St. Mary's Glacier Water and
Sanitation District

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

Table of Contents

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF ACTIVITIES	7
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND	9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND	10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL - GOVERNMENTAL FUND - GENERAL FUND	11
STATEMENT OF NET POSITION - PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND	12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND	13
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND	14
NOTES TO FINANCIAL STATEMENTS	15
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET (Non-GAAP Budgetary Basis) - TO ACTUAL PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND	27
RECONCILIATION TO CHANGE IN NET POSITION (US GAAP Basis) PROPRIETARY FUND – WATER AND SANITATION ENTERPRISE FUND	28

Marc, James & Associates, PC
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
St. Mary's Glacier Water and Sanitation District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the St. Mary's Glacier Water and Sanitation District (the “District”), as of and for the year ended December 31, 2020, 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants (“US GAAS”).

We conducted our audit in accordance with US GAAS. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

An audit includes 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 District’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 District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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.

1745 Shea Center Drive, Suite 400
Highlands Ranch, CO 80129
720/344-4938

1660 Marlands Lane
Minocqua, WI 54548
715/301-9782

206/888-2716 – fax
www.marcjamescpa.com

Opinions on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the St. Mary's Glacier Water and Sanitation District, as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management's Discussion and Analysis

The Board of Directors has opted not to present the Management's Discussion and Analysis information that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Supplementary Information

Our audit was conducted with the purpose of forming an opinion on the financial statements of the St. Mary's Glacier Water and Sanitation District taken as a whole. The supplementary information on pages 27 and 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management of the District and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements and certain other 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 basic financial statements taken as a whole.

Marc James & Associates PC

Highlands Ranch, CO
September 28, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

St. Mary's Glacier Water and Sanitation District

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 14,855	$ 278,141	$ 292,996
Cash and cash equivalents - restricted	-	11,683	11,683
User accounts receivable, net of allowance for doubtful accounts	-	106,422	106,422
Certified user accounts receivable	-	61,056	61,056
Property taxes receivable	35,214	-	35,214
Grant receivable	-	144,140	144,140
Other receivables	218	602	820
Total current assets	50,287	602,044	652,331
NON-CURRENT ASSETS			
Capital assets, net of accumulated depreciation	-	3,362,785	3,362,785
Total assets	50,287	3,964,829	4,015,116
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	676,020	676,020
Construction retainage payable	-	31,231	31,231
Total current liabilities	-	707,251	707,251
DEFERRED INFLOWS OF RESOURCES			
Property taxes	35,214	-	35,214
NET POSITION			
Net investment in capital assets, less related debt	-	3,362,785	3,362,785
Restricted for emergencies	1,075	-	1,075
Restricted for debt service	-	11,683	11,683
Unrestricted	13,998	(116,890)	(102,892)
Total net position	$ 15,073	$ 3,257,578	$ 3,272,651

The accompanying notes are an integral part of this financial statement

St. Mary's Glacier Water and Sanitation District

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2020

	Governmental Activities	Business-Type Activities	Total
OPERATING REVENUE			
User fees and surcharges	$ -	$ 718,225	$ 718,225
Availability of service fees	-	78,780	78,780
Tap fees	-	108,000	108,000
Administrative transfer fees	-	17,105	17,105
Other	-	3,030	3,030
Total operating revenue	-	925,140	925,140
OPERATING EXPENSES			
Operating	-	376,961	376,961
General and administration	35,807	273,123	308,930
Non-capitalized capital expenditures	-	85,203	85,203
Depreciation	-	137,610	137,610
Total operating expenses	35,807	872,897	908,704
OPERATING INCOME (LOSS)	(35,807)	52,243	16,436
NON-OPERATING REVENUES (EXPENSES)			
Property taxes	34,970	-	34,970
Specific ownership taxes	2,590	-	2,590
Grants	-	183,856	183,856
Debt forgiveness	-	83,905	83,905
Interest income (expense)	170	(1,737)	(1,567)
Net non-operating revenue	37,730	266,024	303,754
CHANGE IN NET POSITION	1,923	318,267	320,190
NET POSITION - beginning	13,150	2,939,311	2,952,461
NET POSITION - ending	$ 15,073	$ 3,257,578	$ 3,272,651

FUND FINANCIAL STATEMENTS

St. Mary's Glacier Water and Sanitation District

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND

December 31, 2020

ASSETS		
Cash and cash equivalents	$	14,855
Property taxes receivable		35,214
Other receivables		218
Total assets	$	50,287
DEFERRED INFLOWS OF RESOURCES		
Property taxes	$	35,214
FUND BALANCE		
Restricted for emergencies		1,075
Unrestricted		13,998
Total fund balance		15,073
Total deferred inflows and fund balance	$	50,287

The accompanying notes are an integral part of this financial statement

St. Mary's Glacier Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND

For the Year ended December 31, 2020

REVENUES	
Property taxes	$ 34,970
Specific ownership taxes	2,590
Interest	170
Total revenues	37,730
EXPENDITURES	
General and administration	35,807
REVENUES IN EXCESS OF EXPENDITURES	1,923
FUND BALANCE - beginning	13,150
FUND BALANCE - ending	$ 15,073

The accompanying notes are an integral part of this financial statement

St. Mary's Glacier Water and Sanitation District

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL - GOVERNMENTAL FUND - GENERAL FUND

For the Year ended December 31, 2020

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes and other taxes	$ 34,970	$ 34,970	$ -
Specific ownership taxes	2,098	2,590	(492)
Other	-	170	170
Total revenues	37,068	37,730	(322)
EXPENDITURES			
OPERATIONS			
Accounting and audit	7,500	7,500	-
Elections	1,500	615	885
Legal	13,500	13,500	-
Office supplies and miscellaneous	13,500	13,138	362
Treasurer fees	1,049	1,054	(5)
Total expenditures	37,049	35,807	1,242
EXCESS OF REVENUES OVER EXPENDITURES	$ 19	$ 1,923	$ 1,904

St. Mary's Glacier Water and Sanitation District

STATEMENT OF NET POSITION - PROPRIETARY FUND -
WATER AND SANITATION ENTERPRISE FUND

December 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 278,141
Cash and cash equivalents - restricted	11,683
User accounts receivable, net of allowance for doubtful accounts	106,422
Certified user accounts receivable	61,056
Grants receivable	144,140
Other receivables	602
Total current assets	602,044
NON-CURRENT ASSETS	
Capital assets, net of accumulated depreciation	3,362,785
Total assets	3,964,829
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	676,020
Construction retainage payable	31,231
Total current liabilities	707,251
NET POSITION	
Net investment in capital assets, net of related debt	3,362,785
Restricted for debt service	11,683
Unrestricted	(116,890)
Total net position	$ 3,257,578

The accompanying notes are an integral part of this financial statement

St. Mary's Glacier Water and Sanitation District

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND

For the Year ended December 31, 2020

OPERATING REVENUE	
User fees and surcharges	$ 718,225
Availability of service fees	78,780
System development fees	108,000
Administrative transfer fees	17,105
Other	3,030
Total operating revenue	925,140
OPERATING EXPENDITURES	
Operating	376,961
General and administration	273,123
Non-capitalized capital expenditures	85,203
Depreciation	137,610
Total operating expenditures	872,897
OPERATING INCOME	52,243
NON-OPERATING REVENUES (EXPENDITURES)	
Grants	183,856
Debt forgiveness	83,905
Interest expense	(1,737)
Net non-operating revenue	266,024
CHANGE IN NET POSITION	318,267
NET POSITION - beginning	2,939,311
NET POSITION - ending	$ 3,257,578

St. Mary's Glacier Water and Sanitation District

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND

For the Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 959,037
Payments to suppliers	(167,693)
Payments to employees	(58,527)
Net cash provided by operating activities	732,817
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Interest income	28
Forgiveness of debt	83,905
Grants	187,720
Net cash provided by non-capital financing activities	271,653
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in cash and cash equivalent restricted	35,921
Principal payments on loans payable	(37,983)
Interest payments on loans payable	(1,765)
Net cash used by capital and related financing activities	(3,827)
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in capital assets, net of construction retainage payable	(839,977)
NET INCREASE IN CASH AND CASH EQUIVALENTS	160,666
CASH AND CASH EQUIVALENTS - beginning	117,475
CASH AND CASH EQUIVALENTS - ending	$ 278,141

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	$ 52,243
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	137,610
Changes in assets and liabilities	
Accounts receivable	33,897
Prepaid expenses	16,713
Accounts payable	492,354
Net cash provided by operating activities	$ 732,817

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of St. Mary's Glacier Water and Sanitation District (the "District") conform to the accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was established under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Clear Creek County, Colorado.

The District's primary function is to provide water and sanitary sewer services to the residents of the District. The majority of the District's operations and administrative functions are provided through contract service arrangements.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus, Financial Accounting Framework and Presentation

Business-Type Activities

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

The District's business-type financial statements are maintained using accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred regardless of when the cash is received and distributed.

The District distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing business of providing water and wastewater services. The District's primary business-type activities operating revenues are from charges to customers for sales of water and sewer service. Operating expenses include the cost of sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2. Measurement Focus and Financial Accounting Framework - continued

Governmental Activities

The governmental activities financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if the revenues are collectible within the current period, or soon thereafter, to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

For 2020, the District has one Governmental Fund:

- *General Fund* – The General Fund is the general operating fund of the District. It is used to account for all of the financial resources not accounted for and reported in another fund,

Additionally, the District has one proprietary fund:

- *Water and Sanitation Enterprise Fund* - The Water and Sanitation Enterprise Fund is used to account for those operations financed and operated in a manner similar to a private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. Cash and Cash Equivalents

The District considers unrestricted cash and cash equivalents to include cash on hand, demand deposits and money market accounts.

4. User Fees and User Fees Receivable

The District extends credit to property owners within the District for water usage, sanitary sewer services and other user fees. User fees receivables are reviewed by District management on a monthly basis. It is the District's policy to certify past due user fees receivables annually with the Clear Creek County Treasurer for collection. In addition, the District may file a lien upon or foreclose on the owner's property for past due user accounts receivables.

Due to the uncertainty in the District's ability to fully collect specific delinquent user fee receivables, an allowance for doubtful user fees receivable was established in the amount of $28,048, based upon the specific identification of certain user fee receivables, as of December 31, 2020. The District has the option to certify the delinquent user fees receivables to the Clear Creek County Treasurer for collection. In the event of subsequent collections of the delinquent user fees receivables, certifications or additional delinquencies, the allowance for doubtful user accounts receivable will be adjusted accordingly.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

5. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, user fees receivable, accounts payable and deferred inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2020, does not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

6. *Capital Assets*

The District records capital assets, within the business-type activities, as assets with an initial, individual cost of more than $5,000 and estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are stated at cost except for any capital assets that are contributed, which are stated at fair value when contributed.

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

Infrastructure - water system	20-35 years
Infrastructure - waste water system	45 years
Office and field equipment	3-10 years

7. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Clear Creek County bills and collects the property taxes on behalf of the District and remits the collections, less the County Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has reflected the levied property taxes as a receivable with the related deferred inflow of resources.

8. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. The District has estimated the useful lives of its depreciable capital assets and the allowance for doubtful user accounts receivable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. As discussed, the District has one item that qualifies for reporting in this category; subsequent year property taxes are recognized as an inflow of resources in the period that the amounts become available.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis. An annual appropriated budget is adopted. All annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado Revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

On or before October 15, the District's Manager submits a proposed budget for the subsequent fiscal year to the District's Board of Directors. The budget sets forth all proposed expenditures for administration, operations, maintenance, debt service, and capital projects for the budget year; all anticipated revenues for the budget year; estimated beginning and ending fund balances; actual figures for the prior fiscal year and projected figures through the end of the current year; and a written budget message describing the important features of the budget.

Following receipt of the proposed budget, the District publishes notice of the hearing at which the adoption of the proposed budget will be considered, a statement that the proposed budget is available for inspection, and that any interested elector may file objections to the proposed budget prior to its adoption. The budget hearing is held at a regular or special Board of Directors' meeting.

Following the budget hearing, the Board of Directors adopts the budget and makes appropriations for the budget year. The District also certifies a mill levy for collection in the budget year. Because the District certifies a mill levy, the adoption of the budget, appropriations and certification of the mill levy must occur on or before December 15. Expenditures in excess of the amounts appropriated for a Fund or transfer of moneys between Funds must be approved by the Board of Directors in the same manner as the adoption of the budget

The State of Colorado requires a balanced budget. For 2020, the District's Water and Sanitation Enterprise Fund budgeted expenditures exceeded the budgeted revenues by $2,698,689. The deficit budget amount was expected to be funded by additional borrowings.

NOTE C – CASH AND INVESTMENTS

Cash

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits. The Colorado Division of Banking for banks and savings associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2020, all of the District's funds were held in eligible public depositories.

Investments

As of December 31, 2020, the District had $19,194 invested in the Colorado Local Government Liquid Trust ("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 repurchase agreements collateralized by certain obligations of the U.S. government agencies. The District's investments are in the COLOTRUST PLUS+ portfolio. COLOTRUST is rated AAAm by Standard & Poor's.

COLOTRUST determines the net asset value ("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 to determine value in accordance with GASB 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.

NOTE D – AVAILABILITY OF SERVICE FEE ("AOS")

The District accesses a $190 annual fee for the availability of service to all property owners within the District. The AOS fee is to be used for the payment of principal and interest amounts related to the District's long-term debt. Accordingly, the District has reflected the available cash, $11,683, as restricted as of December 31, 2020.

NOTE E – CAPITAL ASSETS

The changes in the District's capital assets for the year ended December 31, 2020 are as follows:

	Balance December 31, 2019	Additions	Disposals	Balance December 31, 2020
Capital assets				
Not depreciated				
Land	$ 20,937	$ -	$ -	$ 20,937
Water system design	562,474	871,208	-	1,433,682
Depreciated				
Buildings	17,192	-	-	17,192
Infrastructure - water system	2,260,622	-	-	2,260,622
Infrastructure - waste water system	2,535,410	-	-	2,535,410
Office and field equipment	146,265	-	-	146,265
Total capital assets	5,542,900	871,208	-	6,414,108
Accumulated depreciation				
Buildings	9,411	454	-	9,865
Infrastructure - water system	1,347,655	66,852	-	1,414,507
Infrastructure - waste water system	1,463,857	56,342	-	1,520,199
Office and field equipment	92,790	13,962	-	106,752
Total accumulated depreciation	2,913,713	137,610	-	3,051,323
Net capital assets	$ 2,629,187	$ 733,598	$ -	$ 3,362,785

In 2019, further discussed in NOTE F, the District began a project for the installation of a new well, rehabilitation of an existing well and improvements to the District's drinking water distribution system. The costs incurred are reflected above as water system design. Upon completion, the costs will be segregated in to the various components and depreciated over the estimated useful lives of the various components.

NOTE F - LOANS PAYABLE

2001 Colorado Department of Local Affairs ("DOLA")

In 2001, the District entered into a loan agreement in the amount of $254,000 with DOLA, the proceeds of which were used to construct various improvements to the District's drinking water distribution system. Under the terms of the agreement, principal and interest payments at 5% in the amount of $20,414 are due annually on September 1 with a final a payment due in 2021. The loan was paid in full in 2020.

NOTE F - LOANS PAYABLE - *continued*

2001 Colorado Department of Local Affairs ("DOLA") – continued

The change in the District's DOLA 2021 loan payable for the year ended December 31, 2020 is as follows:

Balance December 31, 2019	Additions	Payments	Balance December 31, 2020	Due within one year
$ 37,983	$ -	$ 37,983	$ 37,983	$ -

$3,000,000 Project Construction Loan ("Construction Loan")

In December 2018, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority ("CWRPDA") under which CWRPDA agreed to loan to the District up to $3 million for the installation of a new well, the rehabilitation of an existing well and improvements to the District's drinking water distribution system as defined in the loan agreement.

The District irrevocably pledged and granted a lien upon the source of repayment as described in the Construction Loan agreement for the punctual payment of the principal and the interest, as applicable. The Construction Loan requires the payment of principal and interest, as applicable, semi-annually on May 1 and November 1 in accordance with the schedule as amended as necessary. The Construction Loan carries an interest rate of 0%.

Under the terms of the Construction Loan agreement, the District shall establish and maintain an operating and maintenance reserve in an amount equal to three months of operating and maintenance expenses, excluding depreciation. As of December 31, 2020, the District was not in compliance..

At the discretion of CWRPDA, to the extent funds are available, and the District is deemed eligible, the Construction Loan maybe forgiven in an amount equal to 100% of the principal amount pursuant to the terms and conditions of the loan agreement. In February 2019, CWRPDA awarded the District $1.2 million of principal forgiveness. As such, while the total amount of the loan remains at $3 million, the District's total potential outstanding loan principal balance will be no more than $1.8 million. During 2020, the District received a requested draw totaling $144,752 of which, $83,905 was forgiven. As discussed above, the District is required to make semi-annual payments on the Construction Loan based upon the total potential outstanding loan principal balance of $1.8 million. In 2020, the District made principal payments as required totaling $60,848. As such, the principal payments reduced the amount of the forgiveness.

As of December 31, 2020, the available balance remaining under the Construction Loan was $2,502,528 and the available amount to be forgiven was $702,528.

NOTE F - LOANS PAYABLE – *continued*

$3,000,000 Project Construction Loan ("Construction Loan")

The future minimum payments, based upon the $1.8 million, under the CWRPDA loan agreement as of December 31, 2020 are as follows:

Year ended December 31	Principal	Interest	Total
2021	$ 60,848	$ -	$ 60,848
2022	60,848	-	60,848
2023	60,848	-	60,848
2024	60,848	-	60,848
2025	60,848		60,848
Thereafter	1,429,912	-	1,429,912
Total	$ 1,734,152	$ -	$ 1,734,152

NOTE G – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Fund balances, as applicable, are categorized as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact;

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation;

Committed – represents amounts that may only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose, unless the District's Board of Directors remove or change the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance;

Assigned – represents amounts that the District intends to use for specific purposes, as expressed by the District's Board of Directors or a District official delegated the authority to assign such amounts;

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2020, the District's governmental fund balance consisted of the emergency reserve, restricted, as required by State of Colorado Revised Statutes with the balance as unrestricted.

NOTE G – FUND BALANCE/NET POSITION - *continued*

Net Position

Net Position represents the difference between assets plus any deferred outflows, less liabilities and any deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, *or* improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

NOTE H – COMMITMENTS AND CONTINGENCIES

Vidler Water Agreement

In 1974, the District entered into an agreement with the Vidler Tunnel Water Company to purchase annually in perpetuity, 25 acre feet of water. In 1994, this agreement was renegotiated to provide, among other things, an annual escalation based on the U.S. City Average All Urban Consumers Price Index as published by the U.S. Department of Labor, Bureau of Labor Statistics. For the year ended December 31, 2020, the District paid $6,335 under this agreement.

Contract Operator Agreement

The District has a contract for services, as defined in the agreement, related to the operation of the District with an independent contractor. Under the terms of the agreement, the independent contractor receives a monthly service fee of $15,346. Additional services as necessary and approved are to be based upon the estimated number of hours to be incurred and hourly rates as specified in the agreement. The agreement automatically and successively renews each calendar year. The agreement may be terminated by either party by providing notice no less than 30 days prior to the termination date.

Contract Management Agreement

The District has a contract for services, as defined in the agreement, related to the management of the District with an independent contractor. The agreement is to automatically renew on January 1 for an additional one-year term, subject to annual budgeting and appropriations by the District unless otherwise terminated by either the contractor or the District. Under the terms of the agreement the annual fee is to be based upon the estimated number of hours to be incurred and hourly rates as specified in the agreement.

NOTE H – COMMITMENTS AND CONTINGENCIES – *continued*

Office and Storage Lease

The District has an informal lease for office and storage space with St. Mary's Glacier Metropolitan District under which they paid St. Mary's Glacier Metropolitan District $6,219 for 2020.

Grants

Grants awarded to the District may contain clauses providing that the grants and related expenditures are subject to financial reporting, audit and possible subsequent adjustment. As of December 31, 2020 the District believes it has complied with all of the specific requirements and has not received notification of any potential adjustments.

Drinking Water System Improvement Contracts

In 2020, the District awarded contracts related to the on-going design and construction of the District's drinking water system improvements. As of December 31, 2020, the open amount of the construction in process contracts was 2,836,171.

NOTE I – 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 and debt limitations which apply to the State of Colorado and all local governments.

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 calculation of the fiscal year spending limits will require judicial interpretation.

NOTE J - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

COVID-19 adversely affected the economies and financial markets of the United States, including Colorado, resulting in an economic downturn including some business closures, supply-chain interruptions, operational delays and social restrictions. District management is continuing to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

NOTE K – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying notes in conformity with US GAAP requires management of the District to evaluate transactions and events subsequent to the Statement of Net Position date involving the District. Management has evaluated the subsequent transactions and events of the District through September 28, 2021, which is the date the financial statements and accompanying notes were available for issuance.

- In December 2020, the District submitted a draw request for additional funding under the Construction Loan, further discussed in NOTE F, in the amount of $513,813 which was approved and remitted by CWRPDA in January 2021. It is anticipated that the entire draw will be forgiven adjusted for the required 2021 principal payments of $60,848.

SUPPLEMENTARY INFORMATION

St. Mary's Glacier Water and Sanitation District

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP-Budgetary Basis) TO ACTUAL

PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND

For the Year ended December 31, 2020

	Original Budget	Amended and Final Budget	Actual	Variance
REVENUES				
User fees and surcharges	$ 703,380	$ 703,380	$ 718,225	$ 14,845
Administrative transfer fees	8,000	8,000	17,105	9,105
System development fees	36,000	36,000	108,000	72,000
Availability of service fees	80,925	79,172	78,780	(392)
Liens, late fees and interest from users	2,500	1,000	-	(1,000)
Grants	300,000	1,300,000	183,856	(1,116,144)
Loan proceeds	2,550,000	2,697,280	673,352	(2,023,928)
Other	-	50	3,059	3,009
Total revenues	3,680,805	4,824,882	1,782,377	(3,042,505)
EXPENDITURES				
OPERATIONS				
Accounting and finance	68,040	68,040	67,340	(700)
Bad debts	54,342	47,203	16,295	(30,908)
Engineering	400,000	400,000	-	(400,000)
Chemicals	18,140	18,140	51,337	33,197
Insurance	20,222	20,222	16,393	(3,829)
Legal	50,000	50,000	43,770	(6,230)
District management fees	93,360	93,360	93,960	600
Equipment rental	1,500	1,500	-	(1,500)
Fuel	3,500	3,500	3,296	(204)
Rent and storage	7,500	7,500	6,219	(1,281)
Miscellaneous	3,120	3,120	-	(3,120)
Parts and materials	46,350	46,350	40,382	(5,968)
Permits, fees and dues	8,650	8,650	1,744	(6,906)
Machinary repairs and maintenance	9,200	9,200	15,357	6,157
Utilities and locates	21,670	21,670	18,902	(2,768)
Salaries and benefits	60,600	60,600	58,527	(2,073)
System maintenance	230,698	230,698	204,451	(26,247)
Telphone and internet	2,571	2,571	2,608	37
Water assessments	6,490	6,490	6,335	(155)
CAPITAL EXPENDITURES	2,432,500	3,576,352	959,580	(2,616,772)
DEBT SERVICE				
Cost of issuance	50,000	50,000	-	(50,000)
Principal	79,363	99,360	99,359	(1)
Interest	1,898	1,765	1,765	-
Total expenditures	3,669,714	4,826,291	1,707,620	(3,118,671)
EXPENDITURES IN EXCESS OF REVENUE	$ 11,091	$ (1,409)	$ 74,757	$ 76,166

St. Mary's Glacier Water and Sanitation District

RECONCILIATION TO CHANGE IN NET POSITION (US GAAP Basis)

PROPRIETARY FUND - WATER AND SANITATION ENTERPRISE FUND

For the Year ended December 31, 2020

EXPENDITURES IN EXCESS OF REVENUE	$	74,757
RECONCILIATION TO CHANGE IN NET POSITION - US GAAP BASIS		
Capital expenditures		871,208
Loan proceeds receivable, not funded until 2021		(589,447)
Principal payments		99,359
Depreciation		(137,610)
CHANGE IN NET POSITION - US GAAP BASIS	$	318,267