



Carter Lake Filter Plant

Financial Statements
and Supplementary Information
For the Years Ended December 31, 2019 and 2018



Carter Lake Filter Plant

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Independent Auditor's Report

Board of Directors
Carter Lake Filter Plant
Berthoud, Colorado

We have audited the accompanying financial statements of the Carter Lake Filter Plant (the "Plant") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carter Lake Filter Plant as of December 31, 2019 and 2018, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

The COVID-19 outbreak in 2020, see Note 10, has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plant's basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

ACM LLP

Greeley, Colorado
March 11, 2020

Carter Lake Filter Plant Management's Discussion and Analysis Years Ended December 31, 2019 and 2018

Carter Lake Filter Plant (the "Plant") is jointly owned by the Little Thompson Water District and Central Weld County Water District (collectively, the "Districts"). Management's Discussion and Analysis ("MD&A") is designed to provide an analysis of the Plant's financial condition and operating results and to also inform the reader on Plant financial issues and activities.

The MD&A should be read in conjunction with the Plant's basic financial statement (beginning on page 7).

2019 Highlights - Business-Type Activities

- As of December 31, 2019, net position was \$6,793,587, a decrease of \$456,490, or 6.3%, when compared to December 31, 2018.
- Water treatment revenues decreased to \$2,459,893 during 2019, which was \$182,880, or 6.9%, less than 2018, due to a decrease in water usage.
- Total operating expenses were \$3,025,922 or an increase of \$399,499, or 15.2%, more in 2019 when compared to 2018.
- Net capital assets were \$6,174,872 in 2019 compared to \$6,435,930 in 2018 for a decrease of \$261,058 or 4.0%.
- The Plant has no long-term debt.

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the Plant's basic financial statements include:

Statements of Net Position - reports the Plant's current financial resources (short-term spendable resources) with capital assets and long-term obligations (if any). (See page 7).

Statements of Revenues, Expenses and Changes in Net Position - reports the Plant's operating and, where applicable, non-operating revenues, by major source along with the related expenses and capital contributions. (See page 8).

Statements of Cash Flows - reports the Plant's cash flows from operating, investing, capital and non-capital activities. (See page 9).

Carter Lake Filter Plant
Management's Discussion and Analysis
Years Ended December 31, 2019 and 2018

The net position of the Plant decreased to \$6,793,287 during 2019, or a 6.7% decrease from 2018.

<i>December 31,</i>	2019	2018	2017
Current assets	\$ 927,084	\$ 1,071,913	661,490
Capital assets - net	6,174,872	6,435,930	\$ 6,597,135
Total assets	7,101,956	7,507,843	7,258,625
Current liabilities	308,369	257,766	35,539
Total liabilities	308,369	257,766	35,539
Net position			
Net investment in capital assets	6,174,872	6,435,930	6,597,135
Unrestricted	618,715	814,147	625,951
Total net position	\$ 6,793,587	\$ 7,250,077	\$ 7,223,086

<i>Year Ended December 31,</i>	2019	2018	2017
Operating revenues:			
Water treatment charges	\$ 2,459,893	\$ 2,642,773	\$ 2,245,868
Other income	15,003	7,048	14,834
Non-operating revenues (expenses)			
Insurance proceeds	252,989	-	58,093
Gain (loss) on disposal of capital assets	(161,561)	-	1,000
Earnings on investments	3,108	3,593	\$ 886
Total revenues	\$ 2,569,432	\$ 2,653,414	\$ 2,320,681

Operating expenses, excluding depreciation expense, increased \$393,571 or 14.2%, from 2018 to 2019, due to chemical costs, maintenance expenses, and employee earnings.

<i>Year Ended December 31,</i>	2019	2018	2017
Operating expenses:			
Plant operations	\$ 2,765,636	\$ 2,372,065	\$ 2,248,613
Depreciation	260,286	254,358	253,669
Total expenses	\$ 3,025,922	\$ 2,626,423	\$ 2,502,282

**Carter Lake Filter Plant
Management's Discussion and Analysis
Years Ended December 31, 2019 and 2018**

The following is a summary of capital assets of the Plant:

<i>December 31,</i>	2019	2018	2017
Land	\$ 5,000	\$ 5,000	\$ 5,000
Filter plant	10,730,795	10,965,233	10,879,614
Storage tanks	899,151	899,151	899,151
Vehicles and equipment	283,414	140,924	150,390
Other	245,814	245,814	245,814
Total capital assets	12,164,174	12,256,122	12,179,969
Less: accumulated depreciation	(5,989,302)	(5,820,192)	(5,582,834)
Total capital assets	\$ 6,174,872	\$ 6,435,930	\$ 6,597,135

Capital Contributions

The Plant had no capital contributions for the years ended 2019 and 2018.

Debt and Other Financial Obligations

The Plant has no outstanding debt as of December 31, 2019.

Capital Improvement Program

The Plant's long-range plan revolves around the Plant's Utility Plan approved and developed in 2019, which is based upon demand and regulation of water quality.

**Carter Lake Filter Plant
Management's Discussion and Analysis
Years Ended December 31, 2019 and 2018**

The following table sets forth a summary of the Plant's capital projects completed between 1974 and 2019.

Capital Projects Summary (Funded Projects) 1974-2019

	Year	Cost
Storage Tanks	1980	\$ 893,703
Filter Plant Controls	1990	429,812
Various Small Improvements	1974-1992	352,583
South Filter Plant	1995	5,309,297
Control Systems Upgrade	1999	112,758
South Filter Plant Expansion	2001	4,767,427
1999 GMC Pickup	2007	12,798
Analytical Instruments	2009	14,154
Trailer	2012	8,399
Construction in Progress- South Plant Control System	2013	206,354
2005 Kawasaki Mule	2013	5,525
Irrigation Equipment	2013	6,050
Cartridge Dust Collector	2013	15,340
Membrane Rack Rebuild	2016	33,401
Upgrade of Security System	2017	9,569
Pump Repairs/Replacements, Chemical Feeder Upgrade/Repair	2018	85,619
Lawn Mower	2018	7,534
MF Tractor	2019	93,179
2019 GMC Pickup	2019	32,188
CIP Tank Heater	2019	17,650
Pump Repair	2019	7,500
Lab Instruments	2019	5,450
Snow Plow	2019	6,820
Grand Total		\$12,433,110

Financial Contact

The Plant's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the Plant's finances and to demonstrate the Plant's accountability. If you have any questions about the report or need additional financial information please contact the Carter Lake Filter Plant staff, at 7100 West County Road 8E, Berthoud, Colorado 80513.

Basic Financial Statements

Carter Lake Filter Plant

Statements of Net Position

<i>December 31,</i>	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 348,411	\$ 499,228
Accounts receivable from participants	341,810	217,333
Prepaid items	-	108,298
Inventory of chemicals	236,863	247,054
Total current assets	927,084	1,071,913
Capital assets - net	6,174,872	6,435,930
Total assets	7,101,956	7,507,843
Liabilities		
Current liabilities		
Accounts payable	267,668	238,846
Accrued expenses	40,701	18,920
Total current liabilities	308,369	257,766
Net position		
Net investment in capital assets	6,174,872	6,435,930
Unrestricted	618,715	814,147
Total net position	\$ 6,793,587	\$ 7,250,077

See accompanying notes to financial statements.

Carter Lake Filter Plant

Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended December 31,</i>	2019	2018
Operating revenues		
Water treatment charges	\$ 2,459,893	\$ 2,642,773
Other operating revenue	15,003	7,048
Total operating revenues	2,474,896	2,649,821
Operating expenses		
Plant operations	2,765,636	2,372,065
Depreciation	260,286	254,358
Total operating expenses	3,025,922	2,626,423
Operating income (loss)	(551,026)	23,398
Non-operating income		
Gain on disposal of capital assets	91,428	-
Earnings on investments	3,108	3,593
Total non-operating income	94,536	3,593
Changes in net position	(456,490)	26,991
Net position at beginning of year	7,250,077	7,223,086
Net position at end of year	\$ 6,793,587	\$ 7,250,077

See accompanying notes to financial statements.

Carter Lake Filter Plant

Statements of Cash Flows

Years Ended December 31,	2019	2018
Cash flows from operating activities		
Cash received from customers	\$ 2,335,416	\$ 2,565,750
Cash paid to employees	(918,906)	(827,225)
Cash paid to suppliers	(1,677,638)	(1,415,426)
Other operating income	15,003	7,048
Net cash flows from operating activities	(246,125)	330,147
Cash flows from investing activities		
Insurance proceeds	252,989	-
Earnings on investments	3,108	3,593
Net cash flows from investing activities	256,097	3,593
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	2,000	-
Acquisition and construction of capital assets	(162,789)	(93,153)
Net cash flows from capital and related financing activities	(160,789)	(93,153)
Net change in cash and cash equivalents	(150,817)	240,587
Cash and cash equivalents at beginning of year	499,228	258,641
Cash and cash equivalents at end of year	\$ 348,411	\$ 499,228
Reconciliation of operating gain (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (551,026)	\$ 23,398
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	260,286	254,358
Changes in operating assets and liabilities:		
Accounts receivable from participants	(124,477)	(77,023)
Prepaid items	108,298	(2,819)
Inventory of chemicals	10,191	(89,994)
Accounts payable	28,822	224,013
Accrued expenses	21,781	(1,786)
Net cash flows from operating activities	\$ (246,125)	\$ 330,147

See accompanying notes to financial statements.

Carter Lake Filter Plant

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Carter Lake Filter Plant (the “Plant”) is jointly owned by the Little Thompson Water District and Central Weld County Water District (collectively, the “Districts”). In conformity with accounting principles generally accepted in the United States (“GAAP”) issued by the Governmental Accounting Standards Board (“GASB”), the Plant is the reporting entity for financial reporting purposes. The Plant is the lowest level of government having financial accountability and control to provide water filtration service within the political subdivision identified as the Carter Lake Filter Plant. The financial statements of the Plant include all funds that are controlled by, or dependent upon, the participant owners. The accounts of the Plant are organized on the basis of a proprietary fund. The operations of the Plant are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The more significant of the Plant’s accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government

Based on the above criteria, there are no other organizations that would be considered component units of the Plant.

Basic Financial Statements

The Plant is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

Proprietary funds are accounted for on a full accrual basis using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues are recorded in the accounting period in which they are earned and become measurable; expenses are recorded in the period in which they are incurred and become measurable. Net position is segregated into net investment in capital assets, restricted and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Carter Lake Filter Plant

Notes to Financial Statements

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with Colorado state statutes. The budget is prepared on a basis consistent with GAAP, except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the Plant staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular meetings of the Board to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.
5. Budgeted amounts are reported in the accompanying financial statements as originally adopted and as amended by the Board throughout the year.

The following is a summary of the original budget, total revisions, and revised budget for fiscal year 2019:

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	\$ 2,532,474	\$ 269,298	\$ 2,801,772

Cash Equivalents

The Plant considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value.

Accounts Receivable from Participants and Allowance for Doubtful Accounts

The Plant’s receivables are due from owners of the Plant. No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the Plant originate from charges to the owners of the Plant, and thus, bad debts are deemed unlikely.

Inventory

Inventories, primarily consisting of chemicals, are shown in the financial statements at cost, using the first-in first-out method of accounting.

Carter Lake Filter Plant

Notes to Financial Statements

Capital Assets

Capital assets purchased with Plant reserves or contributed with an original cost or fair value of \$5,000 or more are capitalized using historical cost or fair value. Costs for capital items that are reimbursed by the Districts are recorded in the financial statements of the Districts and depreciated using lives and methods deemed appropriate by the Districts. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used for individual components of capital assets are as follows:

	Estimated useful life
Filter plant	20 - 50 years
Storage tanks	20 - 50 years
Vehicles and equipment	5 - 10 years
Other	10 - 50 years

Compensated Absences

Obligations associated with the Plant's vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amounts of the accrued and unpaid balance due under this policy are considered a current liability. The Plant's liability for accrued compensated absences was \$43,699 and \$5,837 at December 31, 2019 and 2018, respectively, which are included in accrued expenses in the accompanying Statements of Net Position.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation of these assets reduces this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the Plant, which is not restricted for any project or other purpose. A deficit will require future funding.

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

Revenue Recognition

Revenues are recognized when earned. The Plant's meters are read and billed monthly. At December 31, 2019 and 2018, there were no unbilled accounts receivables.

Carter Lake Filter Plant

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2019 and 2018, the Plant had deposits with a financial institution with a carrying amount of \$165,064 and \$181,252, respectively. The bank balances with the financial institution was \$147,974 and \$218,195, respectively. These amounts were covered by federal depository insurance.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Plant's policy is to hold investments until maturity.

Interest Rate Risk

The Plant does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the Plant adheres to state statutes. CRS limits investment maturities to five years or less from the date of purchase.

Carter Lake Filter Plant

Notes to Financial Statements

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Plant's deposits may not be returned to it. The Plant does not have a deposit policy for custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through the PDPA. As of December 31, 2019 and 2018, the Plant's bank balances were not exposed to custodial credit risk.

Local Government Investment Pool

At December 31, 2019 and 2018, the Plant had invested \$183,215 and \$317,697, respectively, 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 Commission 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. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Cash and cash equivalents held by the Plant were as follows:

December 31,	2019	2018
Cash on hand	\$ 132	\$ 279
Cash on deposit with financial institution	165,064	181,252
Local government investment pool	183,215	317,697
Total cash and cash equivalents	\$ 348,411	\$ 499,228

Carter Lake Filter Plant

Notes to Financial Statements

3. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets, not being	5,000	-	-	5,000
Capital assets, being depreciated:				
Filter plant	10,965,233	7,500	(241,938)	10,730,795
Storage tanks	899,151	-	-	899,151
Vehicles and equipment	140,924	155,289	(12,799)	283,414
Other	245,814	-	-	245,814
Total capital assets being depreciated	12,251,122	162,789	(254,737)	12,159,174
Less: accumulated depreciation	(5,820,192)	(260,286)	91,176	(5,989,302)
Total capital assets, being depreciated, net	6,430,930	(97,497)	(163,561)	6,169,872
Total capital assets, net	\$ 6,435,930	\$ (97,497)	\$ (163,561)	\$ 6,174,872

The following is a summary of capital assets activity for the year ended December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets, not being depreciated	5,000	-	-	5,000
Capital assets, being depreciated:				
Filter plant	10,879,614	85,619	-	10,965,233
Storage tanks	899,151	-	-	899,151
Vehicles and equipment	150,390	7,534	(17,000)	140,924
Other	245,814	-	-	245,814
Total capital assets being depreciated	12,174,969	93,153	(17,000)	12,251,122
Less: accumulated depreciation	(5,582,834)	(254,358)	17,000	(5,820,192)
Total capital assets, being depreciated, net	6,592,135	(161,205)	-	6,430,930
Total capital assets, net	\$ 6,597,135	\$ (161,205)	\$ -	\$ 6,435,930

Carter Lake Filter Plant

Notes to Financial Statements

4. Risk Management

The Plant is a member of the Colorado Special Districts Property and Liability Pool (“CSDPLP”). The Plant has joined together with other special purpose districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for member filter plants. The Plant pays annual contributions for its property and casualty insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members’ claims in excess of specified self-insurance retention.

At December 31, 2018 (the most current audited financial statements) CSDPLP has total admitted assets of \$63,918,422, liabilities of \$39,345,647, and unassigned surplus of \$24,572,775. The liability amount includes no long-term debt. Total revenue for 2018 amounted to \$20,983,559, investment income of \$898,330 and total expenses were \$22,973,705 resulting in a net loss of \$1,091,816. The amount of the Plant’s share of these amounts is less than 1%.

5. Contingencies

Self-Insurance

The Plant is self-insured for property and liability insurance. As discussed in Note 4, the Plant is a member of the CSDPLP. The CSDPLP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CSDPLP has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs.

The ultimate liability to the Plant resulting from claims not covered by CSDPLP is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Plant.

6. Related Party Transactions

As described in Note 1, the Plant is owned by the Little Thompson Water District and Central Weld County Water District. Substantially all of the revenue of the Plant is derived from the two owners. Therefore, the Plant’s operations are economically dependent on the continued utilization of the Plant’s facilities by these two districts.

Carter Lake Filter Plant

Notes to Financial Statements

The following revenues were billed to the participant Districts:

Year Ended December 31,	2019	2018
Operating revenues:		
Little Thompson Water District	\$ 1,129,427	\$ 1,034,579
Central Weld County Water District	1,330,466	1,608,194
Total operating revenue	\$ 2,459,893	\$ 2,642,773

Year Ended December 31,	2019	2018
Accounts receivable from participants		
Little Thompson Water District	\$ 163,982	\$ 93,478
Central Weld County Water District	177,828	123,855
Accounts receivable from participants	\$ 341,810	\$ 217,333

7. TABOR Compliance

In November 1992, Colorado voters passed an amendment (“TABOR” or the “Amendment”) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the Plant under specified voting requirements by the entire electorate.

The Plant believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions require judicial interpretation.

8. Deferred Compensation Pension Plan

The Plant offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the “Plan”). The Plan, available to all Plant employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Plan complies with Section 457 of the Internal Revenue Code, whereby, trust provisions are incorporated so that plan assets are held to trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31, 2019, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

9. Colorado Local Government Budget Laws

Colorado local government budget laws state that a government may not expend any moneys in excess of the amount appropriated by resolution. Expenditures exceeded their appropriations by \$126,653, which may be a violation of Colorado local government budget laws.

Carter Lake Filter Plant

Notes to Financial Statements

10. Subsequent Events

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the Plant’s operational and financial performance will be affected is also uncertain. Therefore, while the Plant expects this matter to negatively impact their business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

The Plant evaluated subsequent events through March 11, 2020 the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure.

Supplementary Information

Carter Lake Filter Plant
(With Summarized Prior Year Information)

Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis)

Years Ended December 31,	Budgeted Amounts		2019		2018	
			Actual Amounts	Variance with Final Budget	Actual Amounts	
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis	
Revenues and contributions:						
Water treatment charges	\$ 2,465,723	\$ 2,465,723	\$ 2,459,893	\$ (5,830)	\$ 2,642,773	
Other revenues	215	215	109,539	109,324	10,641	
Total revenues and contributions	2,465,938	2,465,938	2,569,432	103,494	2,653,414	
Expenditures:						
Salaries and fringe benefits	1,035,646	925,827	940,687	(14,860)	825,439	
Chemicals	781,223	791,029	797,883	(6,854)	857,668	
Utilities	208,905	208,736	203,699	5,037	203,776	
Insurance	108,500	108,042	108,312	(270)	105,345	
Maintenance, fuel and supplies	228,709	470,762	547,639	(76,877)	235,200	
Professional services	88,776	101,891	106,074	(4,183)	55,316	
Water quality analysis	37,415	32,257	25,821	6,436	50,535	
Administrative and office	23,500	23,470	19,465	4,005	20,887	
Training	8,400	7,020	5,225	1,795	5,105	
Communications	11,400	10,050	9,195	855	11,185	
Board expenses	-	-	1,636	(1,636)	1,609	
Subtotal	2,532,474	2,679,084	2,765,636	(86,552)	2,372,065	
Capital expenditures	-	122,688	162,789	(40,101)	93,153	
Total budgeted expenditures	2,532,474	2,801,772	2,928,425	(126,653)	2,465,218	
Changes in net position, budgetary basis	\$ (66,536)	\$ (335,834)	(358,993)	\$ (23,159)	188,196	
Reconciling items (converting from budgetary to GAAP basis)						
Capital asset expenditures			162,789		93,153	
Depreciation			(260,286)		(254,358)	
Changes in net position - GAAP basis			\$ (456,490)		\$ 26,991	

See accompanying Independent Auditor's Report.