

**WHEAT RIDGE WATER DISTRICT
FINANCIAL STATEMENTS
With
Independent Auditor's Report
December 31, 2019 and 2018**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wheat Ridge Water District

We have audited the accompanying financial statements of the business-type activities of Wheat Ridge Water District as of and for the year ended December 31, 2019 and 2018, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheat Ridge Water District's financial statements as a whole. The budgetary comparison schedule on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Gurn & Associates LLC". The signature is written in a cursive, flowing style.

June 9, 2020
Brighton, Colorado

Management's Discussion and Analysis

Wheat Ridge Water District

The Wheat Ridge Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2019 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

Overview of the Financial Statements of the District

The audited financial statements of the District are: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements. These statements are on pages 6 through 15. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 16 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:
Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current Assets			
Cash and cash equivalents	\$ 4,825,391	\$ 4,104,773	\$ 2,536,700
Other current assets	1,817,277	2,074,037	2,050,137
	<u>6,642,668</u>	<u>6,178,810</u>	<u>4,586,837</u>
Non Current Assets			
Capital assets – net	\$ 6,303,000	\$ 5,596,013	\$ 5,858,414
Total Assets	<u>12,945,668</u>	<u>11,774,823</u>	<u>10,445,251</u>
Current Liabilities	<u>763,599</u>	<u>222,621</u>	<u>209,624</u>
Total Liabilities	<u>763,599</u>	<u>222,621</u>	<u>209,624</u>
Net Position			
Net Investment in capital assets	6,303,000	5,596,013	5,858,414
Unrestricted	5,879,069	5,956,189	4,377,213
Total Net Position	<u>\$ 12,182,069</u>	<u>\$ 11,552,202</u>	<u>\$ 10,235,627</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 4,866,320	\$ 5,088,717	\$ 4,832,750
Operating Expenses	4,535,838	4,565,493	4,291,597
Operating Income (Loss)	<u>330,482</u>	<u>523,224</u>	<u>541,153</u>
Non Operating Revenues (Expenses)	<u>299,385</u>	<u>793,351</u>	<u>131,421</u>
Change in Net Position	629,867	1,316,575	672,574
Net Position, Beginning of Year	11,552,202	10,235,627	9,563,053
Net Position, End of Year	<u>\$ 12,182,069</u>	<u>\$ 11,552,202</u>	<u>\$ 10,235,627</u>

Statement of Cash Flows

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash from (for) Operating Activities	\$ 1,198,498	\$ 849,803	\$ 863,681
Cash from Non Capital Financing Activities	178,200	666,000	43,700
Cash from (for) Capital and Related Financing Activities	(1,032,085)	(12,441)	(455,335)
Cash from (for) Investing Activities	376,005	64,711	1,327,127
Increase (Decrease)	<u>720,618</u>	<u>1,568,073</u>	<u>1,779,173</u>
Cash and Cash Equivalents, Beginning of Year	4,104,773	2,536,700	757,527
Cash and Cash Equivalents, End of Year	<u>\$ 4,825,391</u>	<u>\$ 4,104,773</u>	<u>\$ 2,536,700</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

Analysis of Financial Position and Operating Results:

The total Net Position increased from \$11,552,202 in 2018 to \$12,182,069 in 2019, a difference of \$629,867. Cash and cash equivalents for 2019 increased by \$720,618 primarily due to conservation of income. Cash and cash equivalents represent approximately 37% of the District's total assets.

The District Liabilities increased by \$540,978 for 2019. This change is attributable to the timing of payments. Operating revenues decreased \$222,397 due to decreased water usage. Operating expenses decreased by \$29,655 due to decreased water purchases. The income from operations for the year was \$192,742 less than in 2018. Non-operating revenues decreased by \$493,966 in 2019. The change relates primarily to the decrease in connection fees for the year.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

Budgetary Discussion:

Actual revenues were \$280,189 less than the budget primarily due to lower usage and connection charges. Actual expenses were \$5,822,762 less than budgeted because contingency expense was not needed.

Capital Assets:

Net capital assets increased by \$706,987 relating to additions that were offset by depreciation expense. See Note 4 of the Notes to Financial Statements on page 14. See Note 1 of Notes to Financial Statements- *Organization and Summary of Significant Accounting Policies-Capital Assets* on page 11 and Note 3 of Notes to Financial Statements – *Capital Assets* on page 14.

Long-Term Debt:

The District has no long-term debt.

Other:

There are no currently known facts, decisions, or conditions, which are expected to or may likely have a significant effect on the financial condition and results of operation in subsequent reporting periods.

Questions concerning any of the information provided in the report or for additional information should be addressed to Wheat Ridge Water District, Attn Barry Hudson, PO Box 637, Wheat Ridge, CO 80034.

Basic Financial Statements

**Wheat Ridge Water District
Statements of Net Position
December 31, 2019 and 2018**

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,825,391	\$ 4,104,773
Investments	1,241,721	1,496,541
Prepaid expenses	63,041	58,612
Accounts receivable-service charges	512,515	518,884
Total Current Assets	6,642,668	6,178,810
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Land	15,395	15,395
Construction in progress	964,258	-
Depreciable		
Water distribution system	12,792,163	12,736,022
Buildings and improvements	401,860	390,174
Furniture and Fixtures	60,900	60,900
Equipment	403,799	403,799
Total Capital Assets	14,638,375	13,606,290
Less: Accumulated depreciation	(8,335,375)	(8,010,277)
Net Capital Assets	6,303,000	5,596,013
Total Noncurrent Assets	6,303,000	5,596,013
Total Assets	12,945,668	11,774,823
Liabilities		
Current Liabilities		
Accounts payable	740,133	194,679
Accrued expenses	23,466	27,942
Total Current Liabilities	763,599	222,621
Net Position		
Net Investment in capital assets	6,303,000	5,596,013
Unrestricted	5,879,069	5,956,189
Total Net Position	\$ 12,182,069	\$ 11,552,202

The accompanying notes are an integral part of these financial statements

Wheat Ridge Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues		
Water sales	\$ 4,834,406	\$ 5,062,063
Miscellaneous	31,914	26,654
Total Operating Revenues	4,866,320	5,088,717
Operating Expenses		
Water purchases	3,115,519	3,206,335
Employee salaries and benefits	600,254	566,667
Water operations	326,316	329,856
General and administration	168,651	141,341
Depreciation expense	325,098	321,294
Total Operating Expenses	4,535,838	4,565,493
Operating Gain (Loss)	330,482	523,224
Nonoperating Revenues (Expenses)		
Investment income	121,185	80,899
Connection fees	178,200	666,000
Insurance proceeds	-	46,452
Total Nonoperating Revenues (Expenses)	299,385	793,351
Change in Net Position	629,867	1,316,575
Net Position, beginning of year	11,552,202	10,235,627
Net Position, end of year	\$ 12,182,069	\$ 11,552,202

The accompanying notes are an integral part of these financial statements

Wheat Ridge Water District
Statements of Cash Flows
For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 4,872,689	\$ 5,079,118
Cash paid to suppliers	(3,259,019)	(3,829,696)
Cash paid to employees	(415,172)	(399,619)
Net cash provided (used) by operating activities	<u>1,198,498</u>	<u>849,803</u>
 Cash Flows From Non-Capital Financing Activities		
Cash received for connection charges	<u>178,200</u>	<u>666,000</u>
Net cash provided (used) by non-capital financing activities	<u>178,200</u>	<u>666,000</u>
 Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(1,032,085)	(58,893)
Insurance proceeds	-	46,452
Net cash provided (used) in capital and related financing activities	<u>(1,032,085)</u>	<u>(12,441)</u>
 Cash Flows From Investing Activities		
Investment income received	121,185	80,899
Net (purchase) / sale of investments	<u>254,820</u>	<u>(16,188)</u>
Net cash provided (used) by investing activities	<u>376,005</u>	<u>64,711</u>
 Net increase (decrease) in cash and cash equivalents	<u>720,618</u>	<u>1,568,073</u>
 Cash and cash equivalents, beginning of year	<u>4,104,773</u>	<u>2,536,700</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,825,391</u></u>	<u><u>\$ 4,104,773</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Gain / (Loss)	\$ 330,482	\$ 523,224
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	325,098	321,294
Changes in assets and liabilities		
Accounts receivable	6,369	(9,599)
Prepaid expenses	(4,429)	1,887
Accounts payable	545,454	11,593
Other accrued liabilities	<u>(4,476)</u>	<u>1,404</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,198,498</u></u>	<u><u>\$ 849,803</u></u>

The accompanying notes are an integral part of these financial statements

**Wheat Ridge Water District
Notes to Financial Statements
December 31, 2019 and 2018**

Note 1 Summary of Significant Accounting Policies

Wheat Ridge Water District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services within its geographical area. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are:

Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. The District applies all Governmental Accounting Standards Board (GASB) pronouncements in the financial statements, which is the authoritative body. 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.

Basis of Presentation

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service of water. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018**

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63) and the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result, in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Budgets and Budgetary Accounting

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2019.

**Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018**

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed according to their respective cycles.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is \$5,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Water lines and pump station	25 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years
Vehicle	10 years

Accrued vacation and sick pay – The District's personnel policy allows employees to accrue vacation days based on length of service. In accordance with the policy the District has accrued a liability for vacation pay that has been earned but not used by District employees.

Net Position

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – 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 improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." Unrestricted net position is available for future operations or distributions.

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement of cash flows and the statement of net position, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 uninsured deposits. The Colorado Divisions of Banking 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.

As of December 31, 2019, and 2018 had \$159,894 and \$288,022 collateralized under PDPA and \$250,000 and \$250,000 insured by the FDIC, respectively. The deposits had a carrying balance of \$406,509 and \$538,022, respectively. All of the District deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA and were not exposed to credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

**Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018**

Note 2 Cash and Investments (Continued)

At December 31, 2019 and 2018, the District had \$2,420,339 and \$1,874,852 invested in COLOTRUST, and \$1,998,243 and \$1,691,599, respectively, invested in CSAFE (the Trusts) which are 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 and each share is equal in value to \$1.00.

Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. ColoTrust Plus and C-SAFE are 2a7-like investment pools and are both rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. Colotrult is valued at net asset value and CSAFE is valued at amortized cost. There are no limitations on withdrawals for either pool. The redemption frequency is daily and there is no redemption notice period for ColoTrust or CSAFE.

Investments consisted of Certificates of deposit that mature in more than 90 days or more from the date of purchase. At December 31, 2019 and 2018 the District had \$1,241,721 and \$1,496,541 invested in long term certificates of deposit. The certificates of deposit were not rated.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, and 2018, none of the District's bank deposits were exposed to custodial credit risk.

A summary of cash and cash equivalents at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 300	\$ 300
Cash deposits	406,509	538,022
CSAFE	1,998,243	1,691,599
COLOTRUST	2,420,339	1,874,852
Total cash and cash equivalents	<u>\$ 4,825,391</u>	<u>\$ 4,104,773</u>

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 3 Capital Assets

A summary of changes to capital assets for 2019 and 2018 is as follows:

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
Nondepreciable				
Land	\$ 15,395	\$ -	\$ -	\$ 15,395
Construction in progress	-	964,258	-	964,258
Total Nondepreciable	<u>15,395</u>	<u>964,258</u>	<u>-</u>	<u>979,653</u>
Depreciable				
Water distribution system	12,736,022	56,141	-	12,792,163
Buildings	390,174	11,686	-	401,860
Furniture and fixtures	60,900	-	-	60,900
Equipment	403,799	-	-	403,799
Total Depreciable	<u>13,590,895</u>	<u>67,827</u>	<u>-</u>	<u>13,658,722</u>
TOTAL	<u>13,606,290</u>	<u>1,032,085</u>	<u>-</u>	<u>14,638,375</u>
Less Accumulated Depreciation	<u>(8,010,277)</u>	<u>(325,098)</u>	<u>-</u>	<u>(8,335,375)</u>
Net Capital Assets	<u>\$ 5,596,013</u>	<u>\$ 706,987</u>	<u>\$ -</u>	<u>\$ 6,303,000</u>

	Balance at 12/31/2017	Additions	Deletions	Balance at 12/31/2018
Nondepreciable				
Land	\$ 15,395	\$ -	\$ -	\$ 15,395
Total Nondepreciable	<u>15,395</u>	<u>-</u>	<u>-</u>	<u>15,395</u>
Depreciable				
Water distribution system	12,736,022	-	-	12,736,022
Buildings	331,281	58,893	-	390,174
Furniture and fixtures	60,900	-	-	60,900
Equipment	403,799	-	-	403,799
Total Depreciable	<u>13,532,002</u>	<u>58,893</u>	<u>-</u>	<u>13,590,895</u>
TOTAL	<u>13,547,397</u>	<u>58,893</u>	<u>-</u>	<u>13,606,290</u>
Less Accumulated Depreciation	<u>(7,688,983)</u>	<u>(321,294)</u>	<u>-</u>	<u>(8,010,277)</u>
Net Capital Assets	<u>\$ 5,858,414</u>	<u>\$ (262,401)</u>	<u>\$ -</u>	<u>\$ 5,596,013</u>

Note 4 Retirement Plan

The District has entered into an agreement with the ICMA Retirement Corporation to establish a Money Purchase Plan for District employees in accordance with the Internal Revenue Code Section 401. Participation in the plan is mandatory for all District employees. Employees contribute 5% to the plan and the District contributes 8%. Employees are fully vested after 7 complete years of service. Financial activity of the plan is not included in the District's financial statements. Employer contributions to the plan were \$27,603, \$26,250 and \$21,918 for the years ending December 31, 2019, 2018 and 2017, respectively.

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

Note 7 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

Other Supplementary Information

Wheat Ridge Water District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Service charges	\$ 4,754,197	\$ 4,783,676	\$ 29,479
Penalties / late charges	17,500	16,930	(570)
Hydrant sales	20,000	15,100	(4,900)
Fees and other charges	19,197	18,700	(497)
Meter sales and parts	19,000	10,518	(8,482)
Connection fees	540,000	178,200	(361,800)
Interest	60,000	121,185	61,185
Grant income	1,000	-	(1,000)
Miscellaneous income	15,000	21,396	6,396
Total Revenues	<u>5,445,894</u>	<u>5,165,705</u>	<u>(280,189)</u>
Expenses			
Personnel expenses	586,524	600,254	(13,730)
Water purchases	3,263,231	3,115,519	147,712
Water operations	218,042	326,316	(108,274)
General and administrative	182,566	168,651	13,915
Capital outlay	2,057,000	1,032,085	1,024,915
Contingency	4,758,224	-	4,758,224
Total Expenses	<u>11,065,587</u>	<u>5,242,825</u>	<u>5,822,762</u>
Revenues over (under) Expenditures	<u>\$ (5,619,693)</u>	<u>\$ (77,120)</u>	<u>\$ 5,542,573</u>
Reconciliation to Net Income			
Add Capital Outlay		1,032,085	
Less Depreciation Expense		(325,098)	
Change in Net Position		<u>\$ 629,867</u>	

See the Independent Auditor's Report