

Parkville Water District

(Leadville, Colorado)

Financial Statements

December 31, 2020 and 2019

PARKVILLE WATER DISTRICT
LEADVILLE, COLORADO
FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
Parkville Water District
Leadville, Colorado 80461

We have audited the accompanying financial statements of Parkville Water District (A Proprietary Fund), as of and for the years ended December 31, 2020 and December 31, 2019, and related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkville Water District (the District) as of December 31, 2020 and December 31, 2019 and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules listed in the table of contents as other supplementary information in Section D are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Kenneth L. Olsen, CPA, PC
Leadville, Colorado
September 27, 2021

PARKVILLE WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parkville Water District (PWD), we offer readers of PWD's financial statements this narrative overview of the financial activities of PWD for the fiscal year ending December 31, 2020. We encourage readers to consider the information presented here in conjunction with PWD's financial statements and notes to the basic financial statements to enhance their understanding of PWD's financial performance.

FINANCIAL HIGHLIGHTS

- In 2020, the assets of PWD exceed its liabilities at the close of the 2020 fiscal year by \$8,566,788 (net position). Of this amount \$2,569,913 (unrestricted net position) may be used to meet PWD's ongoing obligations. In 2020, total assets increased \$2,528,419 while total liabilities increased \$1,281,427, resulting in total net position increasing \$1,246,992.
- PWD's operating expenses decreased in 2020 by \$16,975. General and administrative expenses increased by \$46,119 in 2020.
- Operating revenues increased by \$194,912 or 11.6% in 2020.
- Non-operating revenues and capital contributions increased by \$632,009 primarily due to an increase in plant investment fees and grant income.
- In 2019, JVA Engineering was awarded the bid for the Plant Rebuild project. A proposal from Glacier Construction was signed for the plant design. The project was completed in 2020.
- A full scale upgrade in the 35 year old Parkville Water Treatment Plant was started in late summer of 2019 and continued into the summer of 2020 with final completion in August of 2020. This project included a new Motor Control Center, new PLC, new media in the filters and clarifiers, new underdrain system, new back-up emergency generator, new chemical feed systems, and new plant control and SCADA system. Total cost of the project is \$1.6 million with the bulk of the funding from a low interest loan from the Colorado Water and Power Development Authority. Design and Engineering costs were funded by a \$107,000 Grant from the same source.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS OF PWD

The most common financial question posed to PWD is “How did we do financially during 2020?”. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about PWD’s activities in a way that will help answer this question.

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

NET POSITION

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

Table A-1
Condensed Statements of Net Position

	<u>FY2020</u>	<u>FY2019</u>	<u>FY 2018</u>
Current and Other Assets	\$3,164,171	\$1,555,584	\$1,619,029
Capital Assets	<u>\$8,065,422</u>	<u>\$7,145,590</u>	<u>\$6,556,396</u>
Total Assets	<u>\$11,229,593</u>	<u>\$8,701,174</u>	<u>\$8,175,425</u>
Liabilities	<u>\$2,662,805</u>	<u>\$1,381,378</u>	<u>\$1,354,521</u>
Total Liabilities	<u>\$2,662,805</u>	<u>\$1,381,378</u>	<u>\$1,354,521</u>
Invested in Capital Assets	\$5,471,061	\$5,904,152	\$5,272,368
Restricted Net Position	\$ 525,814	\$ 151,485	\$ 142,966
Unrestricted Net Position	<u>\$2,569,913</u>	<u>\$1,264,159</u>	<u>\$1,405,570</u>
Total Net Position	<u>\$8,566,788</u>	<u>\$7,319,796</u>	<u>\$6,820,904</u>

As can be seen from Table A-1 above, net position increased \$1,246,992 to \$8,566,788 in 2020 from \$7,319,796 in 2019. Changes in Net Position included a \$919,832 increase in capital assets, \$1,608,587 increase in current and other assets, and a \$1,281,427 increase in current and other liabilities.

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Operating Revenues	\$1,868,897	\$1,673,985	\$1,659,003
Non-operating Revenues	<u>\$ 938,641</u>	<u>\$ 414,096</u>	<u>\$ 187,461</u>
Total Revenues	<u>\$2,807,538</u>	<u>\$2,088,081</u>	<u>\$1,846,464</u>
Depreciation Expense	\$ 439,882	\$ 390,205	\$ 368,438
Operating Expense	<u>\$ 580,683</u>	<u>\$ 597,658</u>	<u>\$ 506,409</u>
General and Administrative Expense	<u>\$ 647,445</u>	<u>\$ 601,326</u>	<u>\$ 507,356</u>
Total Expenses	<u>\$1,668,010</u>	<u>\$1,589,189</u>	<u>\$1,445,203</u>
Income (Loss) Before Capital Contributions	<u>\$1,139,528</u>	<u>\$ 498,892</u>	<u>\$ 401,261</u>
Capital Contributions – Grant	<u>\$ 107,464</u>	<u>\$ 0</u>	<u>\$ 82,571</u>
Changes in Net Position	\$1,246,992	\$ 498,892	\$ 483,832
Beginning Net Position	<u>\$7,319,796</u>	<u>\$6,820,904</u>	<u>\$6,337,072</u>
Ending Net Position	<u>\$8,566,788</u>	<u>\$7,319,796</u>	<u>\$6,820,904</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position of \$1,246,992 resulted in the increase in net position in 2020.

PWD’s operating revenues increased by \$194,912 to \$1,868,897 in 2020. In 2020 the non-operating revenues and capital contributions increased by \$632,009. This increase is primarily due to an increase in plant investment fees and grant income.

PWD’s operating expenses decreased in 2020 by \$16,975 and general and administrative expenses increased by \$46,119 in 2020.

BUDGETARY HIGHLIGHTS

PWD adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. A 2020 budget comparison and analysis is presented to the Board of Directors as interim financial statements.

A 2020 budget comparison and analysis is presented in Table A-3.

Table A-3
Budget vs. Actual
FY 2020

	<u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> Over and (Under)
Revenues			
From Operations	\$ 1,996,398	\$1,868,897	\$ (127,501)
Non-operating/loan proceeds	<u>\$ 1,153,552</u>	<u>\$2,835,358</u>	<u>\$ 1,681,806</u>
Total Revenue	<u>\$ 3,149,950</u>	<u>\$4,704,255</u>	<u>\$ 1,554,305</u>
Operating Expenses			
Source of Supply	\$ 21,000	\$ 325	\$ (20,675)
Power and Pumping	\$ 84,000	\$ 70,732	\$ (13,268)
Water Treatment	\$ 124,000	\$ 114,684	\$ (9,316)
Transmission and Distribution	\$ 478,000	\$ 360,550	\$ (117,450)
Equipment Maintenance	\$ 54,000	\$ 34,392	\$ (19,608)
Business Office	\$ 252,550	\$ 239,214	\$ (13,336)
Employee Benefits	\$ 245,500	\$ 250,072	\$ 4,572
Outside Services and Other	\$ 156,000	\$ 158,159	\$ 2,159
Purchase of Property, Plant, and Equipment	<u>\$1,734,900</u>	<u>\$1,542,522</u>	<u>\$ (192,378)</u>
Total Expenses	<u>\$ 3,149,950</u>	<u>\$2,770,650</u>	<u>\$ (379,300)</u>
Net Loss per Budgetary Basis	<u>\$ (0)</u>	<u>\$1,933,605</u>	<u>\$ 1,933,605</u>

The revenue from operations was under budget by \$127,501. The expenses were under budget by \$379,300.

CAPITAL ASSETS

At the end of 2020, PWD had \$14,627,778 invested in capital assets as shown in Table A-4. At the end of 2019, PWD had \$13,618,138 invested in capital assets. The increase is due to \$68,106 in work orders and \$1,474,416 in direct purchases. There was a retirement of plant of \$532,882.

Table A-4
Capital Assets

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Source of Supply Plant	\$ 3,882,398	\$ 3,882,398	\$ 3,882,398
Pumping Plant	280,544	248,439	248,439
Water Treatment Plant	3,243,834	2,580,128	2,004,813
Transmission and Distribution Plant	5,168,097	4,902,697	4,707,792
General Plant	<u>2,052,905</u>	<u>2,004,476</u>	<u>1,855,105</u>
Sub-Total	\$14,627,778	\$13,618,138	\$12,698,547
Less Accumulated Depreciation	<u>\$ 6,562,356</u>	<u>\$ 6,472,548</u>	<u>\$ 6,142,151</u>
Net Property and Equipment	<u>\$ 8,065,422</u>	<u>\$ 7,145,590</u>	<u>\$ 6,556,396</u>

DEBT ADMINISTRATION

At December 31, 2012, PWD had a loan payable with Colorado Water Conservation Board (CWCB) for the Canterbury Tunnel Repair Project for \$1,026,371.44. The payments are \$59,355.16 annually for 30 years, beginning February 1, 2014. At December 31, 2020 the balance was \$881,830.

At December 31, 2016 PWD had a loan payable with CWCB for the Evans Reservoir Bypass Flume Replacement Project for \$181,800. The payments are \$20,186.25 annually for ten years, beginning on December 1, 2017. At December 31, 2020 the balance was \$113,263.

At December 31, 2018 PWD had a lease purchase with CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader for \$174,590.41. The payments are \$2817.51 monthly for 6 years including principal and interest at the rate of 5.05%. At December 31, 2020 the balance was \$0.

At December 31, 2019 PWD had a lease purchase with CAT Financial for the purchase of a Caterpillar Hydraulic Excavator for \$73,200.01. The payment are \$13,842.77 annually for 6 years including principal and interest at the rate of 5.35%. At December 31, 2020 the balance was \$0.

At December 31, 2020 PWD had a loan payable with Colorado Water Resources & Power Development Authority (CWR&PDA) for the Water Treatment Upgrade Project for \$1,606,444.75. The term of the loan is 20 years payable semi-annually beginning November 1, 2020 with an interest rate of 1.5%. The November 1, 2020 payment was \$9,676.72 and the payment due on May 1, 2021 is \$47,448.58. The payment due on November 1, 2021 is \$47,456.04 and remains this amounts for the life of the loan. At December 31, 2020 the balance was \$1,599,268.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The primary focus of the 2021 construction season was reducing system losses due to leaking water mains and services. A project to extend two water main lines from the main line on Lodestone Drive in the Matchless Subdivision was completed by Werderitch Construction. This project eliminated the dead-end condition of the existing water main on Lodestone Drive. Total cost of this project was \$71,957.

Mountain Structures completed a water main/service line replacement on the top of East 2nd street, replacing about 800’ of 2” galvanized pipe with 6” ductile iron pipe, as well as 18 service lines.

About 70’ of new 6” Ductile iron main line was installed from Chestnut Street South, in the 100 block adding a new hydrant and 2 new service lines. A non-functioning hydrant at Chestnut and Harrison was also abandoned during this project.

Numerous leaking service lines were also replaced at locations around the system.

**Table A-5
Budget Rate History**

DISTRICT RATE HISTORY

<u>Fiscal Year</u>	<u>Minimum Monthly Charges</u>	<u>Gallons Allowed</u>
2013	\$33.00 \$ 4.00	3,000 1,000
2014	\$36.00 \$ 4.50	4,000 1,000
2015	\$37.50 \$ 4.50	4,000 1,000
2018	\$44.00 \$ 4.70	4,000 1,000
2020	\$51.00 \$ 5.45	4,000 1,000
2021	\$52.00 \$ 5.56	4,000 1,000

PWD CONTACT INFORMATION

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

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

ASSETS	2020	2019
Current Assets		
Cash	2,338,250	1,153,660
Accounts Receivable	155,853	150,730
Other Receivables	405	405
Inventory	131,484	89,771
Prepaid Expenses	11,018	8,449
Other Investment	1,347	1,084
Total Current Assets	2,638,357	1,404,099
Noncurrent Assets		
Restricted Assets		
Cash - Tabor Emergency Reserve	66,000	51,000
Cash - Debt Service	106,051	100,485
Cash - Reserve Fund	353,763	-
Total Restricted Assets	525,814	151,485
Capital Assets		
Property, Plant & Equipment		
Utility Plant in Service (Schedule 4)	14,627,778	13,618,138
Less Accumulated Depreciation & Amortization	(6,562,356)	(6,472,548)
Net Capital Assets	8,065,422	7,145,590
Total Noncurrent Assets	8,591,236	7,297,075
TOTAL ASSETS	\$ 11,229,593	\$ 8,701,174
LIABILITIES		
Current Liabilities		
Accounts Payable	18,571	91,582
Accrued Taxes and Expenses	4,238	2,879
Customers' Deposits	9,167	9,167
Interest Payable	36,468	36,312
Long Term Debt - Due in One Year	112,993	78,506
Total Current Liabilities	181,437	218,446
Noncurrent Liabilities		
Long Term Debt - Due After One Year	2,481,368	1,162,932
Total Noncurrent Liabilities	2,481,368	1,162,932
TOTAL LIABILITIES	2,662,805	1,381,378
NET POSITION		
Net Position		
Net Investment in Capital Assets	5,471,061	5,904,152
Restricted - Tabor Emergency Reserve	66,000	51,000
Restricted - Debt Service	106,051	100,485
Restricted - Reserve Fund	353,763	-
Unrestricted	2,569,913	1,264,159
TOTAL NET POSITION	\$ 8,566,788	\$ 7,319,796

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

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

OPERATING REVENUE	2020	2019
Sales of Water		
Bulk Water	8,305	796
Unmetered Sales to General Customers	2,110	1,792
Metered Residential	1,263,416	1,071,896
Metered Commercial	408,174	360,490
Standby Fees	66,652	64,658
Sales to Public Authorities	88,387	79,816
	1,837,044	1,579,448
Other Water Revenue		
Miscellaneous Service Revenue, Merchandising, Jobbing, Contract Work-net	31,853	94,537
Total Operating Revenue	1,868,897	1,673,985
OPERATING EXPENSES		
Operating Expenses (Schedule 2)	580,683	597,658
General & Administrative Expenses (Schedule 3)	647,445	601,326
Depreciation Expense (Schedule 5)	439,882	390,205
Total Operating Expenses	1,668,010	1,589,189
Net Operating Income (Loss)	200,887	84,796
NON-OPERATING REVENUE		
Gain (Loss) On Disposal of Capital Assets	(182,808)	0
Plant Investment Fees	1,096,779	271,600
Interest on Investments	8,677	5,357
Other Non-Operating Revenue	15,993	137,139
Total Non-Operating Revenue	938,641	414,096
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,139,528	498,892
CAPITAL CONTRIBUTIONS		
Capital Contributions - Grant Income	107,464	0
Total Capital Contributions	107,464	0
CHANGES IN NET POSITION	1,246,992	498,892
NET POSITION AT BEGINNING OF YEAR	7,319,796	6,820,904
NET POSITION AT END OF YEAR	\$ 8,566,788	\$ 7,319,796

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

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

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	2020	2019
Cash Flows from Operating Activities:		
Cash Received from Customers	1,859,924	1,648,639
Cash (Paid) for Customer Deposits	0	0
Cash Payments to Suppliers for Goods & Services	(773,528)	(746,251)
Cash Payments to Employees for Services	(493,818)	(442,009)
Net Cash Provided by Operating Activities	592,578	460,379
Cash Flows from Non-Capital Financing Activities:		
Grant Income	0	0
Net Cash Provided by Non-Capital Financing Activities	0	0
Cash Flows from Capital & Related Financing Activities:		
Plant Investment Fees Received	1,100,629	274,750
Loan Proceeds for Capital Assets	1,606,445	73,200
Acquisition & Construction of Capital Assets	(1,619,082)	(901,624)
Principal Paid on Loans	(253,522)	(115,790)
Other Non-Operating Revenue	14,993	22,253
Grant Income	107,464	1,188
Sale of Capital Asset	1,000	114,886
Net Cash Used for Capital & Related Financing Activities	957,927	(531,137)
Cash Flows from Investing Activities:		
Other Investments	(263)	(378)
Interest on Investments	8,677	5,357
Net Cash Provided by Investing Activities	8,414	4,979
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,558,919	(65,779)
Cash and Cash Equivalents: Beginning of Year	1,305,145	1,370,924
Cash and Cash Equivalents: End of Year	\$ 2,864,064	\$ 1,305,145
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Operating Income (Loss)	200,887	84,796
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	439,882	390,205
Increase (Decrease) in Customer Deposits	0	0
(Increase) Decrease in Other Receivables	0	194
Increase (Decrease) in Accrued Taxes & Expenses, Interest	1,515	412
(Increase) Decrease in Prepaid Expenses	(2,569)	(856)
Increase (Decrease) in Accounts Payable	3,549	(7,525)
(Increase) Decrease in Inventory	(41,713)	11,196
(Increase) Decrease in Accounts Receivable	(8,973)	(18,043)
Total Adjustments	391,691	375,583
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 592,578	\$ 460,379

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

BASIS OF PRESENTATION

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

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

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

BASIS OF ACCOUNTING AND REVENUE RECOGNITION

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS & BUDGETARY ACCOUNTING

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

Modified Cash Basis Receipts	4,704,255
Less: Loss on Plant	(182,808)
Less: Unappropriated Fund Balance	0
Less: Loan Proceeds	(1,606,445)
Accrual Basis Revenues	\$ 2,915,002
Modified Cash Basis Expenditures	2,770,650
Add : Depreciation	439,882
Less: Plant Additions	(1,542,522)
Accrual Basis Expenses	\$ 1,668,010

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

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

STATEMENT OF CASH FLOWS

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

RECEIVABLES

Accounts receivable consists primarily of water user fees earned at December 31, 2020 and 2019.

INVENTORY

Inventory of pipe, fittings, and materials is valued at cost utilizing the first-in, first-out method. Inventory was determined based on a physical count at December 31, 2020 and 2019.

PREPAID ITEMS

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

COMPENSATED ABSENCES

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

As of December 31, 2020 and 2019, the District has an estimated unrecorded liability for accumulated sick pay of \$ 17,469 and \$ 40,739, respectively.

Since the sick pay accrues but does not vest, the liability has not been recorded in the financial statements. No liability for accrued vacation pay existed at December 31, 2020 and 2019.

OPERATING REVENUES & EXPENSES

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

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

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

REVENUE RECOGNITION

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

BAD DEBTS

Bad debts are recorded by the reserve method.

DEBT ISSUANCE COSTS

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

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

CONTRIBUTIONS-IN-AID OF CONSTRUCTION AND TAP FEES

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

NOTE 2 CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH

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

	2020	2019
Cash on Hand	\$ 300	\$ 300
Cash on Deposit in Financial Institutions	2,863,764	1,304,845
Total	\$ 2,864,064	\$ 1,305,145

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

	2020	2019
Cash and cash equivalents	\$ 2,338,250	\$ 1,153,660
Restricted cash	525,814	151,485
Total	\$ 2,864,064	\$ 1,305,145

DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Deposits in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institutions to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 CASH DEPOSITS, INVESTMENTS, AND RESTRICTED CASH (Continued)

RESTRICTED CASH

Restricted Cash - Tabor Emergency Reserve at December 31, 2020 and 2019 of \$66,000 and \$ 51,000, respectively, represents funds required under Amendment No. 1, the "Tabor Amendment" passed by Colorado voters in November 1992, for "emergency reserves" and may be utilized only for declared emergencies which exclude economic conditions, revenue shortfalls, and district salary and fringe benefit increases.

Restricted Cash - Debt Service at December 31, 2020 and 2019 of \$ 106,051 and \$ 100,485, respectively, represents funds required for the CWCB loans for pledged revenues and Debt Service reserve. See Note 5.

Restricted Cash - Reserve Fund at December 31, 2020 of \$ 353,763 represents funds required for the loan agreement with Colorado Water Resources & Power Development Authority to maintain an operations and maintenance reserve in an amount equal to three months of operating expenses excluding depreciation. See Note 5.

INVESTMENTS

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

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

INTEREST RATE RISK

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

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 CAPITAL ASSETS

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 LONG-TERM DEBT

As of December 31, 2020 and 2019, the long-term debt of the District consisted of the following:

	2020	2019
<u>Colorado Water Resources & Power Development Authority</u>		
On May 22, 2020 the District entered into a loan contract with the CWR & PDA from the State of Colorado Drinking Water Revolving Fund with an original amount of \$2,000,000 for the Water Treatment Plant Upgrade Project. Subsequently, on November 16, 2020, the loan was reduced to \$1,606,445, with the term of the loan for twenty years and an interest rate of 1.5%. The loan is payable semi-annually beginning November 1, 2020. The payment due on November 1, 2020 was \$9,676.72. The payment due on May 1, 2021 is \$47,448.58. The payment due on November 1, 2021 is \$47,456.04 and remains this amount for the life of the loan. The loan is secured by pledged revenues. The accrued interest payable at December 31, 2020 is \$3,998.	1,599,268	-
<u>Colorado Water Conservation Board (CWCB)</u>		
On January 12, 2012 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) with an original amount of \$ 1,838,200 for the Canterbury Tunnel Repair Project. Subsequently, the loan amount was reduced to \$ 1,026,371 on June 6, 2013. The loan is payable annually beginning February 1, 2014 for thirty years in the amount of \$ 59,355.16 including principal and interest at the rate of 4.00%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$ 32,286 and \$ 33,125 at December 31, 2020 and 2019 respectively.	881,830	904,986
<u>Colorado Water Conservation Board (CWCB)</u>		
On November 12, 2015 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) for a loan in the amount of \$181,800 for the Evans Reservoir Bypass Flume Replacement Project. The loan is payable annually beginning December 1, 2017 for ten years in the amount of \$ 20,186.25 including principal and interest at the rate of 1.95%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$184 and \$ 213 at December 31, 2020 and December 31, 2019 respectively.	113,263	130,897
<u>Caterpillar Financial Services Corporation</u>		
Lease purchase to CAT Financial for the purchase of a 450-07 Caterpillar Backhoe Loader. Purchase was dated October 11, 2018 for \$ 174,590.41. The lease purchase loan amount was \$174,590.41, the loan is payable monthly beginning January 6, 2019, for six years in the amount of \$ 2817.51, including principal and interest at the rate of 5.05%. The loan is secured with the Backhoe Loader. Accrued interest payable is \$0 and \$362 at December 31, 2020 and December 31,2019, respectively. The loan was paid in full in 2020.	-	146,198
<u>Caterpillar Financial Services Corporation</u>		
Lease purchase to CAT Financial for the purchase of a 305.5E2CR Caterpillar Hydraulic Excavator. Purchase was dated March 6, 2019 for \$ 73,200.01. The lease purchase loan amount was \$73,200.01, the loan is payable annually beginning March 6, 2019, for six years in the amount of \$13,842.77, including principal and interest at the rate of 5.35%. The loan is secured with the Excavator. Accrued interest payable is \$0 at December 31, 2020 and \$2,610 at December 31, 2019, respectively. The loan was paid in full in 2020.	-	59,357
<u>Total Long-term Debt</u>	2,594,361	1,241,438

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Changes in long-term debt

The following is a summary of change in long-term debt for the year ended December 31, 2020.

Type of Debt	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Due in one year
CWR & PDA Loan #D20F436	-	1,606,445	7,177	1,599,268	70,934
CWCB C150308	904,986	-	23,156	881,830	24,082
CWCB CT2016-2004	130,897	-	17,634	113,263	17,977
CAT Financial - Backhoe	146,198	-	146,198	-	-
Cat Financial - Excavator	59,357	-	59,357	-	-
Total Long-term Debt	<u>\$ 1,241,438</u>	<u>\$ 1,606,445</u>	<u>\$ 253,522</u>	<u>\$ 2,594,361</u>	<u>\$ 112,993</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for the long-term debt, as of December 31, 2020, are as follows:

	Principal	Interest	Total
2021	112,993	61,453	174,446
2022	115,630	58,823	174,453
2023	118,078	56,376	174,454
2024	120,588	53,865	174,453
2025	123,164	51,289	174,453
2026-2030	573,759	217,763	791,522
2031-2035	619,007	152,330	771,337
2036-2040	646,426	77,454	723,880
2041-2043	164,716	13,350	178,066
	<u>\$ 2,594,361</u>	<u>\$ 742,703</u>	<u>\$ 3,337,064</u>

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

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

The computation of the 2020 CWCB C150308 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,868,897
Total Non-Operating Revenue	1,046,105
Revenue as defined by loan rate covenant	<u>\$ 2,915,002</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,668,010
Amount of debt service required for 2021	59,355
Debt service reserve required for 2021	5,936
Less: Depreciation	<u>(439,882)</u>
Net revenue required under loan rate covenant	<u>\$ 1,293,419</u>

The rate covenant requirement was met for 2020.

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 59,355.16 or \$ 5,935.52 on the due date of its first annual payment date of February 1, 2014 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2020 and December 31, 2019, the reserve accounts were properly funded.

The computation of the 2020 CWCB CT2016-2004 rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,868,897
Total Non-Operating Revenue	1,046,105
Revenue as defined by loan rate covenant	<u>\$ 2,915,002</u>
Total Expenditures for Operation and Maintenance and Emergency Repair Services	1,668,010
Amount of debt service required for 2021	20,186
Debt service reserve required for 2021	2,019
Less: Depreciation	<u>(439,882)</u>
Net revenue required under loan rate covenant	<u>\$ 1,250,333</u>

The rate covenant requirement was met for 2020.

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The debt service reserve account requires the District to fund this account in an amount of equal to one-tenth of the amount of the annual payment of \$ 20,186.25 or \$ 2,018.63 on the due date of its first annual payment date of December 1, 2017 and annually thereafter for the first ten years of repayment of the loan. At December 31, 2020 and December 31, 2019, the reserve accounts were properly funded.

The Colorado Water Resources and Power Development Authority loan referred to in Note 4 contains certain financial requirements that are required to be met by the District as conditions of the loan. The rate covenant provides that during the term of the loan the District shall establish, levy and collect rates, charges and fees sufficient to pay the loan, to cover all expenditures for operation and maintenance and emergency repair services and pay at least 110% of debt service on the loan.

The computation of the 2020 CWR & PDA rate covenant requirement is as follows:

Total Revenue	
Total Operating Revenue	1,868,897
Total Non-Operating Revenue	1,046,105
Subtotal	\$ 2,915,002
Operation and Maintenance Expense	(1,228,128)
Net revenue required under loan rate covenant	1,686,874
2021 Principal due	70,934
2021 Interest due	23,971
Subtotal	94,905
	x 110%
Net revenue required under loan rate covenant	\$ 104,396

The rate covenant requirement was met for 2020.

NOTE 6 **NET POSITION**

Net position is classified in the following categories:

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 NET POSITION (Continued)

Pursuant to Amendment No 1 to the Colorado Constitution passed by voters in Colorado in November 1992, the Board of Directors of Parkville Water District designated the retained earnings as of December 31, 1992 in the amount of \$ 1,509,640 as "reserve increases" which, in the opinion of the District, will not be considered current year's spending in future years under the revenue limitations imposed by Amendment No 1. At December 31, 2020 and 2019, the Board of Directors designated \$ 2,583,495 and \$ 945,077, respectively for future capital expenditures.

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

NOTE 7 RENTAL INCOME

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

NOTE 8 PENSION PLANS

DEFINED CONTRIBUTION PLAN (MONEY PURCHASE PENSION PLAN)

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

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

The District's total payroll for 2020 and 2019 was \$ 540,736 and \$ 516,805, respectively. The District's contributions were calculated using the eligible base salary amount of \$ 444,884 for 2020 and \$ 440,701 for 2019. The total cost to the District in 2020 and 2019 was \$ 35,813 and \$ 35,476, respectively excluding administration fees.

DEFERRED COMPENSATION PLAN

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 LEASES

The District entered into a lease agreement with Browns Hill Engineering and Controls, LLC for the software and hardware at the Water Treatment Plant. The term of the lease is sixty months with a monthly installment of \$ 1,510. The total lease payment is \$ 90,600.

NOTE 11 CONTINGENCIES AND COMMITMENTS

Parkville Water District has been the recipient of federal and state grants in prior years. These grant funds are subject to audit by grantor agencies. Management of the District believes that any disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2020 and 2019.

Amendment No 1 referred to in Note 6 contains certain restrictions on revenue and spending limits which may impose the need to refund excess revenue in excess of these limits to customers of the District in subsequent years via direct payments and/or fee reductions. In the opinion of the District, any such refunds will not have a material effect on any of the financial statements included herein or on the overall financial position of the District at December 31, 2020 and 2019. In November 2000, voters approved Referendum 5C which allows the District to collect and retain whatever amounts are received annually without the restriction of Amendment No 1.

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

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

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 GRANTS

On March 10, 2020, the District was awarded a Drinking Water Revolving Fund Design and Engineering loan by the Colorado Water Resources and Power Development Authority for \$157,000. The loan is for the design and engineering associated with the project that consists of upgrade and improvements to the existing Big Evans water treatment facility and installation of a new emergency power generator. At loan closing the Authority shall forgive 100% of the principal amount of the loan. The District requisitioned \$107,463.99 on June 1, 2020. The balance of \$49,536.01 will not be used. The loan was forgiven and became a grant.

NOTE 12 RELATED PARTY TRANSACTIONS

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

NOTE 13 SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 27, 2021, the date that the financial statements were available to be issued.

On January 27, 2021, the District entered into an agreement with JVA Consulting Engineers for engineering services for the Parkville Water District Treatment Plant Expansion Project. The fee is \$63,725 for preliminary investigation and 30% plant design.

The World Health Organization declared the spread of the coronavirus disease (COVID-19) a worldwide pandemic. The continued spread of COVID-19 may adversely impact the local, regional, and national economies. COVID-19 may impact various parts of the District's 2021 operations and financial results, but the effects are unknown.

PARKVILLE WATER DISTRICT

OTHER SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
STATEMENT OF REVENUE & EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020
(PREPARED ON THE MODIFIED CASH BASIS ACCOUNTING METHOD)

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
REVENUE				
Sales of Water:				
Bulk Water	1,000	1,000	8,305	7,305
Unmetered	2,500	2,500	2,110	(390)
Metered Residential	1,322,052	1,322,052	1,263,416	(58,636)
Metered Commercial	425,372	425,372	408,174	(17,198)
Standby Fees	74,936	74,936	66,652	(8,284)
Sales to Public Authorities	90,538	90,538	88,387	(2,151)
Other Revenue:				
Miscellaneous Service Revenue, Merchandising, jobbing, etc.	80,000	80,000	31,853	(48,147)
Interest on investments	5,000	5,000	8,677	3,677
Plant Investment Fees	98,552	98,552	1,096,779	998,227
Other Non-Operating Revenue	50,000	50,000	15,993	(34,007)
Grant Income/Loan Proceeds	1,000,000	1,000,000	1,713,909	713,909
Unappropriated Funds	-	-	-	-
TOTAL REVENUE	\$ 3,149,950	\$ 3,149,950	\$ 4,704,255	\$ 1,554,305
EXPENDITURES				
Source of Supply	21,000	21,000	325	(20,675)
Power & Pumping	84,000	84,000	70,732	(13,268)
Water Treatment	124,000	124,000	114,684	(9,316)
Transmission & Distribution	478,000	478,000	360,550	(117,450)
Equipment Maintenance	54,000	54,000	34,392	(19,608)
Business Office	252,550	252,550	239,214	(13,336)
Employee Benefits	245,500	245,500	250,072	4,572
Outside Services & Other	156,000	156,000	158,159	2,159
Purchase of Property, Plant, & Equipment	1,734,900	1,734,900	1,542,522	(192,378)
TOTAL EXPENDITURES	\$ 3,149,950	\$ 3,149,950	\$ 2,770,650	\$ (379,300)

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Source of Supply		
Labor	0	2,754
Supplies & Expense	325	7,315
	<u>325</u>	<u>10,069</u>
Power & Pumping		
Power	69,744	57,722
Supplies	988	1,557
	<u>70,732</u>	<u>59,279</u>
Water Treatment		
Labor	18,360	7,119
Power	12,597	10,954
Chemicals	43,804	48,781
Telephone	13,385	11,354
Supplies	16,555	3,382
Tests & Licenses	2,470	1,239
Water Analysis	7,513	11,044
	<u>114,684</u>	<u>93,873</u>
Transmission & Distribution		
Labor	237,284	208,909
Power	2,345	1,933
Supplies	120,921	170,397
	<u>360,550</u>	<u>381,239</u>
Equipment Maintenance		
Fuel & Fluids	10,367	13,063
Truck Maintenance	5,215	13,708
Backhoe Maintenance	10,241	5,733
Small Tools	2,891	2,396
Supplies	5,678	18,298
	<u>34,392</u>	<u>53,198</u>
TOTAL OPERATING EXPENSES	<u>\$ 580,683</u>	<u>\$ 597,658</u>

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Business Office		
Labor	81,148	82,912
Power	7,085	7,803
Telephone	1,457	1,457
Supplies	7,578	4,080
Computer Supplies & Service	24,521	23,657
Supervisory Labor	99,151	94,917
Postage	9,148	9,323
Safety	9,126	11,175
	<u>239,214</u>	<u>235,324</u>
Employee Benefits		
Sick Pay	7,297	4,081
Holiday Pay	18,458	17,017
Vacation Pay	32,120	24,300
Unemployment Insurance	1,543	1,478
FICA and Medicare	39,350	37,704
Pension Plan	37,236	36,822
Workmen's Compensation	7,754	8,613
Health Insurance	105,009	95,571
Other Benefits	1,305	3,754
	<u>250,072</u>	<u>229,340</u>
Outside Service & Other		
Legal	21,952	10,334
Engineering	7,250	18,864
Accounting and Other Professional Services	14,508	11,880
Other Services	11,759	9,827
Interest Expense	65,720	50,577
Liability, Vehicle, & Casualty Insurance	31,070	27,110
Director Fees	5,900	6,600
Bad Debt	0	1,470
	<u>158,159</u>	<u>136,662</u>
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	<u><u>\$ 647,445</u></u>	<u><u>\$ 601,326</u></u>

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF UTILITY PLANT IN SERVICE
DECEMBER 31, 2020

	Beginning 1/1/2020	Work Orders	Direct Purchase	Retirement	Ending 12/31/2020
SOURCE OF SUPPLY PLANT					
Organization	27,877				27,877
Land and Land Rights	63,818				63,818
Structures & Improvements	2,279,735				2,279,735
Collection & Reservoirs	1,061,441				1,061,441
Lake, River, Other Intakes	26,504				26,504
Supply Mains	219,201				219,201
Wells & Mains	127,511				127,511
Water Rights	76,311				76,311
TOTAL	3,882,398	0	0	0	3,882,398
PUMPING PLANT					
Land & Construction in Progress	525				525
Structures & Improvements	44,861				44,861
Electric Pumping Equipment	193,147		32,105		225,252
Other Pumping Equipment	8,615				8,615
New Mains	1,291				1,291
TOTAL	248,439	0	32,105	0	280,544
WATER TREATMENT PLANT					
Land & Land Rights	16,733				16,733
Structures & Improvements	2,279,253		1,034,074	(275,219)	3,038,108
Water Treatment Equipment	196,342		12,589	(142,770)	66,161
Filter Media	87,800		122,832	(87,800)	122,832
TOTAL	2,580,128	0	1,169,495	(505,789)	3,243,834
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	3,322				3,322
Structure & Improvements	3,160				3,160
Distribution, Reservoir & Stand Pipe	104,772		55,174		159,946
Transmission & Distribution Mains	2,315,443	20,863		(1,706)	2,334,600
Services	1,369,938	47,243	141,077	(387)	1,557,871
Meters	439,549		3,136		442,685
Hydrants	553,202				553,202
Other	113,311				113,311
TOTAL	4,902,697	68,106	199,387	(2,093)	5,168,097
GENERAL PLANT					
Land & Land Rights	59,181				59,181
Structures & Improvements	678,508				678,508
Office Equipment	71,641				71,641
Transportation Equipment	241,482		49,454	(25,000)	265,936
Tools, Shop, Garage Equipment	230,366		4,811		235,177
Power Operated Equipment	700,453		19,164		719,617
Computer Equipment	22,845				22,845
TOTAL	2,004,476	0	73,429	(25,000)	2,052,905
GRAND TOTALS	\$ 13,618,138	\$ 68,106	\$ 1,474,416	\$ (532,882)	\$ 14,627,778

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

PARKVILLE WATER DISTRICT
A PROPRIETARY FUND
SCHEDULE OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2020

	Rates	Beginning 1/1/2020	Retirements	Provision	Ending 12/31/2020
SOURCE OF SUPPLY PLANT					
Organization	3.0%	27,875			27,875
Land and Land Rights	0.0%	0			0
Structures & Improvements	2.5%	370,099		56,993	427,092
Collection & Reservoirs	2.5%	279,804		26,536	306,340
Lake, River, Other Intakes	2.5%	18,713		662	19,375
Supply Mains	2.5%	219,202			219,202
Wells & Mains	2.5%	114,672		3,188	117,860
Water Rights	0.0%	0			0
TOTAL		1,030,365	0	87,379	1,117,744
PUMPING PLANT					
Land & Construction in Progress	0.0%	0			0
Structures & Improvements	2.5%	20,026		1,122	21,148
Electric Pumping Equipment	2.5%	71,724		5,230	76,954
Other Pumping Equipment	2.5%	6,429		215	6,644
New Mains	2.5%	1,288			1,288
TOTAL		99,467	0	6,567	106,034
WATER TREATMENT PLANT					
Land & Land Rights	0.0%	0			0
Structures & Improvements	2.5%	1,483,740	(201,732)	66,467	1,348,475
Water Treatment Equipment	2.5%	73,593	(40,034)	3,281	36,840
Filter Media	5.0%	81,215	(81,215)	5,266	5,266
TOTAL		1,638,548	(322,981)	75,014	1,390,581
TRANSMISSION & DISTRIBUTION					
Land & Land Rights	0.0%	0			0
Structure & Improvements	2.5%	3,160			3,160
Distribution, Reservoir & Stand Pipe	2.5%	81,936		3,309	85,245
Transmission & Distribution Mains	2.5%	1,471,725	(1,706)	58,126	1,528,145
Services	2.5%	618,849	(387)	36,598	655,060
Meters	2.5%	54,165		11,028	65,193
Hydrants	2.5%	220,779		13,830	234,609
Other	2.5%	41,408		2,833	44,241
TOTAL		2,492,022	(2,093)	125,724	2,615,653
GENERAL PLANT					
Land & Land Rights	0.0%	0		0	0
Structures & Improvements	2.5%	160,554		16,963	177,517
Office Equipment	15.0%	63,369		8,272	71,641
Transportation Equipment	10.0%	241,484	(25,000)	25,371	241,855
Tools, Shop, Garage Equipment	10.0%	177,323		23,277	200,600
Power Operated Equipment	10.0%	546,884		71,003	617,887
Computer Equipment	15.0%	22,532		312	22,844
TOTAL		1,212,146	(25,000)	145,198	1,332,344
GRAND TOTALS		\$ 6,472,548	\$ (350,074)	\$ 439,882	\$ 6,562,356

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