

**REDSTONE WATER & SANITATION DISTRICT  
REDSTONE, COLORADO**

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FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORT

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DECEMBER 31, 2019

**REDSTONE WATER & SANITATION DISTRICT  
REDSTONE, COLORADO**

**CONTENTS**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b> .....	1-2
<b>Basic Financial Statements:</b>	
Statement of Net Position.....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements .....	6-13
<b>Other Supplemental Information:</b>	
Schedule of Revenues, Expenses and Changes in Net Positions - Budget (Non - US GAAP Basis) and Actual .....	14-16

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Redstone Water & Sanitation District  
Redstone, Colorado

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities of the Redstone Water & Sanitation District, as of and for the year ended December 31, 2019 which collectively comprises the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

## *Opinion*

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

## *Other Matters*

### *Required Supplementary Information*

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplemental 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 other supplemental 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 other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC

Greenwood Village, Colorado  
July 29, 2020

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Statement of Net Position**  
**December 31, 2019**

**ASSETS**

**Current assets:**

Cash and investments	\$ 112,283
Cash with County Treasurer	1,721
Accounts receivable	9,514
Sewer Line Extention Reimbursement	34,355
Property taxes receivable	175,982
Other	2,744

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**Total current assets** 336,599

**Property and equipment:**

Land	10,500
Water plant and lines	2,229,969
Waste Water plant and lines	3,018,760
Equipment and furniture	15,476

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Total property and equipment	5,274,705
Less accumulated depreciation	(2,506,414)

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**Net property and equipment** 2,768,291

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**Total assets** \$ 3,104,890

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**Current liabilities:**

Accounts payable	\$ 4,572
Interest payable	2,469
Bonds and loans payable - current portion	111,818

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**Total current liabilities** 118,859

**Noncurrent liabilities, net of current portion:**

Bonds and loans payable - net of current portion	1,369,377
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**Total non current liabilities** 1,369,377

**Deferred inflows of resources:**

Deferred property tax	175,982
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**Total current, noncurrent liabilities and deferred inflows of resources** 1,664,218

**Net position:**

Invested in capital assets	1,287,096
Restricted for:	
Colorado resources loan reserve	43,798
Tabor	10,050
Unrestricted	99,728

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**Total net position** \$ 1,440,672

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The accompanying notes are an integral part of this financial statement.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Statement of Activities**  
**For the year ended December 31, 2019**

<b>Water system:</b>	
<b>Revenues:</b>	
User fees	\$ 110,350
Other charges	9,152
<b>Total water revenues</b>	<b>119,502</b>
<b>Expenses:</b>	
Reservoir maintenance	4,258
Water treatment	28,905
Transmission and distribution	28,514
Depreciation	96,201
Administrative and general	80,664
<b>Total water expenses</b>	<b>238,542</b>
<b>Net (loss) from water system</b>	<b>(119,040)</b>
<b>Waste Water system:</b>	
<b>Revenues:</b>	
User fees	81,132
<b>Total Waste Water revenues</b>	<b>81,132</b>
<b>Expenses:</b>	
Treatment	43,065
Administrative and general	7,919
<b>Total Waste Water expenses</b>	<b>50,984</b>
<b>Net income from sewer system</b>	<b>30,148</b>
<b>Operating (loss)</b>	<b>(88,892)</b>
<b>Non-operating revenues (expenses):</b>	
Property taxes	174,045
Specific ownership taxes	7,215
Interest income	1,599
State grant	71,500
Interest expense	(15,143)
<b>Total non-operating revenues (expenses)</b>	<b>239,216</b>
<b>Special item:</b>	
Sewer line conveyed	560,200
<b>Total Other Financing Sources</b>	<b>560,200</b>
Net Income (Loss)	710,524
Total net position - beginning of year	730,148
<b>Total net position - end of year</b>	<b>\$ 1,440,672</b>

The accompanying notes are an integral part of this financial statement.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Statement of Cash Flows**  
**For the year ended December 31, 2019**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 198,358
Cash paid to suppliers	(196,693)
<b>Net cash (used) by operating activities</b>	<b>1,665</b>
<b>Cash flows from non-capital financing activities:</b>	
Property taxes received	174,045
Specific ownership taxes received	7,215
State Grant	71,500
<b>Net cash provided by non-capital financing activities</b>	<b>252,760</b>
<b>Cash flows from capital financing activities:</b>	
Interest payments	(15,143)
Purchase of capital assets	(18,745)
Note principal payments	(110,709)
<b>Net cash (used) by capital financing activities</b>	<b>(144,597)</b>
<b>Cash flows from investing activities:</b>	
Interest on investments	1,599
<b>Net cash provided by investing activities</b>	<b>1,599</b>
<b>Net decrease in cash</b>	<b>111,427</b>
Cash and cash equivalents, beginning of year	856
<b>Cash and cash equivalents, end of year</b>	<b>\$ 112,283</b>

<b>Reconciliation of operating (loss) to net cash provided by operations:</b>	
<b>Operating (loss)</b>	<b>\$ (88,892)</b>

<b>Adjustments to reconcile operating (loss) to cash provided by operating activities:</b>	
Depreciation	96,201
Decrease (increase) in:	
Accounts receivable	(2,276)
(Decrease) increase in:	
Interest payable	(500)
Accounts payable	(2,868)
<b>Total adjustments</b>	<b>90,557</b>
<b>Net cash (used) by operating activities</b>	<b>\$ 1,665</b>

**Noncash Capital Financing Activities**

Capital assets of \$560,200 were conveyed to Redstone Sanitation.

Fixed Asset Additions	\$ 578,945
Less Conveyed	560,200
Cash Paid for Fixed Assets	<u>\$ 18,745</u>

The accompanying notes are an integral part of this financial statement.

**1. Summary of significant accounting policies**

The accounting policies of the Redstone Water and Sanitation District, located in Redstone, Colorado, (the District), conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

**Reporting entity**

The District is incorporated as a separate local government entity under Colorado Revised Statutes. A Board of Directors, consisting of five elected Board members governs the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District provides water and waste water services to an unincorporated area of Pitkin County.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District has no employees and contracts for all services.

**Measurement focus, basis of accounting and financial statement presentation**

The accompanying financial statements are presented in accordance with GASB Statement No. 34. The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses, and changes in fund net position) report information on the business-type activities of the District, which rely to a significant extent on taxes, user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the business-type activities are supported by user fees.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District's operations are classified as an Enterprise fund that accounts for the acquisition, operation, and maintenance of activities that are similar to a business. The business-type fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water and treatment of wastewater. Operating expenses for the fund include water and waste water expenses, all revenues and expenses not meeting this definition, including property and specific ownership taxes are reported as nonoperating revenues and expenses.

The District reports one proprietary fund which combines the revenues and expenses of the water and waste water operations. District water is provided on both a flat and metered rate basis. The District accounts for tap fees as revenue to be expended for capital improvements.

**Assets, liabilities, deferred inflows of resources, and net position**

**Cash and cash equivalents**

For purposes of the statement of cash flows the District considers cash on hand, demand deposits and investments in state regulated pools to be cash and cash equivalents.

**Fair value of financial instruments**

The District's financial instruments include cash and investments, accounts receivable, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**Estimates**

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

**Property taxes receivable**

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the tax lien will be sold at public auction. Pitkin

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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County bills and collects the property taxes and remits collections, on a monthly basis, to the District. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

**Capital assets**

All purchased capital assets are recorded at cost. Major capital outlays for capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years. A full year of depreciation is computed in the year of acquisition. Donated assets are valued at their estimated fair market value when received.

**Long-term obligations**

Long-term obligations of the District consist of principal due on loans from the Colorado Water Resources and Power Development Authority.

**Deferred inflows of resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

Net Position of the District is classified into three components; 1) Net invested in capital assets, 2) Restricted net positions, which are non-capital assets that must be used for a particular purpose, and 3) Unrestricted net positions which are the remaining assets not otherwise classified.

The District applies restricted net positions first when both restricted and unrestricted resources are available.

**Budgetary information**

The Enterprise fund adopts a budget prepared on the non-US GAAP basis wherein principal payments on debt and capital expenditures are recognized as expenses, and depreciation and amortization expense are not budgeted.

2. **Detailed notes concerning the funds**

**Cash and cash equivalents**

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, repay the public deposits to the depositing government. 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 equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Colorado Revised Statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at \$1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

As of December 31, 2019, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

**Investments**

**Credit risk**

The District has not adopted a formal investment policy; however, the District follows Colorado Revised Statutes regarding its investments. Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include local government investment pools.

**Receivables**

Accounts receivable primarily consist of user fees for water and waste water services earned as of December 31, 2019. The District considers all receivables to be collectible at December 31, 2019.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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It is the policy of the District to record the property tax receivable in the year in which the taxes are levied and to recognize the property tax revenues in the year in which the lien attaches to the property. Property taxes are reported as receivable and deferred revenue of \$175,982.

**Leases**

In 1976, the District Board approved an agreement that provided for the fire district to lease land near the waste water plant for a fire station. The lease is for 99 years at an annual rent of \$100. There are no rent escalation clauses in the lease.

**Long-term debt**

**Waste Water and Water Upgrades Loan**

On July 14, 2011, the District executed a loan with the Colorado Water Resources and Power Development Authority in the principal amount of \$2,000,000 with interest at 1% with semi-annual payments due May 1 and November 1 starting November 1, 2012. The loan matures on May 1, 2032.

Annual debt service requirements to maturity are as follows:

<b>Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Payment</b>
2020	14,533	111,818	126,351
2021	13,412	112,939	126,351
2022	12,280	114,071	126,351
2023-2027	44,015	587,743	631,758
2028-2032	13,958	554,624	568,582
<b>Total</b>	<b>\$ 98,198</b>	<b>\$ 1,481,195</b>	<b>\$ 1,579,393</b>

The following is an analysis of changes in long-term obligations for the year ended December 31, 2019.

	<b>Balance January 1, 2019</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance December 31, 2019</b>
Water pollution	1,591,904	--	(110,709)	1,481,195
<b>Total</b>	<b>\$ 1,591,904</b>	<b>\$ --</b>	<b>\$ (110,709)</b>	<b>\$ 1,481,195</b>

**Reserve Line of Credit**

The District has available an unsecured reserve line of credit with a maximum borrowing limit of \$15,000. Interest accrues at the rate of 8% per annum. As of December 31, 2019 there was no balance on the line of credit.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Restricted net position**

TABOR - the District has reserved a portion of fund balance for the TABOR emergency reserve - see footnote 3.

Colorado Water Resources Loan - fund balance has been reserved in accordance with the loan agreement to reflect three months of operating and maintenance expenses net of depreciation and interest expense.

Capital improvements - the District has adopted a resolution that sets aside all tap fees for capital improvements. Due to the current District-wide capital construction activity, there are currently no restricted amounts set aside.

**Changes in capital assets**

The changes in capital assets for the year ended December 31, 2019 are as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>January 1,</b>	<b>Additions</b>	<b>Transfers</b>	<b>December</b>
	<b>2019</b>			<b>31, 2019</b>
Source of supply	\$ 223,695	\$ --	\$ --	\$ 223,695
Water lines	1,632,044	--	--	1,632,044
Water plant	560,746	--	--	560,746
Waste water lines	165,144	540,842	--	705,986
Waste water plant	2,126,258	--	--	2,126,258
Equipment	13,281	--	--	13,281
Office equipment	2,195	--	--	2,195
Total	4,723,363	540,842	--	5,264,205
Accumulated depreciation	(2,410,213)	(96,201)	--	(2,506,414)
Net	2,313,150	444,641	--	2,757,791
<u>Non-depreciated assets:</u>				
Land	10,500	--	--	10,500
Total non-depreciated	10,500	--	--	10,500
assets				
Total net book value	\$ 2,323,650	\$ 444,641	\$ --	\$ 2,768,291

**Systems line conveyance agreement**

In April of 2017, The District entered into an a sewer line extension agreement with Redstone 2016, LLC. Redstone 2016, LLC is the owner of the property surrounding the Redstone Castle, and in exchange for providing sanitary sewer services to the Castle, will convey to the District a new sewer pipeline and related infrastructure.

Construction on the sewer line was completed in 2018, and was conveyed in March of 2019. The District recorded the conveyance as a special item for \$560,200 for the fair market value of the sewer line.

3. Other information

**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 has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado.

The Pool is an organization created by intergovernmental agreement to provide property, liability, public official liability, and 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 property, general liability and public official's liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. 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. No distributions were made during the year ended December 31, 2019.

**TABOR Amendment**

In November of 1992, Colorado voters approved Amendment 1 to the state Constitution which, is commonly known as The Taxpayer's Bill of Rights or the TABOR Amendment.

The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refunding to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as "Enterprises." The Redstone Water & Sanitation District does not qualify as an "Enterprise."

The amendment defined the District's year ending December 31, 1992, as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The District must refund revenue received in excess of the prior year's revenue to the voters, unless the voters were to approve retention of the excess revenue. The District placed a question on the November 1996, ballot that would permit the District to keep and spend all revenues from all sources in 1996 and subsequent years without limiting in any year the amount of other revenues that may be collected. The voters approved this ballot question.

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's spending. Conditions under which these reserves may be spent are severely limited.

**REDSTONE WATER & SANITATION DISTRICT**  
**REDSTONE, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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The Redstone Water & Sanitation District, Redstone, Colorado, believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

**4. Subsequent Events**

At the time these financial statements were issued, the world economy was responding to the novel COVID-19 pandemic. This pandemic is anticipated to negatively affect the U.S. economy during 2020. Management is unable to reasonably estimate the amount or scope of the impact that this could have on its financial position. No accruals or adjustments are reflected in the current financial statements to account for the potential impacts of the pandemic.

**REDSTONE WATER & SANITATION DISTRICT  
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -  
Budget (Non - US GAAP Basis) and Actual  
For the year ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Taxes:</b>			
Property	\$ 174,053	\$ 174,045	\$ (8)
Specific ownership	2,000	7,215	5,215
Penalties and interest on taxes	100	1,066	966
<b>Charges for services:</b>			
Water service charges	100,935	110,350	9,415
Waste Water service charges	69,783	81,132	11,349
Other charges	500	--	(500)
<b>Grant:</b>			
State Grant	71,500	71,500	--
<b>Other:</b>			
Interest income	--	533	533
Miscellaneous	5,000	--	(5,000)
Line of credit	15,000	--	(15,000)
Other income (loss)	2,000	9,152	7,152
<b>Total revenue</b>	<b>440,871</b>	<b>454,993</b>	<b>14,122</b>
<b>Other Financing Sources:</b>			
Sewer line conveyed	--	560,200	560,200
<b>Total other financing sources</b>	<b>--</b>	<b>560,200</b>	<b>560,200</b>
<b>Expenses:</b>			
<b>Water:</b>			
<b>Sources of Supply:</b>			
Reservoir maintenance	2,000	238	1,762
Water Tank Maintenance	500	4,020	(3,520)
<b>Total sources of supply expenses</b>	<b>2,500</b>	<b>4,258</b>	<b>(1,758)</b>
<b>Water treatment expenses:</b>			
Lab expense	5,500	4,799	701
Chemicals	4,000	4,253	(253)
Permits and licenses	150	75	75
Engineering	2,000	2,738	(738)
Utilities	8,500	4,937	3,563
East Creek maintenance	6,000	10,873	(4,873)
Trash	250	--	250
Water Plant Supplies	1,250	35	1,215
Telephone	700	1,115	(415)
Plank Springs Maintenance	3,000	80	2,920
Miscellaneous	1,000	--	1,000
<b>Total water treatment expenses</b>	<b>32,350</b>	<b>28,905</b>	<b>3,445</b>
<b>Transmission and distribution expense:</b>			
Repairs and maintenance	4,000	--	4,000
Meter Reading	1,920	1,120	800
Operations Contract	26,112	27,394	(1,282)
<b>Total transmission and distribution expense</b>	<b>32,032</b>	<b>28,514</b>	<b>3,518</b>

(continued)

**REDSTONE WATER & SANITATION DISTRICT  
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -  
Budget (Non - US GAAP Basis) and Actual (continued)  
For the year ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Administrative and general expenses:</b>			
Accounting and audit	\$ 15,552	\$ 26,280	\$ (10,728)
County Treasurer's fees	5,637	8,756	(3,119)
Dues and subscriptions	384	1,210	(826)
Insurance and surety bonds	7,040	5,729	1,311
Professional Services	640	--	640
Legal notices and publications	192	--	192
Legal services	1,600	33,455	(31,855)
Bank Charges	192	--	192
Miscellaneous	320	1,943	(1,623)
Office supplies and expense	1,600	1,877	(277)
Telephone	896	1,414	(518)
<b>Total administration</b>	<b>34,053</b>	<b>80,664</b>	<b>(46,611)</b>
<b>Total water expenses</b>	<b>100,935</b>	<b>142,341</b>	<b>(37,886)</b>
<b>Waste water:</b>			
<b>Collection and transmission expense:</b>			
Capital outlay - capitalized	93,000	18,745	74,255
<b>Total collection and transmission expense</b>	<b>93,000</b>	<b>18,745</b>	<b>74,255</b>
<b>Waste water treatment expenses:</b>			
Sludge removal	10,000	928	9,072
Lab expense	6,250	4,912	1,338
Permits and licenses	1,440	1,850	(410)
Plant repairs and maintenance	6,000	7,965	(1,965)
Operations Contract	14,688	18,088	(3,400)
Utilities	8,500	9,322	(822)
Trash	150	--	150
Transmission and collection	2,000	--	2,000
Sewer Plant Supplies	600	--	600
Miscellaneous	1,000	--	1,000
<b>Total waste water treatment expenses</b>	<b>50,628</b>	<b>43,065</b>	<b>7,563</b>

(continued)

**REDSTONE WATER & SANITATION DISTRICT  
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -  
Budget (Non - US GAAP Basis) and Actual (continued)  
For the year ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Administrative and general expenses:</b>			
Accounting and audit	\$ 8,748	\$ 2,160	\$ 6,588
County Treasurer's fees	3,171	--	3,171
Dues and subscriptions	216	469	(253)
Insurance and surety bonds	3,960	3,387	573
Professional Services	360	--	360
Legal notices and publications	108	--	108
Legal services	900	666	234
Bank Charges	108	250	(142)
Miscellaneous	180	--	180
Office supplies and expense	900	508	392
Telephone	504	479	25
<b>Total administration</b>	19,155	7,919	11,236
<b>Total Waste water expenses</b>	162,783	69,729	93,054
<b>Debt service:</b>			
Waste water Revolving Loan Interest	15,643	15,143	500
Waste water Revolving Loan principal	110,709	110,709	--
<b>Total debt service</b>	126,352	125,852	500
<b>Total expenses</b>	390,070	337,922	55,668
<b>Net income - non - US GAAP budgetary basis</b>	<u>\$ 50,801</u>	<u>\$ 677,271</u>	<u>\$ 518,654</u>
<b>Adjustments to US GAAP basis:</b>			
Add:			
Waste water Revolving Loan principal		110,709	
Capital outlay - capitalized		18,745	
Less:			
Depreciation expense		<u>(96,201)</u>	
<b>Total adjustments to US GAAP basis</b>		<u>33,253</u>	
<b>Net income - US GAAP basis</b>		710,524	
Net position - beginning of year		<u>730,148</u>	
<b>Net position - end of year</b>		<u>\$ 1,440,672</u>	