



Little Thompson Water District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2020 and 2019

Little Thompson Water District

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Independent Auditor's Report

Board of Directors
Little Thompson Water District
Berthoud, Colorado

Opinion

We have audited the financial statements of the Little Thompson Water District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Little Thompson Water District as of December 31, 2020, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The 2019 financial statements of the District were audited by ACM LLP (ACM), whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM's report dated April 15, 2020 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on pages 29 and 32 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

BDO USA, LLP

July 21, 2021

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

Introduction

The discussion and analysis is a narrative and analysis of the financial condition and operating results of Little Thompson Water District ("District"). The water system is owned and operated by the District and it provides treated water services to properties located in Larimer, Weld, and Boulder Counties.

Management's Discussion and Analysis ("MD&A") is intended to provide the reader and user of our financial statements with:

- an understanding of the financial issues of the District,
- an overview of the District's financial activities,
- an explanation of the changes in the District's financial position,
- an explanatory analysis of the variation of the annual, approved budget, and
- an assessment of any future financial or operating issues of the District.

The MD&A is intended to focus on the 2020 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with the District's basic financial statements.

Financial Highlights 2020 compared to 2019

- Total operating revenues were \$10,584,619, an increase of \$1,717,418.
- Total operating expenses were \$9,614,933, a decrease of \$795,830.
- Total debt service principal, interest, and debt issuance costs were \$1,951,314 a decrease of \$1,760,995.
- Total non-operating revenues and cash capital contributions were \$6,180,705, a decrease of \$2,890,505.
- Total capital improvement, including water right purchases were \$5,806,789, a decrease of \$3,579,553.
- The total revenues on a budgetary basis exceeded the expenses on a budgetary basis by \$24,128,201.
- Principal paid on long term debt was \$1,472,416.
- Long-term debt increased to \$33,516,244.
- Net capital assets were \$154,322,476, an increase of \$6,016,520.

Overview of the Financial Statements

The financial statements included in this annual report are those of a political subdivision of the State of Colorado, governed by Colorado Revised Statutes Title 32 Special District engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements are comprised of two components: 1) the financial statements and 2) notes to financial statements used to explain in more detail some of the information in the financial statements.

Required Financial Statements

The District's financial statements report information using accounting methods that conform with U.S. generally accepted accounting principles and similar to those used by the private sector. These statements provide both long term and short-term information about the District's overall financial status. The audited financial statements and related notes are shown on pages 9 to 29.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

Statements of Net Position - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The statements provide information about the nature and the amounts of investments (assets) and the obligations owed to the District (liabilities). It provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. However, other non-financial factors should be considered, such as changes in economic conditions and the effects of new or changed governmental legislation.

Statements of Revenues, Expenses and Changes in Net Position - reports the District's operating and non-operating revenues and expenses. Operating expenses include all operational costs of the District including depreciation and impairment loss. Non-operating expenses include the net loss from joint venture and debt interest expense.

Statements of Cash Flows - reports the District's cash flows from operating activities, investing, capital and non-capital activities.

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

Other Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. There was an amendment to the originally adopted 2020 budget. Though this schedule is not required as part of the audited financial statements, it is added for review as other supplementary information.

Condensed Comparative of Financial Information

The following tables of condensed comparative financial information offer summaries of the financial information contained in the District's financial statements.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

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

	2020	2019	2018
Assets			
Current Assets	\$15,761,243	\$12,688,983	\$14,059,827
Restricted Assets	27,937,676	1,757,350	2,034,753
Capital Assets, net	154,322,476	148,305,956	131,575,680
Other Assets	3,269,178	3,396,793	3,625,039
Total Assets	201,290,573	166,149,082	151,295,299
Deferred Outflows of Resources			
Unamortized Deferred Loss on Bond Refunding	53,506	69,166	127,659
Liabilities			
Current Liabilities	2,835,312	2,263,662	2,868,275
Long-Term Liabilities	32,689,058	6,832,025	9,137,207
Total Liabilities	35,524,370	9,095,687	12,005,482
Net Position			
Net Investment in Capital Assets	147,124,920	140,661,830	120,536,467
Restricted:			
Bond and Loan Reserve	937,676	1,757,350	2,034,753
Unrestricted	17,757,113	14,703,381	16,846,256
Total Net Position	\$165,819,709	\$157,122,561	\$139,417,476

**Condensed Comparative of Financial Information
Statements of Revenues, Expenses and Changes in Net Position**

	2020	2019	2018
Operating Revenues	\$10,584,619	\$8,867,201	\$9,213,217
Less: Operating Expenses	(7,664,021)	(7,038,037)	(6,521,597)
Less: Depreciation	(1,950,912)	(1,781,066)	(1,798,664)
Operating Income	969,686	48,098	892,956
Non-Operating Revenues (Expenses)	(104,728)	7,908	1,162,616
Net Income before Contributions	864,958	56,006	2,055,572
Contributed Capital	7,832,190	17,649,079	12,133,309
Change in Net Position	8,697,148	17,705,085	14,188,881
Net Position Beginning of Year	157,122,561	139,417,476	125,228,595
Net Position, End of Year	\$165,819,709	\$157,122,561	\$139,417,476

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

**Condensed Comparative of Financial Information
Statements of Cash Flows**

	2020	2019	2018
Cash from Operating Activities	\$3,175,145	\$1,937,684	\$2,638,404
Cash from Non-Capital Financing Activities	261,547	210,354	1,312,116
Cash from Capital and Related Financing Activities	25,961,809	(4,542,455)	3,350,268
Cash from Investing Activities	(22,774,552)	(184,015)	(9,040,612)
Net Change in Cash and Cash Equivalents	6,623,949	(2,578,432)	(1,739,824)
Cash and Cash Equivalents at Beginning of Year	2,034,391	4,612,823	6,352,647
Cash and Cash Equivalents at End of Year	\$8,658,340	\$2,034,391	\$4,612,823

Analysis of Financial Position and Operating Results

Tap sales and water rights were \$5,704,907 or 95% more than budget and down \$2,819,172 from 2019.

Capital assets increased by \$6,016,520 in 2020, due to more system upgrades, water right purchases, contributed capital and the contribution of water rights.

Debt increased by \$21,312,584 due to issuing debt in 2020 Revenue Bonds of \$22,785,000 and the payoff of the 2011 Water Revenue Bonds.

Operating revenue was \$10,584,619 or 12% over budget due to more water sales than projected.

Earnings on investments decreased by \$100,911 because of a decrease in the earnings rate.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

**Schedule of Revenues and Expenditures Budget
Budget to Actual (Budgetary Basis)
Year Ended December 31, 2020**

Revenues	Final Budget	Actual	Variance	2019
Operating	\$ 9,454,220	\$ 10,584,619	\$ 1,130,399	\$ 8,867,201
Non-Operating	401,700	509,158	107,458	547,131
Debt Proceeds	-	22,785,000	22,785,000	-
Tap Fee/Water Rights	2,924,240	5,671,547	2,747,307	8,524,079
Total Revenues	\$ 12,780,160	\$ 39,550,324	\$ 26,770,164	\$ 17,938,411
Distribution	869,800	1,111,372	241,572	944,016
Administration	627,720	788,264	160,544	663,900
Engineering	139,590	40,248	(99,342)	73,507
Employee Costs	3,582,739	3,681,597	98,858	3,691,003
CLFP & Joint Costs	1,196,861	1,290,940	94,079	1,139,326
Water Assessments	718,330	739,100	20,770	526,285
St. Vrain Authority	30,000	12,500	(17,500)	-
Debt Service	1,336,211	1,951,313	615,102	3,712,309
Capital Improvements	9,272,900	5,806,789	(3,466,111)	9,386,342
Total Expenses	17,774,151	15,422,123	(2,352,028)	20,136,688
Excess (deficiency)	\$ (4,993,991)	\$ 24,128,201	\$ 29,122,192	\$ (2,198,277)

Total revenue was more more than the final budgeted amount by \$26,770,164

Total expenditures, including capital expenses, were less than budgeted by \$2,352,028.

Additional explanations to follow:

- Distribution costs increased by \$167,356, primarily due to increase in system repairs and maintenance.
- Administration and general expense increased by \$124,364 due to additional contract service costs and an increase in Workers Compensation Insurance.
- Engineering expenses decreased by \$33,259 due to less than anticipated consulting fees for water rights adjudication and fewer Landscape and Plant Select Rebate requests.
- Employee costs decreased by \$9,406.
- Carter Lake Filter Plant and Dry Creek Reservoir joint operations increased by \$151,614 because of more water production and more operating expenses at Dry Creek because of reclassing the Feasibility Study.
- Water assessments and rentals increased by \$212,815 due to per share cost from Northern and fewer water rental from other entities.
- Total capital expenditures were \$3,466,111 less than budgeted and \$3,579,553 less than in 2019 mainly due to fewer capital projects.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

- The District's debt was \$29,021,340 and \$7,708,756 in 2020 and 2019, respectively. The increase was due to the issuance of 2020 Water Revenue Bonds of \$22,785,000. We also retired \$1,472,416 of principal. Additional debt information is available in note 6 (see pages 24-26).

Major additions in 2020:

- The District acquired by purchase 2 units of C-BT Water for \$116,000.
- We received \$310,190 for Tap Installation Revenue and we expended \$170,179 on new service connections.
- The District shared in the cost of upgrades to Carter Lake North, South Filter Plants, and construction 7MG water tank for a cost of \$2,655,926.
- We spent \$675,091 Vehicle replacements and Equipment purchases and we disposed of \$101,387 in Vehicles and Equipment.
- We spent \$854,683 to add an addition to our existing building.
- We added \$4,004,309 in distribution system upgrades through district capital projects as well as developer contributed capital projects and we added \$2,119,858 in construction in progress.

Contracts and Agreements

The District is party to several contracts and cooperative agreements concerning the transfer and sale of water and providing emergency assistance as requested. The District has agreements with the cities of Loveland, Johnstown, Berthoud, and Greeley, and the Central Weld County, Fort Collins/Loveland, Long's Peak, North Carter Lake Water Districts and St. Vrain Authority.

Economic and Other Factors

Overall, retail water revenues increased in 2020 because of warmer summer resulting in more outdoor water usage. Our tap sales increased in 2020 however they were more than budgeted. District management utilizes a forecasting program to develop rates and fees that will ensure the District remains a financially sound entity. There was a significant amount of growth throughout the District and in Larimer, Weld, and Boulder counties in 2020. Operating expenses have increased because of a conscious decision to be proactive with more repairs and maintenance of our system. We also paid off the 2011 Revenue Bonds a year early; and issued a \$22,785,000 in Water Revenue Bond for six major projects to be completed over the next three years. More was allocated to system maintenance, general administration, and employee costs.

The annual rate and extent of future growth and development within the District will be materially affected by management, zoning and land use procedures and policies established by Town of Mead, Larimer, Weld, and Boulder Counties. Each of these governmental entities control growth in the areas under their governments and the policies and procedures are outside the control or influence of the District.

Financial Contact

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the District Business Manager, Little Thompson Water District, 835 E. Hwy. 56, Berthoud, CO 80513 or at (970)532-2096.

Basic Financial Statements

Little Thompson Water District

Statements of Net Position

December 31,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 8,658,340	\$ 2,034,391
Investments	6,179,011	9,370,816
Receivables	668,819	1,065,713
Prepaid items	24,658	22,324
Inventories	230,415	195,739
Total current assets	15,761,243	12,688,983
Non-current assets		
Restricted assets		
Cash and cash equivalents	27,937,676	1,757,350
Capital assets		
Distribution system	72,370,026	68,365,716
Carter Lake Filter Plant improvements	10,416,818	10,145,343
Dry Creek reservoir dam	7,432,221	7,432,221
Buildings and improvements	1,547,633	692,950
Vehicles and equipment	2,688,643	2,216,326
Intangible assets	184,882	157,481
Total depreciable assets	94,640,223	89,010,037
Less: accumulated depreciation	(33,650,568)	(31,801,043)
Total depreciable assets, net	60,989,655	57,208,994
Land, easements and reservoir	7,322,437	7,322,437
Water rights	78,724,946	78,608,946
Construction in progress	7,285,438	5,165,579
Total capital assets, net	154,322,476	148,305,956
Other assets		
Investment in joint venture	3,269,178	3,396,793
Total non-current assets	185,529,330	153,460,099
Total assets	201,290,573	166,149,082
Deferred outflows of resources		
Unamortized deferred loss on refunding	53,506	69,166
Total deferred outflows of resources	53,506	69,166

(Continued).

Little Thompson Water District
Statements of Net Position
(Continued)

<i>December 31,</i>	2020	2019
Liabilities		
Current liabilities		
Current portion of bonds and notes payable	1,126,564	1,147,414
Accounts payable	1,571,761	933,851
Accrued wages payable	125,004	166,664
Accrued interest expense	11,983	15,733
Total current liabilities	2,835,312	2,263,662
Non-current liabilities		
Accrued compensated absences	299,378	266,147
Bonds and notes payable, net of current portion	32,389,680	6,565,878
Total non-current liabilities	32,689,058	6,832,025
Total liabilities	35,524,370	9,095,687
Net position		
Net investment in capital assets	147,124,920	140,661,830
Restricted:		
Debt service and loan reserves	937,676	1,757,350
Unrestricted	17,757,113	14,703,381
Total net position	\$ 165,819,709	\$ 157,122,561

The accompanying notes are an integral part of the financial statements.

Little Thompson Water District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the Years Ended December 31,</i>	2020	2019
Operating revenues		
Water sales - treated	\$ 10,488,390	\$ 8,761,679
Service and other revenue	96,229	105,522
Total operating revenues	10,584,619	8,867,201
Operating expenses		
Distribution	1,111,372	944,016
Administration and general	788,264	663,900
Engineering	40,248	73,507
Employee costs	3,681,597	3,691,003
Carter Lake Filter Plant and Dry Creek Reservoir operating expenses	1,290,940	1,139,326
St. Vrain Authority	12,500	-
Water assessments and rentals	739,100	526,285
Depreciation	1,950,912	1,781,066
Total operating expenses	9,614,933	8,819,103
Operating income	969,686	48,098
Nonoperating revenues (expenses)		
Grant revenue	3,500	60,134
Earnings on investments	213,969	314,880
Gain on sale of capital assets	33,642	21,897
Mineral lease revenue	987	1,297
Miscellaneous	257,060	148,923
Equity in net (loss) income from joint venture	(127,615)	(228,246)
Interest expense	(208,722)	(310,977)
Debt issuance costs	(277,549)	-
Total nonoperating revenues (expenses)	(104,728)	7,908
Net income before contributions	864,958	56,006
Capital contributions	7,832,190	17,649,079
Change in net position	8,697,148	17,705,085
Net position at beginning of year	157,122,561	139,417,476
Net position at end of year	\$ 165,819,709	\$ 157,122,561

The accompanying notes are an integral part of the financial statements.

Little Thompson Water District

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$ 10,981,513	\$ 8,401,151
Cash paid to suppliers	(4,124,771)	(2,772,464)
Cash paid to employees	(3,681,597)	(3,691,003)
Net cash flows from operating activities	3,175,145	1,937,684
Cash flows from noncapital financing activities:		
Mineral lease revenue	987	1,297
Other non-operating revenues	257,060	148,923
Federal and state grant revenue	3,500	60,134
Net cash flows from noncapital financing activities	261,547	210,354
Cash flows from capital and related financing activities:		
Contributed capital	5,671,547	8,524,079
Acquisition and construction of capital assets	(5,071,971)	(9,376,122)
Proceeds from disposition of capital assets	33,642	21,897
Proceeds from long-term debt	27,279,903	-
Principal paid on long-term debt	(1,472,416)	(3,447,810)
Interest paid	(201,347)	(264,499)
Debt issuance costs	(277,549)	-
Net cash flows from capital and related financing activities	25,961,809	(4,542,455)
Cash flows from investing activities:		
Earnings on investments	162,242	286,901
Purchase of investments	(2,612,793)	(2,148,733)
Proceeds from sale of investments	5,856,325	1,400,414
Net change in cash and cash equivalents restricted for debt service and loan reserves	(26,180,326)	277,403
Net cash flows from investing activities	(22,774,552)	(184,015)
Net change in cash and cash equivalents	6,623,949	(2,578,432)
Cash and cash equivalents at beginning of year	2,034,391	4,612,823
Cash and cash equivalents at end of year	\$ 8,658,340	\$ 2,034,391

(Continued).

Little Thompson Water District
Statements of Cash Flows
(Continued)

<i>For the Years Ended December 31,</i>	2020	2019
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 969,686	\$ 48,098
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,950,912	1,781,066
Changes in operating assets and liabilities:		
Receivables	396,894	(466,050)
Prepaid items	(2,334)	581
Inventories	(34,676)	34,179
Accounts payable	(96,908)	374,922
Accrued wages payable	(41,660)	126,887
Accrued compensated absences	33,231	38,001
Net cash flows from operating activities	\$ 3,175,145	\$ 1,937,684
Noncash investing, capital and financing activities:		
Net income (loss) from joint venture	\$ (127,615)	\$ (228,246)
Capital assets acquired with contributed capital	\$ 2,160,643	\$ 9,125,000
Capital assets acquired with accounts payable	\$ 734,818	\$ 10,220
Amortization of bond premiums	\$ 4,536	\$ 5,770
Amortization of deferred loss on refunding	\$ (15,660)	\$ (58,493)

The accompanying notes are an integral part of the financial statements.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

Form of Organization

The Little Thompson Water District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District’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 District.

Basic Financial Statements

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

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included in the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into net investment in capital assets, restricted for debt service and loan reserves, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decrease (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.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with 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.

The budget process timeline is as follows:

1. On or about October 15, the District 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 Board meetings 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.

The following is a summary of the original budget, total revisions, and revised budget for fiscal year 2020:

	Original Budget	Total Revisions	Revised Budget
Enterprise fund expenses	\$ 17,774,151	\$ -	\$ 17,774,151

Cash and Cash Equivalents

The District considers all highly liquid investments with original maturities of three months or less which are available for operating expenditures 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.

Investments

Investments, consisting of certificates of deposit with original maturities of greater than three months are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Allowance for Doubtful Accounts

The District’s receivables are due from commercial and residential customers within the District service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2020 or 2019, based on historical collection experience, and the ability to place liens on property.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed three times a month on 30 day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. Unbilled accounts receivable, included in receivables, amounted to \$164,798 and \$152,349, at December 31, 2020 and 2019, in the accompanying statements of net position, respectively.

Inventories

Inventories, consisting primarily of operating supplies for water meter repair and installation and supplies for repairs and maintenance of water mains, valves and fire hydrants, have been valued at cost, using the average cost method of accounting.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. The District's intangible assets are software which is being amortized over its estimated useful life as shown below.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Estimated Lives
Water rights	N/A
Land, easements, and Dry Creek Reservoir	N/A
Construction in progress	N/A
Distribution system	10 - 50 years
Carter Lake Filter Plant improvements	20 - 50 years
Dry Creek Reservoir Dam	100 years
Buildings and improvements	20 - 50 years
Vehicles and equipment	3 - 20 years
Intangible assets - software	10 years

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

Joint Venture

The District is a participant with Central Weld County Water District (“CWCWD”), in a joint venture to operate Carter Lake Filter Plant (the “Plant”), the filter plant from which the District and CWCWD purchase 100% of their water. The Plant is governed by a six-member board of directors composed of three appointees from the District and three from CWCWD. The District and CWCWD are each charged for their respective share of the water purchased from the Plant and may be assessed for capital improvements made at the Plant on a periodic basis. Beginning in 2008, the District and CWCWD revised the joint venture agreement in order to change the way that major improvements to the Plant are funded. Major capital improvements to the Plant are no longer funded by the Plant, with assessments issued to each district; but rather, they are funded by the individual districts independently, and included in each of the district’s capital assets. As such, the depreciation expense for these assets has also been reflected in the financial statements of the District and CWCWD. The District’s net investment and its share of the operating results of the District are reported in the accompanying statements of net position, and revenues, expenses and changes in net position. The District’s equity interest in the Plant was \$3,269,178 and \$3,396,793 at December 31, 2020 and 2019, respectively. Complete financial statements for the Plant may be obtained from the Plant’s administrative office at 7100 W. County Road 8-E, Berthoud, Colorado 80521.

Debt Issuance Costs

Debt issuance costs are recognized as an expense during the period of issuance.

Debt Related Deferrals

Premiums, discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt. Deferred losses on refunding are reflected as a deferred outflow of resources in the accompanying statements of net position.

Accrued Compensated Absences Payable

Obligations associated with the District’s vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability.

Contributions in Aid of Construction

Contributions of cash, transmission lines and water rights to the District by developers, customers or by agreements with others are treated as capital contributions on the District’s statement of revenues, expenses and changes in 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 and related debt balances reduce this category.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

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

Unrestricted Net Position - This category represents the net position of the District 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 inflows 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 Investments

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, 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, 2020 and 2019, the District had deposits with a financial institution with a carrying amount of \$7,520,698 and \$741,829, respectively. The bank balances with the financial institution were \$7,519,688 and \$765,546, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$7,269,688 and \$515,546, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

At December 31, 2020 and 2019, the District had cash and cash equivalents balances as follows (includes restricted cash):

	2020	2019
Cash on hand	\$ 400	\$ 400
Bank deposits	7,520,698	741,829
Local government investment pool	29,074,918	3,049,512
Total	\$ 36,596,016	\$ 3,791,741

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

Cash and cash equivalents balances are reflected on the statement of net position at December 31, 2020 and 2019, as follows:

	2020	2019
Cash and cash equivalents	\$ 8,658,340	\$ 2,034,391
Restricted cash and cash equivalents	27,937,676	1,757,350
Total	\$ 36,596,016	\$ 3,791,741

Local Government Investment Pool

At December 31, 2020 and 2019, the District had invested \$29,074,918 and \$3,049,512, 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.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and 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

District policy is to match maturity of investments with cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2020 and 2019, all of the District's investments, consisting of certificates of deposit with an original maturity in excess of three months, were categorized as level 2 with a fair value of \$6,179,011 and \$9,370,816, respectively. The weighted average maturity of the certificates of deposit at December 31, 2020 was .67 years.

Interest Rate Risk

The District has a formal written investment policy that limits on the type and maturities of permitted securities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District investments adhere to Colorado Revised Statutes which limit investment maturities to five years or less from the date of purchase.

3. Restricted Assets

Amounts shown as restricted cash and cash equivalents have been restricted by bond indentures to be used for specified purposes. The balance restricted as of December 31, 2020 and 2019, was \$27,937,676 and \$1,757,350, restricted for operations and maintenance and unspent bond proceeds.

4. Receivables

Receivables at December 31, 2020 and 2019, consisted of the following:

	2020	2019
Water service	\$ 426,769	\$ 394,658
Unbilled accounts receivable	164,798	152,349
Miscellaneous	77,252	518,706
Total	\$ 668,819	\$ 1,065,713

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

5. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 78,608,946	\$ 116,000	\$ -	\$ 78,724,946
Land and easements	1,028,821	-	-	1,028,821
Dry Creek Reservoir	6,293,616	-	-	6,293,616
Construction in progress	5,165,579	3,748,926	(1,629,067)	7,285,438
Total capital assets, not being depreciated	91,096,962	3,864,926	(1,629,067)	93,332,821
Capital assets, being depreciated:				
Distribution system	68,365,716	4,004,310	-	72,370,026
Carter Lake Filter Plant improvements	10,145,343	271,475	-	10,416,818
Dry Creek Reservoir Dam	7,432,221	-	-	7,432,221
Buildings and improvements	692,950	854,683	-	1,547,633
Vehicles and equipment	2,216,326	573,704	(101,387)	2,688,643
Intangible assets	157,481	27,401	-	184,882
Total capital assets, being depreciated	89,010,037	5,731,573	(101,387)	94,640,223
Less accumulated depreciation for:				
Distribution system	(27,016,093)	(1,350,358)	-	(28,366,451)
Carter Lake Filter Plant improvements	(2,002,350)	(243,429)	-	(2,245,779)
Dry Creek Reservoir Dam	(817,545)	(74,322)	-	(891,867)
Buildings and improvements	(489,447)	(37,405)	-	(526,852)
Vehicles and equipment	(1,363,934)	(229,650)	101,387	(1,492,197)
Intangible assets	(111,674)	(15,748)	-	(127,422)
Total accumulated depreciation	(31,801,043)	(1,950,912)	101,387	(33,650,568)
Total capital assets, being depreciated, net	57,208,994	3,780,661	-	60,989,655
Total capital assets, net	\$ 148,305,956	\$ 7,645,587	\$ (1,629,067)	\$154,322,476

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 65,846,631	\$12,762,315	\$ -	\$ 78,608,946
Land and easements	1,028,821	-	-	1,028,821
Dry Creek Reservoir	6,293,616	-	-	6,293,616
Construction in progress	3,564,691	1,801,485	(200,597)	5,165,579
Total capital assets, not being depreciated	76,733,759	14,563,800	(200,597)	91,096,962
Capital assets, being depreciated:				
Distribution system	65,216,513	3,149,203	-	68,365,716
Carter Lake Filter Plant improvements	9,563,923	581,420	-	10,145,343
Dry Creek Reservoir Dam	7,432,221	-	-	7,432,221
Buildings and improvements	692,950	-	-	692,950
Vehicles and equipment	1,905,891	417,516	(107,081)	2,216,326
Intangible assets	157,481	-	-	157,481
Total capital assets, being depreciated	84,968,979	4,148,139	(107,081)	89,010,037
Less accumulated depreciation for:				
Distribution system	(25,729,375)	(1,286,718)	-	(27,016,093)
Carter Lake Filter Plant improvements	(1,787,990)	(214,360)	-	(2,002,350)
Dry Creek Reservoir Dam	(743,222)	(74,323)	-	(817,545)
Buildings and improvements	(480,811)	(8,636)	-	(489,447)
Vehicles and equipment	(1,289,735)	(181,280)	107,081	(1,363,934)
Intangible assets	(95,925)	(15,749)	-	(111,674)
Total accumulated depreciation	(30,127,058)	(1,781,066)	107,081	(31,801,043)
Total capital assets, being depreciated, net	54,841,921	2,367,073	-	57,208,994
Total capital assets, net	\$131,575,680	\$16,930,873	\$ (200,597)	\$148,305,956

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

6. Long-Term Debt

A summary of the District's long-term debt as of December 31, 2020 and 2019, is as follows:

December 31,	2020	2019
Revenue Bonds		
\$5,500,000 October 19, 2011, water revenue refunding bonds, Series 2011 due in principal installments of \$615,000 in 2016 with additional increases through 2021; interest at 3.0% to 4.0%. The bonds were special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. These bonds were paid in full during 2020. Accrued interest on these bonds is \$0 and \$2,117 at December 31, 2020 and 2019, respectively.	\$ -	\$ 635,000
\$22,785,000 September 29, 2020, water revenue bonds, Series 2020 due in principal installments of \$270,000 in 2021 with increases through 2050; interest at 4% to 5%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. There was no accrued interest on these bonds at December 31, 2020 and 2019.	22,785,000	-
Notes Payable		
\$5,873,339 March 14, 2017, water revenue refunding note, Series 2017A due in principal installments of \$542,036 in 2017 with additional increases through 2027; interest at 2.36%. The note is a special revenue obligation of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on the note is \$7,490 and \$8,579 at December 31, 2020 and 2019, respectively.	3,860,100	4,362,284

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

\$3,360,638 December 7, 2017, water revenue refunding note, Series 2017B due in principal installments of \$-0- in 2017 with additional increases through 2027; interest at 2.30%. The note is a special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on the note is \$4,493 and \$5,037 at December 31, 2020 and 2019, respectively.

	2,376,240	2,711,472
Total Bonds and Notes Payable	\$ 29,021,340	\$ 7,708,756

A summary of changes in debt is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
2011	\$ 635,000	\$ -	\$ (635,000)	\$ -	\$ -
2020	-	22,785,000	-	22,785,000	270,000
Loans Payable					
2017A	4,362,284	-	(502,184)	3,860,100	513,579
2017B	2,711,472	-	(335,232)	2,376,240	342,985
Compensated Absences	266,147	255,501	(222,270)	299,378	-
Total	\$ 7,974,903	\$23,040,501	\$ (1,694,686)	\$ 29,320,718	\$ 1,126,564
Current portion of long term debt	(1,147,414)			(1,126,564)	
Net bond premiums	4,536	4,494,904	(4,536)	4,494,904	-
Noncurrent portion of long term debt	\$ 6,832,025			\$ 32,689,058	

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

The annual requirements to amortize all debt outstanding as of December 31, 2020, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2021	\$ 1,126,564	\$ 1,212,675	\$ 2,339,239
2022	1,281,619	1,055,687	2,337,306
2023	1,322,142	1,014,912	2,337,054
2024	1,363,392	972,658	2,336,050
2025	1,409,649	928,906	2,338,555
2026 - 2030	4,362,974	4,120,646	8,483,620
2031 - 2035	3,290,000	3,397,800	6,687,800
2036 - 2040	4,020,000	2,664,400	6,684,400
2041 - 2045	4,890,000	1,792,800	6,682,800
2046 - 2050	5,955,000	733,000	6,688,000
Totals	\$ 29,021,340	\$ 17,893,484	\$ 46,914,824

Defeased Bond and Loan Issues - As a result of in-substance defeasance transactions, the following outstanding revenue bond and loan issues are not shown on the statement of net position at December 31, 2020 and 2019:

	2020	2019
Series 2000 Water Revenue Bonds	\$ -	\$ 1,270,000
Series 2002 Water Revenue Bonds	345,000	675,000
Series 2004 Water Revenue Bonds	-	1,225,000
Total	\$ 345,000	\$ 3,170,000

7. Rate Maintenance

The 2017 loan resolutions and the 2020 bond resolution requires the District to establish, maintain, enforce, and collect rates, fees, District investment fees, availability fees, tolls, and charges for services furnished by or from the use of the system to generate gross revenue each fiscal year sufficient to pay operation and maintenance expenses, as defined, and to create Net Revenue, as defined, in an amount equal to not less than 110% of the amount necessary to pay when due, the principal of and interest on the First Lien Bond, the Bonds, and any Parity Lien Bonds, as defined, coming due during such fiscal year.

2020 principal paid	\$ 1,472,416
2020 interest paid	201,348
Subtotal	1,673,764
	x 110%
Required net revenue as defined in 2020, 2017A and 2017B resolutions	\$ 1,841,140

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

The following calculation shows the District's compliance with these bond and loan agreements:

Net revenue as defined in 2020 and 2017 Agreements	
Operating revenues	\$ 10,584,619
Tap fees/water rights	5,671,547
Subtotal	16,256,166
Operating expenses (excluding depreciation expense)	(7,664,021)
Net revenue as defined in 2020 and 2017 resolutions	\$ 8,592,145

8. Defined Contribution Pension Plan

The District has adopted a defined contribution pension plan administered by Colorado Retirement Association ("CRA") which provides pension benefits for all full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The covered payroll was \$2,348,861 and \$2,351,630 for the years ended December 31, 2020 and 2019, respectively. All employees are eligible to participate in the plan immediately that worked for a minimum 20 hours per week or 1,040 hours per year.

The District and its employees each contribute an amount equal to 5% of the employees' annual base salary or wage. Employees become vested in District contributions at the rate of 20% per year and are fully vested after five years. The benefit terms are established and may be amended by the District's Board of Directors.

The District contributed \$118,370 and \$117,582 to the plan for covered employees during the years ended December 31, 2020 and 2019, respectively.

9. Commitments and Contingencies

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 disasters.

The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

COVID-19 and CARES Act

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 Outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national, regional, or statewide economic slowdown. This situation has not depressed State or Federal funding during fiscal year 2020, but these funding sources may depress in the future.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments.

The District continues to examine the impact that the CARES Act may have on its operations. As of December 31, 2020, the District had not received any federal funding awards under the CARES Act.

10. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") 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 District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

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

Little Thompson Water District

Notes to Financial Statements

December 31, 2020 and 2019

11. Subsequent Events

The District evaluated subsequent events through July 21, 2021, the date these financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure.

Supplementary Information

Little Thompson Water District

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

For the Years Ended December 31,	2020		2019		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Revenues					
Operating revenues:					
Water sales	\$ 9,197,170	\$ 9,197,170	\$ 10,178,200	\$ 981,030	\$ 8,589,504
Tap installation	180,000	180,000	310,190	130,190	172,175
Miscellaneous	77,050	77,050	96,229	19,179	105,522
Total operating revenues	9,454,220	9,454,220	10,584,619	1,130,399	8,867,201
Non-operating revenues (expenses):					
Earnings on investments	324,000	324,000	213,969	(110,031)	314,880
Mineral lease revenue	-	-	987	987	1,297
Miscellaneous	67,700	67,700	257,060	189,360	148,923
Grant revenue	-	-	3,500	3,500	60,134
Gain on sale of capital assets	10,000	10,000	33,642	23,642	21,897
Total non-operating revenues	401,700	401,700	509,158	107,458	547,131
Debt proceeds	-	-	22,785,000	22,785,000	-
Contributions:					
Tap fees/water rights	2,924,240	2,924,240	5,671,547	2,747,307	8,524,079
Total revenues	12,780,160	12,780,160	39,550,324	26,770,164	17,938,411
Expenditures					
Distribution:					
Maintenance and operation	732,400	732,400	1,032,410	(300,010)	822,176
Vehicle expense	103,800	103,800	76,787	27,013	100,555
Water quality	33,600	33,600	2,175	31,425	21,285
Total distribution	869,800	869,800	1,111,372	(241,572)	944,016

Continued.

Little Thompson Water District

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

For the Years Ended December 31,	2020		2019		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Administration and general:					
Building and grounds expense	38,550	38,550	87,528	(48,978)	47,609
Computer expense	55,500	55,500	169,125	(113,625)	87,812
Farm Expense	2,500	2,500	2,670	(170)	2,570
Insurance	91,750	91,750	120,685	(28,935)	101,691
Memberships	16,375	16,375	15,633	742	18,679
Miscellaneous	-	-	15,433	(15,433)	7,888
Office service contracts	163,315	163,315	126,937	36,378	162,530
Office expense	64,380	64,380	66,653	(2,273)	74,059
Professional fees	40,750	40,750	56,854	(16,104)	32,622
Public relations	21,500	21,500	42,684	(21,184)	9,416
Safety and training expense	71,100	71,100	14,933	56,167	57,119
Telephone and communications	43,800	43,800	53,894	(10,094)	44,701
Uniforms	18,200	18,200	15,235	2,965	17,204
Total administration and general	627,720	627,720	788,264	(160,544)	663,900
Engineering:					
Engineering/CAD/professional fees	6,840	6,840	18,872	(12,032)	42,602
Mapping and updates	-	-	-	-	1,635
Water conservation	14,000	14,000	12,690	1,310	19,092
Soil amendments rebates	12,500	12,500	4,506	7,994	4,567
Landscaping incentives	6,250	6,250	1,484	4,766	1,249
Engineering department expenses	100,000	100,000	2,696	97,304	4,362
Total engineering	139,590	139,590	40,248	99,342	73,507
Employee costs:					
Administration	850,786	850,786	902,168	(51,382)	1,084,758
Board	15,825	15,825	8,612	7,213	11,519
Distribution	1,623,164	1,623,164	1,629,989	(6,825)	1,584,307
Engineering	1,092,964	1,092,964	1,140,828	(47,864)	1,010,419
Total employee costs	3,582,739	3,582,739	3,681,597	(98,858)	3,691,003

Continued.

Little Thompson Water District

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

For the Years Ended December 31,	2020		2019		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Carter Lake Filter Plant and Dry Creek					
Reservoir joint operating costs:					
Filter plant operating expense	1,153,861	1,153,861	1,189,878	(36,017)	1,131,649
Dry Creek reservoir operating expense	43,000	43,000	101,062	(58,062)	7,677
Total Carter Lake Filter Plant and Dry Creek					
Reservoir joint operating costs	1,196,861	1,196,861	1,290,940	(94,079)	1,139,326
St. Vrain Authority					
Start up costs	30,000	30,000	12,500	17,500	-
Total St. Vrain Authority	30,000	30,000	12,500	17,500	-
Water assessments and rentals:					
Purchased water expense	718,330	718,330	739,100	(20,770)	526,285
Total water assessments and rentals	718,330	718,330	739,100	(20,770)	526,285
Debt service:					
Principal retired	1,147,414	1,147,414	1,472,416	(325,002)	3,447,810
Interest	188,797	188,797	201,348	(12,551)	264,499
Debt issuance costs	-	-	277,549	(277,549)	-
Total debt service	1,336,211	1,336,211	1,951,313	(615,102)	3,712,309
Capital improvement:					
Plant and equipment	9,272,900	9,272,900	5,806,789	3,466,111	9,386,342
Total capital improvement	9,272,900	9,272,900	5,806,789	3,466,111	9,386,342
Total expenditures	17,774,151	17,774,151	15,422,123	2,352,028	20,136,688
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (4,993,991)	\$ (4,993,991)	24,128,201	\$ 29,122,192	(2,198,277)
Reconciling items to GAAP basis					
Capital improvements			5,806,789		9,386,342
Principal paid on debt			1,472,416		3,447,810
Debt proceeds			(22,785,000)		-
Depreciation			(1,950,912)		(1,781,066)
Contributed capital assets			2,160,643		9,125,000
Joint venture income (loss)			(127,615)		(228,246)
Change in accrued interest expense			3,750		6,245
Amortization of deferred loss and premiums on refunding bonds			(11,124)		(52,723)
Change in net position			\$ 8,697,148		\$ 17,705,085

See accompanying Independent Auditor's Report.