

**PERRY PARK  
WATER AND SANITATION DISTRICT  
Douglas County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Perry Park Water and Sanitation District  
Douglas County, Colorado

We have audited the accompanying financial statements of Perry Park Water and Sanitation District (the District), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Perry Park Water and Sanitation District, as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VIII 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 required supplementary information on pages III through VIII 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and legal requirements, and is not a required part of the basic financial statements. The 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
June 15, 2019

**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

Our discussion and analysis of Perry Park Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2018 and 2017. Please read it in conjunction with the District's basic financial statements which begin on page 1.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

**FINANCIAL SUMMARY AND ANALYSIS**

**Net Position**

**2018**

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, in 2018 the District's assets exceeded its liabilities and deferred inflows of resources by \$23,046,419. By far the largest component of net position is the District's investment in capital assets of \$18,010,012, which represents 78.2% of total net position. Current assets increased by \$1,843,188 or 36.1%, net capital assets increased by \$1,127,993 or 6.3%, and overall assets increased by \$2,971,181 or 12.8%. The increases in current assets and capital assets was primarily due to the District entering into a \$2,650,000 lease agreement to finance certain capital asset additions and improvements. At December 31, 2018, \$1,335,337 of the lease proceeds remained unspent and the remainder had been spent

**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

on the capital asset additions and improvements. Current liabilities increased from 2017 to 2018 by \$245,523 or 263.0%, primarily due higher accounts payable at December 31, 2018 related to the ongoing capital asset additions and improvements as well as the current portion of the lease payable. Long-term lease liability increased due to the issuance of the lease as noted above. See the Capital Asset and Debt Administration section below for more information on capital assets and long-term obligations.

**2017**

As noted in the table below, in 2017 the District's assets exceeded its liabilities and deferred inflows of resources by \$22,662,767. By far the largest component of net position is the District's investment in capital assets of \$18,028,182, which represents 79.6% of total net position. Current assets increased by \$397,859 or 8.4%, net capital assets decreased by \$357,208 or 1.9%, and overall assets increased by \$40,651 or .2%. The increase in current assets was primarily due to the District recognizing significant capital contributions during 2017 as the District recognized \$384,250 of water and sewer tap and development fees. Capital assets, net, decreased due to current depreciation exceeding current capital asset additions. See the Capital Asset Administration section below for more information on capital assets. Current liabilities decreased from 2016 to 2017 by \$12,213 or 11.6%, primarily due to less repairs and maintenance costs at the end of 2017 when compared to 2016. The net investment in capital assets decreased by \$357,208 due again to current year depreciation expense exceeding current year capital asset additions, resulting in an overall decrease in capital assets.

**NET POSITION**

	December 31,		
	2018	2017	2016
<b>ASSETS</b>			
Current assets	\$ 6,951,285	\$ 5,108,097	\$ 4,710,238
Capital assets, net	19,156,175	18,028,182	18,385,390
Total assets	<u>26,107,460</u>	<u>23,136,279</u>	<u>23,095,628</u>
<b>LIABILITIES</b>			
Current liabilities	338,888	93,365	105,578
Long-term lease liability	2,338,500	-	-
Total liabilities	<u>2,677,388</u>	<u>93,365</u>	<u>105,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources	383,653	380,147	367,083
Total deferred inflows of resources	<u>383,653</u>	<u>380,147</u>	<u>367,083</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,010,012	18,028,182	18,385,390
Restricted	16,100	13,500	12,500
Unrestricted	5,020,307	4,621,085	4,225,077
Total net position	<u><u>\$ 23,046,419</u></u>	<u><u>\$ 22,662,767</u></u>	<u><u>\$ 22,622,967</u></u>

**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

**Changes in Net Position**

**2018**

As noted in the table below, the District's net position for 2018 increased by \$383,652. Overall revenue increased by \$501,312, or 21.7%. Charges for services increased by \$78,940, or 6.0%, due primarily to a \$23,596 increase of construction water sold, increases in overall water usage in 2018 when compared to 2017 due to lower precipitation, and an increase in the number of customers. Capital grants and contributions increased by \$312,374 or 60.8% from 2017 to 2018 due to continued strong development within the District's boundaries. For 2018, water and sewer tap fees were \$285,150, water and sewer development fees were \$298,575, capital improvement fees were \$132,137, and the District received contributed water and sewer lines and a contribution toward a line extension of \$96,995 and \$13,040, respectively. Property taxes increased \$14,959 from 2017 to 2018 due to an increase in the District's assessed valuation upon which the property taxes are levied. Net investment income increased by \$72,210, or 271.0% due to higher invested cash balances and improving investment earnings rates during 2018. Miscellaneous income increased by \$22,829, or 45.9% from 2017 due to the District receiving \$55,859 of expense reimbursements related to several feasibility studies in progress during 2018.

Direct water and sewer expenses decreased modestly by \$44,895, or 2.2%, from 2017 to 2018. Decreases in unscheduled emergency repairs of \$227,488 were offset by increases in reimbursed services of \$55,898, utilities of \$35,828, sewage treatment of \$30,493 and increases in water services of \$34,368. General and administrative expenses increased by \$72,678, or 29.7%, due primarily to higher legal costs by \$40,219. Nonoperating expenses increased by \$129,647, or 2365.4%, due to lease issuance costs of \$67,439 and lease interest expense of \$61,984.

**2017**

As noted in the table below, the District's net position for 2017 increased by \$39,800. Overall revenue increased by \$132,009, or 6.0%. Charges for services decreased slightly by \$6,933, or .5%, due primarily to the service charge rates being consistent with 2016's rates. Capital grants and contributions increased by \$79,587 or 18.3% from 2016 to 2017 due to continued strong development within the District's boundaries. For 2017, water and sewer tap fees were \$211,200, water and sewer development fees were \$173,050, and capital improvement fees were \$129,273. Property taxes increased \$5,483 from 2016 to 2017 due to an increase in the District's assessed valuation upon which the property taxes are levied. Miscellaneous income increased \$29,510, or \$145.6% from 2017 due to the District receiving \$34,315 of expense reimbursements.

Direct water and sewer expenses increased by \$174,515, or 9.4%, from 2016 to 2017. Increases in unscheduled emergency repairs of \$188,365 and reimbursed services of \$17,705 were offset by decreases in water services of \$43,535. General and administrative expenses and nonoperating expenses remained consistent with 2016 levels.

**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

**CHANGES IN NET POSITION**

	Years Ended December 31,		
	2018	2017	2016
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 1,399,888	\$ 1,320,948	\$ 1,327,881
Capital grants and contributions	825,897	513,523	433,936
General revenues:			
Property and specific ownership taxes	420,003	405,044	392,712
Net investment income	98,854	26,644	9,131
Miscellaneous	72,600	49,771	20,261
Total revenues	2,817,242	2,315,930	2,183,921
<b>EXPENSES</b>			
Direct water and sewer	1,981,209	2,026,074	1,851,559
General and administrative	317,253	244,575	245,218
Nonoperating	135,128	5,481	5,435
Total expenses	2,433,590	2,276,130	2,102,212
<b>CHANGE IN NET POSITION</b>	383,652	39,800	81,709
<b>NET POSITION - BEGINNING OF YEAR</b>	22,662,767	22,622,967	22,541,258
<b>NET POSITION - END OF YEAR</b>	\$ 23,046,419	\$ 22,662,767	\$ 22,622,967

**BUDGETARY HIGHLIGHTS**

During 2018 the District's budget was not amended. The appropriated expenditures were \$4,828,360 and actual expenditures were \$3,633,088, or \$1,195,272 under budget. This positive variance was primarily due to capital expenditures being budgeted at \$2,913,000 and actual capital expenditures were \$1,750,719. Budgeted revenue was \$4,546,192 and actual revenue was \$5,370,247, or \$824,055 more than budgeted. This positive variance was primarily due to water and sewer tap and development fees being higher than anticipated as there was more development within the District's boundaries than anticipated. Additionally, during 2018 the District budgeted \$2,500,000 for the issuance of long-term obligations, and the actual amount of debt issued was \$2,650,000. Additional information regarding the revenue and expenditure variances are available on page 16 of the financial statements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's changes in capital assets for the years ended December 31, 2018, 2017 and 2016 are as follows:



**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

**CAPITAL ASSETS (net of accumulated depreciation)**

	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>
Land	\$ 832,867	\$ -	\$ 832,867	\$ -	\$ 832,867
Water rights	3,792,721	-	3,792,721	-	3,792,721
Construction in progress	163,534	350,465	513,999	417,451	931,450
Water system	7,827,228	(406,156)	7,421,072	404,875	7,825,947
Sewer system	5,508,863	(288,292)	5,220,571	297,421	5,517,992
Buildings	260,177	(13,225)	246,952	(13,224)	233,728
Equipment	-	-	-	-	-
Vehicles	-	-	-	21,470	21,470
Total	<u>\$ 18,385,390</u>	<u>\$ (357,208)</u>	<u>\$ 18,028,182</u>	<u>\$ 1,127,993</u>	<u>\$ 19,156,175</u>

**2018**

During 2018 the District had capital asset additions of: \$558,573 for the Country Club Drive Loop water line, \$18,310 for Sageport WWTP Security, \$588,280 for the Sageport WWTP Improvements, \$453,568 for the Bannock Liftstation Improvements, \$81,799 of Sageport WTP Improvements, and various other capital improvements of \$26,333. The District also purchased a 2018 Jeep Cherokee Latitude for \$23,856. Additionally, the District received contributed water and sewer lines of \$25,375 and \$71,620, respectively. The District sold the 1999 Jeep Cherokee, which was fully depreciated, recognizing a gain on sale of \$1,500.

**2017**

During 2017 the District spent \$350,465 on capital asset additions. The main capital asset additions were for PRV Improvements (\$222,878), Sageport WWTP Improvements (\$71,900) and Sageport WWTP Security (\$40,808).

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations**

The District's long-term obligations at December 31, 2018 and 2017 are as follows:

**LONG-TERM OBLIGATIONS**

	<u>2017</u>	<u>Change</u>	<u>2018</u>
Lease payable	\$ -	\$ 2,481,500	\$ 2,481,500
Total	<u>\$ -</u>	<u>\$ 2,481,500</u>	<u>\$ 2,481,500</u>

**2018**

On April 10, 2018 the District entered into a Lease Agreement in the amount of \$2,650,000. The proceeds are to be used for improvements to the District's water and wastewater treatment plant, water line loop, the District's lift stations, together with the construction of a water storage tank.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

**PERRY PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

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

Effectively May 1, 2019, the District's water base rate, sewer base rate, capital improvement fee and water incremental rates were increased by 5% from 2018 levels. Additionally, the District levied property taxes at rate of 5.614 mills. Although the mill levy rate remained consistent with 2018, the property tax revenue is expected to increase slightly over 2018 collections by \$3,851 as the District's assessed valuation only increased by .9%. For 2019 revenues are budgeted at \$2,121,353 and expenditures are budgeted at \$4,683,679, including \$2,795,000 of capital expenditures, with the net result being a budgeted decrease in funds available of \$2,562,326. Ending funds available is budgeted to be \$2,740,179 at December 31, 2019. The capital expenditures include the continued spending of the lease proceeds received in 2018. The capital projects slated for 2019 are the Sageport Water Treatment Plant (SWTP) improvements as well as well capacity improvements for the wells feeding the SWTP. Additionally during 2019, construction has begun in the Remuda Ranch residential development within the District's service area. The District anticipates this development will result in the District receiving contributed capital assets as well as additional tap fee revenue in 2019.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of Perry Park Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, 5676 West Red Rock Drive, Larkspur, CO 80118.

## **BASIC FINANCIAL STATEMENTS**

**PERRY PARK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - Unrestricted	\$ 5,077,179	\$ 4,571,086
Cash and cash equivalents - Restricted	1,351,437	13,500
Accounts receivable, net	127,282	122,120
Receivable - County Treasurer	3,846	2,694
Property taxes receivable	383,653	380,147
Prepaid expenses	7,888	18,550
Total current assets	6,951,285	5,108,097
<b>CAPITAL ASSETS</b>		
Capital assets, not being depreciated	5,557,038	5,139,587
Capital assets, being depreciated	29,847,293	28,439,718
	35,404,331	33,579,305
Less accumulated depreciation	(16,248,156)	(15,551,123)
Total capital assets	19,156,175	18,028,182
<b>TOTAL ASSETS</b>	<b>\$ 26,107,460</b>	<b>\$ 23,136,279</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 53,257	\$ 81,381
Accounts and retainage payable from restricted resources	119,913	-
Accrued compensated absences	6,782	7,184
Deposits	9,215	4,800
Interest payable	6,721	-
Lease payable - current	143,000	-
Total current liabilities	338,888	93,365
<b>NONCURRENT LIABILITIES</b>		
Lease payable - noncurrent	2,338,500	-
Total noncurrent liabilities	2,338,500	-
Total liabilities	2,677,388	93,365
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property tax revenue	383,653	380,147
Total deferred inflows of resources	383,653	380,147
<b>NET POSITION</b>		
Investment in capital assets	18,010,012	18,028,182
Restricted for emergencies	16,100	13,500
Unrestricted	5,020,307	4,621,085
Total net position	23,046,419	22,662,767
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 26,107,460</b>	<b>\$ 23,136,279</b>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**PERRY PARK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>WATER AND SEWER OPERATIONS</b>		
Water and sewer income	\$ 1,399,888	\$ 1,320,948
Direct water and sewer expenses	(1,981,209)	(2,026,074)
<b>GROSS LOSS FROM OPERATIONS</b>	(581,321)	(705,126)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(317,253)	(244,575)
<b>OPERATING LOSS</b>	(898,574)	(949,701)
<b>NONOPERATING REVENUES</b>		
Property taxes	379,802	364,831
Specific ownership taxes	40,201	40,213
Net investment income	98,854	26,644
Miscellaneous	71,100	49,771
Gain on sale of capital assets	1,500	-
Total nonoperating revenues	591,457	481,459
<b>NONOPERATING EXPENSES</b>		
County Treasurer's fees	(5,705)	(5,481)
Lease issuance costs	(67,439)	-
Lease interest	(61,984)	-
Total nonoperating expenses	(135,128)	(5,481)
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	(442,245)	(473,723)
<b>CAPITAL CONTRIBUTIONS</b>		
Water and sewer tap and development fees	583,725	384,250
Capital improvement fees	132,137	129,273
Capital contributions for line extension	13,040	-
Contributed water and sewer lines	96,995	-
Total capital contributions	825,897	513,523
<b>CHANGE IN NET POSITION</b>	383,652	39,800
<b>NET POSITION - BEGINNING OF YEAR</b>	22,662,767	22,622,967
<b>NET POSITION - END OF YEAR</b>	\$ 23,046,419	\$ 22,662,767

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**PERRY PARK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 1,399,141	\$ 1,320,023
Payments to suppliers	(1,376,308)	(1,388,562)
Payments to employees and related expenses	(194,719)	(185,321)
Net cash required by operating activities	(171,886)	(253,860)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property tax collections	379,802	364,831
Specific ownership taxes	39,049	40,341
Reimbursed expenses	55,859	34,315
Miscellaneous income	15,241	15,456
County Treasurer's fees	(5,705)	(5,481)
Net cash provided by noncapital financing activities	484,246	449,462
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Water and sewer tap and development fees	583,725	384,250
Capital improvement fees	132,137	129,273
Capital contributions for line extension	13,040	-
Proceeds from sale of capital assets	1,500	-
Acquisition of property, plant and equipment	(1,656,384)	(340,085)
Lease issuance proceeds	2,650,000	-
Lease issuance costs	(67,439)	-
Lease principal paid	(168,500)	-
Lease interest paid	(55,263)	-
Net cash provided by capital financing activities	1,432,816	173,438
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	98,854	26,644
Net cash provided by investing activities	98,854	26,644
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,844,030	395,684
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	4,584,586	4,188,902
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,428,616	\$ 4,584,586
<b>RECONCILIATION OF OPERATING LOSS TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (898,574)	\$ (949,701)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	719,721	707,673
Effects of changes in operating assets and liabilities:		
Accounts receivable	(5,162)	(625)
Prepaid expenses	10,662	11,386
Accounts payable and accrued expenses	(2,546)	(23,403)
Accrued compensated absences	(402)	1,110
Deposits	4,415	(300)
Net cash required by operating activities	\$ (171,886)	\$ (253,860)
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Contributed water and sewer lines	\$ 96,995	\$ -

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Perry Park Water and Sanitation District (District), a quasi-municipal corporation, was organized in 1969, and is governed pursuant to provisions of the Colorado Special District Act. The District exists to provide water and sanitary sewer facilities and services to the Perry Park area of Douglas County, Colorado. A portion of the District is included in the Town of Larkspur.

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

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

The District had no authorized but unissued debt and no service plan limitations regarding debt.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Basis of Accounting**

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets, and redemption of bonds and loans are recorded as a reduction in liabilities. Tap and expansion fees, capital improvement fees and contributed assets from developers are recorded as capital contributions when received.

**Operating Revenues and Expenses**

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations.

**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

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

**Cash Equivalents**

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

**Property Taxes**

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Accounts Receivable**

Accounts receivable are shown net of an allowance for uncollectible accounts. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. Due to the District's powers of collection, no allowance for uncollectible accounts has been deemed necessary.

**Capital Assets**

Capital assets, which include land, water rights, buildings, distribution and collection systems and machinery and equipment, are reported by the District. Capital assets are defined by the District as capital assets with an initial, individual cost of more than \$5,000. Such assets are



**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation or at the developer's cost.

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

Water and sewer distribution and collection systems	10-35 years
Buildings	35 years
Equipment	5 years
Vehicles	5 years

**Tap and Development Fees, Capital Improvement Fees and Capital Contributions**

Tap and development fees and capital improvement fees are recorded as capital contributions when received. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developer's cost or at estimated fair value when received. The District records the contributions at the time the lines are conveyed to the District for preliminary acceptance.

**Water Rights**

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

**Compensated Absences**

The District's employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when incurred in the financial statements. The District has accrued for future payment of this earned leave.

**Restricted Resources**

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

**Reclassifications**

For comparability, certain 2017 amounts have been reclassified where appropriate to conform with the 2018 financial statement presentation.

**PERRY PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018 and 2017 are classified in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents - Unrestricted	\$ 5,077,179	\$ 4,571,086
Cash and Cash Equivalents - Restricted	1,351,437	13,500
Total cash and investments	<u>\$ 6,428,616</u>	<u>\$ 4,584,586</u>

Cash and investments as of December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Deposits with financial institutions	\$ 793,739	\$ 1,161,342
Investments	5,634,877	3,423,244
Total cash and investments	<u>\$ 6,428,616</u>	<u>\$ 4,584,586</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2018 and 2017, the District's cash deposits had a bank balance of \$899,651 and \$1,188,842, respectively, and a carrying balance of \$793,739 and \$1,161,342, respectively.

**Investments**

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

**PERRY PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

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

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

As of December 31, 2018 and 2017, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Carrying Value at NAV</b>	
		<b>2018</b>	<b>2017</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 115,659	\$ 113,407
Colorado Liquid Asset Trust (COLOTRUST)	Less than one year	5,519,218	3,309,837
		<u>\$ 5,634,877</u>	<u>\$ 3,423,244</u>

**COLOTRUST**

At December 31, 2018 and 2017, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

**CSAFE**

At December 31, 2018 and 2017, the District has invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the CSAFE. CSAFE operates similarly to a money market fund. CSAFE primarily invests in U.S. Treasury securities, agencies, repurchase agreements, bank deposits,

**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

AAAm rated SEC registered money-market funds and highly-rated commercial paper. CSAFE is rated AAAm by Standard and Poor's.

**Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST and CSAFE at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

CSAFE calculates the NAV as of the conclusion of each business day. The NAV is calculated by determining total assets, subtracting total liabilities from total assets, then dividing the result by the number of outstanding shares. Liabilities include all accrued expenses and fees, which are accrued daily. The NAV is calculated on an amortized cost basis as provided for by GASB Statement 79. CSAFE does not place any known limitations or restrictions such as notice periods or maximum transaction amounts on withdrawals. It is the goal of CSAFE to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by CSAFE and there can be no assurance that the NAV will not vary from \$1.00 per share.

**Restricted Cash and Investments**

A portion of the District's cash and investments are restricted for Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. At December 31, 2018 and 2017, the restricted cash and investments amounted to \$16,100 and \$13,500, respectively (see Note 9).

Additionally, at December 31, 2018, \$1,335,337 of cash and investments, representing unspent lease proceeds, are restricted for capital asset additions and improvements.

**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	<u>Balance at December 31, 2017</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance at December 31, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Water rights	3,792,721	-	-	3,792,721
Construction in progress	513,999	1,721,903	(1,304,452)	931,450
Total capital assets, not being depreciated	<u>5,139,587</u>	<u>1,721,903</u>	<u>(1,304,452)</u>	<u>5,557,038</u>
Capital assets, being depreciated:				
Water system	15,902,239	818,432	-	16,720,671
Sewer system	11,847,620	587,975	-	12,435,595
Buildings	469,033	-	-	469,033
Equipment	198,138	-	-	198,138
Vehicles	22,688	23,856	(22,688)	23,856
Total capital assets being depreciated	<u>28,439,718</u>	<u>1,430,263</u>	<u>(22,688)</u>	<u>29,847,293</u>
Less accumulated depreciation for:				
Water system	(8,481,167)	(413,557)	-	(8,894,724)
Sewer system	(6,627,049)	(290,554)	-	(6,917,603)
Buildings	(222,081)	(13,224)	-	(235,305)
Equipment	(198,138)	-	-	(198,138)
Vehicles	(22,688)	(2,386)	22,688	(2,386)
Total accumulated depreciation	<u>(15,551,123)</u>	<u>(719,721)</u>	<u>22,688</u>	<u>(16,248,156)</u>
Total capital assets being depreciated, net	<u>12,888,595</u>	<u>710,542</u>	<u>-</u>	<u>13,599,137</u>
Total capital assets, net	<u>\$ 18,028,182</u>	<u>\$ 2,432,445</u>	<u>\$ (1,304,452)</u>	<u>\$ 19,156,175</u>

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**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	<b>Balance at December 31, 2016</b>	<b>Additions</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2017</b>
Capital assets, not being depreciated:				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Water rights	3,792,721	-	-	3,792,721
Construction in progress	163,534	350,465	-	513,999
Total capital assets, not being depreciated	<u>4,789,122</u>	<u>350,465</u>	<u>-</u>	<u>5,139,587</u>
Capital assets, being depreciated:				
Water system	15,902,239	-	-	15,902,239
Sewer system	11,847,620	-	-	11,847,620
Buildings	469,033	-	-	469,033
Equipment	198,138	-	-	198,138
Vehicles	22,688	-	-	22,688
Total capital assets being depreciated	<u>28,439,718</u>	<u>-</u>	<u>-</u>	<u>28,439,718</u>
Less accumulated depreciation for:				
Water system	(8,075,011)	(406,156)	-	(8,481,167)
Sewer system	(6,338,757)	(288,292)	-	(6,627,049)
Buildings	(208,856)	(13,225)	-	(222,081)
Equipment	(198,138)	-	-	(198,138)
Vehicles	(22,688)	-	-	(22,688)
Total accumulated depreciation	<u>(14,843,450)</u>	<u>(707,673)</u>	<u>-</u>	<u>(15,551,123)</u>
Total capital assets being depreciated, net	<u>13,596,268</u>	<u>(707,673)</u>	<u>-</u>	<u>12,888,595</u>
Total capital assets, net	<u><u>\$ 18,385,390</u></u>	<u><u>\$ (357,208)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,028,182</u></u>

Depreciation expense for the years ended December 31, 2018 and 2017 were charged as follows:

	<b>2018</b>	<b>2017</b>
Water	\$ 413,557	\$ 406,156
Sewer	290,554	288,292
General and administration	15,610	13,225
	<u><u>\$ 719,721</u></u>	<u><u>\$ 707,673</u></u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2018.

**PERRY PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Branch Banking and Trust Company Lease Agreement	\$ -	\$ 2,650,000	\$ (168,500)	\$ 2,481,500	\$ 143,000
Total long-term obligations	<u>\$ -</u>	<u>\$ 2,650,000</u>	<u>\$ (168,500)</u>	<u>\$ 2,481,500</u>	<u>\$ 143,000</u>

**Lease Agreement**

On April 10, 2018 the District entered into a Lease Agreement in the amount of \$2,650,000. The initial lease term expires on December 31, 2018, but may be extended at the option of the District, for no more than 14 additional terms. The proceeds are to be used for improvements to the District's water and wastewater treatment plant, water line loop, the District's lift stations, together with the construction of a water storage tank. The lease requires semi-annual rent interest payments on June 1 and December 1 beginning on June 1, 2018 at an interest rate of 3.25% and annual principal payments are due on December 1 beginning December 1, 2018. The District has the option to prepay the rent due in whole on any payment date subject to a 1% prepayment fee. The lease is also subject to extraordinary prepayment, in whole, at the option of the District under certain circumstances.

The District's lease obligation requires the following payments:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 143,000	\$ 80,649	\$ 223,649
2020	147,500	76,001	223,501
2021	152,000	71,207	223,207
2022	157,000	66,267	223,267
2023	162,500	61,165	223,665
2024-2028	894,000	223,178	1,117,178
2029-2032	825,500	68,153	893,653
	<u>\$ 2,481,500</u>	<u>\$ 646,620</u>	<u>\$ 3,128,120</u>

**NOTE 6 - NET POSITION**

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

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018 and 2017 the District had a net investment in capital assets of \$18,010,012 and \$18,028,182, respectively.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had net position

**PERRY PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

restricted for the Emergencies (see Note 9) of \$16,100 and \$13,500 as of December 31, 2018 and 2017, respectively.

**NOTE 7 - PENSION AND BENEFIT PLANS**

**Deferred Compensation Plan - Assets in Trust**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Lincoln National Life. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies. The District matches the employee's contribution up to a percentage of compensation as follows: 0-2 years of employment 2%; 2 years of employment 3%; 3 years of employment 4%; and 5 or more years of employment 5%. The District's contributions for the years ended December 31, 2018 and 2017 were \$7,379 and \$6,514, respectively.

**NOTE 8 - 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 maintains commercial insurance for most risks of loss. There were no significant changes in insurance coverage from the prior year and the amount of claims have not exceeded coverage for the last three years.

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and Enterprise qualification will require judicial interpretation.

On November 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all revenues it has received in the past and expects to receive thereafter without regard to any limitations under TABOR.



**PERRY PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

The November 7, 2006 election question reads as follows:

Shall Perry Park Water and Sanitation District (without increasing existing tax rates or imposing a new tax) be authorized to collect, retain and spend all revenues from whatever source beginning in 2000 and in each year thereafter as a voter approved revenue change and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, the 5.5% property tax revenue limit of Section 29 1 301, C.R.S. or any other law?

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**PERRY PARK WATER AND SANITATION DISTRICT**  
**SCHEDULES OF EXPENSES**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>DIRECT WATER AND SEWER EXPENSES</b>		
Salaries and payroll taxes	\$ 100,640	\$ 97,448
Engineering/consultants	141,870	85,971
Outside operations labor	378,000	372,132
Repairs and maintenance	101,840	316,069
Sewage treatment	190,279	159,155
Utilities	233,975	198,148
Water services	119,366	84,998
Reimbursed services provided	11,128	17,705
Depreciation	704,111	694,448
Total direct water and sewer expenses	\$ 1,981,209	\$ 2,026,074
 <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting and audit	\$ 8,777	\$ 8,335
Auto expenditures	1,657	1,368
Contract labor	5,320	5,300
Directors' fees	5,400	6,808
Dues and subscriptions	4,071	4,499
Election costs	1,463	-
Employee benefits	38,742	35,999
Insurance	44,264	23,066
Bank charges	2,206	1,976
Legal	81,194	40,975
Miscellaneous	1,697	4,657
Office expenses	24,887	25,363
Outside services	1,349	882
Public information	9,118	8,534
Repairs and maintenance	10,188	7,013
Salaries and payroll taxes	49,535	46,176
Travel, training and meetings	100	230
Utilities	11,675	10,169
Depreciation	15,610	13,225
Total general and administrative expenses	\$ 317,253	\$ 244,575
 <b>NONOPERATING EXPENSES</b>		
County Treasurer's fees	\$ 5,705	\$ 5,481
Lease issuance costs	67,439	-
Lease interest	61,984	-
Total nonoperating expenses	\$ 135,128	\$ 5,481

**PERRY PARK WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2018**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Water service fees	\$ 708,000	\$ 873,927	\$ 165,927
Sewer service fees	470,000	489,717	19,717
Administrative fees	12,500	11,544	(956)
Connection and inspection charges	14,350	24,700	10,350
Miscellaneous income	15,850	15,241	(609)
Proceeds from sale of capital assets	-	1,500	1,500
Property taxes	380,147	379,802	(345)
Specific ownership taxes	33,000	40,201	7,201
Reimbursements	7,000	55,859	48,859
Net investment income	25,845	98,854	73,009
Water and sewer tap fees	109,500	285,150	175,650
Water and sewer development fees	142,500	298,575	156,075
Capital improvement fees	127,500	132,137	4,637
Capital contributions for line extension	-	13,040	13,040
Lease proceeds	2,500,000	2,650,000	150,000
Total revenues	<u>4,546,192</u>	<u>5,370,247</u>	<u>824,055</u>
<b>EXPENDITURES</b>			
Direct water and sewer expenditures	1,217,010	1,277,098	(60,088)
General and administrative expenditures	392,600	301,643	90,957
County Treasurer's fees	6,000	5,705	295
Lease issuance costs	72,500	67,439	5,061
Debt service:			
Lease interest	77,250	61,984	15,266
Lease principal	150,000	168,500	(18,500)
Capital outlay	2,913,000	1,750,719	1,162,281
Total expenditures	<u>4,828,360</u>	<u>3,633,088</u>	<u>1,195,272</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(282,168)	1,737,159	2,019,327
<b>FUNDS AVAILABLE - BEGINNING</b>			
<b>OF YEAR</b>	3,185,433	4,634,585	1,449,152
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 2,903,265</u>	<u>\$ 6,371,744</u>	<u>\$ 3,468,479</u>

Funds available is computed as follows:

Current assets	\$ 6,951,285
Current liabilities	(338,888)
Add back current portion of lease payable	143,000
Deferred inflows of resources	(383,653)
	<u>\$ 6,371,744</u>

**PERRY PARK WATER AND SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF  
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
Year Ended December 31, 2018**

Revenue (budgetary basis)	\$ 5,370,247
Lease proceeds	(2,650,000)
Proceeds from sale of capital assets	(1,500)
Gain on sale of capital assets	1,500
Contributed water and sewer lines	96,995
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	2,817,242
 Expenditures (budgetary basis)	 3,633,088
Depreciation	719,721
Lease principal	(168,500)
Capital outlay	(1,750,719)
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	2,433,590
 Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	 \$ 383,652

**PERRY PARK WATER AND SANITATION DISTRICT  
SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
Year Ended December 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected\	
2010	\$ 75,049,000	5.614	\$ 421,325	\$ 420,958	99.9%
2011	\$ 75,646,980	5.614	\$ 424,682	\$ 420,516	99.0%
2012	\$ 62,809,860	5.614	\$ 352,615	\$ 352,195	99.9%
2013	\$ 63,139,770	5.614	\$ 354,467	\$ 352,742	99.5%
2014	\$ 58,441,420	5.614	\$ 328,090	\$ 326,653	99.6%
2015	\$ 58,306,220	5.614	\$ 327,331	\$ 327,093	99.9%
2016	\$ 64,594,490	5.614	\$ 362,633	\$ 359,348	99.1%
2017	\$ 65,387,040	5.614	\$ 367,083	\$ 364,831	99.4%
2018	\$ 67,714,110	5.614	\$ 380,147	\$ 379,802	99.9%
Estimated for the year ending December 31, 2019	\$ 68,338,540	5.614	\$ 383,653		

**NOTES:**

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