PLEASANT VIEW WATER AND SANITATION DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2019 AND 2018

PLEASANT VIEW WATER AND SANITATION DISTRICT
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YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pleasant View Water and Sanitation District
Jefferson County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Pleasant View Water and Sanitation 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 entity'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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Board of Directors
Pleasant View Water and Sanitation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pleasant View Water and Sanitation District as of December 31, 2019 and 2018, and the changes in its financial position and its 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

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 auditors' 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 Pleasant View Water and Sanitation District's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 2, 2020

BASIC FINANCIAL STATEMENTS

PLEASANT VIEW WATER AND SANITATION DISTRICT
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	$ 3,893,514	$ 3,349,020
Investments - Unrestricted	400,000	400,000
Investments - Restricted	149,000	149,000
Receivables:		
Property Taxes	153,017	130,355
Service	261,664	254,122
Prepaid Insurance	17,812	11,541
Total Current Assets	4,875,007	4,294,038
CAPITAL ASSETS		
Land	76,200	76,200
Water Wells	152,120	152,120
Sewer System	4,777,534	4,777,534
Building and Improvements	274,153	274,153
Vehicles and Equipment	133,476	74,199
	5,413,483	5,354,206
Less Accumulated Depreciation	2,363,946	2,260,002
Total Capital Assets	3,049,537	3,094,204
OTHER ASSETS		
Investment in Consolidated Mutual Water Company	7,000	7,000
Bond Issuance Costs, Net of Accumulated Amortization	-	-
Total Other Assets	7,000	7,000
Total Assets	$ 7,931,544	$ 7,395,242
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 7,895	$ 5,126
Accrued Salaries and Benefits Payable	7,960	10,799
Deposit for Building Operations and Maintenance	55,093	45,824
Accrued Interest Payable	838	1,225
Current Portion of Long-Term Debt	167,908	159,254
Total Current Liabilities	239,694	222,228
LONG-TERM LIABILITIES		
Bonds Payable	171,476	339,384
Total Liabilities	411,170	561,612
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	153,017	130,355
NET POSITION		
Net Investment in Capital Assets	2,710,153	2,595,566
Restricted:		
Debt Service	149,000	149,000
Unrestricted	4,508,204	3,958,709
Total Net Position	7,367,357	6,703,275
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 7,931,544	$ 7,395,242

See accompanying Notes to Financial Statements.

PLEASANT VIEW WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
INCOME FROM OPERATIONS		
Sewer Operations:		
Service Fees	$ 1,600,218	$ 1,325,479
Direct Sewer Expenses:		
Sewage Treatment Fees	770,142	970,162
Repair and Maintenance	33,409	98,959
Depreciation	89,131	89,249
	892,682	1,158,370
Gross Income from Sewer Operations	707,536	167,109
GROSS INCOME FROM OPERATIONS	707,536	167,109
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and Audit	17,800	17,096
Legal	3,629	9,803
Directors' Fees	5,000	5,400
Utilities	2,465	1,506
Administration Building Operations	13,502	12,933
Depreciation	14,813	10,887
Engineering	2,431	-
Repair and Maintenance	450	3,473
Salaries and Benefits	212,795	222,930
Seminars and Meetings	2,400	3,666
Office	16,420	15,396
Insurance	11,874	16,853
Miscellaneous	13,339	48,335
Total General and Administrative Expenses	316,918	368,278
NET INCOME (LOSS) FROM OPERATIONS	390,618	(201,169)
NONOPERATING REVENUE AND (EXPENSE)		
Net Investment Income	38,403	28,963
Property Taxes	129,690	132,838
Specific Ownership Taxes	11,292	12,088
Miscellaneous Income	1,658	67,802
Interest Expense	(10,059)	(13,269)
Total Nonoperating Revenue	170,984	228,422
INCOME BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	561,602	27,253
CAPITAL CONTRIBUTIONS		
Tap Fees	102,480	227,880
Contributed Lines	-	-
Total Capital Contributions	102,480	227,880
SPECIAL ITEM		
Loss on Consolidated Mutal Water Company Stock Transfer	-	(5,973,205)
CHANGE IN NET POSITION	664,082	(5,718,072)
Net Position - Beginning of Year	6,703,275	12,421,347
NET POSITION - END OF YEAR	$ 7,367,357	$ 6,703,275

See accompanying Notes to Financial Statements.

PLEASANT VIEW WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 1,592,676	$ 1,672,692
Cash Paid to Employees	(207,112)	(162,591)
Cash Payments to Suppliers for Goods and Services	(895,616)	(1,385,875)
Net Cash Provided by Operating Activities	489,948	124,226
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and Specific Ownership Taxes Received	140,982	144,926
Miscellaneous Income	1,658	67,802
Net Cash Provided by Noncapital Financing Activities	142,640	212,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(59,277)	(39,531)
Principal Paid on Revenue Bonds	(155,000)	(150,000)
Interest Paid on Revenue Bonds	(14,700)	(19,200)
Contributed Capital - Tap Fees	102,480	227,880
Net Cash Provided (Used) by Capital and Related Financing Activities	(126,497)	19,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(549,000)	(400,000)
Sales of Investments	549,000	400,000
Net Investment Income Received	38,403	28,963
Net Cash Provided by Investing Activities	38,403	28,963
NET INCREASE IN CASH AND CASH EQUIVALENTS	544,494	385,066
Cash and Cash Equivalents - Beginning of Year	3,349,020	2,963,954
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,893,514	$ 3,349,020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income (Loss) from Operations	$ 390,618	$ (201,169)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Depreciation	103,944	100,136
Effect of Changes in Operating Assets and Liabilities:		
Service Receivables	(7,542)	347,213
Prepaid Insurance	(6,271)	-
Accounts Payable, Accrued Salaries, and Deposits	9,199	(121,954)
Net Cash Provided by Operating Activities	$ 489,948	$ 124,226

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

Pleasant View Water and Sanitation District (District), a quasi-municipal corporation is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sewer service to property within its service area.

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.

Accounting Policies

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

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 and redemption of bonds is recorded as a reduction in liabilities.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in fund 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 sewer services to its customers.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses (Continued)

Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

Budgets

In accordance with the State Budget Law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total expenditures level and lapses at year-end. The District's board of directors can modify the budget by line item within the total appropriation without notice. The total appropriation can only be amended upon completion of notification and publication requirements.

Capital Assets

Capital assets include land, water wells, sewer system, buildings and improvements as well as vehicles and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Sewer System	50 Years
Buildings and Improvements	10 to 40 Years
Vehicles and Equipment	5 to 15 Years

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District.

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

Compensated Absences

An employee earns vacation based on the number of years worked for the District. The District's vacation policy permits the carryover of 160 hours of vacation time from one year to the next. The District's sick leave policy permits the employee to accumulate one hour of sick leave for every 20 hours worked. The District's sick leave policy permits the carryover of 192 hours maximum in a two-year period. Vacation amounts carried over are accrued for, but are not material. Employees are not paid for unused sick days upon termination of employment, thus no liability is recorded.

Cash Equivalents

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

Contributions

Lines

Lines contributed to the District by developers are recorded as capital contributions and an addition to the sewer system at the developer's cost, which is equivalent to acquisition cost value.

Tap Fees

Tap fees are recorded as capital contributions when the permit is sold.

NOTE 2 CASH AND INVESTMENTS

Cash and investments are reflected on the balance sheets as follows at December 31:

	2019	2018
Cash and Cash Equivalents - Unrestricted	$ 3,893,514	$ 3,349,020
Investments - Unrestricted	400,000	400,000
Investments - Restricted	149,000	149,000
Total Investments	549,000	549,000
Total Cash and Investments	$ 4,442,514	$ 3,898,020

The District's cash and investments consisted of the following at December 31:

	2019	2018
Cash and Cash Equivalents		
Cash on Hand	$ 200	$ 200
Deposits with Financial Institutions	2,796,338	2,275,320
Local Government Investment Pools	1,096,976	1,073,500
Total Cash and Cash Equivalents	3,893,514	3,349,020
Investments		
Deposits with Financial Institutions - Long Term Certificates of Deposit	549,000	549,000
Total Cash and Investments	$ 4,442,514	$ 3,898,020

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 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 the aggregate uninsured deposits.

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

At December 31, 2019 and 2018, the District's cash deposits had a carrying balance of $3,345,338 and $2,824,320, respectively, including $549,000 and $549,000 of certificates of deposits, respectively.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

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

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

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

The District generally limits its concentration of investments to local government investment pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk disclosure for these investments.

The local government investment pools, which include Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Local Government Liquid Asset Trust (COLOTRUST) are rated AAAm by Standard & Poor's.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

The District owned the following investments (classified as cash equivalents) as of December 31:

Type of Investment	Remaining Maturity	2019	2018
Colorado Surplus Asset Fund Trust (CSAFE)	Less than One Year	$ 549,898	$ 537,751
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Less than One Year	547,078	535,749
Total		$ 1,096,976	$ 1,073,500

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

CSAFE

At December 31, 2019 and 2018, the District had $549,898 and $537,751, respectively, invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at $1.00. CSAFE records its investments at amortized cost and the District records its investment in CSAFE using the amortized cost method.

COLOTRUST

At December 31, 2019 and 2018 the District had invested $547,078 and $535,749, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+.

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Bond Reserves

The bond indenture relating to the Enterprise Revenue Refunding Bonds, Series 2012 requires the District to maintain a reserve account in an amount as defined in the bond indenture. The amount reserved as of December 31, 2019 and 2018 was $149,000.

NOTE 3 CAPITAL ASSETS

Capital asset activity was as follows for the years ended December 31:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Capital Assets, Not Being Depreciated				
Land	$ 76,200	$ -	$ -	$ 76,200
Water Wells	152,120	-	-	152,120
Total Capital Assets, Not Being Depreciated	228,320	-	-	228,320
Capital Assets, Being Depreciated				
Sewer System	4,777,534	-	-	4,777,534
Buildings and Improvements	274,153	-	-	274,153
Vehicles and Equipment	74,199	59,277	-	133,476
Total Capital Assets, Being Depreciated	5,125,886	59,277	-	5,185,163
Less Accumulated Depreciation for:				
Sewer System	2,094,431	89,131	-	2,183,562
Buildings and Improvements	91,372	7,365	-	98,737
Vehicles and Equipment	74,199	7,448	-	81,647
Total Accumulated Depreciation	2,260,002	103,944	-	2,363,946
Total Capital Assets, Being Depreciated, Net	2,865,884	(44,667)	-	2,821,217
Total Capital Assets, Net	$ 3,094,204	$ (44,667)	$ -	$ 3,049,537

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Capital Assets, Not Being Depreciated				
Land	$ 76,200	$ -	$ -	$ 76,200
Water Wells	152,120	-	-	152,120
Total Capital Assets, Not Being Depreciated	228,320	-	-	228,320
Capital Assets, Being Depreciated				
Sewer System	4,777,534	-	-	4,777,534
Buildings and Improvements	234,622	39,531	-	274,153
Vehicles and Equipment	74,199	-	-	74,199
Total Capital Assets, Being Depreciated	5,086,355	39,531	-	5,125,886
Less Accumulated Depreciation for:				
Sewer System	2,005,182	89,249	-	2,094,431
Buildings and Improvements	84,007	7,365	-	91,372
Vehicles and Equipment	70,677	3,522	-	74,199
Total Accumulated Depreciation	2,159,866	100,136	-	2,260,002
Total Capital Assets, Being Depreciated, Net	2,926,489	(60,605)	-	2,865,884
Total Capital Assets, Net	$ 3,154,809	$ (60,605)	$ -	$ 3,094,204

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following operations for the years ended December 31:

	2019	2018
Sewer Operations	$ 89,131	$ 89,249
General and Administrative	14,813	10,887
Total	$ 103,944	$ 100,136

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31:

	Balance at January 1, 2019	New Issues	Refunding/ Retirements	Balance at December 31, 2019	Due Within One Year
Enterprise Revenue Bonds, Series 2012	$ 490,000	$ -	$ (155,000)	$ 335,000	$ 165,000
Bond Premium	8,638	-	(4,254)	4,384	2,908
Total Long-Term Debt	498,638	$ -	$ (159,254)	339,384	167,908
Less Current Portion	159,254			167,908	-
Long-Term Portion	$ 339,384			$ 171,476	$ 167,908

	Balance at January 1, 2018	New Issues	Refunding/ Retirements	Balance at December 31, 2018	Due Within One Year
Enterprise Revenue Bonds, Series 2012	$ 640,000	$ -	$ (150,000)	$ 490,000	$ 155,000
Bond Premium	14,194	-	(5,556)	8,638	4,254
Total Long-Term Debt	654,194	$ -	$ (155,556)	498,638	159,254
Less Current Portion	155,556			159,254	-
Long-Term Portion	$ 498,638			$ 339,384	$ 159,254

The details of the District's long-term obligations are as follows:

$1,490,000 Enterprise Revenue Refunding Bonds, Series 2012, dated June 28, 2012, with interest of 2.00% to 3.00%, consisting of serial bonds due annually through 2021. The bonds are not subject to redemption prior to maturity. The bond resolutions contain various restrictive covenants, including restricted cash and rate covenants. The District has established the required reserves in accordance with the bond resolutions (see Note 2). At December 31, 2019 and 2018, management believes the District was in compliance with these covenants.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ending December 31,	Principal	Interest	Total
2020	$ 165,000	$ 10,050	$ 175,050
2021	170,000	5,100	175,100
Total	$ 335,000	$ 15,150	$ 350,150

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 6 DISTRICT EMPLOYEES' RETIREMENT PLAN

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants after one year of employment. Under this plan, 5% of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of 5% from the District. The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. Nonvested District contributions for employees who leave employment before five years of participation are used to reduce the District's current period contribution requirement. Plan provisions and contribution requirements are established and may be amended by CCOERA and would have to be approved by the District's board of directors. There is no liability for benefits under the plan beyond the District's matching payments.

NOTE 6 DISTRICT EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Both the District and the participating employees made the required 5% contributions for 2019 and 2018. The District's and employees contributions to the plan for the years ended December 31, 2019 and 2018 were as follows:

Year Ending December 31,	District	Employees
2018	$ 8,305	$ 8,305
2019	8,136	8,136

NOTE 7 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 CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

NOTE 8 SEWER SERVICE CONTRACT

The District has an agreement with Metropolitan Wastewater Reclamation District (Metro) for sewage treatment and disposal. The District pays Metro for sewage treatment fees and the District bills the users for sewer service. The District is responsible for the maintenance and future construction costs of all sewer lines and retains title to all sewer lines in the District. The standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Adjustments to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system.

The composition of the charges for 2019 and 2018 are as follows:

	2019	2018
Estimate for Current Year	$ 903,078	$ 935,352
Adjustment of Second Preceding Year Estimate to Actual Finding	(70,427)	24,533
Preliminary Adjustment of Preceding Year Estimate	(62,509)	10,277
Total Annual Charges	$ 770,142	$ 970,162

The 2020 sewer treatment estimate is $953,495. The total annual charge is expected to be $1,021,171, which includes an unfavorable 2019 preliminary final adjustment of $21,354 and an unfavorable 2018 adjustment of $46,322.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On May 2, 2000, a majority of the District's voters authorized the District to collect, retain and spend all revenue from all sources, including property taxes collected from the District's existing property tax rate of .552 mills, commencing January 1, 2000 and continuing thereafter, without regard to any limitations under TABOR or the limitation on property taxes under Section 29-1-301, C.R.S.

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.

NOTE 10 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds and loans that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019 and 2018, the District had net investment in capital assets, calculated as follows:

	2019	2018
Net Investment in Capital Assets		
Capital Assets - Net of Accumulated Depreciation	$ 3,049,537	$ 3,094,204
Current Portion of Long-Term Obligations	(167,908)	(159,254)
Bonds Payable	(171,476)	(339,384)
Total	$ 2,710,153	$ 2,595,566

NOTE 11 NET POSITION

Restricted assets include net position 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 restricted net position as of December 31, 2019 and 2018, as follows:

	2019	2018
Restricted:		
Debt Service	$ 149,000	$ 149,000

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

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its 2020 operations and financial results, but the effects are currently unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

During the period from January 1, 2020 through June 2, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end and are still developing.

SUPPLEMENTARY INFORMATION

PLEASANT VIEW WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Property Taxes	$ 130,300	$ 129,690	$ (610)
Specific Ownership Taxes	10,200	11,292	1,092
Net Investment Income	30,000	38,403	8,403
Miscellaneous	5,000	1,658	(3,342)
Sewer Service Charges	1,603,000	1,600,218	(2,782)
Metro Wastewater Sewage Tap Surcharge	85,400	102,480	17,080
Sewer Taps	85,400	102,480	17,080
Total Revenues	1,949,300	1,986,221	36,921
EXPENDITURES	1,655,000	1,436,726	218,274
REVENUES OVER (UNDER) EXPENDITURES	294,300	549,495	255,195
Funds Available - Beginning of Year	4,356,012	4,100,709	(255,303)
FUNDS AVAILABLE - END OF YEAR	$ 4,650,312	$ 4,650,204	$ (108)

Funds Available at December 31, 2019 is Computed as Follows:	
Current Assets	$ 4,875,007
Current Liabilities and Deferred Inflows	(392,711)
Current Portion of Long-Term Obligations	167,908
Total	$ 4,650,204

PLEASANT VIEW WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
(BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
County Treasurer's Collection Fees	$ 2,000	$ 1,945	$ 55
Accounting and Audit	19,000	17,800	1,200
Directors' Fees	7,000	5,000	2,000
Seminars and Meetings	6,000	2,400	3,600
Legal	26,000	3,629	22,371
Office	13,000	13,404	(404)
Miscellaneous	4,000	408	3,592
Auto and Truck Expense	7,000	6,702	298
Dues	2,000	2,112	(112)
Telephone	4,000	2,465	1,535
Salaries	172,000	167,111	4,889
Health Insurance	32,000	23,753	8,247
Unemployment Insurance	7,550	858	6,692
Payroll Taxes	13,158	12,937	221
Retirement Plan	8,600	8,136	464
Insurance	18,000	11,874	6,126
Computer Expenses	3,000	1,869	1,131
Engineering	5,000	2,431	2,569
Repairs and Maintenance - Sewer	200,000	33,409	166,591
Repairs and Maintenance - Other	-	450	(450)
Administration Building Operations	20,000	13,502	6,498
Sewage Treatment Fees	770,142	770,142	-
Metro Wastewater Sewage Tap Surcharge	85,400	102,480	(17,080)
Capital Outlay - Sewer	10,000	-	10,000
Capital Outlay- Office	35,000	59,277	(24,277)
Interest Expense	14,313	14,313	-
Bond Principal	155,000	155,000	-
Paying Agent Fee	303	303	-
Bank Charges	3,000	3,016	(16)
Contingency	19,334	-	19,334
Total Expenditures	$ 1,661,800	$ 1,436,726	$ 225,074

PLEASANT VIEW WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2019

Revenue (Budgetary Basis)	$ 1,986,221
Metro Wastewater Sewage Tap Surcharge	(102,480)
Total Revenue Per Statement of Revenues, Expenses and Changes in Fund Net Position	1,883,741
Expenditures (Budgetary Basis)	1,436,726
Depreciation	103,944
Bond Principal	(155,000)
Amortization of Bond Premium	(4,254)
Capital Asset Addition	(59,277)
Metro Wastewater Sewage Tap Surcharge	(102,480)
Consolidated Mutual Water Company Stock Transfer	-
Total Expenses Per Statement of Revenues, Expenses and Changes in Fund Net Position	1,219,659
Change in Net Position Per Statement of Revenues, Expenses and Changes in Fund Net Position	$ 664,082

PLEASANT VIEW WATER AND SANITATION DISTRICT
FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2019

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied	Total Property Tax Levied	Total Property Tax Collected	Percent Collected to Levied
2015	$ 186,231,552	0.552	$ 102,800	$ 102,545	99.75 %
2016	206,531,542	0.552	114,005	112,259	98.47
2017	205,132,808	0.552	113,233	113,198	99.97
2018	242,196,574	0.552	133,693	132,838	99.36
2019	236,149,600	0.552	130,355	129,690	99.49
Estimated for Year Ending December 31, 2019	$ 277,204,825	0.552	$ 153,017		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.