

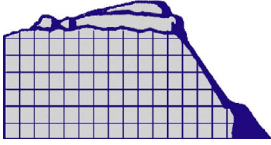
ROARING FORK WATER AND
SANITATION DISTRICT

Financial Statements and Independent
Auditor's Report

December 31, 2020

Roaring Fork Water & Sanitation District
Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenses and Net Position - Budget and Actual (Non-GAAP Budgetary Basis)	18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Roaring Fork Water & Sanitation District
Glenwood Springs, Colorado

I have audited the accompanying financial statements of the business-type activities of Roaring Fork Water & Sanitation 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.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-5 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roaring Fork Water & Sanitation District's financial statements taken as a whole. The budgetary comparison information on page 18-19 is the responsibility of management and was derived from and relates 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Paul D. Miller, CPA, LLC

Grand Junction, CO
April 9, 2021

ROARING FORK WATER & SANITATION DISTRICT
Management's Discussion and Analysis
For the Year 2020

The Roaring Fork Water & Sanitation District offers the readers of the District's financial statements this narrative overview and analysis of the District's financial activities during the fiscal year ending December 31, 2020.

FINANCIAL STATEMENT OVERVIEW

The audited financial statements of the District can be found on pages 6 through 18. These provide information about the District's financial position as of December 31, 2020, its results of operations and the resulting cash flows for the year as well as information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Following is an explanation of each of the audited financial statements of the District that you will find on the succeeding pages.

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 assets (Net Position).

Statement of Revenues, Expenses, and Changes in Net Position: Provides information about the District's annual operating activities and how they have affected Net Position.

Statement of Cash Flows: Provides an analysis of the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

Notes to the Financial Statement: Provides additional, required disclosures about the District's accounting policies, deposits, investments, risk management, long-term debt, and other required information.

Schedule of Revenues, Expenses, and Net Position - Budget and Actual: Provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities.

CONDENSED ENTITY FINANCIAL INFO

Statement of Net Position

	2020	2019	Change
Assets			
Current Assets	\$ 1,719,813	\$ 2,857,252	\$ (1,137,439)
Non-Current Assets	10,586,478	9,379,531	1,206,947
Total Assets	<u>12,306,291</u>	<u>12,236,783</u>	69,508
Liabilities			
Current Liabilities	164,070	328,273	(164,203)
Non-Current Liabilities	1,553,727	1,626,692	(72,965)
Total Liabilities	<u>1,717,797</u>	<u>1,954,965</u>	(237,168)
Deferred Inflow fo Resources			
Property taxes	346,120	347,033	(913)
Net Position	<u>\$ 10,242,374</u>	<u>\$ 9,934,785</u>	<u>\$ 307,589</u>

ROARING FORK WATER & SANITATION DISTRICT
Management's Discussion and Analysis
For the Year 2020

Statement of Revenues, Expenses, and Changes in Net Position

	20220	2019
Operating Revenue	\$ 740,996	\$ 689,778
Operating Expense	1,031,858	822,762
Operating Income (Loss)	(290,862)	(132,984)
Non-Operating Revenue	598,451	597,820
Change in Net Position	307,589	464,836
Net Position - Beginning of Year	9,934,785	9,469,949
Net Position - End of Year	\$ 10,242,374	\$ 9,934,785

ANALYSIS OF OVERALL FINANCIAL POSITION

- Net Position increased in 2020 by \$307,589 to \$10,242,374. This is a result of an operating loss of \$290,862 plus non-operating revenues of \$598,451.
- Unrestricted cash and cash equivalents of the District at December 31, 2020, totaled \$1,335,043.
- The District funds its operating expenses from service fees and other miscellaneous income. Property taxes are used to supplement the operations of the District. Property taxes, including specific ownership, collected for 2020 were \$376,138 and for 2019 was \$386,593. The decrease in operating revenue from 2019 to 2020 is in larger part due to depreciation and increased repairs and maintenance performed during the expansion of the sewer plant.
- The District funds its capital projects through a portion of the water and sewer tap fees, interest income and existing reserve funds. Non-operating revenue for 2020 was \$631 more than 2019, which is largely due to an increase in tap fee revenue of \$64,390 and a decrease in interest income of \$53,304.

BUDGET VARIANCE ANALYSIS

- Actual operating revenues in 2020 were \$204,414 more than the budgeted revenues for the District. This is due to increased tap fee income of \$151,090, and increased system charges of \$54,296.
- Actual expenditures in 2020 were \$39,551 less than the budgeted expenditures for the District. This is largely due to the reduced administration costs during the year.

ROARING FORK WATER & SANITATION DISTRICT
Management's Discussion and Analysis
For the Year 2020

The 2020 budget was adopted in November 2019.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets

In 2020, the District completed its sewer plant expansion project. Total assets added were a total of \$1,604,316. The Biosolid project is still in process and \$636,419 of cost have been accumulated in construction in process through 2020.

Long Term Debt

The District did not acquire any new debt in 2020. The District continues to repay the developers for the cost of the wholesale facilities through tap fees that are collected. In 2020, tap fees were collected from new customers; therefore, payments were made to Developers of \$72,965.

ANALYSIS OF CURRENTLY KNOWN FACTS

The District continues to monitor its growth in anticipation for necessary system upgrades. The District sets money aside each year for future replacement of the water and wastewater systems. In 2020, the District set aside \$47,165.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the District management at Roaring Fork Water & Sanitation District, P.O. Box 1002, Glenwood Springs, CO 81602, or call 970-945-2144.

Roaring Fork Water & Sanitation District
Statement of Net Position
December 31, 2020

ASSETS

Current Assets:

Cash & Cash Equivalents	\$	50,128
Cash - Designated		1,284,915
Accounts Receivable:		
Customers (Net of \$0 allowance)		11,367
Accounts Receivable Other		1,958
Property Taxes		346,120
Prepaid Expenses:		
Other		24,301
Water Contracts		1,022
Total Current Assets		1,719,811

Noncurrent Assets:

Capital Assets, net of applicable accumulated depreciation		
Land and Improvements		303,375
Source of Supply		582,774
Water Treatment Plant & Distribution System		1,587,516
Sewer Treatment Plant & Distribution System		5,353,027
Equipment		2,118,342
CIP-Plant expansion		636,419
Furniture & Fixtures		5,027
Net Capital Assets		10,586,480

Total Assets

12,306,291

LIABILITIES

Current Liabilities:

Accounts Payable		160,405
Prepaid Service Fees		3,666
Total Current Liabilities		164,071

Noncurrent Liabilities

Customer Advance		25,000
Accounts Payable Developer - Water		863,058
Accounts Payable Developer-Sanitation		665,669
Total Noncurrent Liabilities		1,553,727

Total Liabilities

1,717,798

Deferred Inflow of Resources

Property taxes		346,120
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NET POSITION

Invested in Capital Assets		10,586,480
Restricted for Tabor Emergency		32,089
Unrestricted		(376,196)
Total Net Position		\$ 10,242,373

The Accompanying notes are an integral part of this financial statement.

Roaring Fork Water & Sanitation District
Statement of Revenues, Expenses & Changes in Net Position
For the year ended December 31, 2020

	Enterprise Funds		Totals
	Water	Sewer	
Operating Revenue:			
Charges for Services	372,056	365,012	737,068
Miscellaneous	1,964	1,964	3,928
Total Operating Revenue	<u>374,020</u>	<u>366,976</u>	<u>740,996</u>
Operating Expenses:			
Treatment	11,680	1,422	13,102
Source of Supply	7,919	-	7,919
Transmission, Collection and Distribution	7,816	28,739	36,555
Contractual Services	19,800	49,800	69,600
Utilities	27,164	58,448	85,612
Repairs and Maintenance	56,305	101,510	157,815
Depreciation	117,910	278,868	396,778
General and Administrative	132,241	132,240	264,480
Total Operating Expenses	<u>380,835</u>	<u>651,027</u>	<u>1,031,861</u>
Operating Income (Loss)	<u>(6,815)</u>	<u>(284,051)</u>	<u>(290,865)</u>
Non-Operating Revenue & (Expenses):			
Taxes:			
Property	176,180	176,180	352,360
Specific Ownership	11,631	11,631	23,261
Penalty & Interest on Taxes	260	260	520
Miscellaneous income	1,250	1,250	2,500
Interest Income	3,761	3,761	7,522
Total Non-Operating Revenues	<u>193,082</u>	<u>193,082</u>	<u>386,163</u>
Income (Loss) Before Capital Contributed	<u>186,267</u>	<u>(90,969)</u>	<u>95,298</u>
Plant Investment Fees	79,365	132,925	212,290
Change In Net Position	<u>\$ 265,632</u>	<u>\$ 41,956</u>	<u>307,588</u>
Net Position - Beginning of Year			9,934,785
Net Position - End of Year			<u>\$10,242,373</u>

The Accompanying notes are an integral part of this financial statement.

Roaring Fork Water & Sanitation District
Statement of Cash Flows
For the year ended December 31, 2020

Cash Flow from Operating Activities:	
Cash Received From Customers	\$ 735,276
Cash Paid to Suppliers	(817,231)
Net Cash Provided (Used) by Operating Activities	<u>(81,955)</u>
Cash Flows from Non-Capital Financing Activities:	
Taxes Received	376,732
Net Cash Provided (Used) by Non-Capital Activities	<u>376,732</u>
Cash Flows from Capital Financing Activities:	
Payment of Long-term debt	(72,965)
Non-operating Miscellaneous Income	2,500
Plant Investment Fees	212,290
Acquisition of Capital Assets	(1,604,316)
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,462,491)</u>
Cash Flows from Investing Activities:	
Interest on Investments	7,522
Net Cash Provided (Used) by Investing Activities	<u>7,522</u>
Net Increase in Cash & Cash Equivalents	(1,160,192)
Cash & Cash Equivalents, January 1,	<u>2,495,235</u>
Cash & Cash Equivalents, December 31,	<u>\$ 1,335,043</u>
Reconciliation of Cash & Cash equivalents:	
Checking and Savings	\$ 50,128
Designated Cash & cash equivalents	
Water Reserve	200,814
Sewer Reserve	674,571
Water system Investment Fund	409,530
	<u>1,284,915</u>
	<u>\$ 1,335,043</u>
Reconciliation of Net Operating Income (Loss) to:	
Net Cash provided by (Used) by Operations:	
Net Income (Loss) from Operations	<u>\$ (290,865)</u>
Adjustments to Reconcile Net Income (Loss) to	
Net Cash Provided by (Used in) Operations	
Depreciation Expense	396,778
Decrease (Increase) in Customer Receivables	(5,131)
Decrease (Increase) in Prepaid Expenses	(18,535)
Increase (Decrease) in Accounts Payable	(161,918)
Increase (Decrease) in Prepaid Service Fees	(2,284)
Total Adjustments	<u>208,910</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (81,955)</u>

The Accompanying notes are an integral part of this financial statement.

Roaring Fork Water & Sanitation District
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies of the Roaring Fork Water & Sanitation District (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

FINANCIAL REPORTING ENTITY

The Roaring Fork Water & Sanitation District (the District) was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five-member Board of Directors which is elected by the registered voters of the District. The purpose of the District is to provide water and wastewater treatment services to the District's service area. The Board is responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the District. Consideration is also given to other organizations that are fiscally dependent, i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

BASIS OF PRESENTATIONS/BASIC FINANCIAL STATEMENTS

The basic financial statements include fund financial statements for a Proprietary Fund. The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

The accounts of the District are organized and operated on a fund basis. The operations are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, Net Position, revenues, and expenses.

The focus of proprietary fund measurement is a determination of operating income, changes in the Net Position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector, the District's Enterprise Fund is a proprietary fund type. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) are financed with debt that is solely secured by a pledge of

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATIONS/BASIC FINANCIAL STATEMENTS-continued

the net revenues, (b) has third-party requirements that cost of providing services including capital costs, be recovered with fees and charges, or (c) has a pricing policy designed for the fees and charges of record similar costs.

Proprietary Fund *operating revenue and expenses* are related to providing management and operational services within the District. Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues and expenses.

BASIS OF ACCOUNTING

The Proprietary Fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property and specific ownership taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

CAPITAL ASSETS

The fund of the District is accounted for on a cost of service or “capital maintenance” measurement focus. This means that all assets and all liabilities associated with the activity of the District are included on the balance sheet. Equipment and property that cost \$1,000 or more and has a minimum life of two years is recorded at cost. Depreciation of all fixed assets is charged as an expense against operations. Depreciation is provided over estimated useful lives of 5-40 years using the straight-line method. Repairs and maintenance expense is charged to expense as incurred while significant betterments and replacements are recorded as increases to equipment. As assets are retired or disposed of, the cost and associated accumulated depreciation are removed from the accounts, and gains or losses on the sale or disposal are included in income.

BUDGETS AND BUDGETARY ACCOUNTING

The District uses the following procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the District's Secretary, or other qualified person appointed by the Board, 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. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the County Commissioners.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETS AND BUDGETARY ACCOUNTING-continued

4. On or before December 31, the Board shall pass an annual appropriating ordinance in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. The budget for the fund is adopted on a basis consistent with state statutes for governmental units, which provides that debt principal payments and capital outlay are treated as expenditures.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues more than the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

The District legally adopted its annual budget for 2020.

FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, requires disclosures of fair value information about financial instruments. The District has several financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The District estimates that the fair value of its financial instruments on December 31, 2020, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of Net Position.

USE ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

CUSTOMER ACCOUNTS RECEIVABLE

The District considers customer accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required.

All service fees become a lien on property if not paid. All service fees were considered collectable on December 31, 2020.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

COMPENSATED ABSENCES

The District has no employees; therefore, there are no provisions for compensated absences

PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOW OF RESOURCES

Property taxes are levied on December 15 and attached as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without penalty or interest. Taxes which are not paid within the prescribed time bear interest at a rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Garfield County and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable on December 31st. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

DESIGNATED ASSETS

Certain cash amounts have been designated to reflect tap payments and developer contributions that are being held for future capital improvements

DEVELOPER CONTRIBUTED FIXED ASSETS

The Developer donated fixed assets are valued at their estimated fair market value when the system is turned over to the District. At this point, the District is responsible to maintain the systems.

LONG-TERM OBLIGATIONS

Long-term obligation of the District consists of two account payables related to reimbursement of tap fees to developers.

SUBSEQUENT EVENTS

Management has reviewed subsequent events through the date of the audit report.

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows for the proprietary fund, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

RESTRICTED ASSETS/RESERVATIONS OF FUND BALANCES

Assets are reported as restricted when limitation on their use changes the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Reservations of fund balance arise from certain Board designations of fund balance, as well as the aforementioned constraints. It is the District's policy to use restricted funds for expenditures for which both restricted and unrestricted funds are available.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 2 - DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that always exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

On December 31, 2020, the District's bank deposits (Checking and Money Market) were covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statutes and had bank balances in the amount of \$1,335,043 of which \$250,000 was covered by FDIC and \$1,085,043 by PDPA as describe above.

It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal, state, and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest and include:

Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.

General obligation and revenue bonds of U.S. local government entities, the District of Columbia, the territorial possessions of the U.S. rated in the highest two rating categories by two or more of the nationally recognized rating agencies.

Bankers' acceptances of certain banks.

Certain securities lending agreements.

Commercial paper.

Written repurchase agreements collateralized by certain authorized securities.

Certain money market funds.

Guaranteed investment contracts.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 2 – DEPOSITS -continued

Local government investment pools; and

The investing local government's own securities including certificates of participation and lease obligations.

Total Cash and Cash Equivalents

A summary of the District's cash and investments on December 31, 2020 is as follows:

Checking	<u>\$ 1,335,043</u>
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Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, Deposits, and Investment Risk Disclosures, are included in the notes below.

The concentration of credit risk, or risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The District's policy places no limit on the amount the District may invest in any one issuer; however, the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government or insured by the Public Depository Protection Act and therefore are not subject to concentration of credit risk

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2020, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk on December 31, 2020.

NOTE 3 – RISK ASSESSMENT

The District is exposed to various risks of loss related to property and casualty loss. The District joined with other Colorado Special Districts as a member of the Colorado Special Districts Property and Liability Pool.

The pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public official's liability, and equipment coverage to its members. The pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$2,000,000 plus an additional \$2,000,000 in an Umbrella rider.

The District pays annual premiums to the pool for liability and property insurance coverage. In the event aggregated losses incurred by the pool exceeded amounts recoverable from reinsurance contracts and funds accumulated by the pool, the pool may require additional contributions from members. Any excess funds that the pool determines are not needed for purposes of the pool may be returned to the members pursuant to a distribution formula.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 4 – LONG-TERM LIABILITIES

Accounts Payable to Developer:

The District has agreements with the several developers to reimburse the costs of construction and installation of the sewer and water systems.

TAP FEE REIMBURSEMENT - DOMESTIC WATER:

The District reimburses \$1,575 of each \$3,700 water tap received from customers to reimburse the developers of the respective subdivisions, or their successors, the cost of the wholesale water facilities for each subdivision until the cost of the wholesale water facilities is recovered by the developers to the best of the District's ability. Change in the amount payable was as follows:

Balance 12/31/19	\$ 895,268
Payment 2020	<u>32,210</u>
Balance 12/31/20	<u>\$ 863,058</u>

TAP FEE REIMBURSEMENT – SANITARY SEWER

The District reimburses \$3,900 of each \$6,500 sewer tap received from customers to the developer of the respective subdivision, or their successors, the cost of the wholesale sewer facilities for each subdivision until the cost of the wholesale sewer facilities is recovered by the developers to the best of the District's ability. Change in the amount payable was as follows:

The change in the sewer agreement during 2020 is as follows:

Balance 12/31/19	\$ 706,424
Payment 2020	<u>40,755</u>
Balance 12/31/20	<u>\$ 665,669</u>

NOTE 5 – WATER RIGHTS

Water Rights

The District has received water rights in various ditches and wells from the developer of the District. The rights were either included in the purchase price of the original ranch property and have been subsequently estimated or have been decreed through court action and the costs involved have been capitalized.

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 6 - TABOR

In November 1992, Colorado voters approved Amendment 1 to the State Constitution, which is commonly known as the Taxpayers' Bill of Rights, or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refunding to lower interest rates and adding employees to pension plans). The amendment does not apply to units of local government that are defined as an "Enterprises".

The amendment defined the District's year ended December 31, 1996 as the initial base year for purposes of defining compliance with the amendment. Increases in revenues from one year to the next are limited by local growth and inflation. The amendment defines inflation and local growth. The District must refund excess income to taxpayers on some sort of reasonable basis unless the voters were to approve retention of the revenue.

The District believes that, since it has "De-Bruiced," and is exempt from the provisions of the Tabor Amendment, as it is currently understood, it is in compliance with the law. Many of the provisions may not become fully understood without judicial review.

NOTE 7 – CONTRIBUTED CAPITAL

Contributed capital for 2020 consisted of plant investment fees (Tap Fees) of \$79,365 for water taps and \$132,925 for sewer taps.

NOTE 8 – CAPITAL ASSETS

A summary of changes in fixed assets follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Land & Improvements	\$ 364,655	\$ -	\$ -	\$ 364,655
Source of Supply	1,210,577	-	-	1,210,577
Water Plant & Distribution	3,146,636	-	-	3,146,636
Sewer Plant & Distribution	4,405,450	3,385,014	-	7,790,464
Equipment	543,135	2,067,221	-	2,610,356
Furniture & Fixtures	30,880	-	-	30,880
Total	<u>9,701,333</u>	<u>5,452,235</u>	<u>-</u>	<u>15,153,568</u>
CIP System	4,484,935	611,489	4,460,005	636,419
Total Property, Plant & Equipment	14,186,268	6,063,724	4,460,005	15,789,987
Accumulated Depreciation	<u>(4,806,730)</u>	<u>(396,779)</u>	<u>-</u>	<u>(5,203,509)</u>
Net Property, Plant & Equipment	<u>\$ 9,379,538</u>	<u>\$ 5,666,945</u>	<u>\$ 4,460,005</u>	<u>\$ 10,586,478</u>

Depreciation for the year ended computed on the straight-line basis over estimated useful lives of 5-40 years was as follows.

Depreciation Water	\$ 117,911
Depreciation Sewer	<u>278,868</u>
Total Depreciation	<u>\$ 396,779</u>

ROARING FORK WATER & SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2020

NOTE 9 – COVID-19 EFFECT ON DISTRICT

The COVID-19 pandemic challenged the District as late fee assessments and service disconnections were suspended and staff communicated individually with customers regarding their accounts, leading to reduced fee revenue and increased staff time. Operations worked to ensure supply chain consistency for delivery of treatment chemicals. In person meetings shifted to virtual platforms. Increased shipping costs and reduced late fee revenue is expected to continue through 2021.

NOTE 10 – ASSET RETIREMENT OBLIGATION

The District began evaluating what effect GASB 83, "Certain Asset Retirement Obligations", (ARO), may have on its assets. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset, at sometime in the future. The District has not had an event that would trigger recording a liability, but is evaluating their assets, if such an event would occur.

Supplemental Information

Roaring Fork Water & Sanitation District
Statement of Revenue & Expenses-Actual and Budget (Non-GAAP Budgetary Basis)
For the year ended December 31, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:			
Water System Charges	\$ 374,020	\$ 329,000	\$ 45,020
Sewer System Charges	366,976	357,700	9,276
Interest Income	7,522	16,500	(8,978)
Miscellaneous income	2,500	2,500	-
Plant Investment Fees	212,290	61,200	151,090
Taxes:			
Property Taxes	352,360	353,920	(1,560)
Specific Ownership	23,261	13,913	9,348
Penalty & Interest on Taxes	520	300	220
Total Revenue	1,339,449	1,135,033	204,416
Expenses:			
Water System:			
Raw Water Purchased	7,919	8,220	301
Chemicals	11,680	12,800	1,120
Testing	7,816	5,770	(2,046)
Plant Operator	19,800	19,800	-
Maintenance & Repairs	52,295	63,400	11,105
Utilities	27,164	26,030	(1,134)
Hydrant Repair & Maintenance	4,010	2,000	(2,010)
Capital Outlays	-	-	-
Total Water System	130,684	138,020	7,336
Sewer System:			
Utilities	58,448	66,300	7,852
Chemicals	1,422	1,450	28
Transmission & Collection	28,739	52,878	24,139
Maintenance & Repairs	101,510	77,200	(24,310)
Operator Contracts	49,800	49,800	-
Capital Outlays	-	-	-
Contingency	-	-	-
Total Sewer System	239,919	247,628	7,709

Roaring Fork Water & Sanitation District
Statement of Revenue & Expenses-Actual and Budget (Non-GAAP Budgetary Basis)
For the year ended December 31, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
Administration:			
Auto & Travel	3,672	4,600	928
Billing Clerk	25,085	26,200	1,115
Customer Service Manager	43,041	44,900	1,859
Data Processing	6,023	7,860	1,837
District Manager	77,620	69,400	(8,220)
County Treasurer Fees	7,062	7,800	738
Dues & Training	1,452	1,300	(152)
Insurance	18,243	19,900	1,657
Office Supplies	11,864	13,300	1,436
Directors Fees	3,825	4,125	300
Mapping	3,382	10,000	6,618
Postage	2,305	2,900	595
Professional Services			
Audit	5,700	2,900	(2,800)
Engineering	11,722	20,000	8,278
Legal	23,439	26,500	3,061
Other	11,765	14,800	3,035
Utilities	8,280	9,100	820
Capital Outlays	-	-	-
Total Administration	264,480	285,585	21,105
Debt Service:			
Tap Reimbursement to Developer-Water	32,210	9,450	(22,760)
Tap Reimbursement to Developer-Sewer	40,755	19,500	(21,255)
Total Debt Service	72,965	28,950	(44,015)
Capital Outlay:			
Water Treatment	-	-	-
Sewer Treatment	1,063,728	1,605,000	541,272
Capital Projects	-	-	-
Total Capital Outlay	1,063,728	1,605,000	541,272
Total Expenses	1,771,776	2,305,183	533,407
Net Income Non-GAAP Budgetary Basis	(432,327)	\$ (1,170,150)	\$ 737,823
Adjustments to GAAP Basis:			
Add:			
Capital Outlays	1,063,728		
Debt Service Payments	72,965		
Less:			
Depreciation Expense	(396,778)		
Total Adjustments to GAAP Basis	739,915		
Net Income (Loss) GAAP Basis	307,588		
Net Position, January 1,	9,934,785		
Net Position, December 31,	\$ 10,242,373		