

EAST JEFFERSON COUNTY SANITATION DISTRICT

Financial Statements

With

Independent Auditor's Report

December 31, 2020 and 2019

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Jefferson County Sanitation District

We have audited the accompanying financial statements of the business-type activities of East Jefferson County Sanitation District as of and for the year ended December 31, 2020 and 2019, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the East Jefferson County Sanitation District as of December 31, 2020 and 2019, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion 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 sufficient evidence to express an opinion or provide any assurance.

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



Longmont, Colorado
July 13, 2021

Management's Discussion and Analysis

EAST JEFFERSON COUNTY SANITATION DISTRICT
7100 W. 44th Ave., #104
Wheat Ridge, CO 80033

Management's Discussion and Analysis

Introduction

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

Because this discussion and analysis is intended to focus on the 2020 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District

The audited financial statements of the District are:

Statement of Net position
Statement of Revenues, Expenses, and Changes in Net position
Statement of Cash Flows
Notes to Financial Statements

These statements are on pages 7 through 16. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 17 and schedule of expenses by function on page 18 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

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

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

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

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

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

**Condensed Comparative Financial Information
Statements of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Cash and cash equivalents	\$ 2,022,133	\$ 1,125,209	\$ 691,550
Other current assets	487,543	540,831	485,191
Total Current Assets	<u>2,509,676</u>	<u>1,666,040</u>	<u>1,176,741</u>
Non Current Assets			
Capital assets - net	<u>1,159,591</u>	<u>1,200,449</u>	<u>1,223,946</u>
Total Assets	<u>3,669,267</u>	<u>2,866,489</u>	<u>2,400,687</u>
Current Liabilities	<u>164,643</u>	<u>70,332</u>	<u>71,235</u>
Total Liabilities	<u>164,643</u>	<u>70,332</u>	<u>71,235</u>
Deferred Inflow of Resources	<u>51,154</u>	<u>29,882</u>	<u>47,961</u>
Net Position			
Net investment in capital assets	1,159,591	1,200,449	1,223,946
Restricted	1,600	1,613	1,613
Unrestricted	<u>2,292,279</u>	<u>1,544,213</u>	<u>1,055,932</u>
Total Net Position	<u>\$ 3,453,470</u>	<u>\$ 2,746,275</u>	<u>\$ 2,281,491</u>

Statements of Revenue, Expenses, and Change in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 1,414,643	\$ 1,119,573	\$ 1,105,863
Operating Expenses	<u>1,145,414</u>	<u>111,055</u>	<u>941,666</u>
Operating Loss	269,229	343,518	184,197
Non Operating Revenues (Expenses)	<u>137,966</u>	<u>116,266</u>	<u>209,369</u>
Change In Net Position	707,195	464,784	373,566
Net Position, beginning of year	<u>2,746,275</u>	<u>2,281,491</u>	<u>1,907,925</u>
Net Position, end of year	<u>\$ 3,453,470</u>	<u>\$ 2,746,275</u>	<u>\$ 2,281,491</u>

Statements of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash from (for) Operating Activities	\$ 458,958	\$ 333,421	\$ 194,528
Cash from Non Capital Financing Activities	429,997	97,985	200,518
Cash from (for) Capital Financing Activities	-	(16,028)	(46,399)
Cash from (for) Investing Activities	7,969	18,281	8,851
Increase (Decrease)	896,924	433,659	357,498
Cash, beginning of year	1,125,209	691,550	334,052
Cash, end of year	<u>2,022,133</u>	<u>1,125,209</u>	<u>691,550</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results

Net position increased from \$2,746,275 in 2019 to \$3,453,470 in 2020, a difference of \$707,195 due to revenues exceeding expenses by that amount. For 2020 the District has a net asset reserve for emergencies established by the Board of Directors in the amount of \$1,600.

Net capital assets decreased \$40,858 in 2020. The District's liabilities at December 31, 2020 increased \$94,311 from those at December 31, 2019. The change related primarily to the timing of payments.

The District's 2020 operating revenues increased \$295,070 over 2019. The increase in revenue is mainly a result of increased connection fees for other Districts in 2020.

The District's operating expenses increased by \$374,359 in 2020. The increase in operating expenses was due to higher connection fees paid to Metro Wastewater Reclamation District.

Cash Flows

Cash and cash equivalents increased by \$896,924 in 2020. For more information about these changes in net position, the operating activities, and cash flows see the accompanying audited financial statements beginning on page 7.

Budgetary Discussion

Actual revenues were \$123,505 more than the 2020 budget, primarily due to higher than anticipated connection fees and developer contributions. Actual expenditures were \$276,686 less than budgeted expenditures primarily due to contingency expenses not being required.

Capital Asset and Long-Term Debt Discussion

The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements – *Summary of Significant Accounting Policies – Capital Assets* on page 12 and Note 4 of Notes to Financial Statements – *Capital Assets* on page 15.

The District has no capital asset activities programs in process. The District has no long-term debt.

Other

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

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be address to the District at 7100 W. 44th Ave., #104, Wheat Ridge, CO 80033.

Basic Financial Statements

East Jefferson County Sanitation District
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,022,133	\$ 1,125,209
Prepaid expenses	6,426	5,163
Accounts receivable	429,963	344,240
Due from Metro Wastewater	-	141,546
Property taxes receivable	51,154	49,882
Total Current Assets	2,509,676	1,666,040
Noncurrent Assets		
Capital Assets		
Depreciable		
Sewer lines, extensions and inclusions	1,786,036	1,786,036
Office equipment	27,822	27,822
Total Capital Assets	1,813,858	1,813,858
Less: Accumulated depreciation	(654,267)	(613,409)
Net Capital Assets	1,159,591	1,200,449
Total Noncurrent Assets	1,159,591	1,200,449
Total Assets	3,669,267	2,866,489
Liabilities		
Current Liabilities		
Accounts payable	123,349	25,412
Accrued expenses	36,901	44,920
Due to Metro Wastewater	4,393	-
Total Current Liabilities	164,643	70,332
Deferred Inflows of Resources		
Deferred property taxes	51,154	49,882
Total Deferred Inflows of Resources	51,154	49,882
Net Position		
Net investment in capital assets	1,159,591	1,200,449
Restricted for emergencies	1,600	1,613
Unrestricted	2,292,279	1,544,213
Total Net Position	\$ 3,453,470	\$ 2,746,275

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sewage treatment revenue	\$ 1,025,176	\$ 1,048,017
Grease trap fees	6,661	9,298
Metro connection fees	373,240	46,970
Inspection fees	4,040	3,650
Other Income	5,526	11,638
Total Operating Revenues	<u>1,414,643</u>	<u>1,119,573</u>
 Operating Expenses		
Sewage treatment:	510,331	457,567
Collection and transmission	487,343	156,754
General and administration	106,882	117,209
Depreciation	40,858	39,525
Total Operating Expenses	<u>1,145,414</u>	<u>771,055</u>
 Operating Income (Loss)	<u>269,229</u>	<u>348,518</u>
 Nonoperating Revenues (Expenses)		
Property taxes	49,493	47,686
Specific ownership taxes	3,824	4,155
Investment income	7,969	18,281
Connection fees	377,580	46,970
County treasurer fees	(900)	(826)
Total Nonoperating Revenues (Expenses)	<u>437,966</u>	<u>116,266</u>
 Change In Net Position	707,195	464,784
Net Position, beginning of year	<u>2,746,275</u>	<u>2,281,491</u>
Net Position, end of year	<u><u>\$ 3,453,470</u></u>	<u><u>\$ 2,746,275</u></u>

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,470,466	\$ 1,066,900
Cash paid to suppliers	(1,011,508)	(733,479)
Net cash provided (used) by operating activities	458,958	333,421
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	53,317	51,841
Fee paid to county treasurer	(900)	(826)
Cash received from connection charges	377,580	46,970
Net cash provided (used) by non-capital financing activities	429,997	97,985
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	-	(16,028)
Net cash provided (used) in capital and related financing activities	-	(16,028)
Cash Flows From Investing Activities		
Investment income received	7,969	18,281
Net cash provided (used) by investing activities	7,969	18,281
Net increase (decrease) in cash and cash equivalents	596,924	433,659
Cash and cash equivalents, beginning of year	1,125,209	691,550
Cash and cash equivalents, end of year	\$ 2,022,133	\$ 1,125,209
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ 269,229	\$ 348,518
Adjustments to reconcile operating loss to cash provided / (used) by operating activities:		
Depreciation and amortization	40,858	39,525
Changes in assets and liabilities:		
Prepaid expenses	(1,263)	(1,046)
Accounts receivable	(85,773)	(36,587)
Due to / from Metro Wastewater	145,939	(16,036)
Accounts payable	97,937	(5,982)
Other accrued liabilities	(8,019)	5,079
Net Cash Provided (Used) by Operating Activities	\$ 458,958	\$ 333,421

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies

East Jefferson County Sanitation District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide sanitation services to its service area located in Jefferson County, Colorado. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are provided below:

Financial Reporting Entity

The District follows all pronouncements issued by the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organization 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.

Basis of Presentation

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

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

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

**East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

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

Budgets and Budgetary Accounting

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

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

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

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2020.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by Jefferson County and are remitted to the District monthly. Property taxes, which are due to be paid in the next period, and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources.

East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Connection Fees

The District charges a connection fee for new customers connecting to the District's system. Connection fees retained by the District are reported as non-operating revenues. Connection fees paid collected on behalf of other districts are reported as operating revenues and operating expenses.

Assets and Liabilities

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

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

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

Sewer lines	40 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years

Deferred Outflows / Inflows of Resources

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

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies (Continued)

c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or net investment in capital assets.” These net positions are available for future operations or distributions.

Cash Equivalents

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

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2020, and 2019, the District's cash deposits had a carrying balance of \$21,537 and \$161,249, and a corresponding bank balance of \$21,475 and \$161,370, of which \$250,000 and \$161,370 was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had \$17,475 and \$0 collateralized under PDPA at December 31, 2020 and 2019, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, and 2019, none of the District's bank deposits were exposed to custodial credit risk.

**East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest. The District's investment policy conforms to state statute. Below is a list of investments authorized by Colorado statute:

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

At December 31, 2020 and 2019, the District had \$1,600,489 and \$963,853, respectively, invested in COLOTRUST which are investment vehicles established for 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 any security allowed under CRS 24-75-601. 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 and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

A summary of cash and investments at December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 107	\$ 107
Cash deposits	421,537	161,249
COLOTRUST	<u>1,600,489</u>	<u>963,853</u>
Total cash and cash equivalents	<u>\$ 2,022,133</u>	<u>\$ 1,125,209</u>

East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2020 and 2019, was comprised of the following:

	<u>2020</u>	<u>2019</u>
Fees for services	\$ 408,567	\$ 328,062
Other receivables	20,927	15,819
Cash at the County Treasurer	475	359
Allowance for doubtful accounts	-	-
Total	<u>\$ 429,963</u>	<u>\$ 344,240</u>

Note 4 Capital Assets

A summary of changes to capital assets for 2020 is as follows:

	<u>Balance at</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2020</u>
Depreciable				
Sewer lines, extensions and inclusions	1,786,036	-	-	1,786,036
Office equipment	27,822	-	-	27,822
Total Depreciable	<u>1,813,858</u>	<u>-</u>	<u>-</u>	<u>1,813,858</u>
TOTAL	<u>1,813,858</u>	<u>-</u>	<u>-</u>	<u>1,813,858</u>
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(613,409)	(40,858)	-	(654,267)
Total Accumulated Depreciation	<u>(613,409)</u>	<u>(40,858)</u>	<u>-</u>	<u>(654,267)</u>
Net Capital Assets	<u>\$ 1,200,449</u>	<u>\$ (40,858)</u>	<u>\$ -</u>	<u>\$ 1,159,591</u>

	<u>Balance at</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2019</u>
Depreciable				
Sewer lines, extensions and inclusions	1,786,036	-	-	1,786,036
Office equipment	11,794	16,028	-	27,822
Total Depreciable	<u>1,797,830</u>	<u>16,028</u>	<u>-</u>	<u>1,813,858</u>
TOTAL	<u>1,797,830</u>	<u>16,028</u>	<u>-</u>	<u>1,813,858</u>
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(573,884)	(39,525)	-	(613,409)
Total Accumulated Depreciation	<u>(573,884)</u>	<u>(39,525)</u>	<u>-</u>	<u>(613,409)</u>
Net Capital Assets	<u>\$ 1,223,946</u>	<u>\$ (23,497)</u>	<u>\$ -</u>	<u>\$ 1,200,449</u>

Depreciation charged to expense by function was:

	<u>2020</u>	<u>2019</u>
Administrative and general	\$ 2,922	\$ 1,586
Collection and transmission	37,936	37,939
Total depreciation expense	<u>\$ 40,858</u>	<u>\$ 39,525</u>

East Jefferson County Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 5 Tax, Spending, and Debt Limitation

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

The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. The District has established an emergency reserve of \$1,600 and \$1,613 as of December 31, 2020 and 2019, respectively, to comply with Article X, Section 20 of the Colorado Constitution.

Note 6 Risk Management

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

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims that exceeded the District's commercial coverage in the last three years were \$0, \$0 and \$0 for the year ending December 31, 2020, 2019 and 2018, respectively.

Note 7 Reclassifications

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

Other Supplementary Information

East Jefferson County Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2020

	Original and Final Budget:	Actual	Variance Favorable (Unfavorable)
Revenues			
Connection fees - East JeCo	303,800	377,580	73,780
Connection fees -Metro	303,800	373,240	69,440
Inspection fees	3,500	4,040	540
Sewage treatment revenue	1,039,522	1,025,175	(14,346)
Grease trap fees	9,500	6,881	(2,619)
Property tax	49,882	49,493	(389)
Ownership tax	5,000	3,821	(1,179)
Interest income	10,000	7,969	(2,031)
Developer contributions	-	-	-
Other Income	5,000	5,528	528
Total Revenues	1,730,004	1,853,509	123,505
Expenditures			
Sewage Collection and Transmission			
Contract maintenance of lines	230,000	43,256	186,744
Line Repairs	5,000	40,370	(35,370)
Locates and inspections	30,000	30,477	(477)
Sewage Treatment	369,692	510,331	(140,639)
Sanitary Administration			
Administrative services	62,000	57,351	4,649
Auditing and accounting	4,500	4,500	-
Bank charges	1,000	880	320
County treasurer's fees	1,500	900	600
Directors' fees	6,000	5,700	300
Engineering	25,000	11,915	13,085
Insurance - general liability	5,000	5,418	(418)
Legal	7,500	6,538	962
Membership dues and meetings	1,200	968	232
Miscellaneous	500	248	252
Office supplies and equipment maintenance	8,000	3,094	4,906
Office sharing expenses	9,250	8,741	509
Payroll taxes	500	436	64
Telephone	1,200	993	207
Connection Fees - Metro	303,800	373,240	(69,440)
Contingency Expense	150,000	-	150,000
Capital Expenditures	160,000	-	160,000
Total Expenditures	1,382,142	1,105,456	276,686
Reconciliation to GAAP Basis			
Net income - Budgetary Basis		718,053	
Less Depreciation		(40,858)	
Net Income - GAAP Basis		<u>\$ 677,195</u>	

East Jefferson County Sanitation District
Schedule of Expenses by Function
For the Year Ended December 31, 2020 and 2019

Collection and Transmission Expense	<u>2020</u>	<u>2019</u>
Contract operations and maintenance	\$ 43,256	\$ 32,951
Locates and inspections	30,177	26,599
Repairs and maintenance	40,370	50,234
Metra connection fees	<u>373,240</u>	<u>46,970</u>
Subtotal	487,343	156,754
Depreciation	<u>37,936</u>	<u>37,939</u>
Total Collection and Transmission	<u><u>\$ 525,279</u></u>	<u><u>\$ 194,693</u></u>

General and Administrative Expense		
Administrative services	\$ 57,351	\$ 58,213
Auditing	4,800	4,500
Engineering	11,915	19,117
Bank charges	680	897
Directors' fees	5,700	5,200
Insurance	5,418	4,117
Legal	6,538	5,684
Membership dues and meetings	968	911
Miscellaneous expense	248	304
Office supplies and equipment maintenance	3,094	7,740
Office sharing expense	8,741	8,875
Taxes - payroll	436	398
Telephone	<u>993</u>	<u>953</u>
Subtotal	106,882	117,209
Depreciation	<u>2,922</u>	<u>1,586</u>
Total Collection and Transmission	<u><u>\$ 109,804</u></u>	<u><u>\$ 118,795</u></u>

The accompanying notes are an integral part of these financial statements