

# Genesee Water and Sanitation District

Financial Statements and Supplementary Information  
with Independent Auditor's Report

Years Ended December 31, 2020 and 2019



**WIPFLI**

## Independent Auditor's Report

Board of Directors  
Genesee Water and Sanitation District  
Jefferson County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Genesee Water and Sanitation District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### **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; 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 an opinion on these 2020 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

## **Opinion**

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

## **Report on Prior Period Financial Statements**

The 2019 financial statements of Genesee Water and Sanitation District were audited by Fiscal Focus Partners, LLC, whose report dated September 6, 2020, expressed an unmodified opinion on the financial statements.

## **Other Matters**

The management's discussion and analysis information on pages 1 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 2020 supplementary information. However, we did not audit the 2020 information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the 2020 financial statements that collectively comprise the District's financial statements as a whole. The 2020 supplemental information is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The 2020 supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2020 information has been subjected to the auditing procedures applied in the audit of the 2020 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 financial statements or to the 2020 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the 2020 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wipfli LLP*

Wipfli LLP  
Lakewood, Colorado

November 29, 2021

**Genesee Water and Sanitation District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Genesee Water and Sanitation District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of Genesee Water and Sanitation District for the year ended December 31, 2020.

**Financial Highlights**

- Net Position decreased \$396,552 from 2019 to 2020
- District Revenues increased by \$161,733 from 2019 to 2020
- District Expenses decreased by \$70,321 from 2019 to 2020

**Overview of the Financial Statements**

The basic financial statements of the District are presented as a special purpose government engaged in business type activities – providing water and sanitation services, through its enterprise.

The *Statements of Net Position* present information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference 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, which 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, revenues 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, non-capital financing, capital and investing activities.

These financial statements distinguish between functions of the District that will be principally supported by service charges and property taxes. The functions of the District include effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

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

**Genesee Water and Sanitation District**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows by \$5,873,272 and \$3,020,997 for water and sanitation, respectively.

	<b>NET POSITION</b>			
	<b>Water</b>		<b>Sanitation</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>				
Current assets	\$ 1,155,290	\$ 1,248,328	\$ 534,963	\$ 847,580
Capital assets, net	17,154,740	17,864,116	3,068,929	3,000,902
<b>Total assets</b>	<b>18,310,030</b>	<b>19,112,444</b>	<b>3,603,892</b>	<b>3,848,482</b>
<b>Liabilities</b>				
Current liabilities	887,040	861,871	166,509	70,334
Long-term liabilities	10,764,167	11,508,206	416,386	444,740
<b>Total liabilities</b>	<b>11,651,207</b>	<b>12,370,077</b>	<b>582,895</b>	<b>515,074</b>
Deferred Inflows of Resources	785,551	784,954	-	-
<b>Net Position</b>				
Net invested in capital assets	5,704,005	5,678,505	2,681,658	2,586,324
<b>Restricted</b>				
Governmental reserve	-	23,788	-	15,507
Capital replacements	273,223	489,679	251,377	343,761
Loan operating reserve	294,043	295,100	-	-
Emergency reserve	32,787	27,241	30,165	596
<b>Unrestricted</b>	<b>(430,786)</b>	<b>(556,900)</b>	<b>57,797</b>	<b>387,220</b>
<b>Total Net Position</b>	<b>\$ 5,873,272</b>	<b>\$ 5,957,413</b>	<b>\$ 3,020,997</b>	<b>\$ 3,333,408</b>

The largest portion of the District's Net Position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Genesee Water and Sanitation District**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**REVENUE, EXPENSES AND CHANGES IN NET POSITION**

	Water		Sanitation	
	2020	2019	2020	2019
<b>REVENUE</b>				
Operating revenue	\$ 1,016,236	\$ 894,374	\$ 887,495	\$ 815,250
Nonoperating Revenue	1,104,394	1,124,185	137,683	150,266
<b>Total Revenue</b>	<b>2,120,630</b>	<b>2,018,559</b>	<b>1,025,178</b>	<b>965,516</b>
<b>EXPENSES</b>				
Operating/Administrative & General Expenses	1,092,892	1,003,258	1,005,506	979,282
Depreciation	894,345	1,053,675	317,564	336,610
Nonoperating Expenses	217,534	224,450	14,519	15,406
<b>Total Expenses</b>	<b>2,204,771</b>	<b>2,281,383</b>	<b>1,337,589</b>	<b>1,331,298</b>
Change in Net Positions	(84,141)	(262,824)	(312,411)	(365,782)
Net Position - Beg of Year	5,957,413	6,220,237	3,333,408	3,699,190
<b>Net Position - End of Year</b>	<b>\$ 5,873,272</b>	<b>\$ 5,957,413</b>	<b>\$ 3,020,997</b>	<b>\$ 3,333,408</b>

District water operating revenue increased \$121,862 from 2019 to 2020 due to increased demand. District sanitation operating revenue increased \$72,245 from 2019 to 2020. Investment earnings decreased by \$18,477 (82.1%) as a result of the District having less cash on hand during 2020. The District continues to monitor and maximize interest earnings with available funds.

General operations and administrative expenses of the water and sewer operations, exclusive of depreciation expense, increased \$115,858 from 2019 to 2020. Legal expense increased by \$65,989, repairs and maintenance expense increased by \$77,261, salaries and benefits decreased by \$66,102 and utilities expense increased by \$37,923.

The District received \$343,604 in Capital Replacement Fees (CRF) fees (\$20.00 per month, per customer, \$40 per 2-month billing cycle).

**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 non-operating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect “funds available.” Additionally, the budget includes the separation of the Enterprise and Government functions within the District.

**Genesee Water and Sanitation District**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Revenue to the Government Fund**

Income received from property taxes, specific ownership taxes and investment earnings will be used to pay for long term debt service, which includes interest and principal on bonds and loans, Jefferson County Treasurer property tax collection fees, loan administration fees and bank servicing fees associated with bonds. In past years a transfer from the Government fund to the Enterprise fund was made for associated administrative services provided by the Enterprise on behalf of the Government. However, effective January 1, 2014 it has been determined the Government will directly perform related duties. In May 2008 voters approved an additional 3.0 mills property tax to fund capital replacements beginning in 2009 and ending in 2018. Money received will be restricted funds and as of 2014 is administered through the Government capital replacement program, but in unison with the Enterprise Capital Replacement Program. For more information see the Capital Replacement Fund.

**Revenue to the Enterprise Fund**

Revenues, primarily from water and sewer service charges (excluding property taxes, specific ownership taxes) are used to pay for most operations and administrative expenses of the District.

Water and sewer service fees were increased on December 26, 2020. Prior to this, the last time water fees were increased was December 26, 2019; December 26, 2017 and sewer fees December 26, 2013. There was no increase in Capital Replacement Fees for 2020. The last time Capital Replacement Water Fees were increased was December 26, 2015 and Capital Replacement Sewer Fees December 26, 2013. The current rates are summarized below:

<b>Schedule of Fees and Charges</b>				
<b>Effective 12/26/20</b>				
<b>Single and Multi-Family dwellings</b>				
<b>Base Charges - 2 Month Period</b>				
		Pior to 12/26/2020	After 12/26/2020	
Water		\$ 57.00	\$ 59.00	
Sewer		\$ 99.50	\$ 104.00	
<b>Capital Replacement Fund</b>				
Water		\$ 25.00	\$ 25.00	
Sewer		\$ 15.00	\$ 15.00	
<b>Consumption Charges</b>				
1,000-5,000	Gallons	\$ 4.35	\$ 4.50	Per 1,000 Gallons
6,000-10,000	Gallons	\$ 5.10	\$ 5.30	Per 1,000 Gallons
11,000-15,000	Gallons	\$ 5.90	\$ 6.15	Per 1,000 Gallons
16,000-20,000	Gallons	\$ 6.80	\$ 7.05	Per 1,000 Gallons
21,000 Plus	Gallons	\$ 8.05	\$ 8.30	Per 1,000 Gallons

Water and Sewer service fees along with associated revenues and operating expenses are reviewed annually.

**Genesee Water and Sanitation District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Capital Replacement Fund**

On May 5, 2008 District voters approved a 3.0 property tax mill levy with a term of 2009 through 2018 to establish a restricted reserve fund for Capital replacements. At the time of review, it was decided to fund the Capital Replacement fund partially through property taxes with the remaining amounts needed by any and all other revenue sources. It was estimated in 2008 3.0 mills would fund approximately one half of the projected capital replacement needs for the next ten years, exclusive of the new water treatment facility project described previously on page 2, long term debt. The fund will help to assure that as District infrastructure ages, most of which is now 30-plus years old, repair and replacement funds will be available to continue to provide high quality water and sewer service. Other related revenue sources include a Capital Replacement Fee (CRF) which was increased from \$15 to \$25 effective December 26, 2015 for water with sewer remaining at \$15 bringing the bi-monthly total to \$40. This fee is added to each customer's bill to help meet the unfunded portion of the District's capital replacement plan.

**Capital Asset and Debt Administration**

**Capital Assets**

The District's net investment in capital assets at December 31, 2020 amounts to \$8,385,663 (net of accumulated depreciation). This investment in capital assets includes water rights, operating system and equipment and vehicles. It should be noted that the actual value of the District's water rights portfolio cannot be accurately quantified as the rights have a perpetual life, and generally become increasingly valuable over time. Management feels the water rights currently held by the District have a greater value than the acquisition price reflected in the financial statements.

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

**Long-Term Debt**

Refunding of the remaining principal balance of the July 1, 2004 outstanding reservoir bonds ("2004 Series") in the amount of \$2,435,000 was accomplished on December 12, 2014 through a new "2014 Series" general obligation loan agreement with JP Morgan Chase Bank. In addition to the refunding, issuance of \$500,000 in new funds was provided for within the loan for a total "2014 Series" loan amount of \$2,988,000 and includes all costs of issuance. The "2014 Series" loan has a term of 10 years, no provision for early redemption and an interest rate of 2.25% per annum. Issuance of the \$500,000 amount was provided at the time creating cash flow in order to continue with engineering, geotechnical and permitting associated with the replacement of the District's 32-year-old water treatment facility. At a November 4, 2014 election, the District electorate authorized (with an overwhelming 77% in favor) \$10,300,000 in general obligation debt to be used for the full replacement of its aging water treatment facility along with other water system replacements and improvements. Accordingly, a loan in the amount of \$9,790,312 at an interest rate of 2.17% with a 20-year term was put in place with the Colorado Water Resources and Power Development Authority. Unfortunately, bidding results came in higher than expected for the Advanced Water Treatment Facility and in order to complete all water system replacements anticipated to be covered/funded with the \$10,300,000 voter authorization, the District Enterprise implemented another loan in the amount of \$2.5 million with the Colorado Water Resources and Power Development Authority. This loan is a 0% interest, 20-year term and is secured with a revenue pledge from the District. Proceeds from this loan were used to fund shortfalls which developed with the water treatment project and to complete the other water system replacements and improvements.

**Genesee Water and Sanitation District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Requests 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:

Director of Administration  
2310 Bitterroot Lane  
Golden, CO 80

**Genesee Water and Sanitation District**

**BASIC FINANCIAL STATEMENTS**

**Genesee Water and Sanitation District**  
**STATEMENTS OF NET POSITION**  
December 31, 2020 and 2019

ASSETS			Totals	
	Water	Sanitation	2020	2019
<b>Current Assets:</b>				
Cash and investments	\$ (101,436)	\$ 109,156	\$ 7,720	\$ 62,264
Cash and Investments - restricted				
Governmental reserve	-	-	-	39,295
Capital reserve	273,223	251,377	524,600	833,440
Accounts receivable - service fees	171,499	159,853	331,352	332,587
Property taxes receivable	790,742	726	791,468	790,669
Other current assets	21,262	13,851	35,113	37,653
<b>Total current assets</b>	<u>1,155,290</u>	<u>534,963</u>	<u>1,690,253</u>	<u>2,095,908</u>
<b>Capital assets not being depreciated</b>	205,306	-	205,306	205,306
<b>Capital assets being depreciated, net</b>	16,949,434	3,068,929	20,018,363	20,659,712
<b>Total capital assets</b>	<u>17,154,740</u>	<u>3,068,929</u>	<u>20,223,669</u>	<u>20,865,018</u>
<b>TOTAL ASSETS</b>	<u>\$ 18,310,030</u>	<u>\$ 3,603,892</u>	<u>\$ 21,913,922</u>	<u>\$ 22,960,926</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 65,070	\$ 130,012	195,082	\$ 84,523
Other current liabilities	3,920	3,815	7,735	7,735
Current portion of long-term obligations	743,729	28,046	771,775	761,565
Accrued interest payable	70,624	1,248	71,872	71,872
Accrued salaries and benefits	3,697	3,388	7,085	6,510
<b>Total current liabilities</b>	<u>887,040</u>	<u>166,509</u>	<u>1,053,549</u>	<u>932,205</u>
<b>Long-term obligations</b>				
Long-term obligations	10,707,006	359,225	11,066,231	11,838,624
Compensated benefits	57,161	57,161	114,322	114,322
<b>Total long-term liabilities</b>	<u>10,764,167</u>	<u>416,386</u>	<u>11,180,553</u>	<u>11,952,946</u>
<b>TOTAL LIABILITIES</b>	<u>11,651,207</u>	<u>582,895</u>	<u>12,234,102</u>	<u>12,885,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	785,551	-	785,551	784,954
<b>Total deferred inflows of resources</b>	<u>785,551</u>	<u>-</u>	<u>785,551</u>	<u>784,954</u>
<b>NET POSITION</b>				
Net invested in capital assets	5,704,005	2,681,658	8,385,663	8,264,829
Restricted				
Governmental reserve	-	-	-	39,295
Capital replacements	273,223	251,377	524,600	833,440
Loan operating reserve	294,043	-	294,043	295,100
Emergency reserve	32,787	30,165	62,952	27,837
Unrestricted	(430,786)	57,797	(372,989)	(169,680)
<b>TOTAL NET POSITION</b>	<u>\$ 5,873,272</u>	<u>\$ 3,020,997</u>	<u>\$ 8,894,269</u>	<u>\$ 9,290,821</u>

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

**Genesee Water and Sanitation District**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended December 31, 2020 and 2019

	Water	Sanitation	Totals	
			2020	2019
<b>OPERATING REVENUE</b>				
Service fees	\$ 1,016,236	\$ 887,495	\$ 1,903,731	\$ 1,709,624
<b>OPERATING EXPENSES</b>				
Auto and travel	11,150	11,163	22,313	31,267
Chemicals and supplies	25,006	62,011	87,017	82,145
Depreciation	894,345	317,564	1,211,909	1,390,285
Directors' fees	3,050	3,050	6,100	5,800
Ditch assessments	4,303	-	4,303	4,303
Dues and publications	2,197	13,372	15,569	15,678
Elections	1,575	1,575	3,150	-
Insurance	35,956	35,956	71,912	69,175
Legal fees	95,400	11,199	106,599	40,610
Miscellaneous	3,620	5,041	8,661	7,057
Office supplies and expenses	25,002	25,660	50,662	54,618
Professional fees	20,506	4,500	25,006	21,182
Repairs and maintenance	112,869	188,792	301,661	224,400
Salaries and benefits	535,664	507,883	1,043,547	1,109,649
Small tools and equipment	11,807	7,181	18,988	18,854
Telephone and communications	14,584	11,013	25,597	27,543
Testing and analysis	10,872	8,300	19,172	20,041
Utilities	179,331	108,810	288,141	250,218
<b>Total operating expenses</b>	<b>1,987,237</b>	<b>1,323,070</b>	<b>3,310,307</b>	<b>3,372,825</b>
<b>(LOSS) FROM OPERATIONS</b>	<b>(971,001)</b>	<b>(435,575)</b>	<b>(1,406,576)</b>	<b>(1,663,201)</b>
<b>NONOPERATING REVENUE AND (EXPENSES)</b>				
Property taxes	782,926	-	782,926	774,192
Specific ownership taxes	53,605	5,967	59,572	66,092
Capital replacements fee	214,756	128,848	343,604	342,712
Tap and water resource fees	-	-	-	100
Interest income	1,383	2,655	4,038	22,515
Gain on sale of assets	-	-	-	3,755
Other revenue	51,724	213	51,937	65,085
Interest expense	(205,792)	(14,519)	(220,311)	(228,243)
Treasurer and debt servicing fees	(11,742)	-	(11,742)	(11,613)
<b>Total nonoperating revenue</b>	<b>886,860</b>	<b>123,164</b>	<b>1,010,024</b>	<b>1,034,595</b>
<b>CHANGE IN NET POSITION</b>	<b>(84,141)</b>	<b>(312,411)</b>	<b>(396,552)</b>	<b>(628,606)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>5,957,413</b>	<b>3,333,408</b>	<b>9,290,821</b>	<b>9,919,427</b>
<b>NET POSITION - END YEAR</b>	<b>\$ 5,873,272</b>	<b>\$ 3,020,997</b>	<b>\$ 8,894,269</b>	<b>\$ 9,290,821</b>

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

## Genesee Water and Sanitation District

### STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

			Totals	
	Water	Sanitation	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,024,843	\$ 891,865	\$ 1,916,708	\$ 1,701,374
Cash payments to employees for services	(535,763)	(507,883)	(1,043,646)	(1,114,922)
Cash payments to suppliers for goods and services	(550,373)	(402,648)	(953,021)	(828,757)
<b>Net cash used by operating activities</b>	<u>(61,293)</u>	<u>(18,666)</u>	<u>(79,959)</u>	<u>(242,305)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net property and specific ownership taxes received	824,789	5,967	830,756	830,425
Capital replacement fees received	214,756	128,848	343,604	342,712
Tap and water resource fees received	-	-	-	100
Acquisition of fixed assets	(184,969)	(385,592)	(570,561)	(391,097)
Cash received from sale of assets	-	-	-	3,755
Principal paid on general obligation debt	(734,876)	(27,307)	(762,183)	(753,036)
Interest paid on general obligation debt	(205,792)	(14,519)	(220,311)	(230,148)
Other revenue	51,724	213	51,937	65,085
<b>Net cash used by capital and related financing activities</b>	<u>(34,368)</u>	<u>(292,390)</u>	<u>(326,758)</u>	<u>(132,204)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings received	1,383	2,655	4,038	22,515
<b>Net cash provided by investing activities</b>	<u>1,383</u>	<u>2,655</u>	<u>4,038</u>	<u>22,515</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	(94,278)	(308,401)	(402,679)	(351,994)
<b>CASH AND INVESTMENTS - BEGINNING OF YEAR</b>	<u>266,065</u>	<u>668,934</u>	<u>934,999</u>	<u>1,286,993</u>
<b>CASH AND INVESTMENTS - END OF YEAR</b>	<u>\$ 171,787</u>	<u>\$ 360,533</u>	<u>\$ 532,320</u>	<u>\$ 934,999</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating (loss)	\$ (971,001)	\$ (435,575)	\$ (1,406,576)	\$ (1,663,201)
Adjustments to reconcile operating (loss) to cash flows provided (used) by operating activities				
Depreciation	894,345	317,564	1,211,909	1,390,285
(Increase) decrease in:				
Receivables	(3,780)	4,216	436	(8,250)
Other current assets (net of insurance receivable)	2,540	-	2,540	(8,985)
Increase (decrease) in:				
Accounts payable for operations	15,884	94,675	110,559	53,119
Payroll liabilities	-	454	454	(5,273)
Other current liabilities	720	-	720	-
<b>Net cash used by operating activities</b>	<u>\$ (61,292)</u>	<u>\$ (18,666)</u>	<u>\$ (79,958)</u>	<u>\$ (242,305)</u>

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

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**Note 1: Definition of Reporting Entity**

Genesee Water and Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sewage treatment services to the properties within its service area.

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. Based on this definition, the District has determined that the Genesee Water and Sanitation Building Authority (Corporation), a nonprofit corporation organized and existing under the laws of the State of Colorado, is a component unit of the District and has blended the financial information of the Corporation into the District's financial statements.

The District established an Enterprise of the Genesee Water and Sanitation District (Enterprise) by Resolution of the Board of Directors of the District in 1993. The Enterprise was organized as a "Water Activity Enterprise" within the meaning of Title 37, Article 45.1, Part 1, C.R.S. and has been established as and constitutes an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution (see Note 10). The District's Board of Directors serves as the Board of Directors for the Enterprise. 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.

The District is not a component unit of any other primary governmental entity.

**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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 2: Summary of Significant Accounting Policies (Continued)**

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

Basis of Accounting – The District's financial statements maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets; and payments on long-term obligations are recorded as reductions in liabilities. Tap fees are recorded as capital contribution revenue when received.

Operating revenues and expenses – The District distinguishes between operating revenues and expenses from non-operating items in the Statements of Revenues, 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 and sanitation 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 capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 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 total appropriation can only be modified upon completion of notification and publication requirements.

Cash equivalents – For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts – User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property Taxes – Property taxes are levied by the District 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.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 2: Summary of Significant Accounting Policies (Continued)**

Property Taxes (continued) - Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets – Capital assets include water and sanitation operating systems and equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of \$1,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost.

The District believes it has substantial value in the form of currently unused capital assets, including water rights, water and wastewater treatment plant capacities, and water and sewer main lines (taps) and stations. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

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 capital assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Operating systems	5 to 49 years
Equipment and vehicles	2 to 10 years

Compensated absences – District employees earn a general leave benefit at the rate of 30 to 42 days per year based on length of service which is to be used for vacations, medical leave and holidays. Employees are generally allowed to accrue up to 70 days of unused general leave days each at the end of each calendar year. Compensated absences are recognized as current salary cost when earned.

Contributed capital – Tap fees and water resource fees are generally recorded as capital contribution revenue when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developer's cost.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 2: Summary of Significant Accounting Policies (Continued)**

Deferred Inflow/Outflow of Resources – 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.

**Note 3: Cash and Investments**

Cash and investments are reflected on the December 31, 2020 and 2019 Statements of Net Position as follows:

	Water	Sanitation	2020	2019
Cash and investment	\$ (101,436)	\$ 109,156	\$ 7,720	\$ 62,264
Cash and investments - restricted				
Governmental reserve	-	-	-	39,295
Capital reserve	273,223	251,377	524,600	833,440
Total cash and investments	<u>\$ 171,787</u>	<u>\$ 360,533</u>	<u>\$ 532,320</u>	<u>\$ 934,999</u>

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

	2020	2019
Deposits with financial institutions	\$ 154,254	\$ 11,206
Investments	378,066	923,793
Total cash and investments	<u>\$ 532,320</u>	<u>\$ 934,999</u>

At December 31, 2020 and 2019, the District's cash deposits had bank balances of \$180,301 and \$41,722, respectively, and carrying balances of \$154,254 and \$11,206 respectively.

**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. As of December 31, 2020 and 2019, the federal insurance limits were \$250,000. 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.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 3: Cash and investments (Continued)**

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2020 and 2019, none of the District's bank balances were exposed to custodial credit risk, as amounts were either insured or collateralized.

**Investments**

The District's investment policy adopts state statutes regarding investments.

The District primarily limits its investments to local government investments pools, 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 disclosure requirements or subject to custodial credit risk 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 and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds, money market funds, and COLOTRUST which are recorded at net asset value.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**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 Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 378,066	\$ 923,793

**COLOTRUST**

The District invests in the Colorado Local Government Liquid Asset Trust (Colostrust or 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. Colostrust is rated AAAM by Standard and Poor's. Colostrust records its investments at fair value and the District records its investment in Colostrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Restricted cash and investments**

Restricted cash and investments represent funds available as follows:

	<u>2020</u>	<u>2019</u>
General Government reserve	\$ -	\$ 39,295
Capital reserve	524,600	833,440
Restricted cash and investments	<u>\$ 524,600</u>	<u>\$ 872,735</u>

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 4: Capital Assets**

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

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
<b><u>Water</u></b>				
Capital assets, not being depreciated				
Water rights	\$ 147,563	\$ -	\$ -	\$ 147,563
Construction in progress	57,743	-	-	57,743
Total capital assets not being depreciated	<u>205,306</u>	<u>-</u>	<u>-</u>	<u>205,306</u>
Capital assets being depreciated				
Operating system and building	32,338,820	155,394	-	32,494,214
Equipment and vehicles	475,047	29,575	-	504,622
Total capital assets being depreciated	<u>32,813,867</u>	<u>184,969</u>	<u>-</u>	<u>32,998,836</u>
Less accumulated depreciation for				
Operating system and building	14,711,080	879,271	-	15,590,351
Equipment and vehicles	443,977	15,074	-	459,051
Total accumulated depreciation	<u>15,155,057</u>	<u>894,345</u>	<u>-</u>	<u>16,049,402</u>
Total capital assets being depreciated, net	<u>17,658,810</u>	<u>(709,376)</u>	<u>-</u>	<u>16,949,434</u>
Capital assets, net	<u>\$ 17,864,116</u>	<u>\$ (709,376)</u>	<u>\$ -</u>	<u>\$ 17,154,740</u>
<b><u>Sanitation</u></b>				
Capital assets being depreciated				
Operating system and building	\$ 12,693,552	\$ 353,363	\$ -	\$ 13,046,915
Equipment and vehicles	497,642	32,229	-	529,871
Total capital assets being depreciated	<u>13,191,194</u>	<u>385,592</u>	<u>-</u>	<u>13,576,786</u>
Less accumulated depreciation for				
Operating system and building	9,734,589	306,322	-	10,040,911
Equipment and vehicles	455,703	11,243	-	466,946
Total accumulated depreciation	<u>10,190,292</u>	<u>317,565</u>	<u>-</u>	<u>10,507,857</u>
Total capital assets being depreciated, net	<u>3,000,902</u>	<u>68,027</u>	<u>-</u>	<u>3,068,929</u>
Capital assets, net	<u>\$ 3,000,902</u>	<u>\$ 68,027</u>	<u>\$ -</u>	<u>\$ 3,068,929</u>

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 4: Capital Assets (Continued)**

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

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
<b><u>Water</u></b>				
Capital assets, not being depreciated				
Water rights	\$ 147,563	\$ -	\$ -	\$ 147,563
Construction in progress	57,743	-	-	57,743
Total capital assets not being depreciated	<u>205,306</u>	<u>-</u>	<u>-</u>	<u>205,306</u>
Capital assets being depreciated				
Operating system and building	32,138,336	200,484	-	32,338,820
Equipment and vehicles	451,739	23,308	-	475,047
Total capital assets being depreciated	<u>32,590,075</u>	<u>223,792</u>	<u>-</u>	<u>32,813,867</u>
Less accumulated depreciation for				
Operating system and building	13,671,155	1,039,925	-	14,711,080
Equipment and vehicles	430,227	13,750	-	443,977
Total accumulated depreciation	<u>14,101,382</u>	<u>1,053,675</u>	<u>-</u>	<u>15,155,057</u>
Total capital assets being depreciated, net	<u>18,488,693</u>	<u>(829,883)</u>	<u>-</u>	<u>17,658,810</u>
Capital assets, net	<u>\$ 18,693,999</u>	<u>\$ (829,883)</u>	<u>\$ -</u>	<u>\$ 17,864,116</u>
<b><u>Sanitation</u></b>				
Capital assets being depreciated				
Operating system and building	\$ 12,545,699	\$ 147,853	\$ -	\$ 12,693,552
Equipment and vehicles	478,190	19,452	-	497,642
Total capital assets being depreciated	<u>13,023,889</u>	<u>167,305</u>	<u>-</u>	<u>13,191,194</u>
Less accumulated depreciation for				
Operating system and building	9,410,026	324,563	-	9,734,589
Equipment and vehicles	443,656	12,047	-	455,703
Total accumulated depreciation	<u>9,853,682</u>	<u>336,610</u>	<u>-</u>	<u>10,190,292</u>
Total capital assets being depreciated, net	<u>3,170,207</u>	<u>(169,305)</u>	<u>-</u>	<u>3,000,902</u>
Capital assets, net	<u>\$ 3,170,207</u>	<u>\$ (169,305)</u>	<u>\$ -</u>	<u>\$ 3,000,902</u>

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 4: Capital Assets (Continued)**

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

	2020	2019
Water fund	\$ 894,345	\$ 1,053,675
Sanitation fund	317,565	336,610
	<u>\$ 1,211,910</u>	<u>\$ 1,390,285</u>

**Note 5: Long Term Obligations**

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

	Balance at December 31, 2019			Balance at December 31, 2020		Due Within One Year
	Additions	Reductions	2020	2020	2020	
Series 2014 GO Loan	\$ -	\$ 263,000	\$ 1,376,000	\$ 1,113,000	\$ 269,000	
2015 GO Loan - CWRPDA	-	319,569	8,395,034	8,075,465	321,683	
2015 Revenue Loan - CWRPDA	-	125,000	2,000,000	1,875,000	125,000	
Capital lease - building	-	54,614	829,155	774,541	56,092	
Total long-term obligations	<u>\$ -</u>	<u>\$ 762,183</u>	<u>\$ 12,600,189</u>	<u>\$ 11,838,006</u>	<u>\$ 771,775</u>	

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

	Balance at December 31, 2018			Balance at December 31, 2019		Due Within One Year
	Additions	Reductions	2019	2019	2019	
Series 2014 GO Loan	\$ -	\$ 258,000	\$ 1,634,000	\$ 1,376,000	\$ 263,000	
2015 GO Loan - CWRPDA	-	317,356	8,712,390	8,395,034	319,569	
2015 Revenue Loan - CWRPDA	-	125,000	2,125,000	2,000,000	125,000	
Capital lease - building	-	52,680	881,835	829,155	53,996	
Total long-term obligations	<u>\$ -</u>	<u>\$ 753,036</u>	<u>\$ 13,353,225</u>	<u>\$ 12,600,189</u>	<u>\$ 761,565</u>	

**Loans payable**

**\$2,988,000 General Obligation Refunding and Improvement Loan, Series 2014**

The loan agreement dated December 12, 2014 with a bank, in the original amount of \$2,988,000, has a fixed interest rate of 2.25%. Interest is payable each June 1 and December 1 each year beginning June 1, 2015. Principal payments are due each December 1, beginning December 31, 2015 and maturing December 1, 2024. The loan is secured by and payable solely from pledged revenue, net of any costs of collection, inclusive of the Required Mill Levy, as defined in the loan.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 5: Long Term Obligations (Continued)**

**General Obligation Loan Agreement, \$9,790,312 – Colorado Water Resources and Power Development Authority**

The loan agreement dated April 1, 2015 for a total principal amount of \$9,790,312 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of constructing and equipping a new water treatment plant (the Project), having a total estimated cost of \$12,800,000. The District must expend 85% of the total loan by April 1, 2018. The Project was completed in 2017. The loan bears interest at 2.17% and payments of principal and interest are due February 1 and August 1 each year through 2034. In addition to principal and interest, the District will pay administrative loan servicing fees totaling \$1,395,113 over the term of the loan. Annual payment amounts for principal, interest, and administrative fees vary from \$477,124 to \$776,640 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

Pursuant to the loan agreement, the District is required to maintain an Operation Maintenance Reserve (the reserve) in an amount equal to three months of operating expenses of the District's water system, excluding depreciation, as set forth in the District's annual budget for the current fiscal year, but not greater than \$1,250,000. If the reserve falls below the required amount, the shortfall is payable in 24 equal monthly installments. As of December 31, 2020 and 2019, the required operating reserve was \$294,000 and \$295,100, respectively.

**Loan Agreement, \$2,500,000 – Colorado Water Resources and Power Development Authority**

The loan agreement dated December 11, 2015 for a total principal amount of \$2,500,000 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of additional financing of the construction and equipping of the new water treatment plant (the Project). The Project was completed in 2017. During 2020 and 2019, the District expended \$0 in eligible reimbursable amounts. The loan bears interest at 0% and payments of principal are due May 1 and November 1 each year through 2035. Annual payment amounts for principal are \$125,000 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

Pursuant to the loan agreement, the District is required to establish rates, fees, and charges that pay the sum of; (a) amounts required to pay operation and maintenance expenses, (b) 110 % of the debt service due on any obligations secured by a lien on pledged revenues and District water system capital improvements, (c) amounts paid during the year into any debt service reserve account, on parity or subordinate to the loan agreement, (d) amounts necessary to pay and discharge all charges and liens or other indebtedness that is payable out of gross revenues.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 5: Long Term Obligations (continued)**

**Capital Leases**

The District entered into a Lease Purchase Agreement with the Corporation on April 1, 2012 for the purpose of financing the construction of a new garage, maintenance, and office facility. The District has issued a Direct Purchase Lease Revenue Bond to a bank, and from the proceeds made a construction loan to the Corporation, to a maximum of \$1,200,000, as part of the lease agreement. The lease is payable in monthly installments of \$6,971, after all construction loan draws are executed, through December 1, 2027, at which time a final payment of \$391,882 is due to the bank. The lease bears interest at 3.61%. The Corporation has agreed to use the proceeds from the lease to repay the bond principal and interest to the bank. As of December 31, 2020 and 2019, the District had drawn, and lent to the Corporation, \$1,200,000. The lease may be prepaid in full with the following prepayment premiums added to the lease balance:

Months 1-12	3%
Months 12-24	2%
Months 25-36	1%
Month 37 to maturity	0%

The District is subject to a debt-service coverage ratio covenant for the capital lease on the building. The District was in violation of this covenant at December 31, 2020.

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

<u>Year Ending December 31,</u>		
2021	\$	83,651
2022		83,651
2023		83,651
2024		83,651
2025		83,651
2026-2028		494,116
Total minimum lease payments		912,371
Less: amount representing interest		137,830
Present value of minimum lease payments		774,541
Current portion		56,092
Long-term portion, including future draws	\$	718,449

The amounts in this table are included in the “Debt maturities” table below.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 5: Long Term Obligations (continued)**

**Debt maturities**

Debt maturities for the next five years and to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$ 771,775	\$ 211,215	\$ 982,990
2022	781,828	201,875	983,703
2023	786,857	192,722	979,579
2024	797,755	183,989	981,744
2025	808,755	174,896	983,651
2026-2030	4,348,499	646,710	4,995,209
2031-2035	3,542,537	178,943	3,721,480
	<u>\$ 11,838,006</u>	<u>\$ 1,790,350</u>	<u>\$ 13,628,356</u>

**Debt authorization**

At December 31, 2020, the District had no authorized but unissued indebtedness.

**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, loans, 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, net of related debt as follows:

	2020	2019
Capital assets, net	\$ 20,223,669	\$ 20,865,018
Current portion of long-term obligations	(771,775)	(761,565)
Long-term obligations	<u>(11,066,231)</u>	<u>(11,838,624)</u>
Net investment in capital assets	<u>\$ 8,385,663</u>	<u>\$ 8,264,829</u>

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 6: Net Position (continued)**

Restricted assets include Net Position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The purposes for the restrictions of Net Position are described in Note 3. As of December 31, 2020 and 2019, the District had restricted Net Position as follows:

	2020	2019
Capital reserve	\$ 524,600	\$ 833,440
General reserve	-	39,295
Loan reserve	294,043	295,100
Emergency reserve	62,952	27,837
Restricted net position	\$ 881,595	\$ 1,195,672

As of December 31, 2020 and 2019, the District had unrestricted net position (deficit) of \$(372,989) and \$(169,680), respectively.

**Note 7: District Employees' Retirement Plan**

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants immediately upon employment. Under this plan, ten percent of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of ten percent from the District. The District's contributions, plus earnings, related to employees of the District in place as of April 28, 2009, are 100% vested. As to employees hired after April 28, 2009, the District's contributions, plus earnings, vest according to the following schedule:

By the end of the 1st year:	0%
By the end of the 2nd year:	25%
By the end of the 3rd year:	50%
By the end of the 4th year:	75%
By the end of the 5th year:	100%

Plan provisions and contribution requirements are established and may be amended by CCOERA and would have to be approved by the District's Board of Directors.

There is no liability for benefits under the plan beyond the District's matching payments. Both the District and the participating employees made the required ten percent contributions for 2020 and 2019, amounting to \$79,158 and \$82,214, respectively.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 8: Deferred Compensation Plan**

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The District contributes 2% of eligible employees' salaries to the plan of each employee's choice. One plan is sponsored by CCOERA and the other is sponsored by Nationwide Retirement Solutions. Participation in the plans is optional for all employees. The plans allow the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. The contributions totaled \$14,600 and \$17,803 for the years ended December 31, 2020 and 2019, respectively.

**Note 9: 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.

During 2019, the District purchased an insurance policy with Plus Water Insurance Program. The District paid annual premiums for property, commercial crime, commercial general liability, public officials and management liability, business auto commercial excess liability and privacy 101. The District is a member of the Colorado Special Districts Property and Liability Pool (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. The District paid annual premiums to the Pool for workers compensation 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. Settled claims have not exceeded these coverages in any of the past four fiscal years.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 10: Commitments and Contingencies**

On June 12, 2019, the District entered into an agreement to lease equipment and software for centralized monitoring for field sites over long-distance communications networks for the Drinking Water and the Waste Water system operated by the District.

The lessor is responsible for all maintenance and repair on the equipment and software and the equipment and software will be returned to the lessor at the end of the lease term. Total payments of \$14,940 and \$1,245 were made during the year ended December 31, 2020 and 2019, respectively. The future minimum lease payments are as follows:

<u>Year ended December 31,</u>	
2021	\$ 14,940
2022	14,940
2023	14,940
2024	<u>14,940</u>
	<u>\$ 59,760</u>

**Note 11: 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 Board of Directors has adopted a resolution establishing an enterprise to operate its water and sanitation activities. The District's management believes its water and sanitation operations qualify for this exclusion.

TABOR requires local governments (not including enterprises) to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). The District established an emergency reserve of \$62,952 and \$27,837 as of December 31, 2020 and 2019, respectively.

The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and has been, and will continue to be, subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an enterprise will require further judicial interpretation.

**Genesee Water and Sanitation District**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**  
**December 31, 2020 and 2019**

**Note 12: Subsequent Event**

On May 24, 2021 the District entered into a loan agreement in the amount of \$4,242,000 through the Colorado Water Conservation Board (CWCB). The loan proceeds will be used to provide additional raw water storage capacity, provide additional drought protection and increase the operational reliability of the District's system. The loan bears interest at 2.50% for a maximum 40-year term, with an annual loan payment of \$168,985 that will begin one year after the project per above has been completed. The loan is secured by pledged revenues of the District, which include the gross revenue from the enterprise fund, such as service fees and other related fees derived from use of the water system.

On June 1, 2021 the District received a grant in the amount of \$1,384,000 for the project and loan described above. These funds shall be used in a manner consistent with the description of the project as described in both the grant award letter and the loan agreement above.

**Genesee Water and Sanitation District**

**SUPPLEMENTAL INFORMATION**

**Genesee Water and Sanitation District**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Year Ended December 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ENTERPRISE:</b>			
<b>REVENUE</b>			
Service fees	\$ 1,866,500	\$ 1,898,610	\$ (32,110)
Penalty, lien and disconnection fees	6,540	5,121	1,419
Investment earnings	11,000	4,038	6,962
Miscellaneous and rebates	22,100	14,550	7,550
<b>Total enterprise revenue</b>	<u>1,906,140</u>	<u>1,922,319</u>	<u>(16,179)</u>
<b>EXPENDITURES</b>			
Auto and travel	29,000	22,313	6,687
Chemicals and supplies	92,000	87,017	4,983
Contingency and miscellaneous	50,500	8,661	41,839
Director's fees	7,102	6,100	1,002
Ditch assessments	4,686	4,303	383
Dues and publications	17,100	15,569	1,531
Insurance	70,100	71,912	(1,812)
Office supplies and expense	65,088	50,662	14,426
Professional fees	56,765	134,755	(77,990)
Rent	83,652	83,652	-
Repairs and maintenance	197,130	218,009	(20,879)
Salaries and benefits	1,164,697	1,067,627	97,070
Small tools and equipment	21,820	18,988	2,832
Telephone and communication	29,960	25,597	4,363
Testing and analysis	30,220	19,172	11,048
Utilities	294,815	288,141	6,674
<b>Total enterprise expenditures</b>	<u>2,214,635</u>	<u>2,122,478</u>	<u>92,157</u>
<b>EXCESS (DEFICIT) OF ENTERPRISE REVENUE OVER (UNDER) ENTERPRISE EXPENDITURES</b>	(308,495)	(200,159)	(108,336)
<b>FUNDS AVAILABLE - BEGINNING OF YEAR - ENTERPRISE</b>	<u>93,748</u>	<u>371,162</u>	<u>277,414</u>
<b>FUNDS AVAILABLE - END OF YEAR - ENTERPRISE</b>	<u>\$ (214,747)</u>	<u>\$ 171,003</u>	<u>\$ 169,078</u>

**Genesee Water and Sanitation District**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Year Ended December 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ENTERPRISE CAPITAL OUTLAY RESERVE:</b>			
<b>REVENUE</b>			
Capital replacement fee	\$ 343,440	\$ 343,604	\$ (164)
Investment revenue	30	-	30
Miscellaneous	37,387	37,387	-
<b>Total enterprise capital outlay reserve revenue</b>	<u>380,857</u>	<u>380,991</u>	<u>(134)</u>
<b>EXPENDITURES</b>			
Capital outlay	934,623	570,561	364,062
Loan principal	125,000	125,000	-
<b>Total enterprise capital outlay reserve expenditures</b>	<u>1,059,623</u>	<u>695,561</u>	<u>364,062</u>
<b>EXCESS (DEFICIT) OF ENTERPRISE CAPITAL OUTLAY RESERVE REVENUE OVER (UNDER) CAPITAL OUTLAY RESERVE EXPENDITURES</b>	(678,766)	(314,570)	(364,196)
<b>FUNDS AVAILABLE - BEGINNING OF YEAR ENTERPRISE CAPITAL OUTLAY RESERVE</b>	<u>852,722</u>	<u>833,440</u>	<u>(19,282)</u>
<b>FUNDS AVAILABLE - END OF YEAR ENTERPRISE CAPITAL OUTLAY RESERVE</b>	<u>\$ 173,956</u>	<u>\$ 518,870</u>	<u>\$ (383,478)</u>

**Genesee Water and Sanitation District**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Year Ended December 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT:</b>			
<b>REVENUE</b>			
Property Taxes Series 2015 State Revolving Fund Loan CWRPDA	\$ 486,686	\$ 485,821	\$ 865
Property Taxes - Series 2014 GO Refunding and Improvement Loan	298,303	297,105	1,198
Specific Ownership taxes	85,000	59,572	25,428
<b>Total general government revenue</b>	<u>869,989</u>	<u>842,498</u>	<u>27,491</u>
<b>EXPENDITURES</b>			
Principal and interest on notes and capital lease	773,842	773,842	-
Loan servicing and fees	11,608	11,742	(134)
General administration	85,000	59,572	25,428
<b>Total general government expenditures</b>	<u>870,450</u>	<u>845,156</u>	<u>25,294</u>
<b>EXCESS (DEFICIT) OF GENERAL GOVERNMENT REVENUE OVER (UNDER) GENERAL GOVERNMENT EXPENDITURES</b>	(461)	(2,658)	2,197
<b>FUNDS AVAILABLE - BEGINNING OF YEAR - GENERAL GOVERNMENT</b>	-	886	886
<b>FUNDS AVAILABLE (DEFICIT)- END OF YEAR - GENERAL GOVERNMENT</b>	<u>\$ (461)</u>	<u>\$ (1,772)</u>	<u>\$ 3,083</u>
<b>BUILDING AUTHORITY:</b>			
<b>REVENUE</b>			
Rental income	\$ 83,652	\$ 83,652	\$ -
<b>Total building authority revenue</b>	<u>83,652</u>	<u>83,652</u>	<u>-</u>
<b>EXPENDITURES</b>			
Loan repayment to District	83,652	83,652	-
<b>Total building authority expenditures</b>	<u>83,652</u>	<u>83,652</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF BUILDING AUTHORITY REVENUE OVER (UNDER) BUILDING AUTHORITY EXPENDITURES</b>	-	-	-
<b>FUNDS AVAILABLE - BEGINNING OF YEAR - BUILDING AUTHORITY</b>	-	-	-
<b>FUNDS AVAILABLE - END OF YEAR - BUILDING AUTHORITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL DISTRICT REVENUE</b>		3,229,460	
Less Interdistrict revenue		83,652	
District revenue	3,240,638	3,145,808	(94,830)
<b>TOTAL DISTRICT EXPENDITURES</b>		3,746,847	
Less Interdistrict expenditures		83,652	
District expenditures	4,228,360	3,663,195	(565,165)
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	946,470	1,205,488	259,018
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>(41,252)</u>	<u>688,101</u>	<u>729,353</u>

**Genesee Water and Sanitation District**  
**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT**  
**OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2020**

<b>REVENUE (BUDGETARY BASIS)</b>	\$ 3,145,808
<b>EXPENDITURES (BUDGETARY BASIS)</b>	3,663,195
Add:	
Depreciation	1,211,909
Less:	
Bond principal	(707,569)
Capital lease principal	(54,614)
Capital outlay	(570,561)
	3,542,360
<b>CHANGE IN NET POSITION PER STATEMENT OF REVENUES</b>	
<b>EXPENSES AND CHANGES IN NET POSITION</b>	\$ (396,552)

**Genesee Water and Sanitation District**  
**FIVE-YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY**  
**AND PROPERTY TAXES COLLECTED**  
**December 31, 2020**

Year Ended December 31,	for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 74,411,768	13.706	\$ 1,019,888	\$ 1,018,330	100%
2017	74,050,796	13.405	992,650	985,758	99%
2018	79,248,787	12.918	1,023,735	1,011,750	99%
2019	78,224,605	9.916	775,675	774,192	100%
2020	83,576,875	9.932	784,954	782,926	100%
Estimated for the year ending December 31, 2021	\$ 83,631,570	9.393	\$ 785,551		

**NOTE:**

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.