

**NORTHERN DOUGLAS COUNTY  
WATER & SANITATION DISTRICT  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>I</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>II</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>1</b>
<b>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>2</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>3</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>4</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULES OF EXPENSES</b>	<b>18</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE – BUDGET AND ACTUAL (BUDGETARY BASIS)</b>	<b>19</b>
<b>RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>20</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED</b>	<b>21</b>

## Independent Auditor's Report

Board of Directors  
Northern Douglas County Water & Sanitation District  
Douglas County, Colorado

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

We have audited the accompanying financial statements of the business-type activities of Northern Douglas County Water & Sanitation District (the "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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Northern Douglas County Water & Sanitation District as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary 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 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.

Sincerely,



Wipfli LLP  
June 29, 2021

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

The management of Northern Douglas County Water & Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and comparative analysis of the financial activities of the District for the fiscal year ended December 31, 2020 and December 31, 2019.

**Financial Highlights**

- Net position increased \$684,754 during 2020.
- Net operating loss increased from \$(578,449) the previous year to \$(806,944) on operating revenue of \$2,724,621 and \$3,058,523, respectively.
- Operating revenue increased \$333,902 or 12.25%, from prior year.
- Operating expenses exclusive of depreciation and general and administrative expenses increased \$403,672, or 20.05%, from the prior year, due to provider rate increases and increased usage by District customers.
- Funds available (current and noncurrent assets less current liabilities and deferred inflow of resources) increased from \$21,010,067 to \$22,179,974 at December 31, 2020.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements, presented on pages 1 thru 16, are comprised of financial statements and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The financial statements of the District are presented as a special purpose government engaged only in business type activities – providing water and sewer utility services.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflow of resources with the difference between them 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 statement of revenue, expenses, and changes in net position presents information that reflects how the District's net position changed during the current year. 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. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal years.

The statement of cash flows reports the District's cash flows from operating, noncapital financing, capital and related financing, and investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 4 thru 16 of this report.

The supplementary information contained in this report on pages 18 thru 21 provides a schedule of expenses, budget and actual comparison, reconciliation of budgetary basis, and summary of assessed valuation, mill levy, and property tax information.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**Statement of Net Position**

	December 31,		
	2020	2019	2018
Current and Noncurrent Assets	\$ 23,767,277	\$ 22,680,393	\$ 20,585,848
Capital Assets	19,233,983	19,719,136	18,641,057
Total Assets	<u>43,001,260</u>	<u>42,399,529</u>	<u>39,226,905</u>
Current Liabilities	140,006	580,415	107,135
Total Liabilities	<u>140,006</u>	<u>580,415</u>	<u>107,135</u>
Deferred Inflow of Resources	1,147,297	1,074,911	950,882
Total Deferred Inflow of Resources	<u>1,147,297</u>	<u>1,074,911</u>	<u>950,882</u>
Net Investment in Capital Assets	19,233,983	19,719,136	18,641,057
Restricted Net Position	141,000	131,000	122,000
Unrestricted Net Position	22,038,974	20,894,067	19,108,831
Total Net Position	<u>\$ 41,413,957</u>	<u>\$ 40,744,203</u>	<u>\$ 37,871,888</u>

The District's net position increased \$684,754 during 2020, which is primarily the result of increased water and sewer gross profit from operations and property taxes providing funding for future fixed asset repairs and replacements. The increase in net position in comparison to the prior year of \$2,857,315 is attributed to a decrease in capital contributions used to acquire increased capacity in provider water and sewer systems and an increase in nonoperating expense relating to meter replacement. Funds available (current and noncurrent assets less current liabilities and deferred inflow of resources) increased from \$21,010,067 to \$22,179,974, which is available for working capital.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**Changes in Net Position**

	December 31,		
	2020	2019	2018
<b>REVENUES</b>			
Operating Revenues:			
Water Services	\$ 2,157,014	\$ 1,928,744	\$ 1,926,376
Sewer Services	904,509	795,877	749,456
Total Operating Revenues	<u>3,061,523</u>	<u>2,724,621</u>	<u>2,675,832</u>
Nonoperating Revenues:			
Taxes	1,165,731	1,045,024	1,041,734
Investment Income	453,036	545,623	264,208
Other	52,397	72,496	121,471
Contributions:			
Contributed Capital	-	-	80,072
Tap and Option Fees	238,754	1,781,679	817,673
Reimbursed Expenditures	-	29,078	28,155
Total Other Revenues	<u>1,909,918</u>	<u>3,473,900</u>	<u>2,353,313</u>
Total Revenues	<u>4,968,441</u>	<u>6,198,521</u>	<u>5,029,145</u>
<b>EXPENSES</b>			
Operating Expenses:			
Water	1,777,490	1,454,682	1,474,802
Sewer	639,291	558,421	485,611
Subtotal	<u>2,416,781</u>	<u>2,013,103</u>	<u>1,960,413</u>
General and Administrative	724,779	586,361	547,353
Depreciation	723,907	703,600	670,224
Total Operating Expenses	<u>3,865,467</u>	<u>3,303,070</u>	<u>3,177,996</u>
Nonoperating Expenses	<u>418,220</u>	<u>38,136</u>	<u>64,635</u>
Total Expenses	<u>4,283,687</u>	<u>3,341,206</u>	<u>3,242,631</u>
<b>CHANGE IN NET POSITION</b>	684,754	2,857,315	1,786,514
Net Position - Beginning of Year	<u>10,729,203</u>	<u>37,871,888</u>	<u>36,085,374</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,413,957</u>	<u>\$ 10,729,203</u>	<u>\$ 37,871,888</u>

The overall decrease in revenues of \$1,230,080 can be attributed to a decrease in net investment income, and nonrecurring tap and options fee revenue received in 2020. Total expenses increased \$942,481, which comprise of an increase in general and administrative expense and capital costs relating to the retail motor replacement project.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**Capital Assets Activity**

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

	December 31, 2019	Net Changes	December 31, 2020	Net Changes	December 31, 2020
Land and Easements	\$ 27,837	\$ -	\$ 27,837	\$ -	\$ 27,837
Water System:					
Water Capacity	23,118,828	1,781,679	24,900,507	238,754	25,139,261
Water Facilities	4,912,629	-	4,912,629	-	4,912,629
Sewer System:					
Sewer Facilities	3,520,011	-	3,520,011	-	3,520,011
Total Assets	31,579,305	1,781,679	33,360,987	238,754	33,599,738
Accumulated Depreciation	(12,938,248)	(703,600)	(13,641,848)	(723,907)	(14,365,755)
Net Capital Assets	<u>\$ 18,641,057</u>	<u>\$ 1,078,079</u>	<u>\$ 19,719,136</u>	<u>\$ (185,153)</u>	<u>\$ 19,233,983</u>

The 2020 activity relating to capital assets reflected depreciation expense of \$723,907 and purchased capacity of \$238,754.

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

**Budgetary Highlights**

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay in addition to operations and nonoperating revenue and contributions. Depreciation is not reflected on the budget since it does not affect funds available. This budgetary accounting is required by State statutes.

Actual revenue of the District was less than the budgeted revenue, primarily as a result of less taps purchased than what was projected during 2020.

Actual expenditures of the District were less than the appropriation by \$3,316,466, primarily as a result of fewer capital expenditures than expected.

**Economic Factors and Next Year's Budgets and Rates**

- The assessed valuation of property in the District increased \$5,652,570, or 6.73%, in 2020.
- The mill levy for 2020 remained the same as 2019.
- Water service and usage fees revenues are anticipated to increase in 2021 in response to Centennial's rate increase to the District. Usage of water has been calculated based upon the average usage of the past three years.
- Sewer service and usage fees revenues are anticipated to increase in 2021 in response to Centennial's rate increase to the District.
- The District anticipates and budgets to replace its master meters, retail meters, and backflow preventors in 2021.
- The 2021 budget was completed during the ongoing global health crisis created by the COVID-19 (coronavirus) outbreak, the duration and consequences of which are still largely unknown. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the District expects this matter to have some negative impacts on its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**Request for Information**

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to: Office of Northern Douglas County Water and Sanitation District, 8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111.

## **BASIC FINANCIAL STATEMENTS**

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 10,071,530	\$ 8,783,629
Cash and Cash Equivalents - Restricted	141,000	131,000
Investments - Government Securities	1,238,060	3,961,732
Accounts Receivable - Service		
Net of Allowance for Doubtful Accounts of \$15,000	211,478	189,558
Accounts Receivable - Non-service	20,096	63,459
Property Taxes Receivable	1,147,297	1,074,911
Interest Receivable	88,894	55,838
Prepaid Expenses	34,228	400
Total Current Assets	15,952,523	14,260,225
<b>NONCURRENT ASSETS</b>		
Investments - Government Securities	7,814,754	8,420,168
Total Restricted Current Assets	7,814,754	8,420,168
<b>CAPITAL ASSETS, NET</b>		
	19,233,983	19,719,136
Total Assets	\$ 43,001,260	\$ 42,399,529
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 380,006	\$ 476,974
Deposits Payable	50,000	69,500
Deferred Revenue	-	33,941
Total Current Liabilities	440,006	580,415
<b>DEFERRED INFLOW OF RESOURCES</b>		
Property Tax Revenue	1,147,297	1,074,911
Total Deferred Inflow of Resources	1,147,297	1,074,911
<b>NET POSITION</b>		
Invested in Capital Assets	19,233,983	19,719,136
Restricted	141,000	131,000
Unrestricted	22,038,974	20,894,067
Total Net Position	41,413,957	40,744,203
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 43,001,260	\$ 42,399,529

See accompanying Notes to Basic Financial Statements.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>WATER OPERATIONS</b>		
Water Income	\$ 2,154,014	\$ 1,928,744
Direct Water Expenses	(1,777,190)	(1,454,682)
Depreciation and Amortization	(647,388)	(627,075)
Gross Loss from Water Operations	(270,864)	(153,013)
<b>SEWER OPERATIONS</b>		
Sewer Income	904,509	795,877
Direct Sewer Expenses	(639,291)	(558,427)
Depreciation	(76,519)	(76,525)
Gross Profit from Sewer Operations	188,699	160,925
Total Gross Profit (Loss) from Operations	(82,165)	7,912
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	724,779	586,361
<b>OPERATING LOSS</b>	(806,944)	(578,449)
<b>NONOPERATING REVENUES</b>		
Property Taxes	1,073,012	949,654
Specific Ownership Taxes	92,719	95,370
Net Investment Income	453,038	545,623
Developer Reimbursements	36,308	28,655
Miscellaneous	16,089	43,841
Total Nonoperating Revenues	1,671,164	1,663,143
<b>NONOPERATING EXPENSES</b>		
County Treasurer's Fees	16,110	14,257
Professional Fees Reimbursed	-	23,879
Meter replacements	402,110	-
Total Nonoperating Expenses	418,220	38,136
<b>INCOME BEFORE CONTRIBUTIONS</b>	446,000	1,046,558
<b>CAPITAL CONTRIBUTIONS</b>		
Tap and Option Fees	238,754	1,781,679
Reimbursed Expenditures	-	29,078
Total Capital Contributions	238,754	1,810,757
<b>CHANGE IN NET POSITION</b>	684,754	2,857,315
Net Position - Beginning of Year	40,729,203	37,871,888
<b>NET POSITION - END OF YEAR</b>	\$ 41,413,957	\$ 40,729,203

See accompanying Notes to Basic Financial Statements.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 3,036,667	\$ 2,704,573
Payments to Suppliers	(3,315,797)	(2,123,210)
Net Cash Provided (Used) by Operating Activities	(279,136)	281,273
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property Tax Collections for Operations	1,073,072	919,651
Specific Ownership Taxes	93,052	96,274
Miscellaneous Income	15,089	43,847
County Treasurer's Fees	(15,110)	(14,257)
Net Cash Provided by Noncapital Financing Activities	1,166,043	1,075,572
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tap Fees and Tap Option Fees	238,754	1,781,679
Purchased Capacity	(238,754)	(1,781,679)
Nonoperating expenses	(402,170)	
Developer Deposits	64,338	45,494
Reimbursed Expenditures (Meter Installation)	-	29,078
Net Cash Provided (Used) By Capital and Related Financing Activities	(337,772)	74,572
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (Purchase) of Investments	452,660	(2,191,975)
Net Interest and Dividends Received	295,106	393,245
Net Cash Provided (Used) by Investing Activities	747,766	(1,798,730)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,297,907	(367,373)
Cash and Cash Equivalents - Beginning of Year	8,914,629	9,281,942
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 10,212,536	\$ 8,914,629
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (806,944)	\$ (578,449)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	723,907	703,600
(Increase) Decrease in		
Service Charges Receivable	(21,862)	(20,708)
Prepaid Expenses	(33,323)	(50)
Increase (Decrease) in		
Accounts Payable and Accrued Expenses and Deposits Payable and Deferred Revenue	(140,409)	176,280
Net Cash Provided (Used) by Operating Activities	\$ (279,136)	\$ 281,273
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Change in Fair Market Value	\$ (123,374)	\$ (147,793)

See accompanying Notes to Basic Financial Statements.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Northern Douglas County Water & Sanitation District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide water and sewer services to properties in the service area of the District. The District has entered into an Extended Service Area Agreement with Centennial Water and Sanitation District (Centennial) to provide water supply and water and sewage treatment (see Note 6).

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 has no employees and all services are provided by consultant contracts.

The District is not financially accountable for any other organization, nor is the District 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 because 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.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Basis of Accounting**

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets. Tap fees and contributed assets from developers are recorded as capital contributions when received.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating Revenues and Expenses**

The District distinguishes between operating revenues and expenses and nonoperating 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 services provided. Operating expenses include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are recorded as nonoperating revenues and expenses or capital contributions.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation 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, publication, and public hearing requirements.

**Cash Equivalents**

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

**Accounts Receivable**

Accounts receivable are shown net of a allowance for uncollectibles. Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible.

**Property Taxes**

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

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

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

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

Capacity	46 Years
Water Lines	46 Years
Sewer Lines	16 Years

**Tap Fees and Contributed Lines**

Tap 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 acquisition value when received.

**Deferred Inflow/Outflow of Resources**

In addition to liabilities, the statement of net position reports 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 cash equivalents as of December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	2020	2019
Statement of Net Position:		
Cash and Cash Equivalents	\$ 10,071,530	\$ 8,783,629
Cash and Cash Equivalents - Restricted	141,000	131,000
Total Cash and Cash Equivalents	\$ 10,212,530	\$ 8,914,629

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

	2020	2019
Deposits with Financial Institutions	\$ 935,535	\$ 431,248
Investments	9,276,995	8,483,381
Total Cash and Cash Equivalents	\$ 10,212,530	\$ 8,914,629

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020 and 2019, the District's cash deposits had a bank balance and a carrying balance of \$935,535 and \$431,248, respectively.

**Investments**

The District has adopted a formal investment policy that follows state statutes regarding investments.

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

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

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

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

**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 the 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 (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE (which are recorded at amortized cost), and COLOTRUST (which are recorded at net asset value).

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

<u>Investment</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>Value</u>
Colorado Liquid Asset Trust (Colotrust)	\$ 7,012,732	\$ -	\$ 7,012,732
Colorado Surplus Asset Fund Trust (CSAFE)	1,195,254	-	1,195,254
Colorado Statewide Investment Program (CSIP)	1,069,009	-	1,069,009
U.S. Treasury Issues	2,537,146	5,037,594	7,568,740
Agency Securities	1,203,099	510,950	1,714,049
Municipal Issues	503,815	2,266,210	2,770,025
Total	<u>\$ 13,545,066</u>	<u>\$ 7,814,754</u>	<u>\$ 21,329,809</u>

\* As of May 31, 2021, the District's U.S. Treasury Issues are valued at \$9,944,140 and Agency Securities are valued at \$607,442.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

<u>Investment</u>	Less Than		Value
	1 Year	1-5 Years	
Colorado Liquid Asset Trust (Colotrust)	\$ 6,233,633	\$ -	\$ 6,233,633
Colorado Surplus Asset Fund Trust (CSAFE)	1,187,873	-	1,187,873
Colorado Statewide Investment Program (CSIP)	1,061,875	-	1,061,875
U.S. Treasury Issues	3,561,762	6,945,989	10,507,751
Agency Securities	399,670	1,274,179	1,873,849
Total	<u>\$ 12,444,813</u>	<u>\$ 8,220,168</u>	<u>\$ 20,664,981</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFF may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFF's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFF's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFF. CSAFF is rated AAAM by Standard & Poor's. CSAFF records its investments at amortized cost and the District records its investments in CSAFF at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSIP**

The District invested in the Colorado Statewide Investment Program (the Fund), an investment program established for local government entities in Colorado, nonprofit institutions and other institutional entities. The Program invests in the Colorado Investors Class of the PFM Funds Prime Series, a money market mutual fund registered under the Investment Company Act of 1940. The Fund is managed to maintain a dollar-weighted average portfolio of 60 days or less and seeks to maintain a value per share of \$1.00. The Fund is rated AAAM by Standard & Poor's.

**Restricted and Designated Cash and Investments**

Restricted cash and cash equivalents as of December 31, 2020 and 2019, consisted of \$141,000 and \$131,000, respectively, for Emergency Reserves as required by Article X, Section 20 of the Constitution of the state of Colorado.

At December 31, 2020 and 2019, the Board had designated cash and investments totaling \$18,000,000 and \$17,200,000, respectively, for future replacements. Such designated amounts are considered not to be available for general operations. Designations indicate management's intention for future utilization of such cash and are subject to changes by management.

**U.S. Treasury Issues (Level 1)**

The District invested a portion of its reserve money into U.S. Treasury Issues. As of December 31, 2020, investment details are as follows:

<u>Description</u>	<u>Market Value</u>	<u>S&amp;P Rating</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>
U.S. Treasury Notes	\$ 702,734	n/a	3.625	2/15/2021
U.S. Treasury Notes	1,106,875	n/a	2.375	4/15/2021
U.S. Treasury Notes	721,537	n/a	2.000	11/15/2021
U.S. Treasury Notes	827,250	n/a	2.000	10/31/2022
U.S. Treasury Notes	773,484	n/a	2.750	7/31/2023
U.S. Treasury Notes	1,502,375	n/a	2.625	12/31/2023
U.S. Treasury Notes	1,286,719	n/a	1.750	7/31/2024
U.S. Treasury Notes	647,766	n/a	0.250	8/31/2025
Total U.S. Treasury Issues	<u>\$ 7,568,740</u>			

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2019, investment details are as follows:

Description	Market Value	S&P Rating	Coupon Rate	Maturity Date
U.S. Treasury Notes	\$ 549,044	n/a	-	2/13/2020
U.S. Treasury Notes	499,766	n/a	1.375	2/12/2020
U.S. Treasury Notes	756,062	n/a	2.250	3/31/2020
U.S. Treasury Notes	1,056,234	n/a	2.625	8/15/2020
U.S. Treasury Notes	700,656	n/a	1.750	12/31/2020
U.S. Treasury Notes	715,203	n/a	3.625	2/15/2021
U.S. Treasury Notes	1,110,484	n/a	2.375	4/15/2021
U.S. Treasury Notes	715,436	n/a	2.000	11/15/2021
U.S. Treasury Notes	978,504	n/a	1.750	5/31/2022
U.S. Treasury Notes	808,375	n/a	2.000	10/31/2022
U.S. Treasury Notes	544,934	n/a	2.750	7/31/2023
U.S. Treasury Notes	1,451,406	n/a	2.625	10/23/2023
U.S. Treasury Notes	621,647	n/a	1.750	1/31/2024
Total U.S. Treasury Issues	<u>\$ 10,507,751</u>			

**Agency Securities (Level 1)**

The District invested a portion of its reserve money into Agency Securities rated AA+ by Standard & Poor's. As of December 31, 2020, investment details are as follows:

Description	Market Value	S&P Rating	Coupon Rate	Maturity Date
Fannie Mae	\$ 776,440	AA+	1.375	2/26/2021
Fannie Mae	426,659	AA+	1.250	5/6/2021
Fannie Mae	510,950	AA+	1.875	4/5/2022
Total Agency Securities	<u>\$ 1,714,049</u>			

As of December 31, 2019, investment details are as follows:

Description	Market Value	S&P Rating	Coupon Rate	Maturity Date
Freddie Mac	\$ 399,670	AA+	1.375	5/1/2020
Fannie Mae	548,598	AA+	1.375	2/26/2021
Fannie Mae	422,864	AA+	1.250	5/6/2021
Fannie Mae	502,717	AA+	1.375	4/5/2022
Total Agency Securities	<u>\$ 1,873,849</u>			

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Municipal Issues (Level 1)**

The District invested a portion of its reserve money into Municipal Issues rated AA+ - AAA by Standard and Poor's.

As of December 31, 2020, investment details are as follows:

<u>Description</u>	<u>Market Value</u>	<u>S&amp;P Rating</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>
Lexington Etc SC #5	\$ 503,815	AA	5.000	3/1 2021
Energy NW WA Elec R	535,660	AA-	5.000	7/1 2022
Prince Grgs Cn Md	561,030	AAA	5.000	7 15 2023
Kirkwood CC IA	559,840	AA	4.000	6/1 2024
Chesapeake Va	609,680	AAA	5.000	8/1/2025
Total Municipal Issues	<u>\$ 2,770,025</u>			

**NOTE 4 CAPITAL ASSETS**

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

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance December 31, 2020</u>
Capital Assets, Not Being Depreciated:				
Easements	\$ 27,837	\$ -	\$ -	\$ 27,837
Total Capital Assets, Not Being Depreciated	27,837	-	-	27,837
Capital Assets, Being Depreciated:				
Water Capacity	24,900,507	238,754	-	25,139,261
Water System	4,912,629	-	-	4,912,629
Sewer System	3,520,011	-	-	3,520,011
Total Capital Assets, Being Depreciated	33,333,147	238,754	-	33,571,901
Less Accumulated Depreciation For:				
Water Capacity	9,942,210	539,115	-	10,481,325
Water System	2,084,248	108,273	-	2,192,521
Sewer System	1,615,390	76,519	-	1,691,909
Total Accumulated Depreciation	13,641,848	723,907	-	14,365,755
Total Capital Assets, Being Depreciated, Net	19,691,299	(485,153)	-	19,206,146
Total Capital Assets, Net	\$ 19,719,136	\$ (485,153)	\$ -	\$ 19,233,983

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance December 31, 2019	Additions	Retirements/ Reclassifications	Balance December 31, 2020
Capital Assets, Not Being Depreciated:				
Easements	\$ 27,837	\$ -	\$ -	\$ 27,837
Total Capital Assets Not Being Depreciated	27,837	-	-	27,837
Capital Assets, Being Depreciated:				
Water Capacity	23,118,828	1,781,679	-	24,900,507
Water System	4,912,829	-	-	4,912,829
Sewer System	3,520,011	-	-	3,520,011
Total Capital Assets Being Depreciated	31,551,468	1,781,679	-	33,333,147
Less Accumulated Depreciation For:				
Water Capacity	9,423,413	518,797	-	9,942,210
Water System	1,975,970	108,278	-	2,084,248
Sewer System	1,538,865	76,525	-	1,615,390
Total Accumulated Depreciation	12,938,248	703,600	-	13,641,848
Total Capital Assets Being Depreciated, Net	18,613,220	1,078,079	-	19,691,299
Total Capital Assets, Net	\$ 18,641,057	\$ 1,078,079	\$ -	\$ 19,719,136

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

	2020	2019
Water	\$ 647,388	\$ 627,075
Sewer	76,519	76,525
Total	\$ 723,907	\$ 703,600

**NOTE 5 NET POSITION**

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

Invested in capital assets consists of capital assets, net of accumulated depreciation.

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5 NET POSITION (CONTINUED)**

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position for emergencies as required by the TABOR amendment.

The unrestricted net position is the remaining net position of the District. As of December 31, 2020, it includes \$18,000,000 in board designation for future capital replacements.

**NOTE 6 INTERGOVERNMENTAL AGREEMENTS**

**Extended Service Area (ESA)**

Centennial Water and Sanitation District (Centennial) provides water supply as well as water and sewage treatment services to the District under an Extended Service Area Water and Sewer Agreement (ESA) dated May 3, 1989, which was revised and replaced on August 1, 1994. The term of the agreement is for 50 years to August 2044 and may be extended. The area agreed to be served by Centennial currently constitutes the majority of the District. Upon payment of tap fees for capacity in its water supply and water and sewage treatment facilities, Centennial provides services to the District and bills the District for water delivered based on metered usage at rates not to exceed 200% of the rates charged by Centennial to Highlands Ranch Districts. Centennial has approval rights over the area to be included within the Centennial Service Area, the location of points of connection to its system, and the number of taps available for service. In this regard, Centennial's commitment to provide taps is on a "when, as and if available" basis. The District agreed to use Centennial as its sole source of water supply within the service area of the ESA and adopt the same standards as Centennial within the Centennial Service Area. The District bills its customers directly.

**NOTE 7 RECEIVABLES**

Receivables as of year-end and for the District's activities are as follows:

	2020	2019
Accounts - Service Billings	\$ 211,418	\$ 189,556
Property Taxes	1,147,297	1,074,911
Specific Ownership Taxes	8,312	8,645
Accounts - Backcharges	11,781	39,811
Interest	88,894	55,838
Total	\$ 1,467,705	\$ 1,368,764

*Note: Allowance for doubtful accounts was included as part of Accounts Receivable - Backcharges. Net in the 2019 financial statements but was reclassified as part of Accounts Receivable - Service Billings in 2020 and going forward.*

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 8 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; or acts of God.

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. 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, boiler and machinery 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 9 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.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On November 2, 1993, a majority of the District's electors authorized the collection, retention, and spending of revenues from any source other than property taxes without regard to any limitations imposed by TABOR.

On November 7, 1995, a majority of the District's electors approved an annual increase in property taxes of \$137,000 provided that the total mill levy for operations does not exceed 25 mills. Such revenue is exempt from revenue raising limitations under TABOR and Section 29-1-302, C.R.S.

## SUPPLEMENTARY INFORMATION

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT**  
**SCHEDULES OF EXPENSES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>DIRECT WATER EXPENSES</b>		
Water Purchases	\$ 1,747,594	\$ 1,409,264
Meter Purchases And Installation	15,150	30,752
Water System Inspection	14,746	14,966
Depreciation And Amortization	677,388	627,075
Total Direct Water Expenses	<u>\$ 2,424,878</u>	<u>\$ 2,081,757</u>
<b>DIRECT SEWER EXPENSES</b>		
Sewage Treatment	\$ 617,339	\$ 517,265
Sewer Clearing	11,374	16,153
Sewer - TV Video Program	5,028	18,679
Sewer Line and Manhole Repairs	5,670	6,330
Depreciation	76,579	76,525
Total Direct Sewer Expenses	<u>\$ 715,870</u>	<u>\$ 634,952</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting	\$ 82,275	\$ 65,906
Audit	4,675	4,675
Directors' Fees	800	700
Election Costs	679	-
Engineering	240,905	141,952
Insurance	36,459	22,819
Legal	38,070	30,157
Membership Dues	6,238	6,238
Management	80,623	67,638
Meter Reading and Billing	105,733	117,848
Miscellaneous	21,706	22,043
Repairs and Maintenance	98,672	104,235
Utilities	688	350
Web Page Development	7,376	1,800
Total General and Administrative Expenses	<u>\$ 724,779</u>	<u>\$ 586,361</u>

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Water Service Fees	\$ 1,930,000	\$ 2,131,502	\$ 201,502
Sewer Service Fees	901,000	904,509	3,509
Miscellaneous Income	35,000	16,089	(18,911)
Property Taxes	1,074,911	1,073,012	(1,899)
Specific Ownership Taxes	96,712	92,719	(4,023)
Net Investment Income	100,000	453,036	353,036
Tap and Option Fees (Water)	1,000,000	238,751	(761,246)
Reimbursed Expenditures	20,000	-	(20,000)
Administration Fees	110,935	22,512	(88,423)
Developer Reimbursement	60,000	36,308	(23,692)
Contributed Capital - Construction	100,000	-	(100,000)
Total Revenues and Transfers	<u>5,428,588</u>	<u>4,968,441</u>	<u>(460,147)</u>
<b>EXPENDITURES</b>			
Direct Water Expenses	1,529,000	1,777,490	(248,490)
Direct Sewer Expenses	643,000	639,291	3,709
General and Administrative Expenses	1,057,624	740,889	316,735
Nonoperating Expenses	2,700,000	702,110	2,297,890
Purchase Capacity	1,000,000	238,754	761,246
Contributed Facilities	100,000	-	100,000
Contingency	85,376	-	85,376
Total Expenditures and Transfers	<u>7,115,000</u>	<u>3,798,534</u>	<u>3,316,466</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	(1,686,412)	1,169,907	2,856,319
Funds Available - Beginning of Year	<u>21,026,974</u>	<u>21,010,067</u>	<u>(16,907)</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 19,340,562</u>	<u>\$ 22,179,974</u>	<u>\$ 2,839,412</u>

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)  
TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2020**

	Actual
Funds Available Are Defined As Follows:	
Restricted and Unrestricted Current Assets	\$ 23,767,277
Less Current Liabilities and Deferred Inflow of Resources	(1,587,303)
Funds Available	\$ 22,179,974
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses, and Changes in Net Position:	
Revenue (Budgetary Basis)	\$ 4,968,441
Total Revenue Per Statement of Revenues, Expenses, and Changes in Net Position	4,968,441
Expenditures (Budgetary Basis)	3,798,534
Depreciation and Amortization	723,907
Purchased Capacity	(238,754)
Total Expenses Per Statement of Revenues, Expenses, and Changes in Net Position	4,283,687
Change in Net Position Per Statement of Revenues, Expenses, and Changes in Net Position	\$ 684,754

**NORTHERN DOUGLAS COUNTY WATER & SANITATION DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 66,925,440	12.806	\$ 857,047	\$ 849,210	99.1%
2017	68,207,190	12.914	880,828	880,774	99.9
2018	73,693,550	12.806	943,720	941,935	99.8
2019	74,252,870	12.806	950,882	949,654	99.9
2020	83,938,040	12.806	1,074,911	1,073,012	99.8
Estimated for the Year Ending December 31, 2021	\$ 89,590,610	12.806	\$ 1,147,297		

**NOTE:**

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