

**COLLEGE PARK WATER AND SANITATION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
College Park Water and Sanitation District

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

PO Box 865
Longmont, CO 80502

Green & Associates • LLC

PHONE (720) 839-6458
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Park Water and Sanitation District's financial statements as a whole. The other supplemental information, Budgetary Comparison Schedule – Non-GAAP Basis, on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Longmont, Colorado
May 10, 2021

Management's Discussion and Analysis

College Park Water and Sanitation District Jefferson County, CO

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

Because this discussion and analysis is intended to focus on the 2020 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

Overview of the Financial Statements of the District

The audited financial statements of the District are: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements

These statements are on pages 6 through 15. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 16 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

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

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

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

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

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

Condensed Comparative Financial Information:

Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Cash and cash equivalents	\$ 1,627,450	\$ 1,580,077	\$ 643,199
Other current assets	6,897,003	6,911,901	7,904,317
	<u>8,524,453</u>	<u>8,491,978</u>	<u>8,547,516</u>
Non Current Assets			
Capital assets – net	1,480,971	1,371,258	825,290
Other Noncurrent assets	1,563,396	1,563,396	1,563,396
Total Assets	<u>11,568,820</u>	<u>11,426,632</u>	<u>10,936,202</u>
Current Liabilities	<u>90,880</u>	<u>19,213</u>	<u>192,485</u>
Total Liabilities	<u>90,880</u>	<u>19,213</u>	<u>192,485</u>
Deferred inflow of resources	603,522	601,584	545,709
Net Position			
Net investment in capital assets	3,044,367	2,934,654	2,388,686
Restricted	269,761	1,473,853	1,473,853
Unrestricted	7,560,290	6,397,328	6,335,469
Total Net Position	<u>\$ 10,874,418</u>	<u>\$ 10,805,835</u>	<u>\$ 10,198,008</u>

Statement of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 60,990	\$ 135,602	\$ 20,126
Operating Expenses	730,315	502,798	518,959
Operating Income (Loss)	<u>(669,325)</u>	<u>(367,196)</u>	<u>(498,833)</u>
Non Operating Revenues (Expenses)	737,908	975,023	703,342
Change in Net Position	<u>68,583</u>	<u>607,827</u>	<u>204,509</u>
Net Position, Beginning of Year	10,805,835	10,198,008	9,993,499
Net Position, End of Year	<u>\$ 10,874,418</u>	<u>\$ 10,805,835</u>	<u>\$ 10,198,008</u>

Statement of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash from (for) Operating Activities	\$ (425,662)	\$ (593,016)	\$ (311,663)
Cash from Non Capital Financing Activities	637,164	588,374	585,834
Cash from (for) Capital and Related Financing	(179,130)	(447,585)	(39,075)
Cash from (for) Investing Activities	15,001	1,389,105	(1,286,232)
Increase (Decrease)	<u>47,373</u>	<u>936,878</u>	<u>(1,051,136)</u>
Cash and Cash Equivalents, Beginning of Year	1,580,077	643,199	1,694,335
Cash and Cash Equivalents, End of Year	<u>\$ 1,627,450</u>	<u>\$ 1,580,077</u>	<u>\$ 643,199</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative

financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

Analysis of Financial Position and Operating Results:

The total Net Position increased from \$10,805,835 in 2019 to \$10,874,418 in 2020, a difference of \$68,583. Operating revenues decreased by \$74,612, due to lower charges for services in the current year. The District's operating expenses increased by \$227,517, in 2020, to \$730,315 due to higher repair costs. As a result, the operating loss for the year was \$669,325. Net non-operating revenues, including capital contributions, were \$737,908 which resulted in net income of \$68,583 for the year.

Cash and cash equivalents for 2020 increased by \$47,373 relating primarily to the change in investments. Net capital assets increased by \$109,713. There were \$179,130 of capital asset additions during the year. See Note 4 of the Notes to Financial Statements. The District Liabilities increased by \$71,667 which is primarily attributable to normal operating activities and timing of payments.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

Budgetary Discussion:

Actual revenues were \$21,751 lower than the 2020 budget, primarily due to lower than anticipated service charges. Actual expenditures were \$161,727 less than budgeted expenditures due to lower than anticipated capital outlay. The budget was not amended in 2020.

Capital Asset Discussion:

During 2020 the District incurred \$179,130 in capital additions, of which \$0 were donated to the district. The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements-*Summary of Significant Accounting Policies-Capital Assets* on page 10 and Note 4 of Notes to Financial Statements-Capital Assets on page 14. The District has capital asset activities in process relating to contracts for water rights.

Long Term Debt:

The District has no long-term debt.

Economic Factors and Next Year's Budget

Expenditures are expected to remain relatively the same, as administrative and legal efforts and management service costs are not expected to increase in 2021.

Requests for Information. This financial report is designed to provide a general overview of College Park Water and Sanitation District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at 2801 Youngfield Street Suite 370, Golden, CO 80401.

Basic Financial Statements

College Park Water and Sanitation District
Statement of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,627,450	\$ 1,580,077
Investments	6,253,798	6,160,422
Due from county treasurer	3,999	4,021
Accounts receivable	16,605	127,062
Property taxes receivable	603,522	601,584
Prepaid expenses	8,547	669
Accrued interest receivable	10,532	18,143
Total Current Assets	8,524,453	8,491,978
Noncurrent Assets		
Capital Assets		
Depreciable		
Sewer Lines and equipment	3,607,769	3,428,639
Total Capital Assets	3,607,769	3,428,639
Less: Accumulated depreciation	(2,126,798)	(2,057,381)
Net Capital Assets	1,480,971	1,371,258
Other Assets		
Value assigned to water service contract	1,563,396	1,563,396
Total Other Assets	1,563,396	1,563,396
Total Assets	11,568,820	11,426,632
Liabilities		
Current Liabilities		
Accounts payable	90,880	19,213
Total Current Liabilities	90,880	19,213
Deferred Inflow of Resources		
Deferred property taxes	603,522	601,584
Total Deferred Inflow of Resources	603,522	601,584
Net Position		
Net Investment in capital assets	3,044,367	2,934,654
Restricted	269,761	1,473,853
Unrestricted	7,560,290	6,397,328
Total Net Position	10,874,418	10,805,835
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,568,820	\$ 11,426,632

The accompanying notes are an integral part of these financial statements

College Park Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Sewer charges	\$ 60,990	\$ 127,062
Connection fees - Metro	-	8,540
Total Operating Revenues	60,990	135,602
Operating Expenses		
Sewage treatment charges	261,168	237,034
Sewer operations	282,582	65,810
Administration expense	117,148	144,897
Depreciation	69,417	55,057
Total Operating Expenses	730,315	502,798
Operating Loss	(669,325)	(367,196)
Nonoperating Revenues (Expenses)		
Property taxes	601,200	545,430
Specific ownership taxes	44,962	46,498
Investment income	111,490	143,648
Connection fees	-	4,000
Unrealized gain (loss) on investments	(10,724)	90,192
Treasurer fees	(9,020)	(8,185)
Total Nonoperating Revenues (Expenses)	737,908	821,583
Income Before Capital Contributions	68,583	454,387
Capital Contributions	-	153,440
Change in Net Position	68,583	607,827
Net Position, beginning of year	10,805,835	10,198,008
Net Position, end of year	\$ 10,874,418	\$ 10,805,835

The accompanying notes are an integral part of these financial statements

College Park Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Cash received from customers	\$ 171,447	\$ 28,666
Cash paid to suppliers	(597,109)	(621,682)
Net cash provided (used) by operating activities	(425,662)	(593,016)
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes	646,184	592,559
Connection fees	-	4,000
Treasurer fees paid	(9,020)	(8,185)
Net cash provided (used) by non-capital financing activities	637,164	588,374
Cash Flows From Capital Financing Activities		
Purchases of capital assets	(179,130)	(447,585)
Net cash provided (used) by non-capital financing activities	(179,130)	(447,585)
Cash Flows From Investing Activities		
Proceeds from sale of investments	8,350,000	2,245,000
Investments purchased	(8,454,100)	(1,005,055)
Investment income received	119,101	149,160
Net cash provided (used) by investing activities	15,001	1,389,105
Net increase (decrease) in cash and cash equivalents	47,373	936,878
Cash and cash equivalents, beginning of year	1,580,077	643,199
Cash and cash equivalents, end of year	\$ 1,627,450	\$ 1,580,077
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (669,325)	\$ (367,196)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	69,417	55,057
Changes in assets and liabilities		
Accounts receivable	110,457	(106,936)
Prepaid expenses	(7,878)	(669)
Accounts payable	71,667	(173,272)
Net Cash Provided (Used) by Operating Activities	\$ (425,662)	\$ (593,016)
Non-cash transactions		
Market value adjustments Income / (Loss)	\$ (10,724)	\$ 90,192
Contributed lines	\$ -	\$ 153,440

The accompanying notes are an integral part of these financial statements

**College Park Water and Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019**

Note 1 Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District has no employees and all operations are contracted. The more significant accounting policies of the District are described as follows:

Financial Reporting Entity

College Park Water and Sanitation District (The District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sanitation services to residents in the area of the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity.

Basis of Presentation

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payment of debt is recorded as a reduction in liabilities. System development charges are recorded as non-operating revenue.

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing sanitation services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense or capital contributions.

Property Taxes

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

**College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The total appropriation is at the total fund expenditures level and lapses at year end.

Allowance of Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners within the District, and the District has the ability to place liens on the property.

Assets and Liabilities

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

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

Capital assets – which include contributed and purchased sewer lines are reported by the District. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed on the sewer lines using the straight-line method over the estimated economic useful life of 40 years.

**College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

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

Net Position

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of Net Position with constraints placed on the use either by (1) external groups, such as creditors, grantors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – all other Net Position that do not meet the definition of “restricted” or “net investment in capital assets” The District utilizes unrestricted Net Position before using restricted Net Position.

Restricted Net Position

The District considers \$269,761 of its net position to be restricted for future operations, capital outlay replacement, and as a reserve as required by TABOR (see note 7) in the amount of \$19,385. Of this amount \$250,376 is specifically restricted for the Northwest Interceptor project which is a shared transmission line repair in coordination with Northwest Lakewood Sanitation District as approved on January 1, 2011.

Cash Equivalents

For purposes of the statement of cash flows, and the statement of net position, the District defines cash equivalents as cash demand deposits, investment pools and other highly liquid investments with a maturity of three months or less when purchased.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral

**College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 2 Cash and Investments (Continued)

pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020 and 2019 the District's cash deposits had a book balance of \$285,065 and \$252,519 and a bank balance of \$307,665 and \$253,563, respectively. Of this amount \$250,000 and \$250,000 was insured by the FDIC, respectively. The District had \$57,665 and \$3,563 collateralized under PDPA at December 31, 2020 and 2019, respectively.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The District's investment policy follows state statutes regarding investments. At December 31, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Certificates of Deposit	Less than one year	\$ 272,909
Federal Home Loan Bank Bonds	4.08	2,455,973
Federal Home Loan Mortgage Corporation Notes	3.69	3,524,916
Total Fair Value		<u>\$ 6,253,798</u>

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

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Certificates of Deposit	Less than one year	\$ 268,808
Federal Home Loan Bank Bonds	1.12	3,859,035
Federal Home Loan Mortgage Corporation Notes	1.6	2,032,579
Total Fair Value		<u>\$ 6,160,422</u>

As of December 31, 2020, and 2019 the federal home loan bank bonds, federal home loan mortgage corporation notes and the U.S. governments agency securities were rated AA+ by Standard and Poors. The money market accounts and certificates of deposit were not rated.

**College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 2 Cash and Investments (Continued)

At December 31, 2020 and 2019, the District had \$1,337,253 and \$1,327,558, respectively, invested in COLOTRUST which are investment vehicles established for government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Custodial Credit Risk – Deposits

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

Interest Rate Risk

Colorado revised statutes generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Concentrations of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. As of December 31, 2020, and 2019, respectively, more than 5% of the District's cash and investments were invested in the Federal Home Loan Bank (45%) and (50%) and Federal Home Loan Mortgage Association (31%) and (26%).

	2020	%	2019	%
Cash in checking (cash and cash equivalent)	\$ 285,065	4%	\$ 252,519	3%
Colostrust	1,337,253	17%	1,327,558	
Certificates of deposit	272,909	3%	268,808	3%
Money markets (cash and cash equivalent)	5,132	0%	-	0%
Federal Home Loan Bank Bonds	3,524,916	45%	3,859,035	50%
Federal Home Loan Mortgage Corporation Notes	2,455,973	31%	2,032,579	26%
Total cash and investments	<u>\$ 7,881,248</u>		<u>\$ 7,740,499</u>	
Cash and Cash Equivalents	\$ 1,627,450		\$ 1,580,077	
Investments	6,253,798		6,160,422	
Total	<u>\$ 7,881,248</u>		<u>\$ 7,740,499</u>	

College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 3 Accounts Receivable

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

	<u>2020</u>	<u>2019</u>
Fees for services	\$ 16,605	\$ 127,062
Less: Allowance for doubtful accounts	-	-
Net Accounts Receivable	<u>\$ 16,605</u>	<u>\$ 127,062</u>

Note 4 Value Assigned to Water Service Contract

The District has a water service contract ("Water Service Contract") with Consolidated Mutual Water Company (Company) whereby the Company provides water service to the area located within the District's boundaries, subject to certain conditions and special provisions, as more particularly set forth in the Water Service Contract. Pursuant to the Water Service Contract, all water distribution facilities and related equipment used to provide water service to residents of the District and property located within the District's boundaries are owned, operated, maintained, and replaced by the Company. *The Company has agreed to provide water service within the District to the same extent, and subject to the same terms and conditions applicable to all stockholders of the Company.* At any time uniformity of service is not possible, the Company will endeavor to operate its system in the most equitable manner possible under the circumstances, including times of water shortage.

At the time the Water Service Contract was entered into in 1998, the District paid the Company to extend its water distribution system within the District's boundaries. *The District records the value of this investment on its books and records as a value assigned to the Water Service Contract.*

Note 5 Capital Assets

A summary of changes to capital assets for 2020 and 2019 is as follows:

	<u>Balance at 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2020</u>
Depreciable				
Sewer lines	\$ 1,558,804	\$ 179,130	\$ -	\$ 1,737,934
Contributed sewer lines	1,869,835	-	-	1,869,835
Total Nondepreciable	<u>3,428,639</u>	<u>179,130</u>	<u>-</u>	<u>3,607,769</u>
Less Accumulated Depreciation	<u>(2,057,381)</u>	<u>(69,417)</u>	<u>-</u>	<u>(2,126,798)</u>
Net Capital Assets	<u>\$ 1,371,258</u>	<u>\$ 109,713</u>	<u>\$ -</u>	<u>\$ 1,480,971</u>

	<u>Balance at 12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2019</u>
Depreciable				
Sewer lines	\$ 1,111,719	\$ 447,585	\$ (500)	\$ 1,558,804
Contributed sewer lines	1,716,395	153,440	-	1,869,835
Total Nondepreciable	<u>2,828,114</u>	<u>601,025</u>	<u>(500)</u>	<u>3,428,639</u>
Less Accumulated Depreciation	<u>(2,002,824)</u>	<u>(55,057)</u>	<u>500</u>	<u>(2,057,381)</u>
Net Capital Assets	<u>\$ 825,290</u>	<u>\$ 545,968</u>	<u>\$ -</u>	<u>\$ 1,371,258</u>

College Park Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2020 and 2019

Note 6 Risk Management

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

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

Note 7 Tax, Spending, and Debt Limitation

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On November 4, 2004 the District obtained voter approval to retain and spend all revenues collected from a 6.786 operation and maintenance mill levy without regard to any limitation imposed by TABOR or any other law.

Note 8 Reclassifications

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

Other Supplementary Information

College Park Water and Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Property taxes	\$ 601,584	\$ 601,200	\$ (384)
Specific ownership taxes	48,000	44,962	(3,038)
Sewer service to school districts	90,709	60,990	(29,719)
Investment income	100,000	111,490	11,490
Miscellaneous income	100	-	(100)
Total Revenues	<u>840,393</u>	<u>818,642</u>	<u>(21,751)</u>
Expenses			
Sewer treatment charges	275,000	261,168	13,832
Legal	50,000	35,732	14,268
Audit, accounting and management	43,000	50,361	(7,361)
Director's fees	6,000	6,700	(700)
Operator in responsible charge	4,800	4,800	-
Office expense	5,550	5,155	395
Insurance	9,500	7,433	2,067
Repairs and maintenance	265,000	277,782	(12,782)
Utilities	1,600	1,246	354
Engineering	30,000	10,521	19,479
Miscellaneous	1,000	-	1,000
Treasurer fees	9,325	9,020	305
Capital outlay	310,000	179,130	130,870
Total Expenses	<u>1,010,775</u>	<u>849,048</u>	<u>161,727</u>
Revenues over Expenditures	<u>\$ (170,382)</u>	<u>\$ (30,406)</u>	<u>\$ 139,976</u>
Reconciliation to Net Income			
Capital Additions		179,130	
Depreciation		(69,417)	
Unrealized gain (loss) on investments		(10,724)	
Net Income		<u>\$ 68,583</u>	

See the Independent Auditor's Report