

WHEAT RIDGE 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
Wheat Ridge Sanitation District

We have audited the accompanying financial statements of the business-type activities of Wheat Ridge Sanitation District as of and for the years 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wheat Ridge Sanitation District as of December 31, 2020 and 2019, and the respective 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

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 Wheat Ridge 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information, as listed in the table of contents, 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 14, 2021

Management's Discussion and Analysis

WHEAT RIDGE SANITATION DISTRICT
7100 W. 44th Ave., #104
Wheat Ridge, CO 80033

Management's Discussion and Analysis

Introduction

The Wheat Ridge 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 18. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 19 and *Schedule of Expenses by Function* on page 20 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:

Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Cash and cash equivalents	\$ 2,941,177	\$ 1,064,124	\$ 161,665
Other current assets	1,675,630	2,915,658	3,081,417
Total Current Assets	<u>4,616,807</u>	<u>3,979,782</u>	<u>3,243,082</u>
Non Current Assets			
Capital assets – net	4,224,444	4,321,599	4,241,441
Total Assets	<u>8,841,251</u>	<u>8,301,381</u>	<u>7,484,523</u>
Current Liabilities	176,597	333,503	449,167
Total Liabilities	<u>176,597</u>	<u>333,503</u>	<u>449,167</u>
Deferred Inflows of Resources	<u>105,087</u>	<u>104,240</u>	<u>101,708</u>
Net Position			
Net investment in capital	4,224,444	4,321,599	4,241,441
Restricted	3,295	3,343	3,343
Unrestricted	4,331,828	3,538,696	2,688,864
Total Net Position	<u>\$ 8,559,567</u>	<u>\$ 7,863,638</u>	<u>\$ 6,933,648</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 2,575,510	\$ 2,752,162	\$ 2,092,700
Operating Expenses	2,334,719	2,583,132	2,158,476
Operating Income (Loss)	240,821	169,330	(65,776)
Non Operating Revenues (Expenses)	455,108	760,660	1,293,366
Change in Net Position	<u>695,929</u>	<u>929,990</u>	<u>1,227,590</u>
Net Position, Beginning of Year	7,863,638	6,933,648	5,706,058
Net Position, End of Year	<u>\$ 8,559,567</u>	<u>\$ 7,863,638</u>	<u>\$ 6,933,648</u>

Statement of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash from (for) Operating Activities	\$ 448,425	\$ 290,134	\$ (138,104)
Cash from Non Capital Financing Activities	410,161	673,114	613,653
Cash from (for) Capital and Related Financing Activities	(74,268)	(245,124)	(904,225)
Cash from (for) Investing Activities	1,092,735	184,335	34,956
Increase (Decrease)	<u>1,877,053</u>	<u>902,459</u>	<u>(393,720)</u>
Cash and Cash Equivalents, Beginning of Year	1,064,124	161,665	555,385
Cash and Cash Equivalents, End of Year	<u>\$ 2,941,177</u>	<u>\$ 1,064,124</u>	<u>\$ 161,665</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 \$7,863,638 in 2019 to \$8,559,567 in 2020, a difference of \$695,929 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 \$3,295.

Net capital assets decreased \$97,155 in 2020.

The District's Liabilities at December 31, 2020 decreased \$156,906 from those at December 31, 2019 relating primarily to the timing of payment.

The District's 2020 operating revenues decreased \$176,922 from 2019. The change in revenue is mainly a result of an decrease in connection fees collected on behalf of other districts.

The District's operating expenses decreased \$248,413 in 2020. This increase was caused by cost reduction efforts within the District that was offset by connection fees collected on behalf of other districts.

Net 2020 non-operating revenues before capital contributions had a \$305,552 decrease due primarily to a decrease in connection fees.

Cash Flows

Cash and cash equivalents for 2020 increased \$1,877,053. Cash and cash equivalents represent approximately 33% of the District's total net assets at December 31, 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 \$145,246 less than the 2020 budget, primarily due to lower than expected connection fees.

Actual expenditures were \$3,155,522 less than budgeted due to the District not requiring the use of all of the contingency expenditures, lower capital expenditures, and fewer connection fees.

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 1 and Note 4 of Notes to Financial Statements – *Capital Assets* on page 16.

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

Wheat Ridge Sanitation District
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,941,177	\$ 1,064,124
Investments	1,306,698	2,348,115
Prepaid expenses	12,696	6,741
Accounts receivable	243,687	219,713
Due from Metro Wastewater	-	222,996
Accrued interest	7,482	13,853
Property taxes receivable	105,087	104,240
Total Current Assets	4,616,807	3,979,782
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Construction in progress	110,697	36,429
Depreciable		
Sewer lines, extensions and inclusions	7,703,117	7,703,117
Office equipment	79,396	79,396
Leasehold improvements	2,824	2,824
Total Capital Assets	7,896,034	7,821,766
Less: Accumulated depreciation	(3,671,590)	(3,500,167)
Net Capital Assets	4,224,444	4,321,599
Total Noncurrent Assets	4,224,444	4,321,599
Total Assets	8,841,251	8,301,381
Liabilities		
Current Liabilities		
Accounts payable	112,278	284,077
Accrued expenses	874	918
Due to Metro Wastewater	14,936	-
Developer deposits	48,509	48,508
Total Current Liabilities	176,597	333,503
Deferred Inflows of Resources		
Deferred property taxes	105,087	104,240
Total Deferred Inflows of Resources	105,087	104,240
Net Position		
Net Investment in capital assets	4,224,444	4,321,599
Restricted for emergencies	3,295	3,343
Unrestricted	4,331,828	3,538,696
Total Net Position	\$ 8,559,567	\$ 7,863,638

The accompanying notes are an integral part of these financial statements

Wheat Ridge 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	\$ 2,303,441	\$ 2,229,829
Grease trap fees	11,666	11,272
Metro connection fees	234,360	465,430
Inspection fees	13,510	9,020
Miscellaneous income	12,863	36,911
Total Operating Revenues	<u>2,575,540</u>	<u>2,752,462</u>
Operating Expenses		
Sewage treatment:	1,418,764	1,324,897
Collection and transmission	474,678	816,671
General and administration	269,854	276,598
Depreciation	171,423	164,966
Total Operating Expenses	<u>2,334,719</u>	<u>2,583,132</u>
Operating Income (Loss)	<u>240,821</u>	<u>169,330</u>
Nonoperating Revenues (Expenses)		
Property taxes	101,086	100,395
Specific ownership taxes	8,742	8,677
Investment income	51,934	78,850
Office sharing revenue	7,809	8,875
Connector fees	294,300	556,800
Change in FMV of investments	(6,987)	8,696
County treasurer fees	(1,776)	(1,633)
Total Nonoperating Revenues (Expenses)	<u>455,108</u>	<u>760,660</u>
Change In Net Position	695,929	929,990
Net Position, beginning of year	<u>7,863,638</u>	<u>6,933,648</u>
Net Position, end of year	<u><u>\$ 8,559,567</u></u>	<u><u>\$ 7,863,638</u></u>

The accompanying notes are an integral part of these financial statements

Wheat Ridge 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	\$ 2,551,586	\$ 2,697,019
Cash paid to suppliers	(2,103,161)	(2,406,885)
Net cash provided (used) by operating activities	448,425	290,134
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	109,828	109,072
Office sharing revenue	7,809	8,875
Fee paid to county treasurer	(1,776)	(1,633)
Cash received for connection charges and upsizing	291,300	556,800
Net cash provided (used) by non-capital financing activities	410,161	673,114
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(74,268)	(245,124)
Net cash provided (used) in capital and related financing activities	(74,268)	(245,124)
Cash Flows From Investing Activities		
Investment income received	58,305	78,010
Proceeds from sale of investments	1,236,863	1,668,062
Cash paid for investments	(202,433)	(1,561,737)
Net cash provided (used) by investing activities	1,092,735	184,335
Net increase (decrease) in cash and cash equivalents	1,877,053	902,459
Cash and cash equivalents, beginning of year	1,064,124	161,665
Cash and cash equivalents, end of year	\$ 2,941,177	\$ 1,064,124
Non Cash Items		
Market value adjustments	(6,987)	8,696
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income / (Loss)	\$ 240,821	\$ 169,330
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation and amortization	171,423	164,966
Changes in assets and liabilities		
Prepaid expenses	(5,955)	10,193
Accounts receivable	(23,954)	(55,443)
Due to / from Motric Wastewater	237,932	116,752
Accounts payable	(171,799)	(132,487)
Other accrued liabilities	(13)	16,823
Net Cash Provided (Used) by Operating Activities	\$ 448,425	\$ 290,134

The accompanying notes are an integral part of these financial statements

Wheat Ridge Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies

Wheat Ridge 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 Governmental Accounting Standards Board (GASB) accounting pronouncements, which is the authoritative body and 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 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 sanitation services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sanitation services. 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.

Wheat Ridge 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 establishes 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. 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. District 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 as deferred revenue.

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 collected on behalf of another district are reported as operating revenues and expenses.

Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities

Investments – investments are recorded at fair market value. Level two inputs have been used to determine fair market value.

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	33 years
Machinery and equipment	10 years
Office furniture and equipment	3-20 years
Leasehold improvements	33 years

Deferred Outflows / Inflows of Resources

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

Net position

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

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

Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement net position, and the statement of cash flows, 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 \$1,106,568 and \$162,458 and a corresponding bank balance of \$1,107,089 and \$293,222, of which \$250,000 and \$250,000 was insured by the Federal Deposit Insurance Corporation, respectively. The District had \$857,089 and \$43,222 collateralized under PDPA at December 31, 2020 and 2019, 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.

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.

The District's investments were measured at fair value using level two inputs, which are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. The US Bank money market account is AAA rated by Standard and Poor's. At December 31, 2020 and 2019, the District's holdings of U.S. agency obligations were rated AA+ by Standard & Poor's.

**Wheat Ridge 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 are a list of 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, the District had the following investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>	<u>Percent of total investments</u>
U.S. Government Securities	0.34	401,853	31%
Federal Home Loan Bank	0.53	303,687	23%
Federal Farm Credit Bank	0.47	601,158	46%
Total Fair Market Value		<u>\$ 1,306,698</u>	<u>100%</u>

At December 31, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>	<u>Percent of total investments</u>
U.S. Government Securities	1.00	862,965	37%
Federal Home Loan Bank	0.79	578,532	25%
Federal Farm Credit Bank	1.02	805,611	34%
Federal National Mortgage Association	0.83	101,007	4%
Total Fair Market Value		<u>\$ 2,348,115</u>	<u>100%</u>

**Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 2 Cash and Investments (Continued)

At December 31, 2020 and 2019, the District had \$1,717,898 and \$861,681, 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.

Cash and cash equivalents consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash on hand (cash and cash equivalent)	\$ 400	\$ 400
Cash at County Treasurer (cash and cash equivalent)	467	766
Cash in bank (cash and cash equivalent)	1,106,568	162,458
COLOTRUST (cash and cash equivalent)	1,717,898	861,681
Money markets (cash and cash equivalent)	115,844	38,819
Total cash and cash equivalents	<u>\$ 2,947,777</u>	<u>\$ 1,064,124</u>

Note 3 Accounts Receivable

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

	<u>2020</u>	<u>2019</u>
Fees for sewer services	\$ 243,131	\$ 213,524
Other receivables	536	6,189
Allowance for doubtful accounts	-	-
Total	<u>\$ 243,667</u>	<u>\$ 219,713</u>

Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 4 Capital Assets

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

	Balance at 12/31/2019	Additions	Deletions	Balance at 12/31/2020
Nondepreciable				
Construction in progress	\$ 36,429	\$ 74,268	\$ -	\$ 110,697
Total Nondepreciable	<u>36,429</u>	<u>74,268</u>	<u>-</u>	<u>110,697</u>
Depreciable				
Sewer lines, extensions and inclusions	7,703,117	-	-	7,703,117
Office equipment	79,396	-	-	79,396
Leasehold improvements	2,824	-	-	2,824
Total Depreciable	<u>7,785,337</u>	<u>-</u>	<u>-</u>	<u>7,785,337</u>
TOTAL	<u>7,821,766</u>	<u>74,268</u>	<u>-</u>	<u>7,896,034</u>
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(3,441,184)	(167,681)	-	(3,608,865)
Office equipment	(56,159)	(3,742)	-	(59,901)
Leasehold improvements	(2,824)	-	-	(2,824)
Total Accumulated Depreciation	<u>(3,500,167)</u>	<u>(171,423)</u>	<u>-</u>	<u>(3,671,590)</u>
Net Capital Assets	<u>\$ 4,321,599</u>	<u>\$ (97,155)</u>	<u>\$ -</u>	<u>\$ 4,224,444</u>

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

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
Nondepreciable				
Construction in progress	\$ -	\$ 36,429	\$ -	\$ 36,429
Total Nondepreciable	<u>-</u>	<u>36,429</u>	<u>-</u>	<u>36,429</u>
Depreciable				
Sewer lines, extensions and inclusions	7,514,159	188,658	-	7,703,117
Office equipment	59,359	20,037	-	79,396
Leasehold improvements	2,824	-	-	2,824
Total Depreciable	<u>7,576,312</u>	<u>208,695</u>	<u>-</u>	<u>7,785,337</u>
TOTAL	<u>7,576,312</u>	<u>245,124</u>	<u>-</u>	<u>7,821,766</u>
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(3,278,140)	(163,044)	-	(3,441,184)
Office equipment	(54,237)	(1,922)	-	(56,159)
Leasehold Improvements	(2,824)	-	-	(2,824)
Total Accumulated Depreciation	<u>(3,335,201)</u>	<u>(164,966)</u>	<u>-</u>	<u>(3,500,167)</u>
Net Capital Assets	<u>\$ 4,241,441</u>	<u>\$ 80,158</u>	<u>\$ -</u>	<u>\$ 4,321,599</u>

Depreciation charged to expense by function was:

	2020	2019
Administrative and general	\$ 3,742	\$ 1,922
Collection and transmission	167,681	163,044
Total depreciation expense	<u>\$ 171,423</u>	<u>\$ 164,966</u>

**Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 5 Operating Leases

The District entered into a three-year lease for office space on June 17, 2015. The lease contained an option for the District to extend it for an additional three years. On April 25, 2019 the District exercised its option to extend the lease. The base amounts vary during the term of the lease from \$824 to \$874 per month. Future minimum lease payments are as follows:

Year	Amount
2021	\$ 5,245
Total	<u>\$ 5,245</u>

Note 6 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 \$3,295 and \$3,343 as of December 31, 2020 and 2019, respectively, to comply with Article X, Section 20 of the Colorado Constitution.

Note 7 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 exceeded the Districts commercial coverage by \$0, \$0 and \$0 for the year ended December 31, 2020, 2019 and 2018, respectively.

Wheat Ridge Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 8 Reclassifications

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

Other Supplementary Information

Wheat Ridge Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Connection fees - Wheat Ridge	365,150	294,300	(70,850)
Connection fees -Metro	290,780	234,360	(56,420)
Inspection fees	6,500	13,510	7,010
Sewage treatment revenue	2,325,000	2,303,141	(21,859)
Grease trap fees	11,500	11,868	368
Property tax	104,240	101,086	(3,154)
Ownership tax	9,500	8,712	(788)
Investment income	50,000	44,947	(5,053)
Office sharing revenue	10,000	7,809	(2,191)
Miscellaneous	5,000	12,863	7,863
Total Revenues	3,177,670	3,032,121	(145,216)
Expenditures			
Sewage Collection and Transmission			
Contract maintenance of lines	240,000	105,755	134,245
Inspections	5,000	10,018	(5,018)
Locates	75,000	82,556	(7,556)
Repairs and maintenance	150,000	40,489	109,511
Backup and restoration	10,000	1,500	8,500
Sewage Treatment			
Metro Wastewater service charge	1,180,832	1,118,761	(237,932)
Sanitary Administration			
Administrative, auditing and accounting	95,750	90,779	4,971
Engineering	70,000	79,194	(9,194)
Financial management fees	4,500	3,261	1,239
Bank charges	1,200	1,035	165
Directors' fees	6,000	5,700	300
Insurance	12,000	10,990	1,010
Legal	50,000	38,295	11,705
Membership dues and meetings	1,500	1,378	122
Miscellaneous expense	1,000	3,738	(2,738)
Office supplies and equipment maintenance	20,500	16,734	3,766
Occupancy	13,300	13,171	129
Taxes - payroll	500	438	62
Telephone	5,000	4,855	145
County treasurer fees	2,000	1,776	224
Connection Fees - Metro	290,780	234,360	56,420
Contingency Expense	150,000	-	150,000
Capital Expenditures	3,010,000	74,268	2,935,732
Total Expenditures	5,394,862	2,239,340	3,155,522
Reconciliation to GAAP Basis			
Net income - Budgetary Basis		793,084	
Add Capital Outlay		74,268	
Less Depreciation		(171,423)	
Net Income - GAAP Basis		<u>\$ 695,929</u>	

Wheat Ridge 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	\$ 105,755	\$ 119,792
Inspections	10,018	12,785
Backup restoration	1,500	-
Locales	82,556	68,421
Repairs and maintenance	40,489	150,243
Metro connection fees	234,360	465,430
Subtotal	<u>474,678</u>	<u>816,671</u>
Depreciation	167,681	163,044
Total Collection and Transmission	<u><u>\$ 642,359</u></u>	<u><u>\$ 979,715</u></u>

General and Administrative Expense		
Administrative, accounting and auditing services	\$ 90,779	\$ 90,515
Engineering and capacity study	79,194	83,317
Financial management fees	3,264	3,977
Bank charges	1,035	1,023
Directors' fees	5,700	6,300
Insurance	10,990	10,605
Legal	38,295	44,991
Membership dues and meetings	1,378	1,992
Miscellaneous expense	3,738	475
Office supplies and equipment maintenance	16,734	15,807
Occupancy	13,474	12,559
Taxes - payroll	438	459
Telephone	4,835	4,578
Subtotal	<u>289,851</u>	<u>276,598</u>
Depreciation	3,742	1,922
Total General and Administrative	<u><u>\$ 273,596</u></u>	<u><u>\$ 278,520</u></u>

The accompanying notes are an integral part of these financial statements