

**EAST CHERRY CREEK VALLEY
WATER AND SANITATION DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Cherry Creek Valley Water and Sanitation District
Arapahoe County, Colorado

We have audited the accompanying financial statements of East Cherry Creek Valley Water and Sanitation District (the District) as of and for the year ended December 31, 2020, and the related notes to the 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

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Cherry Creek Water and Sanitation District as of December 31, 2020, and the 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.

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Fiscal Focus Partners, LLC

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 III through VIII 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information for the year ended December 31, 2020, as listed in the table of contents, is presented for purposes of additional analysis and legal requirements, and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The continuing disclosure annual financial information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The financial statements of the District as of December 31, 2019, and for the year then ended, were audited by another auditor. That auditor expressed an unmodified opinion on those financial statements in its report dated March 25, 2020.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
April 12, 2021

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

The management of East Cherry Creek Valley Water and Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2020.

Financial Highlights

- Net position increased \$18.4 million in 2020 (4.6%).
- Operating loss decreased from \$6.8 million in 2019 to \$6.3 million for 2020, due to an increase in water revenue in 2020.
- Operating revenue increased \$1.6 million (5.7%) from the prior year while the number of customers increased by 2%. This net increase is due to an increase in water consumption.
- Total operating expenses, exclusive of depreciation, increased \$1.3 million (5.7%) from 2019 to 2020. Selected individual expense items changed as follows: engineering and plan review increased \$0.6 million (73%), water operating expenses increased \$0.5 million (36%), repairs and maintenance decreased \$0.8 million (10%), and water services increased \$0.3 million (44%) in 2020 from 2019. The majority of the remaining expense categories increased in 2020 from 2019.
- Single family equivalents (SFEs) online for water service at year-end increased by 504 (2%) to 21,788 at year end.
- Funds available (current assets, less deferred inflow of resources, less current liabilities exclusive of the current portion of long-term obligations and unspent loan proceeds) decreased from \$71.1 million to \$60.5 million at December 31, 2020, a decrease of \$10.6 million or 15%.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of Financial Statements and Notes to Financial Statements. This report also contains other supplemental information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services. They include the legally separate East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise) as blended into the District's financial information since it is a component unit of the District.

The statements of net position present information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows report the District's cash flows from operating, noncapital financing, capital, and investing activities.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Overview of the Financial Statements (Continued)

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The supplementary information contained in this report provides a schedule of expenses, budget and actual information, debt service requirements and assessed valuation, mill levy and property tax information.

The continuing disclosure annual financial information is information required by the covenants of the Series 2009B bond, the Series 2015 bonds, the Series 2019A bonds, and the Series 2020 bonds, including a bond debt coverage calculation and annual operating data.

	December 31,		
	2020	Restated 2019	Restated 2018
	(In thousands)		
Current Assets	\$ 71,320	\$ 87,244	\$ 73,384
Capital Assets	470,250	449,835	415,130
Other Assets	8	29	64
Deferred Outflows of Resources	691	821	970
Total Assets and Deferred Outflows of Resources	<u>542,269</u>	<u>537,929</u>	<u>489,548</u>
Current Liabilities	17,704	20,609	15,751
Long-Term Obligations	100,280	111,693	98,181
Deferred Inflows of Resources	3,451	3,207	3,119
Total Liabilities and Deferred Inflows of Resources	<u>121,435</u>	<u>135,509</u>	<u>117,051</u>
Net Position:			
Net Investment in Capital Assets	360,558	333,300	314,675
Restricted	4,942	12,116	8,265
Unrestricted	55,334	57,004	49,557
Total Net Position	<u>\$ 420,834</u>	<u>\$ 402,420</u>	<u>\$ 372,497</u>

The District's net position increased by \$18,414,000 during 2020 and by \$29,923,000 during 2019. Capital assets increased \$20,415,000 during 2020 and \$34,705,000 during 2019. The increases during 2020 and 2019 were due to infrastructure construction. Current liabilities decreased by \$2,905,000 during 2020 and increased by \$4,858,000 during 2019. The decrease in 2020 current liabilities is due to a decrease in accounts payable and funds held in escrow. Current assets net of current liabilities decreased \$13,019,000 for 2020 and increased \$9,002,000 for 2019. The "Funds Available" (current assets, less deferred inflow of resources, less current liabilities, exclusive of the current portion of long-term obligations) calculates to an amount of \$60,473,947 and \$71,147,528 for 2020 and 2019, respectively. The funds available of \$60,473,947 are primarily available for future operations and capital outlay.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Overview of the Financial Statements (Continued)

	December 31,		
	2020	Restated 2019 (In thousands)	Restated 2018
Revenues			
Operating Revenue			
Water Services	\$ 21,422	\$ 19,036	\$ 18,360
Sewer Services	9,406	10,118	8,966
Total Operating Revenues	<u>30,828</u>	<u>29,154</u>	<u>27,326</u>
Nonoperating Revenues			
Tax Revenue	3,419	3,352	2,808
Investment Income	411	1,162	1,028
Other	358	305	203
Contributions			
Northern Project Construction Fund Charges	6,788	6,669	6,581
Tap Fees and Storm Drainage Fees	8,539	15,664	7,934
Cash Contributions for Capital	8,969	11,849	6,096
Contributed Facilities from Developers	474	2,073	2,121
Total Revenues	<u>59,786</u>	<u>70,228</u>	<u>54,097</u>
Expenses			
Operating Expenses			
Water	15,494	14,292	13,966
Sewer	7,972	7,890	7,472
Storm Drainage	73	90	91
	<u>23,539</u>	<u>22,272</u>	<u>21,529</u>
General and Administrative	2,814	3,036	2,962
Depreciation and Amortization	10,743	10,663	10,373
Total Operating Expenses	<u>37,096</u>	<u>35,971</u>	<u>34,864</u>
Nonoperating Expense	4,277	4,333	5,261
Total Expenses	<u>41,373</u>	<u>40,304</u>	<u>40,125</u>
Changes in Net Position	18,413	29,924	13,972
Net Position - Beginning of Year	402,421	372,497	358,525
Net Position - End of Year	<u>\$ 420,834</u>	<u>\$ 402,421</u>	<u>\$ 372,497</u>

Operating revenues from the operation of the water and sewer utilities increased \$1,674,000 in 2020 and \$1,828,000 in 2019. The 2020 increase was due to an increase in water consumption. The 2019 increase was due to the net effect of an increase in water and sewer rates and a decrease in water consumption. Investment income decreased \$751,000 in 2020 and increased \$134,000 in 2019. The decrease in 2020 was due to a reduction in interest rates and reduced cash on hand. The increase in 2019 was due to the interest earned from the increased cash on hand. Tap fee revenues decreased \$7,125,000 in 2020 and increased \$7,730,000 in 2019.

Water operating expenses increased \$1,202,000 (8%) in 2020, primarily due to increases in engineering and plan review, operating expenses, utilities, and water services, net of a decrease in repair and maintenance costs. Water operating expenses increased \$326,000 (2%) in 2019, primarily due to increases in repairs and maintenance costs.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Overview of the Financial Statements (Continued)

Sewer operating costs increased \$82,000 (1%) in 2020 compared to 2019, due to increased repairs and maintenance, net of decreased tap fee expenses. Sewer operating costs increased \$418,000 (6%) in 2019 due to increased tap fees and utility costs. General and administrative expenses decreased \$222,000 (7%) and increased \$74,000 (2%) in 2019. Depreciation and amortization increased \$80,000 in 2020 and \$290,000 in 2019. Nonoperating expenses decreased \$56,000 in 2020 and \$928,000 in 2019.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and nonoperating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available". State statutes require this budgetary accounting. Additionally, the budget includes the separation of the District from the Enterprise, under the joint resolution.

Capital Assets

The activity related to capital assets during 2020, 2019 and 2018 is as follows:

	December 31, 2019	Net Changes (In thousands)	December 31, 2020
Land and Easements	\$ 14,491	\$ 32	\$ 14,523
Projects in Progress	45,396	28,692	74,088
Water System:			
Water Rights	115,950	564	116,514
Water Facilities	337,555	1,094	338,649
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	61,633	182	61,815
Storm Drainage System	18,861	-	18,861
Office Building	3,678	-	3,678
Equipment	1,792	297	2,089
Total Assets	<u>600,739</u>	<u>30,861</u>	<u>631,600</u>
Accumulated Depreciation	<u>(150,904)</u>	<u>(10,447)</u>	<u>(161,351)</u>
Net Capital Assets	<u>\$ 449,835</u>	<u>\$ 20,414</u>	<u>\$ 470,249</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Capital Assets (Continued)

	December 31, 2018	Net Changes (In thousands)	December 31, 2019
Land and Easements	\$ 14,331	\$ 160	\$ 14,491
Projects in Progress	6,515	38,881	45,396
Water System:			
Water Rights	115,309	641	115,950
Water Facilities	333,659	3,896	337,555
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	60,674	959	61,633
Storm Drainage System	18,160	701	18,861
Office Building	3,678	-	3,678
Equipment	2,034	(242)	1,792
Total Assets	<u>555,743</u>	<u>44,996</u>	<u>600,739</u>
Accumulated Depreciation	<u>(140,614)</u>	<u>(10,290)</u>	<u>(150,904)</u>
Net Capital Assets	<u>\$ 415,129</u>	<u>\$ 34,706</u>	<u>\$ 449,835</u>
	December 31, 2017	Net Changes (In thousands)	December 31, 2018
Land and Easements	\$ 14,251	\$ 80	\$ 14,331
Projects in Progress	1,420	5,095	6,515
Water System:			
Water Rights	114,802	507	115,309
Water Facilities	315,174	18,485	333,659
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	59,303	1,371	60,674
Storm Drainage System	17,480	680	18,160
Office Building	3,415	263	3,678
Equipment	1,966	68	2,034
Total Assets	<u>529,194</u>	<u>26,549</u>	<u>555,743</u>
Accumulated Depreciation	<u>(130,329)</u>	<u>(10,285)</u>	<u>(140,614)</u>
Net Capital Assets	<u>\$ 398,865</u>	<u>\$ 16,264</u>	<u>\$ 415,129</u>

In 2020, the District spent \$2,686,250 for well rehabilitation projects and \$21,492,705 on additional capital water projects.

Contributions of \$291,958 in water lines and \$182,096 in sewer lines were accepted during 2020. Projects in progress completed in 2020 included \$801,827 in water projects.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Capital Assets (Continued)

In 2019, the District spent \$14,268,030 for well rehabilitation projects and \$26,510,450 on additional capital water projects.

Contributions of \$1,124,901 in water lines and \$948,251 in sewer lines were accepted during 2019. Projects in progress completed in 2019 included \$2,770,921 in water projects, \$10,390 in sewer projects, and \$700,495 in storm drainage projects.

Additional information on the District's capital assets can be found in Note 4 of this report

Debt Administration

All scheduled debt service payments were made timely during 2020, 2019, and 2018.

Additional detail on the District's debt is in Note 5 of this report.

Economic and Other Factors

The District continues to emphasize conservation by maintaining mandatory watering schedules for its customers. Water consumption in 2020 increased by approximately 425 million gallons (14%). Total water consumption was 3,455 million gallons.

The District anticipates continuing growth in residential customers for 2021 as new home construction continues to recover along with the overall economy. The District is approximately 93% built out at the end of 2020.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

East Cherry Creek Valley Water and Sanitation District
6201 South Gun Club Road
Aurora, Colorado 80016

BASIC FINANCIAL STATEMENTS

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	2020	Restated 2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 58,468,933	\$ 67,249,266
Accounts Receivable	4,334,738	4,545,748
Property Taxes Receivable	3,450,597	3,207,047
Prepaid Expenses	8,602	8,602
Inventories	114,724	117,712
Total Current Assets	66,377,594	75,128,375
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents	4,942,199	12,115,772
Total Restricted Current Assets	4,942,199	12,115,772
CAPITAL ASSETS, NET	470,249,668	449,835,147
OTHER ASSETS		
Special Projects and Planning (Net of Accumulated Amortization of \$5,167,070 and \$5,146,067 in 2020 and 2019, Respectively)	8,469	29,472
Total Other Assets	8,469	29,472
DEFERRED OUTFLOWS OF RESOURCES		
Cost of Debt Refunding, Net	691,111	820,522
Total Deferred Outflows of Resources	691,111	820,522
Total Assets and Deferred Outflows of Resources	\$ 542,269,041	\$ 537,929,288

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>Restated 2019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 4,701,270	\$ 5,502,539
Deposits /Escrows	103,500	84,000
Accrued Interest Payable	457,372	431,268
Current Portion of Long-Term Obligations	10,308,536	7,719,795
Total Current Liabilities	<u>15,570,678</u>	<u>13,737,602</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
ACWWA Escrow	2,069,060	6,767,292
Accrued Interest Payable	64,047	104,473
Total Current Liabilities Payable from Restricted Assets	<u>2,133,107</u>	<u>6,871,765</u>
LONG-TERM OBLIGATIONS	100,279,965	111,692,739
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	3,450,597	3,207,047
Total Deferred Inflows of Resources	<u>3,450,597</u>	<u>3,207,047</u>
NET POSITION		
Net Investment in Capital Assets	360,558,393	333,300,381
Restricted	4,942,199	12,115,772
Unrestricted	55,334,102	57,003,982
Total Net Position	<u>420,834,694</u>	<u>402,420,135</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 542,269,041</u>	 <u>\$ 537,929,288</u>

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	Restated 2019
WATER OPERATIONS		
Water Income	\$ 21,421,649	\$ 19,035,747
Direct Water Expenses	(15,494,123)	(14,291,927)
Depreciation	<u>(8,517,117)</u>	<u>(8,521,209)</u>
Gross Income (Loss) from Water Operations	<u>(2,589,591)</u>	<u>(3,777,389)</u>
SEWER OPERATIONS		
Sewer Income	9,405,549	10,117,688
Direct Sewer Expenses	(7,972,479)	(7,889,577)
Depreciation	<u>(1,385,312)</u>	<u>(1,373,923)</u>
Gross Income (Loss) from Sewer Operations	<u>47,758</u>	<u>854,188</u>
DIRECT STORM DRAINAGE EXPENSES		
Direct Storm Drainage Expenses	(72,523)	(90,097)
Depreciation	<u>(418,381)</u>	<u>(411,381)</u>
Gross Income (Loss) from Direct Storm Drainage Expenses	<u>(490,904)</u>	<u>(501,478)</u>
TOTAL GROSS INCOME (LOSS) FROM OPERATIONS	(3,032,737)	(3,424,679)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,236,567</u>	<u>3,394,241</u>
OPERATING INCOME (LOSS)	(6,269,304)	(6,818,920)
NONOPERATING REVENUES		
Property Taxes	3,191,832	3,107,511
Specific Ownership Taxes	227,267	244,513
Net Investment Income	412,308	1,162,452
Miscellaneous Income	298,744	274,821
Gain (Loss) on Asset Sale/Disposal	59,947	29,439
Total Nonoperating Revenues	<u>4,190,098</u>	<u>4,818,736</u>
NONOPERATING EXPENSES		
Interest Expense	4,588,959	4,024,177
County Treasurer's Fees	47,910	46,640
Paying Agent Fees and Other Debt Related Expenses	301,108	396,427
Amortization of Debt Related Costs	<u>(661,110)</u>	<u>(134,678)</u>
Total Nonoperating Expenses	<u>4,276,867</u>	<u>4,332,566</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(6,356,073)	(6,332,750)

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	Restated 2019
CAPITAL CONTRIBUTIONS		
Northern Project Construction Fund Charges	\$ 6,788,474	\$ 6,668,880
Water Tap Fees	6,863,873	12,337,623
Sewer Tap Fees	884,970	1,753,812
Storm Drainage Fees	790,125	1,572,500
Contributed Facilities from Developers	474,054	2,073,152
Contributions for Capital Outlay	8,969,136	11,849,443
Total Capital Contributions	24,770,632	36,255,410
CHANGE IN NET POSITION	18,414,559	29,922,660
Net Position - Beginning of Year	402,420,135	372,497,475
NET POSITION - END OF YEAR	\$ 420,834,694	\$ 402,420,135

See accompanying Notes to Basic Financial Statements.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	Restated 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 31,293,307	\$ 26,576,985
Payments to Suppliers	(20,798,955)	(18,018,361)
Payments to Employees and Related Expenses	(5,452,885)	(5,162,732)
Other Receipts (Payments)	(231,573)	119,983
Net Cash Provided by Operating Activities	4,809,894	3,515,875
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Tax Collections for Operations	3,191,832	3,107,511
Specific Ownership Taxes	233,601	240,108
Miscellaneous Income	218,932	274,820
County Treasurer's Fees	(47,910)	(46,640)
Net Cash Provided by Noncapital Financing Activities	3,596,455	3,575,799
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Water Tap Fees	6,863,873	12,337,623
Sewer Tap Fees	884,970	1,753,812
Storm Drainage Fees	790,125	1,572,500
Sustainable Water Assurance Fee	6,788,474	6,668,880
Proceeds from Sale of Capital Assets	-	57,039
Acquisition of Property, Plant, and Equipment, Net of Contributed Lines of \$474,054 and \$2,073,152 in 2020 and 2019, Respectively	(36,848,774)	(41,585,428)
Cash Contributions for Capital	9,606,858	10,403,944
Debt Issuance	22,745,000	21,895,000
Debt Premium	5,420,153	3,218,361
Capital Lease Purchase	5,086,040	50,001
Other Income	79,812	157,767
Interest on Debt	(4,603,280)	(4,683,716)
Debt Principal Reduction	(41,281,677)	(8,138,553)
Lease Principal Payment	(3,029)	(3,038)
Paying Agent Fees and Other Expenses	(301,108)	(396,427)
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,772,563)	3,307,765
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	412,308	1,162,452
Net Cash Provided by Investing Activities	412,308	1,162,452
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,953,906)	11,561,891
Cash and Cash Equivalents - Beginning of Year	79,365,038	67,803,147
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 63,411,132	\$ 79,365,038

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	Restated 2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (6,269,304)	\$ (6,818,920)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Required) by Operating Activities		
Depreciation and Amortization	10,446,615	10,603,614
(Increase) Decrease in:		
Accounts Receivable	505,743	(2,122,939)
Prepaid Expenses	-	(1,355)
Inventories	2,988	(34,839)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	104,352	1,900,964
Deposits	19,500	(10,650)
Net Cash Provided by Operating Activities	\$ 4,809,894	\$ 3,515,875
NONCASH TRANSACTIONS		
Assets Contributed by Developers	\$ 474,054	\$ 2,073,152

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

East Cherry Creek Valley Water and Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court on June 7, 1962, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District exists to provide water, sanitary sewer and storm drainage services to the East Cherry Creek Valley area of unincorporated Arapahoe County, Colorado. A portion of the District is included in the city of Centennial.

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 organization, nor is the District a component unit of any other primary governmental entity.

The East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise), a Colorado nonprofit corporation, was established in 1998 as a "Water Activity Enterprise" pursuant to C.R.S. §§37-45.1-101, *et seq.* The District's Board of Directors serves as the Board of Directors for the Enterprise. Effective January 1, 2001, the Board adopted a Joint Resolution of the District and the Enterprise concerning the sharing of revenue between each entity, the responsibilities of each entity for the cost of operation and maintenance of facilities, administration costs, construction of new facilities, and the ownership of certain assets. Effective January 1, 2012, the Board adopted an Amended and Restated Joint Resolution which clarifies and redefines the responsibilities of each entity. District management believes that the operations of the Enterprise also have qualified for the enterprise exclusion under TABOR (see Note 12). The Enterprise is considered a component unit of the District and blended in the District's financial statements. Separate financial statements of the Enterprise are not issued.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

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.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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. Redemptions of bonds and loans are recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received or collectible.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenue, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water, sanitation and storm drainage services to its customers. Operating revenues consist of charges to customers for service 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 nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation, including the Enterprise, is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The District has amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating entities based upon each entity's average equity balance in the total cash and investments.

Cash Equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are valued at the lower of either cost, using the first-in first-out method, or market.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, water rights, buildings, distribution and collection systems and machinery and equipment 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 acquisition value at the date of donation or at the developers' cost.

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 using the straight-line method over the estimated economic useful lives:

Buildings	30 Years
Distribution and collection systems	10 to 50 Years
Machinery and equipment	3 to 10 Years
Treatment plants	20 Years

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions in the period in which they are received or become collectible. Under the District's policy, developers are required to pay for the equivalent cost of certain water lines previously constructed by the District to serve the developers' property as actual development begins. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developers' cost or at estimated fair market value when received. The District records the contributions at the time the lines are conveyed to the District for preliminary acceptance. Payments to other governments for the construction of capital infrastructure that will benefit the District but not be owned, operated or maintained by the District are recorded as an expense.

Water Rights and Sewer Capacity Rights

Water rights are being amortized over one hundred years, and sewer capacity rights are being amortized over thirty to one hundred years. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Certain water rights to renewable water resources have a perpetual life and are not amortized. All other costs, including costs incurred for the protection of water rights, are expensed.

Special Projects and Planning

The Board has elected to capitalize certain legal, engineering, and other costs of projects that are of benefit to the District over a period of time. These costs are being amortized over ten years on a straight-line basis.

Amortization of Original Issue Premium

Debt premiums are amortized over the respective terms of the debt using the effective interest method.

Amortization of Cost on Debt Refunding

The deferred cost on debt refunding is being amortized using the effective interest method over the life of the new debt. The amortization amount is a component of interest expense.

Compensated Absences

The District's employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when incurred in the financial statements.

The District has accrued \$345,573 and \$225,830 as of December 31, 2020 and 2019, respectively, for future payment of this earned leave.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflow/Inflow of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of debt refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Reclassifications

For comparability, certain 2019 amounts have been reclassified where appropriate to conform with the 2020 financial statement presentation.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	2020	2019
Statement of Net Position:		
Cash and Cash Equivalents	\$ 58,468,933	\$ 67,249,266
Cash and Cash Equivalents - Restricted	4,942,199	12,115,772
Total Cash and Investments	\$ 63,411,132	\$ 79,365,038

Cash and investments as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Deposits with Financial Institutions	\$ 18,704,296	\$ 11,776,780
Investments	44,706,836	67,588,258
Total Cash and Investments	\$ 63,411,132	\$ 79,365,038

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks 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 bank balance of \$20,233,849 and \$13,889,231, respectively; and a carrying balance of \$18,704,296 and \$11,776,780, respectively.

Investments

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2020 and 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2020</u>	<u>2019</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 44,706,836</u>	<u>\$ 67,588,258</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local 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. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted cash included Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12) of \$129,600 and \$154,100 at December 31, 2020 and 2019, respectively.

Restricted cash also included \$473,340 and \$1,945,799 held in escrow for payment of the District's subordinate Water Revenue Exchange Bonds, Series 2004 at December 31, 2020 and 2019, respectively; \$455,897 and \$1,873,213 for payment of the District's 2007 Lease Purchase Agreement at December 31, 2020 and 2019, respectively; zero and \$1,107,091 for the payment of the 2009A Series Bonds at December 31, 2020 and 2019, respectively; \$205,714 and \$204,223 for the payment of the 2010A Series Bonds at December 31, 2020 and 2019, respectively; \$401 and \$745,932 for the payment of the 2010B Series Bonds at December 31, 2020 and 2019, respectively; and \$3,677,247 and \$6,085,141 for capital projects at December 31, 2020 and 2019, respectively.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2020 and 2019 follows:

	2020			Balance at December 31, 2020
	Balance at December 31, 2019	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,161,295	\$ 32,000	\$ -	\$ 1,193,295
Easements	13,330,157	-	-	13,330,157
Water Rights	86,202,314	563,893	-	86,766,207
Construction in Progress	45,396,310	29,493,891	801,827	74,088,374
Total Capital Assets, Not Being Depreciated	146,090,076	30,089,784	801,827	175,378,033
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	337,554,930	1,093,785	-	338,648,715
Sewer System	61,632,012	182,096	-	61,814,108
Storm Drainage	18,861,963	-	-	18,861,963
Buildings	3,677,162	-	-	3,677,162
Office and Field Equipment	1,792,156	513,031	215,733	2,089,454
Total Capital Assets, Being Depreciated	454,648,748	1,788,912	215,733	456,221,927
Less Accumulated Depreciation for:				
Water Rights and Leases	7,507,496	282,011	-	7,789,507
Sewer Capacity Rights	671,934	19,834	-	691,768
Water System	113,925,066	8,235,106	-	122,160,172
Sewer System	18,731,042	1,365,478	-	20,096,520
Storm Drainage	6,633,547	418,381	-	7,051,928
Buildings	2,080,630	146,261	-	2,226,891
Office and Field Equipment	1,353,962	171,078	191,534	1,333,506
Total Accumulated Depreciation	150,903,677	10,638,149	191,534	161,350,292
Total Capital Assets, Being Depreciated, Net	303,745,071	(8,849,237)	24,199	294,871,635
Capital Assets, Net	<u>\$ 449,835,147</u>	<u>\$ 21,240,547</u>	<u>\$ 826,026</u>	<u>\$ 470,249,668</u>

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2019			
	Balance at December 31, 2018	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,161,295	\$ -	\$ -	\$ 1,161,295
Easements	13,170,157	160,000	-	13,330,157
Water Rights	85,560,861	641,453	-	86,202,314
Construction in Progress	6,515,327	42,362,789	3,481,806	45,396,310
Total Capital Assets, Not Being Depreciated	106,407,640	43,164,242	3,481,806	146,090,076
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	333,659,108	3,895,822	-	337,554,930
Sewer System	60,673,371	958,641	-	61,632,012
Storm Drainage	18,161,468	700,495	-	18,861,963
Buildings	3,677,162	-	-	3,677,162
Office and Field Equipment	2,033,806	126,327	367,977	1,792,156
Total Capital Assets, Being Depreciated	449,335,440	5,681,285	367,977	454,648,748
Less Accumulated Depreciation For:				
Water Rights and Leases	7,225,479	282,017	-	7,507,496
Sewer Capacity Rights	652,100	19,834	-	671,934
Water System	105,685,874	8,239,192	-	113,925,066
Sewer System	17,376,953	1,354,089	-	18,731,042
Storm Drainage	6,222,166	411,381	-	6,633,547
Buildings	1,919,572	161,058	-	2,080,630
Office and Field Equipment	1,531,627	162,713	340,378	1,353,962
Total Accumulated Depreciation	140,613,771	10,630,284	340,378	150,903,677
Total Capital Assets, Being Depreciated, Net	308,721,669	(4,948,999)	27,599	303,745,071
Capital Assets, Net	<u>\$ 415,129,309</u>	<u>\$ 38,215,243</u>	<u>\$ 3,509,405</u>	<u>\$ 449,835,147</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was charged to the following:

	2020	2019
Water	\$ 8,517,117	\$ 8,521,209
Sewer	1,385,312	1,373,923
Storm Drainage	418,381	411,381
General and Administrative	125,805	(16,607)
	<u>\$ 10,446,615</u>	<u>\$ 10,289,906</u>

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2020 and 2019:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Amounts Due Within One Year
Bonds Payable					
2010A Water Enterprise Revenue Bonds	\$ 275,000	\$ -	\$ 275,000	\$ -	\$ -
Bond Premium	2,992	-	2,992	-	-
2010B Water Enterprise Revenue Bonds (BAB)	8,620,000	-	8,620,000	-	-
2015 Water Refunding Bonds	37,000,000	-	1,330,000	35,670,000	1,395,000
Bond Premium	2,613,473	-	267,770	2,345,703	256,696
2019 Water Improvement Bonds	21,895,000	-	630,000	21,265,000	695,000
Bond Premium	3,218,361	-	274,349	2,944,012	254,173
2020 Water Refunding Bonds	-	22,745,000	-	22,745,000	215,000
Bond Premium	-	5,420,153	244,103	5,176,050	526,210
Subtotal Bonds Payable	<u>73,624,826</u>	<u>28,165,153</u>	<u>11,644,214</u>	<u>90,145,765</u>	<u>3,342,079</u>
Notes/Loans/Bonds From Direct Borrowings and Direct Placement					
2004 Subordinate Water Exchange Bonds	\$ 10,547,000	\$ -	\$ 3,700,000	\$ 6,847,000	\$ -
2009A Variable Rate Water Revenue Bonds	20,840,000	-	20,840,000	-	-
2009B Variable Rate Water Revenue Bonds	5,350,000	-	1,710,000	3,640,000	1,780,000
Bond Premium	2,650	-	1,307	1,343	889
2007 Subordinate Lease Purchase Agreement	9,001,095	-	4,176,676	4,824,419	4,824,419
2019 Lease Purchase Agreement	46,963	5,086,040	3,029	5,129,974	361,149
Subtotal Notes/Loans/Bonds From Direct Borrowings and Direct Placement	<u>45,787,708</u>	<u>5,086,040</u>	<u>30,431,012</u>	<u>20,442,736</u>	<u>6,966,457</u>
Total Long-Term Obligations	<u>\$ 119,412,534</u>	<u>\$ 33,251,193</u>	<u>\$ 42,075,226</u>	<u>\$ 110,588,501</u>	<u>\$ 10,308,536</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
Bonds Payable					
2010A Water Enterprise					
Revenue Bonds	\$ 540,000	\$ -	\$ 265,000	\$ 275,000	\$ 275,000
Bond Premium	8,868	-	5,876	2,992	2,992
2010B Water Enterprise					
Revenue Bonds (BAB)	8,620,000	-	-	8,620,000	-
2015 Water Refunding					
Bonds	38,280,000	-	1,280,000	37,000,000	1,330,000
Bond Premium	2,889,769	-	276,296	2,613,473	267,770
2019 Water Improvement					
Bonds	-	21,895,000	-	21,895,000	630,000
Bond Premium	-	3,218,361	-	3,218,361	-
Subtotal Bonds Payable	50,338,637	25,113,361	1,827,172	73,624,826	2,505,762
Notes/Loans/Bonds From Direct					
Borrowings and Direct Placement					
2004 Subordinate Water					
Exchange Bonds	13,155,000	-	2,608,000	10,547,000	-
2009A Variable Rate					
Water Revenue Bonds	20,840,000	-	-	20,840,000	-
2009B Variable Rate					
Water Revenue Bonds	6,985,000	-	1,635,000	5,350,000	1,710,000
Bond Premium	4,356	-	1,706	2,650	1,307
2007 Subordinate Lease					
Purchase Agreement	12,136,740	-	3,135,645	9,001,095	3,500,000
2019 Lease Purchase Agreement	-	50,001	3,038	46,963	2,726
Subtotal Notes/Loans/Bonds From Direct	53,121,096	50,001	7,383,389	45,787,708	5,214,033
Borrowings and Direct Placement					
Total Long-Term Obligations	\$ 103,459,733	\$ 25,163,362	\$ 9,210,561	\$ 119,412,534	\$ 7,719,795

The detail of the District's bonds payable is as follows:

Subordinate Water Revenue Exchange Bonds, Series 2004, dated May 6, 2004, in the original amount of \$26,793,000 mature on November 15, 2023, with an interest rate of 3.00% to December 31, 2009, and 5.00% from January 1, 2010, and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of the Enterprise or the District, on any date without redemption premium. The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds. These bonds are limited, subordinate lien obligations of the Enterprise on behalf of the District payable solely from the portion of the Net Revenues comprising an amount equal to 40% of water tap fees collected by the Enterprise or the District. Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues, which is subordinate to the lien thereon of the Senior Bonds.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue and cannot be predicted with certainty. The District's 2021 budget contemplates a principal payment of \$1,666,000.

The occurrence or existence of any one or more of the following events shall be an Event of Default:

- (a) payment of the principal of any Bond is not made when due;
- (b) payment of the interest on any Bond is not made when due;
- (c) the Enterprise or the District defaults in the performance of the following covenants:
 - a. to maintain the System as an enterprise and as a water activity enterprise;
 - b. to maintain a minimum water tap fee of \$15,000;
 - c. shall not amend or supplement the Joint Resolution or adopt or enter into other resolutions, agreements or documents which would reduce the amount of various rates, fees, tolls, or charges imposed by the Joint Resolution or materially adversely affect the amount which would otherwise be credited to the Subordinate Bond Account; or
- (d) the District or the Enterprise files a petition under the federal bankruptcy laws or other applicable bankruptcy laws.

2007 Subordinate Lease Purchase Agreement - The Enterprise, on behalf of the District, entered into a Subordinate Lease Purchase Agreement with United Water and Sanitation District (United) on July 27, 2007 (effective May 25, 2007), in the original amount of \$31,250,000. United agrees, among other things, to construct certain facilities, to provide additional storage and to acquire, on behalf of the District and the Enterprise, sufficient water rights to produce not less than 2,960 acre feet of fully consumable water per year and not more than 3,221 acre feet of fully consumable water per year (Phase 2 Water), and to the delivery of such water to ECCV. Principal and interest payments under the Agreement are due annually on November 15 with an interest rate of 3.2%. The annual principal portion shall be an amount equal to the Allocated Tap Lease Revenue, defined as the portion of the Net Revenue that is equal to 38.57% of the Water Tap Fees collected by the Enterprise on and after November 1, 2004. The Agreement terminates on November 15, 2014, or upon payment of all amounts due and the conveyance of all the Phase 2 Water to ECCV, whichever occurs earliest. If the Agreement were allowed to terminate, not only does the District's obligation to pay the remaining principal cease, but the conveyance of any water rights associated with the unpaid portion of the principal ceases as well.

A Supplemental Lease Purchase Agreement was signed by United on October 30, 2014. The supplemental agreement extended the expiration date to November 15, 2017. In exchange, the District agreed to pay an additional \$400,000 of principal each year.

The Second Supplement to the Lease Purchase Agreement, effective as of September 26, 2017, extended the agreement to November 1, 2022.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Any one of the following shall be an "Event of Default" under this Agreement:

- (a) failure by ECCV to pay to United on the Payment Date all amounts on deposit in the Lease Payment Account as of the immediately preceding October 31;
- (b) failure by ECCV to deposit an amount equal to the Allocated Tap Lease Revenue to the Lease Payment Account in any year;
- (c) failure by ECCV to observe and perform the following covenants:
 - a. the District will maintain a minimum Water Tap Fee for connection to its water system of not less than \$16,500 per Single Family Equivalent;
 - b. neither the District nor the Enterprise will amend or supplement the Joint Resolution or adopt or enter into other resolutions, agreements or documents which would reduce the amount of various rates, fees, tolls, or charges imposed by the Joint Resolution or materially adversely affect the amount which would otherwise be credited to the Lease Payment Account; or
 - c. the District, acting on behalf of the Enterprise will provide certain information on an ongoing basis to United; or
- (d) ECCV files a petition seeking reorganization under federal bankruptcy law, or other debtor relief.

Variable Rate Water Revenue Refunding Bonds, Series 2009A, dated March 30, 2009, were issued in the original amount of \$20,840,000 and were due on November 15, 2034. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2009A Joint Bond Resolution (Joint Resolution).

The bonds bore interest in the Monthly Rate Mode. The remarketing agent for the bonds determines the monthly interest rate. Interest, while in the Monthly Rate Mode, was computed on the basis of a 360 day year and was payable on the first business day of each month.

The bonds were subject to optional redemption on the first business day of each month while in the Monthly Rate Mode at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date, without premium.

During 2020, the Series 2009A Bonds were refunded with the issuance of the Series 2020 Water Revenue Bonds.

Variable Rate Water Revenue Refunding Bonds, Series 2009B, dated May 28, 2009, in the original amount of \$18,970,000, are serial bonds issued in the amount of \$3,535,000 due annually on November 15 in increasing amounts through 2012, with an interest rate of 2.00%, payable semiannually on May 15 and November 15 and term bonds issued in the amount of \$15,435,000 due November 15, 2022, with an interest rate of 2.75%, payable semiannually on May 15 and November 15 (Initial Term Rate Mode). On November 15, 2012, the bonds were restructured as private placement bonds and the Letter of Credit was removed.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The bonds are subject to optional redemption while in the Variable Rate Modes, without redemption premium, or while in the Fixed Rate Mode, with redemption premium, at the option of the District. The bonds were issued for the purpose of advance refunding the Water Revenue Bonds, Series 2002 with an outstanding principal amount of \$16,040,000. The Series 2002 Bonds were paid off by the Escrow on November 15, 2012.

The bonds are special and limited obligations of the Enterprise on behalf of the District, payable solely out of and secured by an irrevocable (but nonexclusive) pledge of the revenue of the Water System after deduction of operations and maintenance expenses (Net Revenues). The District and the Enterprise have covenanted that rates and fees may not be lowered or reduced so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2020, the District was in substantial compliance with its bond covenants.

The Bank Series 2009B Bonds are bonds that have been tendered for purchase, not remarketed, and purchased from amounts available under the LOC, dated May 28, 2009, by and among the Enterprise, acting on behalf of the District and the Letter of Credit Bank. The LOC expired on November 15, 2012, when the Enterprise converted the bonds to the Fixed Rate Mode.

The occurrence of any one or more of the following events shall constitute an Event of Default under the Indenture:

- (a) payment of principal of the Senior Bonds is not made when due and payable;
- (b) payment of interest on the Senior Bonds is not made when due and payable;
- (c) the Enterprise or the District defaults in the punctual performance of the covenants contained in any Outstanding Senior Bonds or in the Indenture;
- (d) the Trustee receives written notice from the Bank that the Enterprise has not reimbursed the Bank for a drawing under the Letter of Credit or that any other event of default has occurred and is continuing under the Reimbursement Agreement; or
- (e) a petition in bankruptcy is filed by or against the Enterprise or the District.

Acceleration of the Series 2009B Bonds shall not be an available remedy for any default or Event of Default unless the Bank has directed such acceleration pursuant to the terms of the Reimbursement Agreement.

Tax-Exempt Water Revenue Bonds, Series 2010A, dated September 7, 2010, were issued in the original amount of \$2,360,000 and are due on November 15, 2020, with interest rates from 2.00% to 4.00% payable semiannually on May 15 and November 15. The bonds are not subject to redemption prior to maturity. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2010 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of funding a portion of the construction of the Reverse Osmosis Water Treatment Facility.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2010A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2020, the District was in substantial compliance with its bond covenants.

The bonds are further secured by a debt service reserve account. This reserve account has been satisfied by the deposit of funds in the amount of \$205,714.

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an Event of Default under the 2010 Joint Bond Resolution:

- (a) payment of principal of the Senior Bonds is not made when due and payable;
- (b) payment of interest on the Senior Bonds is not made when due and payable;
- (c) the Enterprise or the District defaults in the punctual performance of the covenants contained in any Outstanding Senior Bonds or in the Joint Bond Resolution;
- (d) the Trustee receives written notice from the Bank that the Enterprise has not reimbursed the Bank for a drawing under the Letter of Credit or that any other event of default has occurred and is continuing under the Reimbursement Agreement; or
- (e) a petition in bankruptcy is filed by or against the Enterprise or the District.

Acceleration of the Series 2010 Bonds is not an available remedy for any default or Event of Default.

The Series 2010A Bonds were satisfied and paid in full with the issuance of the Series 2020 Water Revenue Bonds.

Taxable Water Revenue Bonds (Build American Bonds), Series 2010B, dated September 7, 2010, were issued in the original amount of \$8,620,000 and were due on November 15, 2040, with interest rates from 4.50% to 5.82%. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2010 Joint Bond Resolution (Joint Resolution).

The Series 2010B Bonds were issued pursuant to the Colorado Recovery and Reinvestment Act of 2009, Title 11, Article 59.7, Part 1, C.R.S., which allows for the issuance of Build America Bonds (BABs). Under certain requirements, BABs qualify the issuer to receive federal subsidies to offset a portion of the borrowing costs in the form of a credit equal to 35% of the interest payable. During 2020, the District received a credit from the federal government in the amount of \$79,812.

During 2020, the Series 2010B Bonds were refunded with the issuance of the Series 2020 Bonds.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Refunding Bonds, Series 2015, dated August 19, 2015, were issued in the original amount of \$41,885,000 with interest of 3.00% to 5.00%, consisting of serial bonds issued in the amount of \$31,195,000 due November 15 annually through 2032 and term bonds issued in the original amount of \$10,690,000 due November 15, 2035. The serial bonds maturing on and after November 15, 2026, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2015 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of currently refunding and redeeming the 2005 Loan Agreement, of which \$45,280,000 was outstanding.

The Series 2015 Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, including the Series 2002 Bonds (refunded by the Series 2009B Bonds), and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2020, the District was in substantial compliance with its bond covenants.

Water Revenue Improvement Bonds, Series 2019A, dated October 31, 2019, were issued in the original amount of \$21,895,000 with interest of 2.25% to 5.00%, due November 15 annually through 2040, and with interest due May 15 and November 15, commencing May 15, 2020. The bonds maturing on and after November 15, 2030, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2019 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of expanding the public infrastructure.

The Series 2019A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 125% of Net Revenues in excess of the annual debt service payment. During 2020, the District was in substantial compliance with its bond covenants.

Water Revenue Bonds, Series 2020, dated May 28, 2020, were issued in the original amount of \$22,745,000 with interest rates ranging from 2.0% to 5.0%, payable semiannually on May 15 and November 15 each year, commencing on November 15, 2020. The bonds consist of serial bonds due November 15 annually through 2040. The bonds maturing on and after November 15, 2030, are subject to redemption prior to maturity at the option of the District without redemption premium.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Proceeds from the sale of the bonds were used to (i) refund the Variable Rate Water Revenue Refunding Bonds, Series 2009A and the Taxable Water Revenue Bonds (Build America Bonds - Direct Payment), Series 2010B; and (ii) pay the costs of issuance of the bonds.

The bonds were issued by the District acting by and through its Water Activity Enterprise on parity with the Outstanding Senior Bonds and any other Additional Parity Obligations. The 2020 Bonds are payable solely from Net Revenue derived from the operation and use of the Water System.

So long as any 2020 Bonds are outstanding, the District and the Enterprise covenant to maintain all rates, fees, tolls and charges furnished by the Water System to generate Net Revenue in an amount equal to not less than 125% of the amount necessary to pay when due the principal of and interest on the Outstanding Senior Bonds coming due during such Fiscal Year.

Events of Default Relating to the 2015 Bonds, the 2019A Bonds, and the 2020 Bonds. The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) payment of principal on any of the Senior Bonds is not made when due and payable;
- (b) payment of interest on any of the Senior Bonds is not made when due and payable;
- (c) defaults in the punctual performance of the covenants contained in any Outstanding Senior Bonds;
- (d) a petition in bankruptcy is filed by or against the Enterprise or the District.

Acceleration of any of the Senior Bonds is not an available remedy for any default or Event of Default.

Lease Purchase Agreement, dated May 14, 2019, the District entered into a Lease Purchase Agreement (Lease) with Vectra Bank Colorado, a division of Zions Bancorporation (Lessor), to fund building expansion, shop building, furnishings, parking, storm drainage, and other miscellaneous items at the District's main office campus. The interest rate on the lease purchase is 3.12% for up to \$6,500,000. The term of the agreement is 15 years with no prepayment penalty. Annual principal payments begin November 1, 2019 through November 1, 2033; semiannual interest payments begin November 1, 2019 and, on each May 1 and November 1 thereafter until maturity.

The Lease is structured as a draw-down Lease. Draws can be made once per month, preferably, in a minimum amount of at least \$100,000, over the next three years. Interest accrues at the date of each draw.

As of December 31, 2020, the District had drawn \$5,136,041. The District's unused line of credit under the Lease Purchase Agreement at December 31, 2020 is \$1,363,959.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default Relating to the 2019 Lease. The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) failure to pay any Base Rentals or Additional Rentals when the same become due and payable;
- (b) failure to observe and perform any covenant, condition or agreement to be observed or performed for a period of 45 days after written notice of failure and requesting remedy;
- (c) failure to reinstate insurance within 10 business days after written notice of failure and requesting remedy;
- (d) any representation or warranty made by the District that proves to be untrue in any material respect or materially misleading; or
- (e) a petition in bankruptcy is filed by or against the District.

Upon an event of default, the Lessor may immediately take possession of the Leased Property with or without terminating the Lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020 were as follows:

<u>Year Ending December 31,</u>			
2021		\$	506,658
2022			482,524
2023			482,524
2024			482,524
2025			482,524
2026-2030			2,412,621
2031-2033			1,447,575
Total Minimum Lease Payments			6,296,950
Less: Amount Representing Interest			(1,166,976)
Present Value of Minimum Lease Payments			5,129,974
Current Portion			(361,149)
Long-Term Portion			\$ 4,768,825

The District's debt, excluding the Subordinate Water Revenue Exchange Bonds, Series 2004, and the 2007 Subordinate Lease Purchase Agreement will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,446,149	\$ 3,688,772	\$ 8,134,921
2022	4,608,737	3,527,850	8,136,587
2023	4,179,150	3,374,736	7,553,886
2024	4,339,887	3,210,199	7,550,086
2025	4,550,960	2,999,876	7,550,836
2026-2030	25,863,360	11,917,811	37,781,171
2031-2035	31,206,731	5,770,994	36,977,725
2036-2040	9,255,000	1,139,400	10,394,400
Total Payments	\$ 88,449,974	\$ 35,629,638	\$ 124,079,612

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

At December 31, 2020, the authorized unissued general obligation debt of the District from elections held in 1977 and 1981 totaled \$14,599,393. The District's ability to issue its remaining authorized debt may be limited by judicial interpretation as a result of Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020 and 2019, the District had net investment in capital assets, calculated as follows:

	<u>2020</u>	<u>2019</u>
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 470,249,668	\$ 449,835,147
Unspent Bond Proceeds	206,115	2,057,246
Current Portion of Long-Term Obligations	(10,308,536)	(7,719,795)
Cost of Debt Refunding, Net	691,111	820,522
Noncurrent Portion of Long-Term Obligations	<u>(100,279,965)</u>	<u>(111,692,739)</u>
Net Investment in Capital Assets	<u>\$ 360,558,393</u>	<u>\$ 333,300,381</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Restricted Net Position:		
Debt Service	\$ 1,135,352	\$ 4,003,045
Capital Projects	3,677,247	7,958,627
Emergencies	129,600	154,100
Total Restricted Net Position	<u>\$ 4,942,199</u>	<u>\$ 12,115,772</u>

The District's unrestricted net position as of December 31, 2020 and 2019 is \$55,334,102 and \$57,003,982 respectively.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Sewage Treatment – City of Aurora

The District has contracted since 1976 with the City of Aurora (City) for all sewage treatment services and to pay the City a portion of the costs to increase the size of certain sewer mains in exchange for future rights to capacity in these mains. The District was charged sewage treatment cost by the City in the amount of \$6,823,810 for 2020 and \$6,714,470 for 2019 under the agreement.

The District has agreed to pay the City an amount equal to 15% of the sewer tap fee being charged by the City at a time a sewer tap is connected. The District paid \$138,252 in 2020 and \$243,276 in 2019 to the City for tap connections.

On March 25, 2011, the District amended the agreement (2011 Agreement) with the City in regard to the appropriate amount of charges to be levied on a monthly basis for the transportation of sanitary sewage from the District and the sum of money due to the City from the District for capital infrastructure investments by the City. The 2011 Agreement establishes the base rate to be \$3.44 per thousand gallons of sanitary sewage based on calculations set forth in the agreement, effective July 1, 2010.

The District agreed to pay the City \$369,312, which reflects the total monthly charges incurred and unpaid through September 30, 2010. Payment was made upon execution of the agreement.

In a memorandum dated August 1, 2012, (2012 Agreement), the District agreed to pay for their portion of additional capital infrastructure improvements as listed in the 2012 Agreement, in the amount of \$5,031,646. Payments were made in thirteen (13) quarterly installments of \$399,387 beginning with the third quarter of 2012, interest to accrue at an annual rate of 2.5%. The memorandum was paid in full in 2015.

Future capital infrastructure improvements have been planned. The timing of the construction of these projects will be determined by future development and need for sewage capacity.

Water Storage – City of Aurora

On November 10, 1994, the District executed an agreement with the City of Aurora (City) that permits the District to place up to 3,500 acre feet of water in Aurora Reservoir and to exchange that water, less system and evaporative losses, for treated water from the Aurora system. The agreement expired in 2003; however, the District continues to replace water taken from the Aurora system.

During 2020 and 2019, the District provided no water to the Aurora system.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Water Storage – City of Aurora (Continued)

On May 7, 2007, the District executed an agreement with the City in which the District will provide water primarily for irrigation use in the raw water systems at the Eagle Bend and Blackstone golf courses to satisfy the water taken from the Aurora system. This agreement shall be effective for fifteen years after which the agreement will automatically renew annually.

During 2020, no water was delivered to the golf courses, leaving a balance of 55.80 acre feet owed to the City.

Intergovernmental Agreement – ACWWA

On December 15, 2009, the District entered into an intergovernmental agreement (IGA) with Arapahoe County Water and Wastewater Authority (ACWWA), Arapahoe County Water and Wastewater Public Improvement District (ACWWPID) and United Water and Sanitation District (United). The intent of the IGA is to provide ECCV and ACWWA an integrated system for the diversion, accretion, collection, storage, transmission and treatment of each party's water rights.

ACWWA has acquired a capacity easement from ECCV for the purpose of providing water services to its customers. Additionally, ECCV was obligated to begin construction on the reverse osmosis plant (RO Plant) when ACWWA deposited \$7,320,000 and United has deposited \$14,000,000 into separate escrow accounts. Construction began in September 2010 and was completed in 2013.

The District shall construct the RO Plant. The 10 mgd RO Plant was expected to cost \$25 million. In the event the construction costs exceed \$27.1 million, ECCV shall notify ACWWA, who will then agree on participating in additional funding or the downsizing of the RO Plant. Should ACWWA agree to additional funding, they will be entitled to an increase in capacity in the RO Plant by the same ratio of the additional funding. Should ACWWA not fund the additional cost, then ACWWA's prorated capacity shall be calculated by dividing \$7.32 million by the total final cost by the ACWWA payment and multiplying the result by 10. The RO Plant was upgraded to reduce the total Dissolved Solids at an estimated cost of \$3.5 million.

In consideration of \$7.32 million, ACWWA will hold a capacity easement for the treatment of 2.25 mgd of fixed capacity in the RO Plant. For the cost of these facilities, the first \$100,000 will be paid by the District and the next \$2.5 million will be paid by ACWWA. Once the costs of construction of the brine management and disposal facilities exceeds \$6 million, the entities using the RO Plant shall bear the cost of further brine management and disposal in the ratio of the water rights to be processed. The initial cost of the brine management and disposal facilities was approximately \$4 million.

The District conveyed to ACWWA a capacity easement for the use of 3.5 mgd fixed capacity in the existing Northern Pipeline at a cost of \$5,250,000. ACWWA had a fixed capacity of 1.75 mgd, resulting in a total of 5.25 mgd fixed capacity.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Intergovernmental Agreement – ACWWA (Continued)

The District conveyed to ACWWA an easement for 2.25 mgd of fixed capacity in the Pump Station serving the Northern Pipeline at a cost of \$3.375 million. Additionally, ACWWA shall have an option to purchase an additional 3.0 mgd of fixed capacity at such time the capacity of the RO Plant is expanded based on a pro-rata share of the expansion of the Pump Station.

Western Pipeline Sale

On October 21, 2014, the District sold its Western Pipeline and State Land Board Pipeline to the City and County of Denver acting by and through its Board of Water Commissioners (Denver Water), and the South Metro WISE Authority (WISE) for \$34,000,000. Denver Water will own 15% of the pipeline and WISE will own 85%. The District shall retain ownership of Reserved Capacity (8 MGD) of the Western Pipeline but does not hold or retain any interest in the physical assets, right-of-ways, licenses, or easements. The pipelines can be used as part of the system to deliver water received by WISE or used by Denver Water for the conveyance of water for use in its water delivery system. Concurrent with this sale these three parties also executed the Agreement Regarding Modifications to Shared Infrastructure (Modification Agreement) and the Agreement for the Operations of Shared Infrastructure (Operating Agreement).

Modification Agreement

The Modification Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to shared facilities that will be constructed to make the pipeline suitable for joint-use (Modifications). The District and Denver Water will contribute no more than \$3,454,980 each towards the Modifications. The District paid \$3,304,980. The modifications were completed in 2015.

Operating Agreement

The Operating Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to the joint ownership and use of certain facilities in order to provide water service to its customers and, in the case of WISE, providing water transmission and delivery for the benefit of its members. The three parties shall share operation, maintenance and capital costs related to the shared facilities as set forth in Section 6 of the Operating Agreement.

It is anticipated that the parties will enter into further agreements regarding the maintenance of the infrastructure, management of water rights, and other matters, including an operation agreement between the District and United.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and the United Water and Sanitation District (United) on December 18, 2003 and amended and restated on May 25, 2007, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement anticipated a reverse osmosis treatment plant to be constructed, owned, and operated by the District. During 2003, the District purchased water and delivery rights to 3,000 acre feet of fully consumable water per year at a price of \$18,500,000 paid in cash to United and \$26,500,000 in the form of Subordinate Water Revenue Bonds, Series 2003, subsequently exchanged for the Subordinate Water Revenue Exchange Bonds, Series 2004 in the amount of \$26,793,000 (see Note 5), payable to United. The agreement entitles the District to purchase shares in FRICO's water supply system or additional South Platte Water supplies at an approximated price of \$9,700 per acre foot, which would provide the District between 2,960 and 3,221 acre feet of fully consumable water per year for a total of \$31,250,000. Additional projects contemplated by an agreement will divert water and return flows from the South Platte River and deliver it to the District's future treatment plant and will give the District a right of first purchase of yield in excess of 6,221 acre feet from additional tributary water rights from the South Platte River acquired by United.

Agreements with Denver Water Board

In prior years, the District participated with the Denver Water Board (Denver) and other participants in the Denver Metropolitan Water Development Agreement and the Platte and Colorado River Storage Project Participation Agreement. During 2000, the District settled any rights or obligations associated with these agreements. The District and Denver also entered into an intergovernmental agreement under which Denver agreed to provide to the District up to 771 acre feet of either potable or nonpotable water (Lease Water) annually, subject to payment of appropriate system development charges (SDCs) and water rates. Pursuant to the IGA, the District entered into a Nonpotable Water Lease Agreement with Denver on May 15, 2002, which provides for the delivery of nonpotable Lease Water to the District for calendar years 2002 through 2004. During 2002, the District paid \$4,009,200 in SDCs at the raw water rate. The agreement states that beginning in 2005, Denver will deliver only potable Lease Water to the District.

On October 19, 2005, the District entered into a Potable Water Lease Agreement with Denver whereby Denver will deliver to the District up to 771 acre feet of potable water per year, beginning on January 1, 2006. The District paid the differential between potable and nonpotable SDCs for 771 acre feet in 2006, a cost of \$3,893,550. The District received a credit against this payment of \$2,000,000 to compensate the District for the costs of constructing the facilities necessary to deliver potable water from Denver's system to the District's Northern Pipeline.

The District paid Denver a net amount of \$1,129,287 and \$785,341 in 2020 and 2019, respectively, for water service charges.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

OAR Lease Agreement

In 1983, the District entered into an agreement with OAR, Inc. for water from the Arapahoe Aquifer under State Board of Land Commissioners (SBLC) land adjacent to the District. OAR, Inc. subsequently assigned this agreement to the Rangeview Metropolitan District (Rangeview). In November 1996, Rangeview and the District amended the amount to be paid under the agreement.

The 1996 agreement allows the District to purchase up to 4,000 acre feet of Arapahoe Aquifer Water at \$44 per acre foot on an arrangement for a total annual payment of up to \$176,000 through the term of the agreement. The District has taken delivery of less than 4,000 acre feet in 2020 and 2019. Additional capital expenditures for wells and pipelines are required to fully utilize the water rights. The District also agreed to waive any and all preemptive rights or rights of first refusal relating to any conveyance of water and water rights in excess of the right to purchase for use up to the 4,000 acre feet of water each year.

Water Purchase Agreement – Rangeview

On May 1, 2012, the District entered into an agreement with Rangeview Metropolitan District (Rangeview) to sell to Rangeview groundwater produced by the District's Lowry Range Water System (LRWS). This agreement allows Rangeview to operate and maintain the LRWS on behalf of the District with Rangeview paying all applicable costs. Rangeview shall pay the District a fixed monthly payment of \$4,667 per month through December 31, 2012, \$8,000 per month from January 1, 2013, through December 31, 2020, and \$3,000 per month from January 1, 2021, through April 26, 2032, for up to 300 acre feet of LRWS water per calendar year. In addition to the monthly fee, Rangeview shall pay \$0.14 per 1,000 gallons of metered LRWS water production. In the event Rangeview produces more than 300 acre feet during any calendar year, Rangeview shall pay \$0.54 per 1,000 gallons on the excess production.

The District has a contractual agreement with the City of Aurora to supply 260 acre feet of water to two Aurora golf courses. This agreement is subject to the prior agreement with the City of Aurora. Rangeview is responsible for adjusting the schedule of operations for the LRWS wells so that water is available for delivery at the request of the City of Aurora (see Note 7).

Pipeline Enlargement Agreement

The District entered into an agreement with the South Metro Water Supply Authority (SMWSA), effective in March 2005, as amended by the First Amendment to the ECCV-SMWSA Barr Lake Pipeline Engagement Agreement effective January 1, 2006, whereby SMWSA increased the size of the District's Barr Lake water pipeline to 48 inches and purchased the additional capacity. SMWSA deposited \$5,991,376 with the District for a preliminary capacity of six million gallons per day. SMWSA will ultimately pay its pro-rata portion of the entire cost of the pipeline plus 10%. The capacity owned by SMWSA will ultimately be determined by their contributions toward the total cost of the project. The District will own, operate, maintain, repair and replace the pipeline and charge the Authority a reasonable rate for its capacity that it uses by conveyance and/or delivery of water to, or acceptance of water from, the pipeline.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pipeline Enlargement Agreement (Continued)

The Second Amendment to the ECCV-SMWSA Barr Lake Pipeline Engagement Agreement was effective March 30, 2020, whereby the SMWSA shall pay the final payment on or before June 30, 2020. Should SMWSA fail to make the payment by June 30, 2020, SMWSA's capacity in the pipeline will remain at the current capacity. The final payment was received.

Construction Commitments

The District had unexpended construction related contract commitments of approximately \$5,815,800 and \$28,807,903 as of December 31, 2020 and 2019, respectively.

Master Tap Purchase Agreement

The District entered into a Master Tap Purchase Agreement with South Quincy Residential Developers, Inc. (the Owner or SQR) on February 15, 2006. The agreement calls for no less than 4,600 residential single family equivalent water taps to be supplied from District water systems and not less than 4,600 single family residential equivalent sanitary sewer taps to be served by the District. The Owner guarantees the purchase of not less than 100 of each type of tap with 50 of each type of tap to be sold on or before November 30, 2006, and 50 of each type of tap to be sold on or before November 30, 2007. The District received payment for 39 water and sewer taps on or before November 30, 2006. The balance of the November 30, 2006, obligation was received in February 2007. SQR purchased more than 50 water and 50 sewer taps on or before November 30, 2007. Water tap fees in 2007 were \$19,000, and the District may increase that fee no more than \$1,250 per year until January 1, 2014.

On February 25, 2011, the District entered into the First Amendment of the Master Tap Purchase Agreement with SQR (First Amendment). The First Amendment changes the timing of payments for the 12-inch equivalent costs. The amendment requires SQR to pay a share of the 12-inch equivalent costs as lots are conveyed, on a pro rata basis. The amendment establishes new irrigation rates which escalate starting January 1, 2011, through January 1, 2016. Commencing January 1, 2017, and thereafter, the irrigation rate shall be the same rate applied throughout the District.

On August 23, 2011, the District entered into the Second Amendment of the Master Tap Purchase Agreement with SQR (Second Amendment). Cherry Creek School District No. 5 (School) wishes to construct and install certain infrastructure within the District with an estimated total cost of \$852,335. The District agrees to fund the construction. The School agrees to pay the District certain fees according to the District's fee schedules in effect at the time of payment. A portion of these fees, as described in the Second Agreement, will be available for funding the construction. SQR agrees to fund the remaining balance of the construction costs through the guarantee of tap purchases. The District and SQR agree that \$8,000 of the purchase of each tap purchase for use in the Copperleaf project on or after the date of the Second Agreement shall be applied to the remaining balance of the construction costs. SQR agrees that a sufficient number of taps (or their equivalent) will be purchased in

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Master Tap Purchase Agreement (Continued)

the Copperleaf project on or before thirty-six (36) months from the date of execution of this Second Amendment. The District and SQR also agree that 100% of all 12-inch equivalency payments, 100% of all drainage fee payments, and 20% of all irrigation taps purchased by SQR and/or builders, developers and others users subsequent to the date of this Second Agreement with respect to the Copperleaf project shall apply against and reduce SQR's tap purchase requirements.

Agreement with Adams County

On April 2, 2007, the District entered into a first amendment to the August 3, 2005, Agreement with Adams County, Colorado, in which the County has requested that the District make available to the County potable water at the same rates as the District makes potable water available within the District. The District will be constructing a 12" water line (the Airport Waterline) to deliver water from the Denver Water Department's water line at Denver International Airport to the District's 48" pipeline. Under this amendment, the County can elect to tap into either the 48" pipeline or into the Airport Waterline, with written consent of the Denver Water Department. The County agrees to purchase a tap at the then current District rate, but not exceeding a 2" tap. The District is willing to lease approximately 50% of the annual capacity to South Adams County Water and Sanitation District (South Adams) for its use as set forth in paragraph 6 of the First Amendment to the August 3, 2005, Agreement. The District also offered to allow South Adams to expand the size of the Airport Waterline from 12" up to 24". South Adams determined that it did not want to increase the size of the Waterline.

Emergency Interconnect Agreement

On August 27, 2014, the District entered into Agreement with the City and County of Denver acting by the through its Board of Water Commissioners (Denver Water), in which Denver Water agrees to allow ECCV to make physical interconnections with Denver Water's water system to allow Denver Water's water to be delivered to the District on an emergency basis. The interconnection shall only be used in the event of an emergency, and if Denver Water is capable of providing water service. An emergency for the purposes of this Agreement is a main break, pump, motor, power, or other system failure which causes partial or total inability of the District's system to provide fire protection or municipal service.

The Agreement shall have a term of five years. At the end of five years, this Agreement shall automatically be extended for additional one-year periods unless terminated in writing at least 60 days prior to the automatic extension.

The District shall pay Denver Water for all water delivered through the emergency interconnection at Denver Water's then current treated water service rate for customers outside Denver Water's service area.

Employment Contracts

On April 23, 2020, the District entered into a three year employment contract with the District Manager. The District's financial obligation under this contract is to pay salary totaling \$220,000 per year and a car allowance of \$300 per pay period.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

At December 31, 2020, there was one claim made against the District which would involve a potential contingent liability related to a worker's compensation claim, which is anticipated to be covered by the District's insurance carrier. This notice of claim was tendered to the District's insurer, The Travelers Indemnity Company of America on November 11, 2019. On January 3, 2020, Travelers provided a notice to the opposing counsel denying the claim. A complaint was filed related to this matter on July 31, 2020 in the District Court, County of Arapahoe, State of Colorado and was tendered to Travelers on August 6, 2020. Michael C. Wathen, Ray Lego & Associates, was appointed as defense counsel for the District. The complaint, as amended, alleges various claims in an amount to be determined at trial, plus costs, interest beginning as of June 8, 2019, and other such relief as the District Court deems just and equitable. The case has been scheduled for a four-day jury trial commencing on January 10, 2022 and a pre-trial conference commencing on December 17, 2021.

NOTE 9 PENSION AND BENEFIT PLANS

The District has a general policy that employee benefits shall equal 30.85% of the employee's salary. These benefits include all employer costs related to the employee compensation such as health insurance, other related insurance programs that may be either mandatory or elected by the employee and the retirement programs described below. Should the benefits charged to the employee not equal the maximum, the employee may direct the District to have the difference deposited into the deferred compensation plan.

Defined Contribution Plan

The employees of the District participate in a money purchase pension plan and trust, which is a defined contribution plan which was established by the District and is maintained and administered by Voya. The current plan was amended effective October 1, 2020. At December 31, 2020, there were 93 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members on their first day coinciding with or next following the date on which they have met all requirements for participation. Under this plan, an amount equal to 7% of the plan members' compensation is remitted to the Plan Administrator by the District. The District's contributions, plus earnings, become vested 100% upon entering the plan. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

The District contributed \$252,928 and \$238,196 for the years ended December 31, 2020 and 2019, respectively.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 PENSION AND BENEFIT PLANS (CONTINUED)

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Voya. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

Postemployment Health Plan

Effective January 1, 2002, the District adopted a mandatory postemployment health plan. The District is required to contribute 2.0% of each eligible employee's annual salary into a defined contribution plan administered by Voya. Contributions vest with the employee immediately for qualified medical expenses at termination of employment and no additional contributions are required of the District at termination of employment. Employer contributions were \$78,745 for 2020 and \$69,330 for 2019, respectively.

NOTE 10 RELATED PARTY

A member of the District's Board of Directors has an investment interest in a development project within the District and may have conflicts of interest when dealing with business transactions as they relate to the project and has filed a disclosure statement pursuant to statute.

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019**

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations as well as those of the Enterprise qualify for this exclusion.

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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 13 RESTATEMENT

The District has determined that the accounts receivable for a couple of the utility billing cycles did not reflect the correct year-end cutoff at December 31, 2019. To provide consistency between the comparative years of 2020 and 2019, retroactive adjustments are as follows:

Net Position - December 31, 2019, as originally stated	\$ 400,775,886
Net Effect of Restated Accounts Receivable	1,644,249
Net Position - December 31, 2019, as restated	<u>\$ 402,420,135</u>
Funds Available - December 31, 2019, as originally stated	\$ 69,479,081
Net Effect of Restated Revenues	1,644,249
Funds Available - December 31, 2019, as restated	<u>\$ 71,123,330</u>

SUPPLEMENTARY INFORMATION

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	2020	Restated 2019
DIRECT WATER EXPENSES		
Communications	\$ 96,285	\$ 80,904
Customer Billing	151,744	147,492
Engineering and Plan Review	1,189,252	589,741
Insurance	250,119	-
Legal	628,264	602,229
Operating Expenses	1,799,765	1,321,315
Repairs and Maintenance	6,572,315	7,498,265
Testing	90,418	142,046
Utilities	3,561,501	3,092,272
Water Conservation Rebates	22,222	22,081
Water Lease Payment	2,951	10,241
Water Services	1,129,287	785,341
Total Direct Water Expenses	\$ 15,494,123	\$ 14,291,927
DIRECT SEWER EXPENSES		
Aurora Tap Fees	\$ 138,252	\$ 243,276
Customer Billing	50,791	50,115
Engineering and Plan Review	160,027	181,616
Repairs and Maintenance	690,386	574,549
Sewage Treatment	6,823,810	6,714,470
Utilities	109,213	125,551
Total Direct Sewer Expenses	\$ 7,972,479	\$ 7,889,577
DIRECT STORM DRAINAGE EXPENSES		
Engineering and Plan Review	\$ 3,087	\$ 12,315
Repairs and Maintenance	69,436	77,782
Total Direct Storm Drainage Expenses	\$ 72,523	\$ 90,097
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and Audit	\$ 85,920	\$ 93,995
Communications	104,499	63,456
Directors' Fees	7,800	7,600
Insurance	16,823	242,103
Investment Expense/Bank Charges	188,699	141,521
Legal	139,231	104,169
Management	20,740	34,902
Miscellaneous/Contingency	53,590	33,732
Office Supplies	605,910	509,930
Public Information	73,714	87,084
Repairs and Maintenance	88,057	407,049
Salaries, Benefits, and Payroll Taxes	1,295,850	1,150,086
Travel, Training, and Meetings	91,892	117,046
Utilities	41,354	42,950
Total General and Administrative Expenses before Depreciation and Amortization	2,814,079	3,035,623
Depreciation and Amortization	422,488	358,618
Total General and Administrative Expenses	\$ 3,236,567	\$ 3,394,241

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL FUNDS COMBINED
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
REVENUES				
Water Service Fees	\$ 16,415,000	\$ 16,415,000	\$ 19,083,945	\$ 2,668,945
Sustainable Water Assurance Fee	6,800,000	6,800,000	6,788,474	(11,526)
Sewer Service Fees	9,650,000	9,650,000	9,338,924	(311,076)
Administrative Fees	1,540,000	1,540,000	1,814,407	274,407
Connection and Inspection Charges	76,500	76,500	122,425	45,925
Construction Observation Fees	72,000	72,000	120,800	48,800
Penalties and Late Charges	142,000	142,000	28,980	(113,020)
Other Income	170,000	170,000	319,740	149,740
Miscellaneous Income	6,000	6,000	32,997	26,997
WISE Operations	150,000	150,000	97,341	(52,659)
Utility Refunds	-	-	91,115	91,115
Lease Income	100,000	100,000	75,266	(24,734)
Property Taxes	3,207,047	3,207,047	3,191,832	(15,215)
Specific Ownership Taxes	200,000	200,000	227,267	27,267
Net Investment Income	502,000	502,000	412,308	(89,692)
Water Tap Fees	5,040,000	5,040,000	6,863,873	1,823,873
Sewer Tap Fees	626,400	626,400	884,970	258,570
Storm Drainage Fees	581,000	581,000	790,125	209,125
Contributions of Capital Outlay	14,150,309	14,150,309	9,443,190	(4,707,119)
Total Revenues	<u>59,428,256</u>	<u>59,428,256</u>	<u>59,727,979</u>	<u>299,723</u>
EXPENDITURES				
Direct Water Expenses	17,773,500	17,773,500	15,494,123	2,279,377
Direct Sewer Expenses	8,135,000	8,135,000	7,972,479	162,521
Direct Storm Drainage Expenses	160,000	160,000	72,523	87,477
General and Administrative Expenses	3,007,800	3,007,800	2,814,079	193,721
County Treasurer's Fees	48,100	48,100	47,910	190
Capital Outlay	43,561,000	35,561,000	30,861,136	4,699,864
Debt Service	15,802,870	15,802,870	16,714,771	(911,901)
Total Expenditures	<u>88,488,270</u>	<u>80,488,270</u>	<u>73,977,021</u>	<u>6,511,249</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,060,014)	(21,060,014)	(14,249,042)	6,810,972
OTHER FINANCING SOURCES (USES)				
Gain (Loss) on Asset Sale/Disposal	20,000	20,000	59,947	39,947
Lease Proceeds	5,300,000	5,300,000	5,086,040	(213,960)
Payment to Refund Debt	(8,620,000)	(30,000,000)	(29,711,481)	288,519
Debt Issuance	8,620,000	22,000,000	22,745,000	745,000
Debt Premium	-	-	5,420,153	5,420,153
Total Other Financing Sources (Uses)	<u>5,320,000</u>	<u>(2,680,000)</u>	<u>3,599,659</u>	<u>6,279,659</u>
NET CHANGE IN FUNDS AVAILABLE	(23,740,014)	(23,740,014)	(10,649,383)	13,090,631
Funds Available - Beginning of Year as Restated	<u>67,517,219</u>	<u>67,517,219</u>	<u>71,123,330</u>	<u>3,606,111</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 43,777,205</u>	<u>\$ 43,777,205</u>	<u>\$ 60,473,947</u>	<u>\$ 16,696,742</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
DISTRICT ACTIVITY
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
DISTRICT REVENUES				
Property Taxes	\$ 3,207,047	\$ 3,207,047	\$ 3,191,832	\$ (15,215)
Specific Ownership Taxes	200,000	200,000	227,267	27,267
Net Investment Income	2,000	2,000	2,180	180
Storm Drainage Fees	581,000	581,000	790,125	209,125
Lease Income	100,000	100,000	75,266	(24,734)
Miscellaneous Income	6,000	6,000	32,997	26,997
Utility Refunds	-	-	44,652	44,652
Total District Revenues	<u>4,096,047</u>	<u>4,096,047</u>	<u>4,364,319</u>	<u>268,272</u>
DISTRICT EXPENDITURES				
Direct Storm Drainage Expenses	160,000	160,000	72,523	87,477
General and Administrative Expenses	3,007,800	3,007,800	2,814,079	193,721
County Treasurer's Fees	48,100	48,100	47,910	190
Capital Outlay	6,776,000	6,776,000	4,811,451	1,964,549
Debt Service	550,000	550,000	16,380	533,620
Total District Expenditures	<u>10,541,900</u>	<u>10,541,900</u>	<u>7,762,343</u>	<u>2,779,557</u>
EXCESS OF DISTRICT REVENUES OVER (UNDER) DISTRICT EXPENDITURES	(6,445,853)	(6,445,853)	(3,398,024)	3,047,829
OTHER FINANCING SOURCES (USES)				
Abandonment of Assets	-	-	59,947	59,947
Lease Proceeds	5,300,000	5,300,000	5,086,040	(213,960)
Total Other Financing Sources (Uses)	<u>5,300,000</u>	<u>5,300,000</u>	<u>5,145,987</u>	<u>(154,013)</u>
NET CHANGE IN FUNDS AVAILABLE	(1,145,853)	(1,145,853)	1,747,963	2,893,816
District Funds Available - Beginning of Year	<u>7,523,967</u>	<u>7,523,967</u>	<u>7,429,131</u>	<u>(94,836)</u>
DISTRICT FUNDS AVAILABLE - END OF YEAR	<u>\$ 6,378,114</u>	<u>\$ 6,378,114</u>	<u>\$ 9,177,094</u>	<u>\$ 2,798,980</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
WATER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
WATER ENTERPRISE REVENUES				
Water Service Fees	\$ 16,415,000	\$ 16,415,000	\$ 19,083,945	\$ 2,668,945
Sustainable Water Assurance Fee	6,800,000	6,800,000	6,788,474	(11,526)
Administrative Fees	1,540,000	1,540,000	1,814,407	274,407
Connection and Inspection Charges	72,000	72,000	115,400	43,400
Construction Observation Fees	36,000	36,000	61,200	25,200
Penalties and Late Charges	142,000	142,000	28,980	(113,020)
Other Income	170,000	170,000	319,740	149,740
Utility Refunds	-	-	46,463	46,463
Net Investment Income	500,000	500,000	410,128	(89,872)
Water Tap Fees	5,040,000	5,040,000	6,863,873	1,823,873
Contributions of Capital Outlay	11,645,534	11,645,534	9,163,452	(2,482,082)
WISE Operations	150,000	150,000	97,341	(52,659)
Total Water Enterprise Revenues	<u>42,510,534</u>	<u>42,510,534</u>	<u>44,793,403</u>	<u>2,282,869</u>
WATER ENTERPRISE EXPENDITURES				
Water Operations	16,408,500	16,408,500	14,530,731	1,877,769
Water Conservation Rebates	60,000	60,000	22,222	37,778
Water Meters Purchased	1,305,000	1,305,000	941,170	363,830
Capital Outlay	33,585,000	25,585,000	25,259,183	325,817
Debt Service	15,252,870	15,252,870	16,698,391	(1,445,521)
Total Water Enterprise Expenditures	<u>66,611,370</u>	<u>58,611,370</u>	<u>57,451,697</u>	<u>1,159,673</u>
EXCESS OF WATER ENTERPRISE REVENUES OVER (UNDER) WATER ENTERPRISE EXPENDITURES				
	(24,100,836)	(16,100,836)	(12,658,294)	3,442,542
OTHER FINANCING SOURCES (USES)				
Debt Issuance	8,620,000	22,000,000	22,745,000	745,000
Debt Premium	-	-	5,420,153	5,420,153
Payment to Refund Debt	(8,620,000)	(30,000,000)	(29,711,481)	288,519
Proceeds from Asset Sales	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>(7,980,000)</u>	<u>(1,546,328)</u>	<u>6,433,672</u>
NET CHANGE IN FUNDS AVAILABLE				
	(24,080,836)	(24,080,836)	(14,204,622)	9,876,214
Water Enterprise Funds Available - Beginning of Year as Restated	<u>50,703,674</u>	<u>50,703,674</u>	<u>53,738,434</u>	<u>3,034,760</u>
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR				
	<u>\$ 26,622,838</u>	<u>\$ 26,622,838</u>	<u>\$ 39,533,812</u>	<u>\$ 12,910,974</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
SEWER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
SEWER ENTERPRISE REVENUES				
Sewer Service Fees	\$ 9,650,000	\$ 9,650,000	\$ 9,338,924	\$ (311,076)
Connection and Inspection Charges	4,500	4,500	7,025	2,525
Construction Observation/Plan Review Fees	36,000	36,000	59,600	23,600
Contributions of Capital Outlay	2,504,775	2,504,775	279,738	(2,225,037)
Sewer Tap Fees	626,400	626,400	884,970	258,570
Total Sewer Enterprise Revenues	<u>12,821,675</u>	<u>12,821,675</u>	<u>10,570,257</u>	<u>(2,251,418)</u>
SEWER ENTERPRISE EXPENDITURES				
Sewer Operations	8,070,000	8,070,000	7,834,227	235,773
Aurora Tap Fees	65,000	65,000	138,252	(73,252)
Capital Outlay	3,200,000	3,200,000	790,502	2,409,498
Total Sewer Enterprise Expenditures	<u>11,335,000</u>	<u>11,335,000</u>	<u>8,762,981</u>	<u>2,572,019</u>
NET CHANGE IN FUNDS AVAILABLE	1,486,675	1,486,675	1,807,276	320,601
Sewer Enterprise Funds Available - Beginning of Year as Restated	<u>9,289,578</u>	<u>9,289,578</u>	<u>9,955,765</u>	<u>666,187</u>
SEWER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 10,776,253</u></u>	<u><u>\$ 10,776,253</u></u>	<u><u>\$ 11,763,041</u></u>	<u><u>\$ 986,788</u></u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENTS OF
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020**

	<u>Actual Amounts</u>
FUNDS AVAILABLE DEFINED AS FOLLOWS:	
Current Assets	\$ 66,377,594
Restricted Current Assets	4,942,199
Less Current Liabilities	(15,570,678)
Less Current Liabilities Payable from Restricted Assets	(2,133,107)
Less Deferred Inflow of Resources	(3,450,597)
Plus Current Portion of Long-Term Obligations	10,308,536
Funds Available	<u>\$ 60,473,947</u>
 RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Revenues (Budgetary Basis)	<u>\$ 59,787,928</u>
Total Revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>59,787,928</u>
 Expenditures (Budgetary Basis)	 103,688,502
Depreciation and Amortization	10,491,818
Amortization of Debt Refunding Costs	129,411
Amortization of Debt Premium	(790,521)
Capital Outlay	(30,861,136)
Bond and Lease Principal Payments	<u>(41,284,705)</u>
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	<u>41,373,369</u>
Change in Net Assets per Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 18,414,559</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

December 31,	\$18,970,000 Variable Rate Water Revenue Refunding Bonds, Series 2009B (A) Original Date May 28, 2009 Restructure November 15, 2011 Interest Rate - 2.75% Interest Payable May 15 and November 15 Principal Due November 15		\$41,885,000 Water Revenue Refunding Bonds - Series 2015 (B) Dated August 19, 2015 Interest Rate - 3.00%-5.00% Interest Payable May 15 and November 15 Principal Due November 15		\$21,895,000 Water Revenue Improvement Bonds - Series 2019 Dated October 31, 2019 Interest Rate - 2.25%-5.00% Interest Payable May 15 and November 15 Principal Due November 15	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,780,000	\$ 100,100	\$ 1,395,000	\$ 1,541,450	\$ 695,000	\$ 870,113
2022	1,860,000	51,150	1,460,000	1,471,700	730,000	835,363
2023	-	-	1,800,000	1,427,900	770,000	798,862
2024	-	-	1,890,000	1,337,900	805,000	760,362
2025	-	-	1,980,000	1,243,400	845,000	720,112
2026	-	-	2,080,000	1,144,400	865,000	701,100
2027	-	-	2,170,000	1,061,200	910,000	657,850
2028	-	-	2,250,000	974,400	930,000	635,100
2029	-	-	2,340,000	884,400	980,000	588,600
2030	-	-	2,420,000	808,350	1,020,000	549,400
2031	-	-	2,535,000	687,350	1,060,000	508,600
2032	-	-	2,660,000	560,600	1,100,000	466,200
2033	-	-	2,795,000	427,600	1,145,000	422,200
2034	-	-	2,910,000	315,800	1,190,000	376,400
2035	-	-	4,985,000	199,400	1,240,000	328,800
2036	-	-	-	-	1,290,000	279,200
2037	-	-	-	-	1,340,000	227,600
2038	-	-	-	-	1,395,000	174,000
2039	-	-	-	-	1,450,000	118,200
2040	-	-	-	-	1,505,000	60,200
Total	<u>\$ 3,640,000</u>	<u>\$ 151,250</u>	<u>\$ 35,670,000</u>	<u>\$ 14,085,850</u>	<u>\$ 21,265,000</u>	<u>\$ 10,078,262</u>

SUPPLEMENTAL INFORMATION

(A) Series 2009B bonds are subject to optional redemption, without redemption premium, on any date.

(B) Series 2015 bonds are subject to optional redemption, on November 15, 2026 without redemption premium.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2020**

<u>December 31,</u>	\$22,745,000 Water Revenue Refunding Bonds Series 2020 Dated May 28, 2020 Interest Rate - 4.00%-5.00% Interest Payable May 15 and November 15 Principal Due November 15		Total Debt Service Requirements (C)
	Principal	Interest	
2021	\$ 215,000	\$ 1,031,600	\$ 7,628,263
2022	225,000	1,020,850	7,654,063
2023	1,265,000	1,009,600	7,071,362
2024	1,290,000	984,300	7,067,562
2025	1,360,000	919,800	7,068,312
2026	1,425,000	851,800	7,067,300
2027	1,500,000	780,550	7,079,600
2028	1,575,000	705,550	7,070,050
2029	1,655,000	626,800	7,074,800
2030	1,735,000	544,050	7,076,800
2031	1,820,000	457,300	7,068,250
2032	1,910,000	366,300	7,063,100
2033	2,005,000	270,800	7,065,600
2034	2,085,000	190,600	7,067,800
2035	405,000	107,200	7,265,400
2036	420,000	91,000	2,080,200
2037	435,000	74,200	2,076,800
2038	455,000	56,800	2,080,800
2039	475,000	38,600	2,081,800
2040	490,000	19,600	2,074,800
Total	\$ 22,745,000	\$ 10,147,300	\$ 117,782,662

SUPPLEMENTAL INFORMATION

(C) The actual amounts of principal and interest payments on the Subordinate Water Revenue Exchange Bonds, Series 2004, and the 2007 Subordinate Lease Purchase Agreement are payable from future water tap fee revenue and cannot be predicted with certainty. Therefore, the total debt service requirements do not include payments on the Series 2004 bonds or the 2007 Lease.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2020**

\$6,500,000 Lease Purchase Agreement
Dated May 14, 2019
Interest Rate - 3.12%
Interest Payable May 1 and November 1
Principal Due November 1

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 361,149	\$ 145,509	\$ 506,658
2022	333,737	148,787	482,524
2023	344,150	138,374	482,524
2024	354,887	127,637	482,524
2025	365,960	116,564	482,524
2026	377,377	105,147	482,524
2027	389,152	93,372	482,524
2028	401,293	81,232	482,525
2029	413,814	68,710	482,524
2030	426,724	55,800	482,524
2031	440,038	42,487	482,525
2032	453,768	28,757	482,525
2033	467,925	14,600	482,525
Total	<u>\$ 5,129,974</u>	<u>\$ 1,166,976</u>	<u>\$ 6,296,950</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for		Mills Levied				Total Property Taxes		Percentage Collected to Levied
	Current Year Property Tax Levy		Parcel A		Parcel B		Levied	Collected	
	Parcel A	Parcel B							
2015	\$ 477,729,008	\$ 3,668,473	4.983	(A)	3.639	\$ 2,393,874	2,384,048	99.59 %	
2016	580,478,037	4,286,658	4.220	(B)	3.170	2,463,206	2,462,932	99.99	
2017	589,599,153	4,292,020	4.266	(C)	3.257	2,529,209	2,527,651	99.94	
2018	659,501,932	4,393,785	3.956	(D)	3.257	2,623,300	2,617,041	99.76	
2019	668,163,427	4,376,271	4.644	(E)	3.639	3,118,876	3,107,511	99.64	
2020	783,030,336	4,736,095	4.075	(F)	3.420	3,207,047	3,191,832	99.53	
Estimated for the year ending December 31, 2021	\$ 791,668,448	\$ 4,707,632	4.337	(G)	3.639	\$ 3,450,597			

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.

NOTES:

In Parcel A, the mills are levied for water and sewer operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

In Parcel B, the mills are levied for water operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

(A) Includes a refund/abatement mill levy of 0.015 mills in Parcel A to effectively collect refunded/abated revenue from prior years.

(B) Includes temporary reduction of 0.783 mills in Parcel A and 0.469 mills in Parcel B to effect refund of revenue received during 2015 in excess of TABOR limits. Parcel A also includes a refund/abatement mill levy of 0.035 mills to effectively collect refunded/abated revenue from prior years.

(C) Includes temporary reduction of 0.702 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2016 in excess of TABOR limits.

(D) Includes temporary reduction of 1.012 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2017 in excess of TABOR limits.

(E) Includes temporary reduction of 0.324 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2018 in excess of TABOR limits.

(F) Includes temporary reduction of 0.893 mills in Parcel A and 0.219 mills in Parcel B to effect refund of revenue received during 2019 in excess of TABOR limits.

(G) Includes temporary reduction of 0.631 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2020 in excess of TABOR limits.

**CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION**

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2020**

**Enterprise Water System Revenues Bond Coverage
Senior Bonds and Loan Agreement**

Net Water Revenues (1)	<u><u>\$ 18,464,577</u></u>
Maximum Annual Debt Service	
Senior Bonds	<u><u>\$ 7,654,063</u></u>
Debt Coverage Ratio	<u><u>2.41</u></u>
Adjusted Net Water Revenues Less Water Tap Fees	<u><u>\$ 11,600,704</u></u>
Debt Coverage Ratio of Adjusted Net Water Revenues Less Water Tap Fees	<u><u>1.52</u></u>

(1) From the table on the following page.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2020**

Enterprise Water System Revenues

	Budget		Actual
	Original	Final	
Water System Revenues			
Water Operating Revenues:			
Water Service Fees	\$ 16,540,000	\$ 16,540,000	\$ 19,158,926
Administration Fees	1,540,000	1,540,000	1,814,407
New Service Fees	25,000	25,000	22,361
Late Charges	140,000	140,000	26,730
Total Water Operating Revenues	<u>18,245,000</u>	<u>18,245,000</u>	<u>21,022,424</u>
Less Water Operations Expenses:			
Customer Billing	160,000	160,000	151,744
Engineering	1,227,000	1,227,000	770,578
General Administration - Allocated (1)	1,753,154	1,753,154	1,751,272.32
Insurance	76,000	76,000	250,119
Salaries	4,040,000	4,040,000	4,135,746
Legal	850,000	850,000	628,264
OAR Water Lease - Water Purchase	5,000	5,000	2,951
Other Operating Expenses	3,118,000	3,118,000	2,150,430
Plan Reviews	50,000	50,000	46,788
Repairs and Maintenance	1,866,500	1,866,500	1,495,399
Testing	150,000	150,000	90,418
Utilities and Communications	3,596,000	3,596,000	3,657,786
Water Conservation Rebates	60,000	60,000	22,222
Water Services - Denver Water Purchases	1,200,000	1,200,000	1,129,287
Total Water Operations Expenses	<u>18,151,654</u>	<u>18,151,654</u>	<u>16,283,004</u>
Net Water Operating Revenues	93,346	93,346	4,739,420
Other Water System Revenues:			
Water Tap Fees	5,040,000	5,040,000	6,863,873
Water Connection and Inspection Fees	72,000	72,000	115,400
Sustainable Water Assurance Fee	6,800,000	6,800,000	6,788,474
Investment Income (Allocated to Water)	500,000	500,000	410,128
Other Revenues	170,000	170,000	366,203
Penalties/Fines	2,000	2,000	2,250
Plan Review/Construction Observation Fees - Water	36,000	36,000	61,200
Total Other Water System Revenues	<u>12,620,000</u>	<u>12,620,000</u>	<u>14,607,528</u>
Less: Cost of Meters	<u>(50,000)</u>	<u>(50,000)</u>	<u>(882,371)</u>
Net Other Water System Revenues	<u>12,570,000</u>	<u>12,570,000</u>	<u>13,725,157</u>
Net Water Revenues	<u>\$ 12,663,346</u>	<u>\$ 12,663,346</u>	<u>\$ 18,464,577</u>

(1) General administration is allocated to Water Services based on the percentage of water operating revenue divided by the total of water and sewer operating revenue and the property and specific ownership taxes times the total applicable administrative expenses.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2020**

Water Enterprise Operational Data

Year	Water Tap Connections Single Family Equivalents		Water Consumption in Thousands of Gallons					ACWWA	Total
	During Year	End of Year	Residential	Commercial	Parks	Schools			
2011	55	19,613	2,105,185	99,171	312,191	95,672	-	2,612,219	
2012	109	19,722	2,199,628	104,899	336,260	109,050	-	2,749,837	
2013	158	19,880	1,887,395	188,745	278,312	84,570	194,335	2,633,357	
2014	178	20,058	1,859,916	102,233	251,024	79,041	297,398	2,589,612	
2015	209	20,267	1,921,514	112,760	268,665	94,370	439,127	2,836,436	
2016	264	20,531	2,131,900	121,219	328,381	77,168	424,309	3,082,977	
2017	197	20,728	2,057,366	132,361	303,605	87,245	307,540	2,888,117	
2018	269	20,997	2,167,040	117,563	313,238	97,995	457,520	3,153,356	
2019	287	21,284	2,051,381	147,841	300,932	90,427	438,944	3,029,525	
2020	504	21,788	2,451,087	89,468	387,732	92,426	434,235	3,454,948	
2020 Percentage of Total Consumption			71%	3%	11%	3%	13%	100%	

Water Wells Connected and On Line Well Field

December 31,	In District	SBLC	Western	Northern	Total
2011	64	8	16	12	100
2012	64	8	16	12	100
2013	64	0	16	12	92
2014	64	0	16	12	92
2015	64	0	16	12	92
2016	64	0	16	12	92
2017	64	0	16	12	92
2018	64	0	16	12	92
2019	64	0	16	12	92
2020	64	0	16	12	92
In process	0	0	0	0	0

SBLC is the well field contiguous to the District on the State Board of Land Commissioners (OAR Lease). These wells have been leased to and are being operated by Purcycle. Western is the well field in the Willows Water District and connected by the Western Water Line and Project.

Water Service Fees - Residential

	Admin Fee	Per Thousand Gallons Consumption per Month					Sustainable Water Assurance Fee ^(A)
		0 - 5,000	6,000 to	21,000 to	31,000 to	41,000 and up	
			20,000	30,000	40,000		
2011	\$ 5.00	\$ 2.90	\$ 5.00	\$ 8.30	\$ 10.30	\$ 12.50	\$ 25.00
2012	\$ 5.00	\$ 3.10	\$ 5.20	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2013	\$ 5.00	\$ 3.10	\$ 5.20	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2014	\$ 5.50	\$ 3.20	\$ 5.40	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2015	\$ 6.00	\$ 3.35	\$ 5.45	\$ 8.50	\$ 10.75	\$ 12.50	\$ 25.00
2016	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2017	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2018	\$ 6.00	\$ 4.10	\$ 5.85	\$ 8.70	\$ 11.50	\$ 12.50	\$ 25.00
2019	\$ 6.50	\$ 4.25	\$ 6.10	\$ 9.00	\$ 12.00	\$ 12.50	\$ 25.00
2020	\$ 7.00	\$ 4.40	\$ 6.30	\$ 9.35	\$ 12.50	\$ 12.50	\$ 25.00
2021	\$ 7.00	\$ 4.40	\$ 6.30	\$ 9.35	\$ 12.50	\$ 12.50	\$ 25.00

Water rates for residential one acre and over, commercial, schools, and irrigation for parks are separately priced based on separate consumption levels.

Water Tap Fees

	Single Family Detached	Multi-Family per Unit ^(B)	Irrigation per Square Foot				Water Tap Revenue	Number of Tap Fees Collected
			Turf	Low	Native	Non-Turf		
				Water Turf	Grasses			
2011	\$ 24,000.00	\$ 12,000.00	\$ 1.04	\$ 0.82	\$ 0.21	\$ 0.36	\$ 847,614	32
2012	\$ 25,250.00	\$ 12,625.00	\$ 1.09	\$ 0.86	\$ 0.22	\$ 0.38	\$ 4,068,324	118
2013	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 4,198,116	149
2014	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 5,306,780	212
2015	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 7,196,478	276
2016	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,805,630	259
2017	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 5,663,307	268
2018	\$ 27,250.00	\$ 13,625.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,497,035	231
2019	\$ 28,000.00	\$ 14,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 12,337,623	664
2020	\$ 28,000.00	\$ 9,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 6,863,873	288
2021	\$ 28,000.00	\$ 9,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46		

Note: (A) Formally known as the Northern Project Construction Fund.

(B) In 2020, the Multi-Family water tap fee was decreased for indoor water and the irrigation rate will apply to the outdoor water.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance with Budget Positive (Negative)
	Original	Final		
SERVICE REVENUES (EXPENDITURES)				
Rate Related Customer Service Fees	\$ 17,955,000	\$ 17,955,000	\$ 20,898,352	\$ 2,943,352
Operating Expenditures	(16,408,500)	(16,408,500)	(14,530,731)	1,877,769
Net Service Revenues Over Expenditures	<u>1,546,500</u>	<u>1,546,500</u>	<u>6,367,621</u>	<u>4,821,121</u>
CAPITAL RELATED REVENUES (EXPENDITURES)				
Water Tap Fees	5,040,000	5,040,000	6,863,873	1,823,873
Sustainable Water Assurance Fee	6,800,000	6,800,000	6,788,474	(11,526)
Other Revenue	962,000	962,000	902,652	(59,348)
Other Capital Related Revenue	11,753,534	11,753,534	9,340,052	(2,413,482)
Water Conservation Rebates	(60,000)	(60,000)	(22,222)	37,778
Water Meters Purchased	(1,305,000)	(1,305,000)	(941,170)	363,830
Capital Outlay	(33,585,000)	(25,585,000)	(25,259,183)	325,817
Net Capital Related Revenues Over (Under) Expenditures	<u>(10,394,466)</u>	<u>(2,394,466)</u>	<u>(2,327,524)</u>	<u>66,942</u>
DEBT SERVICE	(15,252,870)	(15,252,870)	(16,698,391)	(1,445,521)
OTHER FINANCING SOURCES (USES)				
Debt Issuance	8,620,000	22,000,000	22,745,000	745,000
Debt Premium	-	-	5,420,153	5,420,153
Gain on Asset Disposal	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>(7,980,000)</u>	<u>(1,546,328)</u>	<u>6,433,672</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,080,836)	(24,080,836)	(14,204,622)	9,876,214
Water Enterprise Funds Available - Beginning of Year (Restated)	<u>50,703,674</u>	<u>50,703,674</u>	<u>53,738,434</u>	<u>3,034,760</u>
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u>\$ 26,622,838</u>	<u>\$ 26,622,838</u>	<u>\$ 39,533,812</u>	<u>\$ 12,910,974</u>

NOTE: This schedule is reflective of data on the Schedule of Revenues, Expenditures and Funds Available - Budget and Actual (Budgetary Basis) on page 38, but is presented in a manner that is consistent with the schedule presented in the original offering document.