GRANT WATER & SANITATION DISTRICT
Denver and Jefferson Counties, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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SCHILLING & COMPANY, INC.
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Independent Auditor's Report

Board of Directors
Grant Water and Sanitation District
Denver and Jefferson Counties, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Grant Water and Sanitation District (District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 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 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 Grant Water and Sanitation District, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III to VII 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 financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
April 21, 2020

GRANT WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2020 and 2019

Our discussion and analysis of Grant Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2020 and 2019. Please read it in conjunction with the District's basic financial statements which begin on page 1.

FINANCIAL HIGHLIGHTS

- In 2020, the construction of a 326 unit apartment complex was started in the District. The District received tap fees for both sewer and water service connections for the complex totaling $1,585,000. New sewer mains were constructed by the developer to connect the complex to the District's existing sewer system. Approximately 1,800 lineal feet of new sewer mains were constructed, and 1,532 lineal feet of existing sewer mains were abandoned. The new sewer mains and manholes to be deeded to the District cost $207,507.

- The District incurred unexpected maintenance costs in 2020 totaling $98,908 when the City and County of Denver undertook a large paving project in the District that required over 300 manholes to be raised and 67 manhole covers to be replaced by the District.

- The District continued its calcium remediation project in 2019 and 2020, removing additional calcium deposits from the underdrain system at a cost of $106,394 and $183,614, respectively.

A recap of the capital projects undertaken by the District in 2019 and 2020 include the following:

- In 2020, the District removed and replaced approximately 360 lineal feet of 8" sewer mains and 6" underdrain mains costing $143,783 and $47,761, respectively.

- In 2019 and 2020, the District installed new underdrain manholes in long sections of underdrain mains to facilitate the calcium removal that could not otherwise be reached by the special cleaning head that has a limited distance of 150 lineal feet. Four manholes were installed in 2019 costing $82,341 and ten manholes were installed in 2020 costing $198,903.

- The District also incurred capital project costs of $172,868 in 2019 for a sewer main removal and replacement project located outside the District. This sewer main was originally constructed by the District for the transmission of sewage flow from the eastern portion of the District to Platte Canyon Water and Sanitation District's main sewer interceptor through which the District's flows are sent to the wastewater treatment plant owned and operated by the City of Littleton and Englewood. The District, through its intergovernmental agreement with Platte Canyon, remains responsible for 96% of the costs of repairs and maintenance on this line even though it is now owned and maintained by Platte Canyon.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in 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. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

FINANCIAL SUMMARY AND ANALYSIS

NET POSITION

	December 31,		
	2020	2019	2018
ASSETS			
Current assets	$ 4,950,130	$ 3,572,218	$ 3,448,442
Capital assets	6,329,941	6,083,316	5,345,934
Total assets	11,280,071	9,655,534	8,794,376
LIABILITIES			
Current liabilities	60,170	92,101	45,880
Total liabilities	60,170	92,101	45,880
NET POSITION			
Net investment in capital assets	6,329,941	6,083,316	5,345,934
Unrestricted	4,889,960	3,480,117	3,402,562
Total net position	$ 11,219,901	$ 9,563,433	$ 8,748,496

As noted earlier, net position may serve as a useful indicator of the District's financial position. In the District's case, assets exceeded liabilities in 2020 by $11,219,901. This amount increased from 2019 by $1,656,468 or 17.3% and from 2018 by $2,471,205 or 28.2%. This positive net increase is the result of the District receiving $1,585,000 of system development fees and $207,507 of new sewer mains being contributed to the District in 2020 as a result of the new 326 unit apartment complex being built in the District. The District's operating cash and capital reserves have grown from $3,398,389 in 2018 to $4,935,176 in 2020, an increase of $1,536,787 or about 45% over the two year period.

CHANGES IN NET POSITION

	Years Ended December 31,		
	2020	**2019**	**2018**
REVENUES			
OPERATING REVENUE			
Service fees	$ 499,475	$ 439,109	$ 452,656
Inspection fees	23,770	9,804	20,642
Other fees and fines	14,055	18,078	14,200
Total operating revenue	537,300	466,991	487,498
NONOPERATING REVENUE			
Net investment income			
Interest	31,519	68,641	65,002
Net increase (decrease) in fair value of investments	(32)	28,150	(4,544)
Capital reserve fees	270,000	318,754	311,258
Total nonoperating revenue	301,487	415,545	371,716
CAPITAL CONTRIBUTIONS			
System development fees	1,585,000	-	365,500
Contributed assets	207,507	741,617	-
	1,792,507	741,617	365,500
Total revenues	2,631,294	1,624,153	1,224,714
EXPENSES			
OPERATING AND GENERAL AND ADMINISTRATIVE			
Operating	785,919	626,386	592,820
General and administrative expenses	173,700	167,687	161,907
Total operating and general and administrative expenses	959,619	794,073	754,727
NONOPERATING EXPENSE			
Loss on disposal of capital assets	15,207	15,143	6,439
Total nonoperating expenses	15,207	15,143	6,439
Total expenses	974,826	809,216	761,166
CHANGE IN NET POSITION	1,656,468	814,937	463,548
NET POSITION - BEGINNING OF YEAR	9,563,433	8,748,496	8,284,948
NET POSITION - END OF YEAR	$ 11,219,901	$ 9,563,433	$ 8,748,496

As shown above, the District's service fees and capital reserve fees in total have remained relatively level from 2018 to 2020. The District uses these fees to fund maintenance costs and capital repairs which have increased as the District's infrastructure continues to age. The District closely monitors its repair and maintenance needs so that projects can be planned in advance to stay within the District's master plan and so that costly emergency repairs are avoided. However, in 2020 the District incurred over $98,000 of unexpected maintenance costs to raise manholes due the City and County of Denver's paving project. Fortunately, the District was able to fund these unexpected costs from its reserves which have increased significantly as a result of redevelopment occurring in the District. The District has received $1,950,500 in System Development Fees since 2018. Although the District's cash and investments have increased, its interest earnings have decreased by more than half from prior years as the result of declining long term interest rates.

The District's operating expenses, excluding annual depreciation and amortization, have more than doubled from 2018 to 2020, being $213,750 and $468,682, respectively. The large increase in 2020 was mainly due to the unexpected costs to raise system manholes and an increase in the District's underdrain calcium remediation project costs. Significant progress was made in completing the calcium remediation project in 2020 through expenditures of almost $184,000 as compared to $103,000 incurred in 2018 and $106,000 in 2019. General and administrative expenses have increased annually approximately 3.6% from 2018 to 2020.

CAPITAL ASSETS

The District's investment in capital assets at December 31, 2020 amounted to $6,329,941 (net of accumulated depreciation/amortization). This investment in capital assets includes sanitary sewer and underdrain systems, as well as purchased capacity in water and sanitary sewer systems owned by others. The analysis of changes in capital assets is as follows:

	Balance at December 31, 2018	Changes	Balance at December 31, 2019	Changes	Balance at December 31, 2020
Projects in progress	$ -	$ 22,344	$ 22,344	$ (18,885)	$ 3,459
Master plan and geographic information system	81,956	-	81,956	-	81,956
Sewer system	5,940,436	780,499	6,720,935	280,647	7,001,582
Underdrain system	1,776,675	82,341	1,859,016	241,540	2,100,556
Purchased capacity					
Water	1,784,634	-	1,784,634	-	1,784,634
Sewer	938,435	135,011	1,073,446	-	1,073,446
Total assets	10,522,136	1,020,195	11,542,331	503,302	12,045,633
Accumulated depreciation/ amortization	(5,176,202)	(282,813)	(5,459,015)	(256,677)	(5,715,692)
Total capital assets, net	$ 5,345,934	$ 737,382	$ 6,083,316	$ 246,625	$ 6,329,941

In 2020, the District's sewer system increased in value by $280,647, the majority of which was for the new sewer mains contributed to the District to serve a new 326 unit apartment complex being built. The District also added ten underdrain manholes at a cost of $198,903, increasing the book value of the District's underdrain system to $2,100,556. Engineering design work was also started in 2020 on the District's capital projects planned for 2021 with expenditures totaling $3,459.

In 2019, the District's sewer system increased in value by $780,499, the majority of which was for the new sewer mains contributed to the District as part of the redevelopment of one of the District's commercial areas. The District also added four underdrain manholes at a cost of $82,341, increasing the book value of the District's underdrain system to $1,859,016. Engineering design work totaling $22,344 was also started in 2019 on the District's capital projects planned for 2020. Finally, the District's sewer system purchased capacity in Platte Canyon Water and Sanitation District's S. Sheridan sewer line increased by $135,011, which is the net of the sewer main replacement costs totaling $172,868 less the original cost of the assets replaced totaling $37,857.

FUTURE ECONOMIC FACTORS AND RATES

The District's service fee changes for 2021 are as follows:

- For single family residential customers, the sewer service fee is increasing but the underdrain service fee will decrease, resulting in the same overall fee as 2020.
- The District's multi-family customers annual sewer fee will increase slightly by $4. Multi-family units with underdrains will see a $10 decrease in the annual underdrain charge.
- Those residential customers with average annual water usage (AAWU) above the District's average will continue to be charge $2.25 per thousand gallons. The District's AAWU for 2021 increased slightly from the 2020 AAWU of 56,704 gallons to an AAWU of 59,100 gallons.

A comparison of the District's service fee rates for the past few years, as well as for 2021, is shown below.

Year	2021	2020	2019
Non-residential Sewer Service & Capital Reserve Fee – per 1,000 gallons	$ 2.80	$ 2.80	$ 2.70
Residential Sewer Service & Capital Reserve Fee – Single Family	$ 198.00	$ 161.00	$ 170.50
Residential Sewer Service & Capital Reserve Fee – Multi-Family	$110.00	$106.00	$106.00
Underdrain Service & Capital Reserve Fee – Single Family	$ 100.00	$ 137.00	$ 118.50
Underdrain Service & Capital Reserve Fee – Multi Family	$ 100.00	$ 110.00	$ 103.00

The District continues to undertake capital improvement projects each year as its sewer and underdrain systems age. For 2021, the District has budgeted to spend $857,500 for sewer main replacements including 741 lineal feet of 8" mains and 388 lineal feet of 12" mains.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Grant Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Manager, Judy Simonson of Simonson & Associates, Inc., P. O. Box 1239, Evergreen, CO 80437.

BASIC FINANCIAL STATEMENTS

GRANT WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,085,089	$ 2,457,060
Investments	850,087	1,095,119
Accounts receivable	8,866	5,629
Accounts receivable - developers	4,798	12,111
Accrued interest receivable	845	2,074
Prepaid expenses	445	225
Total current assets	4,950,130	3,572,218
CAPITAL ASSETS		
Projects in progress	3,459	22,344
Master plan and GIS	81,956	81,956
Sewer system	7,001,582	6,720,935
Underdrain system	2,100,556	1,859,016
Purchased capacity		
Water	1,784,634	1,784,634
Sewer	1,073,446	1,073,446
	12,045,633	11,542,331
Less accumulated depreciation and amortization	(5,715,692)	(5,459,015)
Total capital assets	6,329,941	6,083,316
TOTAL ASSETS	$ 11,280,071	$ 9,655,534
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts/retainage payable	$ 51,081	$ 85,945
Prepaid customer accounts	6,059	6,156
Other current liabilities	3,030	-
Total current liabilities	60,170	92,101
NET POSITION		
Net investment in capital assets	6,329,941	6,083,316
Unrestricted	4,889,960	3,480,117
Total net position	11,219,901	9,563,433
TOTAL LIABILITIES AND NET POSITION	$ 11,280,071	$ 9,655,534

These financial statements should be read only in connection with the accompanying notes to financial statements.

GRANT WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUE		
Service fees	$ 499,475	$ 439,109
Inspection fees	23,770	9,804
Other fees and fines	14,055	18,078
Total operating revenue	537,300	466,991
OPERATING EXPENSES		
Depreciation and amortization	317,237	305,527
Engineering	36,817	38,198
Repairs and maintenance	421,837	260,009
Inspection fees	10,028	22,652
Total operating expenses	785,919	626,386
Direct gain (loss) from operations	(248,619)	(159,395)
GENERAL AND ADMINISTRATIVE EXPENSES		
Audit	5,300	5,300
Insurance	14,157	14,640
Election	917	-
Legal	17,697	27,356
Management fees	109,560	97,341
Director's fees	6,352	6,137
Office and administration	19,717	16,913
Total general and administrative expenses	173,700	167,687
Income (loss) from operations	(422,319)	(327,082)
NONOPERATING REVENUE (EXPENSES)		
Net investment income		
Interest	31,519	68,641
Net increase (decrease) in fair value of investments	(32)	28,150
Capital reserve fees	270,000	318,754
Loss on disposal of capital assets	(15,207)	(15,143)
Total nonoperating revenue (expenses)	286,280	400,402
INCOME BEFORE CAPITAL CONTRIBUTIONS	(136,039)	73,320
CAPITAL CONTRIBUTIONS		
System development fees	1,585,000	-
Contributed capital assets	207,507	741,617
	1,792,507	741,617
CHANGE IN NET POSITION	1,656,468	814,937
NET POSITION - BEGINNING OF YEAR	9,563,433	8,748,496
NET POSITION - END OF YEAR	$ 11,219,901	$ 9,563,433

These financial statements should be read only in connection with the accompanying notes to financial statements.

GRANT WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 533,966	$ 468,477
Cash paid to vendors	(667,123)	(421,116)
Net cash provided (required) by operating activities	(133,157)	47,361
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital outlay	(371,562)	(316,435)
Capital reserve fees	270,000	318,754
System development fees	1,585,000	-
Net cash provided by capital financing activities	1,483,438	2,319
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(850,000)	(700,000)
Maturity of investments	1,095,000	1,800,000
Interest received	32,748	75,960
Net cash provided by investing activities	277,748	1,175,960
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,628,029	1,225,640
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,457,060	1,231,420
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,085,089	$ 2,457,060
RECONCILIATION OF OPERATING INCOME(LOSS)TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Income (loss) from operations	$ (422,319)	$ (327,082)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	317,237	305,527
Effects of changes in operating assets and liabilities:		
Receivables	4,076	8,280
Prepaid expenses	(220)	14,415
Payables and other liabilities	(31,931)	46,221
Net cash provided (required) by operating activities	$ (133,157)	$ 47,361
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Loss on disposal of capital assets	$ 15,207	$ 15,143
Changes in fair value of investments	$ (32)	$ 28,150
Contributed capital assets	$ 207,507	$ 741,617

These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Grant Water and Sanitation District (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Denver and Jefferson Counties, Colorado. The District was established to provide water and sewer service to property within its service area primarily through intergovernmental agreements.

The District has no employees and all operations and administrative functions are contracted.

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.

As of December 31, 2020, the District had no authorized but unissued debt.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Restricted resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. The District does not have any restricted resources currently.

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 appropriation can only be modified upon completion of notification and publication requirements.

Cash Equivalents

For purposes of the statement 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.

Capital Assets

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution.

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. The District has recorded purchased capacity (see Note 4) which are water lines purchased or constructed by the District that are property of the Denver Water Board, but in which the District has capacity.

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

Master plan and geographic	
Information system	10 years
Sewer system	5-40 years
Underdrain system	40 years
Purchased capacity:	
Water	40 years
Sewer	40 years

System Development Fees and Contributed Lines

System development fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Reclassifications

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

NOTE 3 - CASH AND INVESTMENTS

Cash equivalents and investments are reflected for the December 31, 2020 and 2019 statements of net position and statements of cash flows as follows:

	2020	2019
Deposits with financial institutions	$ 170,040	$ 764,375
Investments	4,765,136	2,787,804
Total cash and investments	$ 4,935,176	$ 3,552,179

	2020	2019
Cash and cash equivalents:		
Deposits with financial institutions	$ 170,040	$ 764,375
COLOTRUST	3,915,049	1,692,685
Total cash and cash equivalents	4,085,089	2,457,060
Investments:		
U.S. Agency Obligations	850,087	1,095,119
Total investments	850,087	1,095,119
Total cash equivalents and investments	$ 4,935,176	$ 3,552,179

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state 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 equal to 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, the District had cash deposits with a bank balance of $178,540 and a carrying balance of $170,040. At December 31, 2019, the District had cash deposits with a bank balance of $781,098 and a carrying balance of $764,375.

Investments

The District follows state statutes regarding investments. 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 and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District held the following investments as of December 31, 2020:

Investment Type	Amount	Maturity
COLOTRUST	$ 3,915,049	Weighted avg. under 60 days
U.S. Agency Obligations	850,087	Mature in 2024-2025
Total investments	$ 4,765,136	

The District held the following investments as of December 31, 2019:

Investment Type	Amount	Maturity
COLOTRUST	$ 1,692,685	Weighted avg. under 60 days
U.S. Agency Obligations	1,095,119	Mature in 2021-2024
Total investments	$ 2,787,804	

Interest Rate Risk

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.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At December 31, 2020 and 2019 the District's holdings of U.S. Government agency securities were rated AA+ by Standard and Poor's and AAA by Moody's.

At December 31, 2020 and 2019, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAm by Standard and Poor's.

Investment Valuation

The District has certain investments which are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District also has investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments.

The valuation of the District's investments are as follows at December 31, 2020:

	Amount	Level 1 Inputs
Investments measured at fair value:		
U.S. Agency Obligations	$ 850,087	$ 850,087
Total investments at fair value	850,087	$ 850,087
Investments measured at NAV:		
COLOTRUST	3,915,049	
Total investments at NAV	3,915,049	
Total investments	$4,765,136	

The valuation of the District's investments are as follows at December 31, 2019:

	Amount	Level 1 Inputs
Investments measured at fair value:		
U.S. Agency Obligations	$ 1,095,119	$ 1,095,119
Total investments at fair value	1,095,119	$ 1,095,119
Investments measured at NAV:		
COLOTRUST	1,692,685	
Total investments at NAV	1,692,685	
Total investments	$ 2,787,804	

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of $1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from $1.00 per share.

Concentration of Credit Risk

The District does not have a policy that addresses limitation on the amount that can be invested in any one issuer. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures* requires the District to disclose investments in single issuers that exceed five percent (5%) of the District's entire investment portfolio.

At December 31, 2020, the District had the following investments that are required to be disclosed:

Investment Type	Amount	Percent of Total Portfolio
COLOTRUST	$ 3,915,049	Not subject to disclosure
Freddie Mac	450,034	9.44%
Federal Home Loan Mortgage Assn	400,053	8.40%
	$ 4,765,136	

At December 31, 2019, the District had the following investments that are required to be disclosed:

Investment Type	Amount	Percent of Total Portfolio
COLOTRUST	$ 1,692,685	Not subject to disclosure
Freddie Mac	500,025	17.94%
Fannie Mae	194,772	6.99%
Federal Home Loan Mortgage Corp.	400,322	14.36%
	$ 2,787,804	

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NOTE 4 - CAPITAL ASSETS

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

	Balance at January 1, 2020	Increases	Decreases	Balance at December 31, 2020
Capital assets, not being depreciated:				
Projects in progress	$ 22,344	$ 3,459	$ 22,344	$ 3,459
Capital assets, being depreciated/ amortized:				
Master plan and geographic and information system	81,956	-	-	81,956
Sewer system	6,720,935	351,290	70,643	7,001,582
Underdrain system	1,859,016	246,664	5,124	2,100,556
Purchased capacity				
Water	1,784,634	-	-	1,784,634
Sewer	1,073,446	-	-	1,073,446
Total capital assets being depreciated/amortized	11,519,987	597,954	75,767	12,042,174
Less accumulated depreciation/ amortization for:				
Master plan and geographic and information system	13,949	8,196	-	22,145
Sewer system	2,999,986	187,645	57,486	3,130,145
Underdrain system	703,608	49,944	3,074	750,478
Purchased capacity				
Water	1,320,324	44,616	-	1,364,940
Sewer	421,148	26,836	-	447,984
Total accumulated depreciation/ amortization	5,459,015	317,237	60,560	5,715,692
Total capital assets, net	$ 6,083,316	$ 284,176	$ 37,551	$ 6,329,941

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

	Balance at January 1, 2019	Increases	Decreases	Balance at December 31, 2019
Capital assets, not being depreciated:				
Projects in progress	$ -	$ 22,344	$ -	$ 22,344
Capital assets, being depreciated/ amortized:				
Master plan and geographic and information system	81,956	-	-	81,956
Sewer system	5,940,436	780,499	-	6,720,935
Underdrain system	1,776,675	82,341	-	1,859,016
Purchased capacity				
Water	1,784,634	-	-	1,784,634
Sewer	938,435	172,868	37,857	1,073,446
Total capital assets being depreciated/amortized	10,522,136	1,035,708	37,857	11,519,987
Less accumulated depreciation/ amortization for:				
Master plan and geographic and information system	5,754	8,195	-	13,949
Sewer system	2,814,922	185,064	-	2,999,986
Underdrain system	659,191	44,417	-	703,608
Purchased capacity				
Water	1,275,708	44,616	-	1,320,324
Sewer	420,627	23,235	22,714	421,148
Total accumulated depreciation/ amortization	5,176,202	305,527	22,714	5,459,015
Total capital assets, net	$ 5,345,934	$ 752,525	$ 15,143	$ 6,083,316

NOTE 5 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and if applicable, 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 invested in capital assets of $6,329,941 and $6,083,316, respectively, equal to its net capital assets as the District has no outstanding debt.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

WATER SERVICE AGREEMENTS

Denver Water Board

The District has a total service contract with the Board of Water Commissioners of the City and County of Denver (Denver Water Board) which was renegotiated in 1994 whereby the Denver Water Department provides water in the District's service area and charges the users directly. The Denver Water Board has contracted to provide for service to future users within the District. All water lines within the District have been conveyed to the Denver Water Board which is responsible for maintenance and repair of those lines.

Participation Agreement

The District purchased Grant Properties I, Ltd's (GPI) participation cost in constructing facilities (Conduit 116) owned by the Denver Water Board in 1987. The District acquired the right to sufficient capacities in the water line to serve taps reserved to the District for $901,297. The purchased capacity is included under the caption Purchased capacity – water and is being amortized over 40 years using the straight-line method. Accumulated amortization at December 31, 2020 and 2019 is $749,202 and $726,670.

SEWER SERVICE AGREEMENTS

City of Littleton

The District has a service agreement with the City of Littleton (City) whereby the City provides sewage treatment service to the District's service area and charges the users directly. The District is to provide and maintain its own sewer lines and connection to the City's facilities.

Platte Canyon Water and Sanitation and Southwest Metropolitan Water and Sanitation Districts

These agreements relate to the purchase by the District of capacity in certain sewer trunk lines. The agreements with the districts provide for the sharing of maintenance expenses. In addition, the agreement with Southwest Metropolitan Water and Sanitation District provides for the sharing of replacement or rehabilitation costs. The agreement with Platte Canyon provide for the sharing of rehabilitation or replacement costs of some facilities. The purchased capacity is included under the caption Purchased capacity – sewer and is being amortized over 40 years using the straight-line method. Accumulated amortization at December 31, 2020 and 2019 is $447,984 and $421,148.

OTHER AGREEMENTS

Bowles Metropolitan District
Section 14 Metropolitan District

These agreements are with the metropolitan districts whose boundaries are entirely within the District. The agreements provide for the metropolitan districts to construct and finance water and sewer lines not financed by the District and to transfer the sewer lines to the District for control and operation.

NOTE 7 - 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 is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. 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, public officials' liability and 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.

NOTE 8 - 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 that 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 that its operations qualify for this exclusion.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Some of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise may require judicial interpretation.

SUPPLEMENTAL INFORMATION

GRANT WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Service fees	$ 494,900	$ 499,475	$ 4,575
Capital reserve fees	270,000	270,000	-
Inspection fees	25,000	23,770	(1,230)
Other fees and fines	17,000	14,055	(2,945)
Net investment income	65,100	31,519	(33,581)
Decrease in fair value of investments	-	(32)	(32)
System development fees	160,000	1,585,000	1,425,000
Total Revenues	1,032,000	2,423,787	1,391,787
EXPENDITURES			
Engineering	40,500	36,817	3,683
Repairs and maintenance and contingency	365,900	421,837	(55,937)
Inspection fees	19,000	10,028	8,972
Audit	5,300	5,300	-
Insurance	18,000	14,157	3,843
Election costs	20,000	917	19,083
Legal	25,000	17,697	7,303
Management fees	110,000	109,560	440
Director's fees	6,800	6,352	448
Office and administrative	26,500	19,717	6,783
Capital outlay and major repairs contingency	624,000	371,562	252,438
Total Expenditures	1,261,000	1,013,944	247,056
NET CHANGE IN FUNDS AVAILABLE	(229,000)	1,409,843	1,638,843
FUNDS AVAILABLE - BEGINNING OF YEAR	4,796,727	3,480,117	(1,316,610)
FUNDS AVAILABLE - END OF YEAR	$ 4,567,727	$ 4,889,960	$ 322,233

Funds available is computed as follows:

Current assets	$ 4,950,130
Current liabilities	(60,170)
	$ 4,889,960

GRANT WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2020

Revenue (budgetary basis)	$ 2,423,787
Contributed capital assets	207,507
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	2,631,294
Expenditures (budgetary basis)	1,013,944
Depreciation and amortization	317,237
Capital outlay	(371,562)
Loss on disposal of capital assets	15,207
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	974,826
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	$ 1,656,468