

Grand County Water and Sanitation District No. 1

Grand County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2019 and 2018

Grand County Water and Sanitation District No. 1

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand County Water and Sanitation District No. 1
Grand County, Colorado

We have audited the accompanying financial statements of Grand County Water and Sanitation District No. 1 (the District) as of and for the years ended December 31, 2019 and 2018 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand County Water and Sanitation District No. 1, as of December 31, 2019 and 2018, 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.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that 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 management's discussion and analysis 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. 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 supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
April 30, 2020

Grand County Water and Sanitation District No. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Grand County Water and Sanitation District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,110,857 (net position). Of this amount, \$7,121,541 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizen and creditors.
- The District's total net position increased by \$2,045,968 from the prior fiscal year.
- Property tax revenues decreased \$454,210 from the prior year, due to the reduction in mill levy for debt. The District collected \$1,454,386 in operating revenues, a decrease of \$38,803 (2.6%).
- The District's portion of the contribution from the Northern Colorado Water Conservancy District – Windy Gap Firming Project Water Activity Enterprise, for sewer plant improvements, was \$1,497,009.
- Tap fees increased \$71,094.
- Operating expenses increased \$88,590, or 4.2%, from the prior year.
- Capital expenditures totaled \$2,240,599. The largest share of the expenditures was for improvements to the sewer plant totaling \$1,355,936.

Overview of the Financial Statements

The Grand County Water and Sanitation District No. 1 basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing water and sewer services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Grand County Water and Sanitation District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

The *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

A budgetary comparison schedule has been provided in the *supplemental information* to demonstrate compliance with the budget.

Unlike the basic financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. The fund statements of revenues, expenditures, and changes in fund balances are reconciled to facilitate a comparison between budget-basis fund statements and the basic financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Grand County Water and Sanitation District No. 1, assets exceeded liabilities and deferred inflows of resources by \$26,110,857 at the close of the most recent fiscal year.

**Grand County Water and Sanitation District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Statement of Net Position

	December 31,		
	2019	2018	2017
Current assets	\$ 7,279,779	\$ 8,156,226	\$ 6,007,538
Current restricted assets	2,015,704	734,319	1,538,376
Capital assets	16,973,612	15,272,770	14,662,875
Long-term investments and other assets	370,086	361,436	1,121,804
Total assets	<u>26,639,181</u>	<u>24,524,751</u>	<u>23,330,593</u>
Current liabilities	207,253	162,021	591,582
Long-term obligations	-	-	-
Total liabilities	<u>207,253</u>	<u>162,021</u>	<u>591,582</u>
Deferred inflows of resources	<u>321,071</u>	<u>297,841</u>	<u>788,823</u>
Net position:			
Net investment in			
capital assets	16,973,612	15,272,770	14,163,544
Restricted	2,015,704	734,319	1,538,376
Unrestricted	7,121,541	8,057,800	6,248,268
Net position	<u>\$ 26,110,857</u>	<u>\$ 24,064,889</u>	<u>\$ 21,950,188</u>

- The largest portion of the District's net position (65%) reflects its investment in capital assets (e.g. infrastructure, plant, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending.
- Restricted net position consist of \$39,000 restricted for emergencies under TABOR; \$25,000 for the required reserve pursuant to an intergovernmental agreement; and \$1,951,704 held in agency for sewer plant costs.
- The remaining net position of \$7,121,541 is unrestricted and available for on-going obligations of the District.

Grand County Water and Sanitation District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Changes in Net Position

	For the Years Ended December 31,		
	2019	2018	2017
Revenues			
Operating revenue			
Water operations	\$ 678,149	\$ 713,473	\$ 654,511
Sewer operations	776,237	779,716	756,890
Nonoperating revenue			
Taxes	325,196	806,986	870,052
Grant and other revenue	1,510,220	29,306	9,127
Reservoir storage sales	-	1,143,000	-
Net investment income	198,987	124,982	66,434
Capital contributions			
Tap fees	757,506	686,412	481,032
Total revenues	4,246,295	4,283,875	2,838,046
Expenses			
Operating expenses			
Water operations	923,012	823,396	570,187
Sewer operations	731,366	764,788	691,863
Depreciation	539,757	517,361	499,274
Nonoperating expenses			
County Treasurer fees	14,842	39,518	38,880
Loan interest	-	17,391	23,677
Unrealized losses (gains)	(8,650)	6,720	11,935
Total expenses	2,200,327	2,169,174	1,835,816
Change in net position	2,045,968	2,114,701	1,002,230
Net position - beginning	24,064,889	21,950,188	20,947,958
Net position - ending	\$ 26,110,857	\$ 24,064,889	\$ 21,950,188

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available (current assets less current liabilities, exclusive of the current portion of long-term obligations, plus noncurrent investments) increased \$336,476 during 2019.

**Grand County Water and Sanitation District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Capital Assets

The District's net investment in capital assets as of December 31, 2019, 2018 and 2017 was as follows:

	Capital Assets		
	December 31,		
	2019	2018	2017
Land	\$ 544,795	\$ 544,795	\$ 544,795
Water rights	1,969,964	1,969,964	1,969,964
Plant and improvements	17,808,765	16,255,431	15,707,203
Water storage tanks	2,277,466	2,277,466	2,277,466
Infrastructure	5,850,187	5,162,922	4,583,894
Vehicles	206,223	206,223	206,223
Office equipment	133,096	133,096	133,096
Other equipment	237,036	237,036	237,036
Total assets	<u>29,027,532</u>	<u>26,786,933</u>	<u>25,659,677</u>
Accumulated depreciation	<u>(12,053,920)</u>	<u>(11,514,163)</u>	<u>(10,996,802)</u>
Net capital assets	<u><u>\$ 16,973,612</u></u>	<u><u>\$ 15,272,770</u></u>	<u><u>\$ 14,662,875</u></u>

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

During 2019, the District's major project was the improvement to the sewer plant. The 2019 cost totaled \$1,355,936.

Economic Factors and Next Year's Budget

- Prior to Covid-19 pandemic, moderate growth in the District was expected in 2020, with lower amounts of tap fees expected to be received during 2020. The impact of the pandemic and related state and local government restrictions on District revenue is undeterminable.
- The District is budgeting for future water and wastewater treatment plant expansions and improvements to the water delivery system.

**Grand County Water and Sanitation District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Administration
Grand County Water and Sanitation District No. 1
P.O. Box 3077
50 Vasquez Road
Winter Park, Colorado 80482-3077

BASIC FINANCIAL STATEMENTS

Grand County Water and Sanitation District No. 1

STATEMENTS OF NET POSITION

December, 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 286,320	\$ 1,341,122
Investments	6,516,119	6,351,151
Accounts receivable - users	126,860	137,765
Receivable - County Treasurer	2,486	4,914
Property taxes receivable	321,071	297,841
Prepaid expenses	26,923	23,433
Total current assets	<u>7,279,779</u>	<u>8,156,226</u>
Current restricted assets		
Cash and cash equivalents - restricted	64,000	74,000
Funds held in agency - restricted for Joint Facilities	1,951,704	660,319
Total current restricted assets	<u>2,015,704</u>	<u>734,319</u>
Noncurrent assets		
Investments	370,086	361,436
Total noncurrent assets	<u>370,086</u>	<u>361,436</u>
Capital assets		
Capital assets not being depreciated	2,546,510	2,514,759
Capital assets being depreciated, net	14,427,102	12,758,011
Total capital assets	<u>16,973,612</u>	<u>15,272,770</u>
Total assets	<u>26,639,181</u>	<u>24,524,751</u>
LIABILITIES		
Current liabilities		
Accounts payable	201,849	156,640
Other accrued liabilities	5,404	5,381
Total current liabilities	<u>207,253</u>	<u>162,021</u>
Total liabilities	<u>207,253</u>	<u>162,021</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	321,071	297,841
Total deferred inflows of resources	<u>321,071</u>	<u>297,841</u>
NET POSITION		
Net investment in capital assets	16,973,612	15,272,770
Restricted	2,015,704	734,319
Unrestricted	7,121,541	8,057,800
Total net position	<u>\$ 26,110,857</u>	<u>\$ 24,064,889</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Grand County Water and Sanitation District No. 1
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Water operations	\$ 678,149	\$ 713,473
Sewer operations	776,237	779,716
Total operating revenues	1,454,386	1,493,189
OPERATING EXPENSES		
Water operations - administrative	611,287	465,296
Water operations - maintenance	311,725	358,100
Sewer operations - administrative	263,247	244,312
Sewer operations - maintenance	468,119	520,476
Depreciation	539,757	517,361
Total operating expenses	2,194,135	2,105,545
OPERATING INCOME (LOSS)	(739,749)	(612,356)
NONOPERATING REVENUES		
Property taxes	296,376	750,586
Specific ownership taxes	28,820	56,400
Reservoir water storage sales	-	1,143,000
Grant and other revenue	1,510,220	29,306
Net investment income	198,987	124,982
Total nonoperating revenues	2,034,403	2,104,274
NONOPERATING EXPENSES		
County Treasurer fees	14,842	39,518
Loan interest	-	17,391
Unrealized (gains) loss on investments	(8,650)	6,720
Total nonoperating expenses	6,192	63,629
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,288,462	1,428,289
CAPITAL CONTRIBUTIONS		
Tap Fees	757,506	686,412
CHANGE IN NET POSITION	2,045,968	2,114,701
NET POSITION - beginning of the year	24,064,889	21,950,188
NET POSITION - end of the year	\$ 26,110,857	\$ 24,064,889

The accompanying Notes to the Financial Statements are an integral part of these statements.

Grand County Water and Sanitation District No. 1

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,465,291	\$ 1,485,818
Payments to suppliers for goods and services	(1,170,068)	(967,553)
Payments to employees for services	(442,568)	(416,548)
Net cash provided (used) by operating activities	<u>(147,345)</u>	<u>101,717</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	298,804	787,185
Specific ownership taxes	28,820	56,400
County Treasurer's fees	(14,842)	(39,518)
Net cash provided (used) by noncapital financing activities	<u>312,782</u>	<u>804,067</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees	757,506	686,412
Acquisition of capital assets	(2,240,599)	(1,127,256)
Proceeds from reservoir water storage sales	-	1,143,000
Grant and other nonoperating proceeds	1,510,220	29,306
Reserve increase for sewer improvements	(1,291,385)	-
Loan principal payments	-	(487,529)
Loan payoff adjustments	-	(11,802)
Interest paid on debt	-	(17,391)
Net cash provided (used) by capital and related financing activities	<u>(1,264,258)</u>	<u>214,740</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of investments	(164,968)	(1,523,848)
Interest earnings received	198,987	136,235
Net cash provided (used) by investing activities	<u>34,019</u>	<u>(1,387,613)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,064,802)	(267,089)
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,415,122</u>	<u>1,682,211</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 350,320</u>	<u>\$ 1,415,122</u>

(continued)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Grand County Water and Sanitation District No. 1

STATEMENTS OF CASH FLOWS

(continued)

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (739,749)</u>	<u>\$ (612,356)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	539,757	517,361
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	10,905	(7,371)
Prepaid expenses	(3,490)	1,256
Funds held in agency - net of capital reserve increase	-	133,057
Increase (decrease) in:		
Accounts payable	45,209	64,626
Other accrued liabilities	23	5,144
Total adjustments	<u>592,404</u>	<u>714,073</u>
Net cash provided (used) by operating activities	<u><u>\$ (147,345)</u></u>	<u><u>\$ 101,717</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Grand County Water and Sanitation District No. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Note 1 – Definition of reporting entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Grand County, Colorado. The District was organized to provide water and sanitation services to property within the District's boundaries.

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.

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 in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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.

Basis of Accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received or collectible.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, 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.

Cash equivalents

For purposes of the Statement of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Funds Held in Agency

As part of a joint operating agreement plan with Winter Park Ranch Water and Sanitation District and the Town of Fraser, District funds are being held and administered by the Joint Facilities Oversight Committee for all three participating districts. The District restricts the balance of such funds and the corresponding net position for future sewer plant operating and replacement costs.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Property Taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or 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 and December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital assets

Capital assets include land, water rights, water and sewer plants and systems, equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Plant and improvements	7 to 40 years
Water storage tanks	7 to 18 years
Water and sewers distribution system	40 years
Vehicles	5 to 7 years
Office and other equipment	5 to 7 years

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Water rights

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

Compensated absences

The District has a policy that allows employees to accumulate unused vacation benefits and compensatory time off up to a certain maximum hours. Compensated absences are accrued when incurred in the financial statements. However, at December 31, 2019 and 2018, the District had no liability for accumulated unpaid vacation or sick pay.

Capital contributions

Tap fees are recorded as capital contributions when received. Water and sewer lines contributed to the District by developers are recorded as capital contribution revenue and additions to the water and sewer system when received.

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 total appropriation can only be modified upon completion of notification and publication requirements.

Use of estimates

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

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2019 and 2018 Statements of Net Position as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 286,320	\$ 1,341,122
Cash and cash equivalents - restricted	64,000	74,000
Investments	6,516,119	6,351,151
Investments - noncurrent	370,086	361,436
	<u>\$ 7,236,525</u>	<u>\$ 8,127,709</u>

Cash and investments as of December 31, 2019 and 2018 consist of the following:

Cash on hand	\$ 200	\$ 200
Deposits with financial institutions	350,120	1,414,922
Investments	6,886,205	6,712,587
Total cash and investments	<u>\$ 7,236,525</u>	<u>\$ 8,127,709</u>

At December 31, 2019 and 2018, the District's cash deposits had bank balances of \$411,221 and \$1,463,927, respectively, and carrying balances of \$350,120 and \$1,414,922, respectively.

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. As of December 31, 2019 and 2018, the federal insurance limits were \$250,000. 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 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.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 has not adopted a deposit policy for custodial credit risk. None of the District's deposits at December 31, 2019 were exposed to credit risk. As of December 31, 2019 and 2018, the District's bank balances and carrying balances were insured or collateralized as follows:

	<u>2019</u>	<u>2018</u>
Bank balances		
Federally insured	\$ 250,000	\$ 250,000
Collateralized	161,221	1,213,927
Total bank balances	<u>\$ 411,221</u>	<u>\$ 1,463,927</u>
Carrying balances		
Federally insured	\$ 250,000	\$ 250,000
Collateralized	100,120	1,164,922
Total carrying balances	<u>\$ 350,120</u>	<u>\$ 1,414,922</u>

Investments

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to certain U.S. government agency securities, money market funds and local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to 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.

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

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which is recorded at amortized cost, and COLOTRUST which is recorded at net asset value.

As of December 31, 2019 and 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2019</u>	<u>2018</u>
U.S. government agency securities	1 to 2 years	\$ 370,086	\$ 361,436
Colorado Liquid Assets Trust (Colotrust)	Weighted average under 60 days	3,309,171	3,722,591
Colorado Surplus Asset Fund (CSAFE)	Weighted average under 60 days	3,206,948	2,628,560
Total investments		<u>\$ 6,886,205</u>	<u>\$ 6,712,587</u>

U.S. Government Agency Securities

As of December 31, 2019, the investment in government securities was in U.S. Agency Bonds rated AAA and valued using Level 1 inputs.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

COLOTRUST

The District 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 and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investment in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Restricted cash and investments

The District had restricted cash of \$39,000 and \$49,000 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11), as of December 31, 2019 and 2018.

Pursuant to an Intergovernmental Agreement (Note 7), the District has \$25,000 restricted for reservoir maintenance as of December 31, 2019 and 2018.

Note 4 – Capital assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019
Capital assets, not being depreciated				
Land	\$ 544,795	\$ -	\$ -	\$ 544,795
Water rights	1,969,964	-	-	1,969,964
Total capital assets, not being depreciated	<u>2,514,759</u>	<u>-</u>	<u>-</u>	<u>2,514,759</u>
Capital assets being depreciated				
Plant and improvements	16,255,431	1,553,334	-	17,808,765
Water storage tanks	2,277,466	-	-	2,277,466
Infrastructure	5,162,922	687,265	-	5,850,187
Vehicles	206,223	-	-	206,223
Office equipment	133,096	-	-	133,096
Other equipment	237,036	-	-	237,036
Total capital assets being depreciated	<u>24,272,174</u>	<u>2,240,599</u>	<u>-</u>	<u>26,512,773</u>
Less accumulated depreciation for				
Plant and improvements	8,004,886	419,637	-	8,424,523
Water storage tanks	2,277,466	-	-	2,277,466
Infrastructure	681,200	107,785	-	788,985
Vehicles	191,550	5,449	-	196,999
Office equipment	131,719	3,654	-	135,373
Other equipment	227,342	3,232	-	230,574
Total accumulated depreciation	<u>11,514,163</u>	<u>539,757</u>	<u>-</u>	<u>12,053,920</u>
Total capital assets being depreciated, net	<u>12,758,011</u>	<u>1,700,842</u>	<u>-</u>	<u>14,458,853</u>
Capital assets, net	<u>\$ 15,272,770</u>	<u>\$ 1,700,842</u>	<u>\$ -</u>	<u>\$ 16,973,612</u>

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Capital assets, not being depreciated				
Land	\$ 544,795	\$ -	\$ -	\$ 544,795
Water rights	1,969,964	-	-	1,969,964
Total capital assets, not being depreciated	<u>2,514,759</u>	<u>-</u>	<u>-</u>	<u>2,514,759</u>
Capital assets being depreciated				
Plant and improvements	15,707,203	548,228	-	16,255,431
Water storage tanks	2,277,466	-	-	2,277,466
Infrastructure	4,583,894	579,028	-	5,162,922
Vehicles	206,223	-	-	206,223
Office equipment	133,096	-	-	133,096
Other equipment	237,036	-	-	237,036
Total capital assets being depreciated	<u>23,144,918</u>	<u>1,127,256</u>	<u>-</u>	<u>24,272,174</u>
Less accumulated depreciation for				
Plant and improvements	7,598,956	405,930	-	8,004,886
Water storage tanks	2,277,466	-	-	2,277,466
Infrastructure	587,497	93,703	-	681,200
Vehicles	180,832	10,718	-	191,550
Office equipment	129,639	2,080	-	131,719
Other equipment	222,412	4,930	-	227,342
Total accumulated depreciation	<u>10,996,802</u>	<u>517,361</u>	<u>-</u>	<u>11,514,163</u>
Total capital assets being depreciated, net	<u>12,148,116</u>	<u>609,895</u>	<u>-</u>	<u>12,758,011</u>
Capital assets, net	<u>\$ 14,662,875</u>	<u>\$ 609,895</u>	<u>\$ -</u>	<u>\$ 15,272,770</u>

Depreciation expense of \$539,757 and \$517,361 for the years ended December 31, 2019 and 2018, respectively, was charged to water and sewer operations.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Water Fund Loan					
CWRPDA	\$ 214,005	\$ -	\$ 214,005	\$ -	\$ -
Sewer Fund Loan					
CWRPDA	285,326	-	285,326	-	-
	<u>\$ 499,331</u>	<u>\$ -</u>	<u>\$ 499,331</u>	<u>\$ -</u>	<u>\$ -</u>

Colorado Water Resources and Power Development Authority Loans

Water Fund - On May 1, 1999, the District entered into a \$2,998,556 loan agreement with the Colorado Water Resource and Power Development Authority (the Authority). The loan was to be used for the construction and improvements of the District’s water treatment plant, a treated water storage tank, and supply line improvements and replacement. Payments of principal and interest were to be made semi-annually on February 1 and August 1 through August 1, 2018. Total annual payments of interest and principal varied from \$157,396 to \$233,909. The interest on this loan was subsidized by a federal grant. The targeted subsidized yield on the loan was 3.78%. The loan was paid in full during 2018.

Sewer Fund - On July 1, 1999, the District entered into a \$3,999,978 loan agreement with the Authority. The loan was to be used for a new sludge wastewater treatment plant and solids treatment/disposal facility. Payments of principal and interest were due semi-annually on February 1 and August 1 through August 1, 2018. Total annual payments of interest and principal varied from \$256,685 to \$310,358. The interest on this loan was subsidized by a federal grant. The targeted subsidized yield on the loan was 4.17%. The loan was paid in full during 2018.

Debt authorization

At December 31, 2019, the District had no authorized but unissued indebtedness.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2019 and 2018, the District had net investment in capital assets of \$16,973,612 and \$15,272,770, respectively.

Restricted assets include Net Position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019 and 2018, the District had restricted Net Position as follows:

	2019	2018
Emergencies	\$ 39,000	\$ 49,000
Operating reserve	-	-
JFOC reserves	1,951,704	660,319
Reservoir agreement	25,000	25,000
Total restricted	<u>\$ 2,015,704</u>	<u>\$ 734,319</u>

The District had unrestricted net position of \$7,121,541 and \$8,057,800 at December 31, 2019 and 2018, respectively.

Note 7 – Intergovernmental Agreements

The District participates in various intergovernmental agreements, the more significant agreements being as noted below.

Joint Facilities Oversight Committee

The District, Winter Park Ranch Water and Sanitation District, and the Town of Fraser have entered into an agreement whereby the entities jointly own and operate a sewer plant (JFOC Plant) that services each entity. The District's share of operating and capital costs for the JFOC Plant is 44%. The JFOC bills the District each month for the District's share of operating costs and capital improvements. The District's share of JFOC cash reserves is \$1,951,704 and \$660,319 at December 31, 2019 and 2018, respectively.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

GCWSD Water Storage Reservoir No. 2 Operating Agreement

The District operates an 80 acre-feet water storage reservoir, in which Winter Park Water and Sanitation District (WPWSD) and the Town of Fraser (Fraser) each acquired rights to 25 acre-feet of storage from the District pursuant to Purchase and Sale agreements dated May 9, 2018 and May 3, 2018, respectively. The District is solely responsible for the storage and release of water, and the District is entitled to assess charges to WPWSD and Fraser for water releases. The District must maintain a \$25,000 minimum cash reserve for operating and maintenance costs.

Note 8 – Occupancy Costs

During 2017, the District renewed its lease with the Town of Winter Park for a term of 60 months. The lease agreement requires the Town to provide office space to the District in the Town's office facility through 2022. The annual lease payments to the Town are \$72,000. The lease stipulates that the Town can receive from the District one water and one sewer tap every six months currently valued at \$18,000 in lieu of paying rent to the Town. If tap fee rates being charged by the District increase, at that point the annual rent amount being charged by the Town will be recalculated.

Note 9 – Deferred compensation plan

Employees of the District may participate in a deferred compensation plan adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying income taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

In accordance with Internal Revenue Code Section 457(b), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the years ended December 31, 2019 and 2018, \$38,500 and \$37,015, respectively, was deferred at the request of the plan participants and remitted to the trustee on their behalf.

Grand County Water and Sanitation District No. 1

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 10 – Risk management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years.

Note 11 – Tax, spending and debt limitations

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

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

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). 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 qualification as an Enterprise will require judicial interpretation.

During 1998, the District's voters authorized the District to collect, retain and expend all revenues derived from water and sewer rates, fees, tolls, and charges and tap fees, property taxes, state grants and all other sources during the year 1996 and each year thereafter notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution provided that no property tax rate or mill levy shall be increased without voter approval.

SUPPLEMENTAL INFORMATION

Grand County Water and Sanitation District No. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL - BUDGETARY BASIS

WATER FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 592,000	\$ 668,242	\$ 76,242
Reservoir water storage sales	-	2,737	2,737
Property taxes	148,921	148,188	(733)
Specific ownership taxes	25,000	14,410	(10,590)
Net investment income	25,000	87,205	62,205
Tap fees	135,000	378,753	243,753
Other income	5,000	13,978	8,978
Total revenues	930,921	1,313,513	382,592
Expenditures			
Administrative			
Salaries	92,300	82,297	10,003
Benefits and taxes	41,850	28,670	13,180
County Treasurer's fees	7,446	7,421	25
Directors fees and meetings	3,450	3,363	87
Engineering	110,000	215,121	(105,121)
Legal	155,000	169,501	(14,501)
Audit	3,500	3,485	15
Insurance	34,000	32,254	1,746
Supplies and expense	65,500	83,296	(17,796)
Total administrative	513,046	625,408	(112,362)

Grand County Water and Sanitation District No. 1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL - BUDGETARY BASIS**

**WATER FUND
(continued)**

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Maintenance			
Salaries	96,000	78,296	17,704
Benefits and taxes	43,200	31,329	11,871
Vehicle expenses	5,500	4,923	577
Utilities	60,000	51,614	8,386
Existing facilities maintenance	500,000	20,158	479,842
Outside services - testing	40,000	14,726	25,274
Maintenance and repairs	95,000	44,483	50,517
Supplies and expense	53,000	59,496	(6,496)
Total maintenance	<u>892,700</u>	<u>305,025</u>	<u>587,675</u>
Capital outlay	1,332,000	405,512	926,488
Emergency reserve	735,539	-	735,539
Total expenditures	<u>3,473,285</u>	<u>1,335,945</u>	<u>2,137,340</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,542,365)</u>	<u>(22,432)</u>	<u>2,519,933</u>
Funds available - beginning of year	<u>2,542,365</u>	<u>3,455,249</u>	<u>912,884</u>
Funds available - end of year	<u>\$ -</u>	<u>\$ 3,432,817</u>	<u>\$ 3,432,817</u>

Grand County Water and Sanitation District No. 1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL - BUDGETARY BASIS**

SEWER FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 700,000	\$ 775,606	\$ 75,606
Property taxes	148,921	148,188	(733)
Specific ownership taxes	25,000	14,410	(10,590)
Net investment income	25,000	111,782	86,782
Tap fees	135,000	378,753	243,753
Miscellaneous income	5,000	1,504,043	1,499,043
Total revenues	1,038,921	2,932,782	1,893,861
Expenditures			
Administrative			
Salaries	92,300	82,297	10,003
Benefits and taxes	41,850	28,669	13,181
County Treasurer's fees	7,446	7,421	25
Directors fees meetings	3,450	3,363	87
Engineering	50,000	35,916	14,084
Legal	52,000	41,791	10,209
Audit	3,500	3,485	15
Insurance	34,000	32,254	1,746
Supplies and expense	43,900	35,472	8,428
Total administrative	328,446	270,668	57,778

Grand County Water and Sanitation District No. 1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL - BUDGETARY BASIS**

SEWER FUND

(continued)

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Maintenance			
Salaries	96,000	78,296	17,704
Benefits and taxes	43,200	32,714	10,486
Vehicle expenses	3,000	4,558	(1,558)
Utilities	1,000	983	17
Existing facilities maintenance	50,000	53	49,947
Outside services - testing	1,500	961	539
Maintenance and repairs	5,000	4,791	209
Sewer plant management	405,976	344,378	61,598
Supplies and expense	8,000	1,385	6,615
Total maintenance	<u>613,676</u>	<u>468,119</u>	<u>145,557</u>
Capital outlay	5,520,810	1,835,087	3,685,723
Emergency reserve	735,539	-	735,539
Total expenditures	<u>7,198,471</u>	<u>2,573,874</u>	<u>4,624,597</u>
Excess (deficit) of revenues over (under) expenditures	<u>(6,159,551)</u>	<u>358,908</u>	<u>6,518,459</u>
Funds available - beginning of year	<u>6,159,551</u>	<u>5,088,326</u>	<u>(1,071,225)</u>
Funds available - end of year	<u>\$ -</u>	<u>\$ 5,447,234</u>	<u>\$ 5,447,234</u>

Grand County Water and Sanitation District No. 1

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2019

Revenues (budgetary basis)	\$ 4,246,295
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>4,246,295</u>
Expenditures (budgetary basis)	3,909,819
Unrealized losses	(8,650)
Depreciation and amortization	539,757
Capital outlay	<u>(2,240,599)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>2,200,327</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 2,045,968</u></u>