383
Training	170	1,885
Total Transmission and Collection	<u>465,859</u>	<u>483,859</u>
 Water meter reading:		
Operating supplies	1,021	2,761
Salaries and wages	54,917	53,205
Employee benefits	14,955	15,916
Payroll taxes	4,446	4,238
Worker's compensation insurance	7,002	6,815
Gasoline	6,695	5,927
Total Water Meter Reading	<u>89,036</u>	<u>88,862</u>
 Total Water Operating Expenses	<u>\$ 3,623,786</u>	<u>\$ 4,072,277</u>

North Washington Street Water & Sanitation District
Schedule of Direct Sanitation Operating Expenses
For the Years Ended December 31, 2019 and 2018

Sanitation Operating Expenses	2019	2018
Sanitation Treatment		
Outside services—Treatment	<u>\$ 2,247,586</u>	<u>\$ 2,137,687</u>
Transmission and Collection		
Training	255	970
Operating supplies	5,696	5,072
Repairs and maintenance	89,069	12,250
Salaries and wages	223,752	217,047
Employee benefits	59,528	65,602
Payroll taxes	18,099	17,306
Worker's compensation insurance	8,262	7,905
Gasoline	<u>6,695</u>	<u>6,386</u>
Total Transmission and Collection	<u>411,356</u>	<u>332,538</u>
Total Operating Expenses	<u><u>\$ 2,658,942</u></u>	<u><u>\$ 2,470,225</u></u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2019 and 2018

General and Administrative Expenses	<u>2019</u>	<u>2018</u>
Administration and management:		
Directors' fees and expenses	\$ 30,576	\$ 49,569
Office supplies	2,960	2,317
Repairs and maintenance	3,800	1,620
Salaries and wages	224,794	210,040
Employee benefits	103,024	93,656
Payroll taxes	22,770	20,769
Worker's compensation insurance	3,846	3,326
Gasoline	6,014	6,178
Postage	3,154	2,916
Training	1,774	-
Publications/memberships	2,629	2,961
Total administration and management	<u>405,341</u>	<u>393,352</u>
Billings and collection:		
Office supplies	5,920	4,861
Repairs and maintenance	42,404	42,443
Equipment lease	552	378
Salaries and wages	138,683	124,114
Employee benefits	66,994	68,018
Payroll taxes	10,686	9,551
Worker's compensation insurance	888	768
Postage	28,124	24,570
Total billings and collection	<u>294,251</u>	<u>274,703</u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2019 and 2018
(continued)

	<u>2019</u>	<u>2018</u>
Accounting and finance:		
Accounting services	2,301	5,650
Auditing	10,300	8,299
Office supplies	5,920	4,634
Equipment lease	552	378
Repairs and maintenance	33,136	29,492
Salaries and wages	216,832	175,832
Employee benefits	87,769	88,398
Payroll taxes	16,687	13,749
Postage	2,627	2,430
Worker's compensation insurance	1,332	1,152
Service charges	148	16
Total accounting and finance	<u>377,604</u>	<u>330,030</u>
General and Administrative Expenses		
General:		
Insurance	32,491	31,230
Legal	46,048	68,103
Miscellaneous	29,762	(12,019)
Repairs and maintenance	51,777	97,736
Telephone	14,378	27,678
Utilities	<u>22,318</u>	<u>23,332</u>
Total general	<u>196,774</u>	<u>236,060</u>
Depreciation expense	<u>435,419</u>	<u>431,710</u>
Total General and Administrative Expenses	<u>\$ 1,709,389</u>	<u>\$ 1,665,855</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Source of Funds - Water
For the Year Ended December 31, 2019

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenue:				
Fees for service:				
Residential	\$ 3,254,332	\$ 3,254,332	3,295,068	\$ 40,736
Commercial	1,930,281	1,930,281	2,009,790	79,509
Industrial	552,185	552,185	541,966	(10,219)
Nonmetered Fees	149,744	149,744	29,266	(120,478)
Turn on fees	25,859	25,859	35,590	9,731
Miscellaneous income (expense)	21,126	21,126	721	(20,405)
Total operating revenue	<u>5,933,527</u>	<u>5,933,527</u>	<u>5,912,401</u>	<u>(21,126)</u>
Non Operating Revenue:				
Transfer of revenue - General Fund	(58,330)	(58,330)	-	58,330
Investment Income	131,129	131,129	167,822	36,693
Miscellaneous	554	554	-	(554)
Total nonoperating revenue	<u>73,353</u>	<u>73,353</u>	<u>167,822</u>	<u>94,469</u>
Capital Contributions				
Contributed lines	50,000	50,000	28,946	(21,054)
System development fees	50,000	50,000	169,564	119,564
Total capital contributions	<u>100,000</u>	<u>100,000</u>	<u>198,510</u>	<u>98,510</u>
Total source of funds	<u>\$ 6,106,880</u>	<u>\$ 6,106,880</u>	<u>\$ 6,278,733</u>	<u>\$ 171,853</u>

North Washington Street Water & Sanitation District

Budget Comparison (Non-GAAP Basis) - Expenditures - Water

For the Year Ended December 31, 2019

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenditures:				
Water source of supply:				
Purchased water	\$ 3,527,481	\$ 3,527,481	\$ 3,047,457	\$ 480,024
Repairs and maintenance	42,030	42,030	20,828	21,202
Telephone	607	607	606	1
Total Water source of supply	<u>\$ 3,570,118</u>	<u>\$ 3,570,118</u>	<u>\$ 3,068,891</u>	<u>\$ 501,227</u>
Transmission and collection:				
Power for pumping	\$ 23,758	\$ 23,758	\$ 30,010	\$ (6,252)
Operating supplies	-	-	8,878	(8,878)
Repairs and maintenance	77,051	77,051	100,672	(23,621)
Salaries and wages	222,292	222,292	232,911	(10,619)
Employee benefits	64,830	64,830	59,528	5,302
Payroll taxes	18,228	18,228	18,735	(507)
Workmen's compensation insurance	9,792	9,792	8,260	1,532
Gasoline	6,257	6,257	6,695	(438)
Equipment lease	2,178	2,178	-	2,178
Training	-	-	170	(170)
Total transmission and collection	<u>\$ 424,387</u>	<u>\$ 424,387</u>	<u>\$ 465,859</u>	<u>\$ (41,472)</u>
Accounting and finance:				
Accounting services	\$ 570	\$ 570	\$ 767	\$ (197)
Auditing	3,901	3,901	3,433	468
Office supplies	1,860	1,860	2,960	(1,100)
Equipment lease	340	340	276	64
Service charges	15	15	-	15
Repairs and maintenance	18,864	18,864	16,568	2,296
Salaries and wages	91,172	91,172	119,316	(28,144)
Employee benefits	43,776	43,776	43,885	(109)
Payroll taxes	7,476	7,476	9,210	(1,734)
Postage	1,257	1,257	1,416	(159)
Worker's compensation insurance	678	678	666	12
Total accounting and finance	<u>\$ 169,908</u>	<u>\$ 169,908</u>	<u>\$ 198,571</u>	<u>\$ (28,663)</u>
Administration and management:				
Directors' fees and expenses	\$ 21,736	\$ 21,736	\$ 10,191	\$ 11,545
Office supplies	1,860	1,860	2,960	(1,100)
Repairs and maintenance	666	666	1,439	(773)
Salaries and wages	70,395	70,395	74,913	(4,518)
Employee benefits	23,813	23,813	26,753	(2,940)
Payroll taxes	5,772	5,772	5,969	(197)
Worker's compensation insurance	1,307	1,307	1,282	25
Gasoline	3,185	3,185	3,007	178
Postage	1,257	1,257	1,313	(56)
Publications/memberships	1,069	1,069	1,763	(694)
Total administration and management	<u>\$ 131,060</u>	<u>\$ 131,060</u>	<u>\$ 129,590</u>	<u>\$ 1,470</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Water
For the Year Ended December 31, 2019
(continued)

	Original Budgeted Amounts	Final Budgeted Amounts	2019 Actual	Variance with Final Budget Positive (Negative)
Billings and collection:				
Office supplies	\$ 1,860	\$ 1,860	\$ 2,960	\$ (1,100)
Repairs and maintenance	22,927	22,927	25,837	(2,910)
Equipment lease	340	340	276	64
Salaries and wages	65,064	65,064	69,342	(4,278)
Employee benefits	34,256	34,256	33,498	758
Payroll taxes	5,335	5,335	5,343	(8)
Worker's compensation insurance	454	454	444	10
Postage	12,267	12,267	14,477	(2,210)
Total billings and collection	<u>\$ 142,503</u>	<u>\$ 142,503</u>	<u>152,177</u>	<u>\$ (9,674)</u>
Water meter reading:				
Operating supplies	\$ -	\$ -	\$ 1,021	\$ (1,021)
Repairs and maintenance	-	-	54,917	(54,917)
Salaries and wages	53,695	53,695	14,955	38,740
Employee benefits	15,481	15,481	4,446	11,035
Payroll taxes	4,403	4,403	7,002	(2,599)
Workmen's compensation insurance	8,508	8,508	-	8,508
Gasoline	5,436	5,436	6,695	(1,259)
Total water meter reading	<u>\$ 87,523</u>	<u>\$ 87,523</u>	<u>\$ 89,036</u>	<u>\$ (1,513)</u>
General:				
Insurance	\$ 18,736	\$ 18,736	\$ 10,829	\$ 7,907
Legal	20,070	20,070	5,427	14,643
Miscellaneous	20,428	20,428	-	20,428
Repairs and maintenance	15,594	15,594	18,700	(3,106)
Telephone	11,241	11,241	4,792	6,449
Utilities	12,991	12,991	11,159	1,832
Other expenses	-	-	2,295	(2,295)
Total general	<u>\$ 99,059</u>	<u>\$ 99,059</u>	<u>\$ 53,202</u>	<u>\$ 45,858</u>
Total operating expenditures	<u>\$ 4,624,558</u>	<u>\$ 4,624,558</u>	<u>\$ 4,157,326</u>	<u>\$ 467,233</u>
Nonoperating Expenditures:				
Capital improvements from District funds	<u>\$ 4,141,498</u>	<u>\$ 4,141,498</u>	<u>\$ 1,649,577</u>	<u>\$ 2,491,921</u>
Total Expenditures Water	<u><u>\$ 8,766,056</u></u>	<u><u>\$ 8,766,056</u></u>	<u><u>\$ 5,806,903</u></u>	<u><u>\$ 2,959,153</u></u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds - Sanitation
For the Year Ended December 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2019 Actual	Variance with Final Budget Positive (Negative)
Operating Revenue:				
Fees for service:				
Residential	\$ 2,457,936	\$ 2,457,936	\$ 2,435,547	\$ (22,389)
Commercial	1,008,799	1,008,799	991,935	(16,864)
Industrial	1,562,409	1,562,409	1,822,524	260,115
Miscellaneous income	35,447	35,447	-	(35,447)
Total operating revenue	<u>5,064,592</u>	<u>5,064,592</u>	<u>5,250,006</u>	<u>185,414</u>
Non Operating Revenue:				
Transfer of revenue - General Fund	(58,330)	(58,330)	-	58,330
Investment Income	131,129	131,129	381,173	250,044
Miscellaneous	1,279	1,279	6,719	5,440
Total nonoperating revenue	<u>74,078</u>	<u>74,078</u>	<u>387,892</u>	<u>313,814</u>
Capital Contributions				
Contributed lines	50,000	50,000	28,946	(21,054)
System development fees	50,000	50,000	166,337	116,337
Total source of funds	<u>5,238,670</u>	<u>5,238,670</u>	<u>5,833,181</u>	<u>594,511</u>
Total available resources	<u>\$ 5,238,670</u>	<u>\$ 5,238,670</u>	<u>\$ 5,833,181</u>	<u>\$ 594,511</u>

North Washington Street Water & Sanitation District

Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation

For the Year Ended December 31, 2019

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenditures				
Sanitation Treatment:				
Outside services - Treatment	\$ 2,680,232	\$ 2,680,232	\$ 2,247,586	\$ 432,646
Test and analysis	-	-	-	-
Total sanitation treatment	<u>\$ 2,680,232</u>	<u>\$ 2,680,232</u>	<u>\$ 2,247,586</u>	<u>\$ 432,646</u>
Transmission and collection:				
Training	\$ 531	\$ 531	\$ 255	\$ 276
Operating supplies	4,576	4,576	5,696	(1,120)
Repairs and maintenance	112,744	112,744	89,069	23,675
Salaries and wages	222,292	222,292	223,752	(1,460)
Employee benefits	64,830	64,830	59,528	5,302
Payroll taxes	18,228	18,228	18,099	129
Workmen's compensation insurance	9,793	9,793	8,262	1,531
Gasoline	6,298	6,298	6,695	(397)
Total transmission and collection	<u>\$ 439,293</u>	<u>\$ 439,293</u>	<u>\$ 411,356</u>	<u>\$ 27,937</u>
Accounting and finance:				
Accounting services	\$ 570	\$ 570	\$ 767	\$ (197)
Auditing	3,901	3,901	3,433	468
Service charges	15	15	74	(59)
Office supplies	1,860	1,860	2,960	(1,100)
Equipment lease	340	340	314	26
Repairs and maintenance	18,864	18,864	16,530	2,334
Salaries and wages	91,172	91,172	97,516	(6,344)
Employee benefits	43,776	43,776	43,884	(108)
Payroll taxes	7,476	7,476	7,477	(1)
Postage	1,257	1,257	1,211	46
Worker's compensation insurance	678	678	666	12
Total accounting and finance	<u>\$ 169,908</u>	<u>\$ 169,908</u>	<u>\$ 174,832</u>	<u>\$ (4,924)</u>
Administration and management:				
Directors' fees and expenses	\$ 21,736	\$ 21,736	\$ 10,191	\$ 11,545
Repairs and maintenance	666	666	2,361	(1,695)
Salaries and wages	60,728	60,728	74,924	(14,196)
Employee benefits	21,396	21,396	26,567	(5,171)
Payroll taxes	4,980	4,980	5,970	(990)
Worker's compensation insurance	1,307	1,307	1,282	25
Gasoline	3,185	3,185	3,007	178
Postage	716	716	1,313	(597)
Publications/memberships	1,069	1,069	1,763	(694)
Total administration and mgmt	<u>\$ 115,782</u>	<u>\$ 115,782</u>	<u>\$ 127,378</u>	<u>\$ (11,596)</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation
For the Year Ended December 31, 2019
(continued)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Billings and collection:				
Office supplies	\$ 1,860	\$ 1,860	\$ 2,960	\$ (1,100)
Repairs and maintenance	18,864	18,864	16,567	2,297
Equipment lease	340	340	276	64
Salaries and wages	65,064	65,064	69,341	(4,277)
Employee benefits	34,256	34,256	33,496	760
Payroll taxes	5,335	5,335	5,343	(8)
Worker's compensation insurance	452	452	444	8
Postage	12,269	12,269	13,647	(1,378)
Total billings and collection	<u>\$ 138,440</u>	<u>\$ 138,440</u>	<u>\$ 142,074</u>	<u>\$ (3,634)</u>
General:				
Insurance	\$ 18,736	\$ 18,736	\$ 10,829	\$ 7,907
Legal	20,070	20,070	20,310	(240)
Miscellaneous	8,024	8,024	10,294	(2,270)
Repairs and maintenance	-	-	21,530	(21,530)
Telephone	11,241	11,241	4,792	6,449
Utilities	12,991	12,991	11,159	1,832
Total general	<u>\$ 71,062</u>	<u>\$ 71,062</u>	<u>\$ 78,914</u>	<u>\$ (7,852)</u>
Total operating expenditures	<u>\$ 3,614,717</u>	<u>\$ 3,614,717</u>	<u>\$ 3,182,140</u>	<u>\$ 432,577</u>
Nonoperating Expenditures:				
Capital impvmts from District funds	<u>\$ 1,033,949</u>	<u>\$ 1,033,949</u>	<u>\$ 185,051</u>	<u>\$ 848,898</u>
Total nonoperating expenditures	<u>\$ 1,033,949</u>	<u>\$ 1,033,949</u>	<u>\$ 185,051</u>	<u>\$ 848,898</u>
Total Expenditures Sanitation	<u><u>\$ 4,648,666</u></u>	<u><u>\$ 4,648,666</u></u>	<u><u>\$ 3,367,191</u></u>	<u><u>\$ 1,281,475</u></u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds and Expenditures - General and Administrative
For the Year Ended December 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2019 Actual	Variance with Final Budget Positive (Negative)
Nonoperating Revenue				
Property taxes	\$ 363,196	\$ 363,196	\$ 368,370	\$ 5,174
Specific ownership tax	30,066	30,066	23,708	(6,358)
Total nonoperating revenue	<u>393,259</u>	<u>393,259</u>	<u>392,078</u>	<u>(1,181)</u>
Net source of funds	<u>\$ 393,259</u>	<u>\$ 393,259</u>	<u>\$ 392,078</u>	<u>\$ (1,181)</u>
Operating Expenditures				
Accounting and finance:				
Accounting services	\$ 570	\$ 570	\$ 767	\$ (197)
Auditing	3,901	3,901	3,434	467
Total accounting and finance	<u>\$ 4,471</u>	<u>\$ 4,471</u>	<u>\$ 4,201</u>	<u>\$ 270</u>
Administration and management:				
Directors' fees and expenses	\$ 21,744	\$ 21,744	\$ 10,194	\$ 11,550
Salaries and wages	70,395	70,395	74,957	(4,562)
Employee benefits	38,813	38,813	49,704	(10,891)
Payroll taxes	5,772	5,772	10,831	(5,059)
Workmen's compensation insurance	1,307	1,307	1,282	25
Postage	502	502	528	(26)
Publications/memberships	-	-	877	(877)
Total administration and management	<u>\$ 138,534</u>	<u>\$ 138,534</u>	<u>\$ 148,373</u>	<u>\$ (9,839)</u>
General:				
Insurance	\$ 18,741	\$ 18,741	\$ 10,833	\$ 7,908
Legal	20,070	20,070	20,311	(241)
Miscellaneous	19,653	19,653	14,782	4,871
Repairs and maintenance	11,381	11,381	13,938	(2,557)
Telephone	11,244	11,244	4,794	6,450
Total general	<u>\$ 81,089</u>	<u>\$ 81,089</u>	<u>\$ 64,658</u>	<u>\$ 16,431</u>
Total operating expenditures	<u>\$ 224,094</u>	<u>\$ 224,094</u>	<u>\$ 217,232</u>	<u>\$ 6,862</u>
Nonoperating Expenditures:				
Capital improvements from District funds	\$ 237,000	\$ 237,000	\$ 129,741	\$ 107,259
County Treasurer's collection fees	8,971	8,971	5,355	3,616
Total nonoperating expenditures	<u>\$ 245,971</u>	<u>\$ 245,971</u>	<u>\$ 135,096</u>	<u>\$ 110,875</u>
Contingencies	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>\$ 495,065</u>	<u>\$ 495,065</u>	<u>\$ 352,328</u>	<u>\$ 142,737</u>

North Washington Street Water & Sanitation District
Reconciliation of Budgetary Basis Actual to
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

	<u>Water</u>	<u>Sanitation</u>	<u>General and Administration</u>	<u>Total</u>
Revenue				
Revenue budget basis (Non-GAAP basis)	\$ 6,278,733	\$ 5,833,181	\$ 392,078	\$12,503,992
Plus:				
Transfers	196,039	196,039	-	392,078
Less:				
Transfers	-	-	(392,078)	(392,078)
Revenue (GAAP basis)	<u>\$ 6,474,772</u>	<u>\$ 6,029,220</u>	<u>\$ -</u>	<u>\$12,503,992</u>
Water operating revenue				\$ 5,912,401
Sewer operating revenue				5,250,006
Nonoperating revenue				<u>1,341,585</u>
Total Revenue				<u>\$12,503,992</u>
Expenses				
Expenses budget basis (Non-GAAP basis)	\$ 5,806,903	\$ 3,367,191	\$ 352,328	\$ 9,526,422
Plus:				
Depreciation	217,709	217,710	-	435,419
Less:				
Capital improvements	<u>(1,649,577)</u>	<u>(185,051)</u>	<u>(129,741)</u>	<u>(1,964,369)</u>
Expenses (GAAP basis)	<u>\$ 4,375,035</u>	<u>\$ 3,399,850</u>	<u>\$ 222,587</u>	<u>\$ 7,997,472</u>
Direct water expenses				\$ 3,623,786
Direct sewer expenses				2,658,942
General and administrative expenses				1,709,389
Nonoperating expenses				<u>5,355</u>
Total Expenses				<u>\$ 7,997,472</u>