

**Winter Park Ranch Water and Sanitation District
Fraser, Colorado**

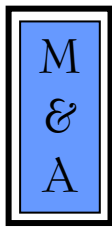
**Financial Statements
December 31, 2020**



**Winter Park Ranch Water and Sanitation District
Financial Report
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Winter Park Ranch Water and Sanitation District

We have audited the accompanying financial statements of Winter Park Ranch Water and Sanitation District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Member: American Institute of Certified Public Accountants

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Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison information in Section E is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund budgetary comparison 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 2, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

WINTER PARK RANCH WATER AND SANITATION DISTRICT

Management's Discussion and Analysis
December 31, 2020

We, the financial managers of the Winter Park Ranch Water and Sanitation District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position shows how the government's net position changed during the year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The Statement of Cash Flows shows the District's sources of cash inflows and outflows during the years presented. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities, and unlike items reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The District's financial statements can be found on pages C1 through C3 of this report.

Proprietary Funds: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its water and sanitation services.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: The Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis on page E1 provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with generally accepted accounting principles ("GAAP"), this schedule is presented on a non-GAAP basis with a reconciliation to GAAP basis.

The business-type activity of the District relates to water and sanitation services. There are currently no governmental-type activities occurring in the District.

Financial Analysis of the District:

The following chart shows the District's assets, liabilities, and net position for December 31, 2020 and 2019:

WINTER PARK RANCH WATER AND SANITATION DISTRICT'S CHANGE STATEMENT OF POSITION

	2020	2019
Assets:		
Current assets	\$ 6,790,114	\$ 8,498,090
Capital assets, net	11,621,936	10,212,192
Total Assets	<u>18,412,050</u>	<u>18,710,282</u>
Liabilities:		
Current liabilities	10,509	470,874
Total Liabilities	<u>10,509</u>	<u>470,874</u>
Deferred Inflows or Resources	<u>424,206</u>	<u>422,805</u>
Net Position		
Net investment in capital assets	11,621,936	10,174,054
Restricted	44,364	77,964
Unrestricted	6,311,035	7,564,585
Total Net Position	<u>\$ 17,977,335</u>	<u>\$ 17,816,603</u>

The District's assets decreased \$298,232 during 2020. Cash and investments decreased by \$1,046,853, and capital assets increased by \$1,409,744 due ongoing capital improvement projects related to the JFOC agreement.

In 2020, the District's net position increased \$160,732. The District operations resulted in an operating loss of \$526,467 during 2020. Non-operating revenue exceeded non-operating expenses by \$495,199. The majority of the non-operating revenue for 2020 is made up of property taxes and investment income.

Approximately 65% of the District's net position reflects its investment in capital assets, as of December 31, 2020.

At the end of the years 2020 and 2019, the District reported positive balances in all three categories of net position.

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Financial Analysis of the District (continued):

The following chart is a summary of information relating to the District's Statement of Revenues, Expenses, and Changes in Fund Net Position:

WINTER PARK RANCH WATER AND SANITATION DISTRICT'S CHANGE IN FUND NET POSITION

	2020	2019
Operating Revenues:		
Service charges	\$ 755,791	\$ 751,171
Other income	5,054	12,318
Total Operating Revenues	760,845	763,489
Operating Expenses:		
Water and sewer operations	944,740	974,809
Depreciation	342,572	336,963
Total Operating Expenses	1,287,312	1,311,772
Operating Income (Loss)	(526,467)	(548,283)
Non-operating Revenues (Expenses):		
Property taxes	422,771	319,842
Specific ownership taxes	31,463	27,498
Investment income	50,801	176,474
Interest income from JFOC	11,334	29,978
Treasurer's fees	(21,170)	(16,013)
Grant revenue	-	1,167,618
Total Non-operating Revenues (Expenses)	495,199	1,705,397
Income (Loss) Before Capital Contributions	(31,268)	1,157,114
Capital Contributions:		
Contributions - tap fees	192,000	136,000
Total Capital Contributions	192,000	136,000
Change in Net Position	160,732	1,293,114
Net Position - Beginning of Year	17,816,603	16,523,489
Net Position - End of Year	\$ 17,977,335	\$ 17,816,603

The District change in net position decreased \$1,132,382 in 2020 compared to 2019. The decrease is primarily due to the grant revenue related to the ongoing project at the JFOC facility received in 2019. The District operating loss decreased slightly year over year.

Financial Analysis of the District (continued):

Budget Variances in the Enterprise Fund

Budget Projections.

The 2020 District budget projected total revenues of \$1,409,455 with actual revenues totaling \$1,478,804 (105%). Total budgeted operating expenses were \$1,047,782 with actual operating expenses totaling \$965,910 (92%). The 2020 Capital Outlay budget was \$1,242,725 with actual capital expenditures totaling \$1,752,316 (141%).

Significant budget variances were as follows:

Account	Original Budget	Reason
	Variance Positive (Negative)	
Water and sewer tap fees	96,000	Tap fees are conservatively budgeted as they are difficult to predict.
Investment income	(59,609)	Decreased interest rates in 2020
General operating expenses - Fraser	32,547	Operating expenses related to the JFOC were less than anticipated, primarily related to wages and benefits. Conservative budgeting.
Capital outlay	(509,591)	Major projects, specifically related to the JFOC, were ongoing during 2020

Capital Asset and Debt Administration

Capital Assets. The District capitalized \$1,752,316 in improvements and new assets and recognized \$342,572 in depreciation expense and had disposals of \$0 during 2020, which netted to an increase in capital assets of \$1,409,744. Additional information, as well as a detailed classification of the District's net capital assets, can be found in the Notes to the Financial Statements in Section D.

Long-term Debts. The District has no long-term debt at December 31, 2020.

Next Year's Budget and Rates

The District's budgeted available resources at the beginning of 2021 are \$6,071,987. The District's 2021 budget anticipates a non-capital increase of \$431,080, capital expenditures of \$465,000, and ending available resources of \$6,038,067.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Winter Park Ranch Water and Sanitation District, PO Box 1390, Fraser, CO 80442.

FINANCIAL STATEMENTS

Winter Park Ranch Water and Sanitation District
Statement of Net Position
December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets:		
Cash and cash equivalents	129,943	153,806
Investments	5,352,582	6,375,572
Cash held by JFOC	837,591	1,493,772
Receivables		
Service	7,280	11,640
Property taxes	424,206	422,805
Interest	5,375	7,673
Other	100	100
Inventory	6,400	6,400
Prepaid expenses	26,637	26,322
Total Current Assets	<u>6,790,114</u>	<u>8,498,090</u>
Non-current Assets:		
Land	490,950	490,950
Water rights	237,233	237,233
Construction in progress	2,501,626	1,849,018
Plant and improvements	10,711,758	10,687,788
Water storage tanks	2,663,538	1,587,800
Collection, transmission and distribution systems	1,643,960	1,643,960
Vehicles, machinery and equipment	507,121	507,121
Less: Accumulated depreciation	(7,134,250)	(6,791,678)
Total Non-current Assets	<u>11,621,936</u>	<u>10,212,192</u>
Total Assets	<u>18,412,050</u>	<u>18,710,282</u>
Liabilities:		
Accounts payable	7,410	13,103
Accounts payable, capital	-	386,879
Retainage payable	-	38,138
Due to other governments	-	25,047
Accrued payroll and related liabilities	3,099	3,705
Advance deposits	-	4,002
Total Liabilities	<u>10,509</u>	<u>470,874</u>
Deferred Inflows of Resources:		
Unavailable property tax revenue	424,206	422,805
Total Deferred Inflows of Resources	<u>424,206</u>	<u>422,805</u>
Net Position:		
Net investment in capital assets	11,621,936	10,174,054
Restricted for emergency reserve	44,364	77,964
Unrestricted	6,311,035	7,564,585
Total Net Position	<u>17,977,335</u>	<u>17,816,603</u>

The accompanying notes are an integral part of these financial statements.

Winter Park Ranch Water and Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Service charges	755,791	751,171
Other income	5,054	12,318
Total Operating Revenues	<u>760,845</u>	<u>763,489</u>
Operating Expenses:		
Water and sewer operations	944,740	974,809
Depreciation	342,572	336,963
Total Operating Expenses	<u>1,287,312</u>	<u>1,311,772</u>
Operating Income (Loss)	<u>(526,467)</u>	<u>(548,283)</u>
Non-operating Revenues (Expenses):		
Property taxes	422,771	319,842
Specific ownership taxes	31,463	27,498
Investment income	50,801	176,474
Interest income from JFOC	11,334	29,978
Treasurer's fees	(21,170)	(16,013)
Grant revenue	-	1,167,618
Total Non-operating Revenues (Expenses)	<u>495,199</u>	<u>1,705,397</u>
Income (Loss) Before Capital Contributions	<u>(31,268)</u>	<u>1,157,114</u>
Capital Contributions:		
Contributions - tap fees	192,000	136,000
Total Capital Contributions	<u>192,000</u>	<u>136,000</u>
Change in Net Position	160,732	1,293,114
Net Position - Beginning of Year	17,816,603	16,523,489
Net Position - End of Year	<u><u>17,977,335</u></u>	<u><u>17,816,603</u></u>

The accompanying notes are an integral part of these financial statements.

Winter Park Ranch Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash Flows From Operating Activities:		
Cash received from customers and others	767,503	760,232
Cash payments for goods and services	(968,327)	(554,353)
Cash payments to employees - salaries and benefits	(437,093)	(415,892)
Net Cash Provided (Used) by Operating Activities	<u>(637,917)</u>	<u>(210,013)</u>
Cash Flows From Non-capital Financing Activities:		
Property and specific ownership taxes, net of collection fees	433,064	331,327
Net Cash Provided (Used) by Non-capital Financing Activities	<u>433,064</u>	<u>331,327</u>
Cash Flows From Capital and Related Financing Activities:		
Tap fees collected	192,000	136,000
Cash paid for capital acquisitions	(1,084,801)	(2,432,960)
Capital grants	-	1,167,618
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(892,801)</u>	<u>(1,129,342)</u>
Cash Flows From Investing Activities:		
Interest income received	60,391	184,355
Sale of investments	3,025,000	4,623,199
Purchase of investments	(2,011,600)	(3,856,527)
Net Cash Provided (Used) by Investing Activities	<u>1,073,791</u>	<u>951,027</u>
Net Increase (Decrease) in Cash and Investments	(23,863)	(57,001)
Cash and Investments - Beginning of Year	<u>153,806</u>	<u>210,807</u>
Cash and Investments - End of Year	<u><u>129,943</u></u>	<u><u>153,806</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>(526,467)</u>	<u>(548,283)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	342,572	336,963
(Increase) decrease in accounts receivable	4,360	(3,086)
(Increase) decrease in interest receivable	2,298	(172)
(Increase) decrease in prepaid expenses	(315)	(2,777)
Increase (decrease) in accounts payable	(417,619)	(34,183)
Increase (decrease) in retainage payable	(38,138)	38,138
Increase (decrease) in payroll liabilities	(606)	717
Increase (decrease) in advance deposits	(4,002)	2,670
Total Adjustments	<u>(111,450)</u>	<u>338,270</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(637,917)</u></u>	<u><u>(210,013)</u></u>
Non-cash Investing, Capital, and Financing Activities:		
Unrealized gain (loss) on investments	<u><u>(9,590)</u></u>	<u><u>22,097</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies

Winter Park Ranch Water and Sanitation District (the "District") was formed in 1966 to provide complete domestic water and sewer facilities for the residents of Winter Park Ranch located near Fraser, Colorado. Five elected board members govern the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its activities, providing water and wastewater treatment services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts and Accounting Policies

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. Any and all user charges constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible accounts has been made in the financial statements.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

5. Inventory

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

6. Capital Assets

Capital assets, which include land, water rights, construction in progress, buildings and improvements, transmission systems, vehicles, and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The District currently has water rights for seven wells known as Winter Park West Well Nos. 1 through 7 that have an appropriation date of July 13, 1966. The cost of water rights includes costs associated with the acquisition and adjudication of the District's water rights. Since the rights have a perpetual life, they are not depreciated. The District has entered into a temporary water lease agreement with the Colorado Water Conservation Board and the Colorado Water Trust that extends through December 31, 2022. The parties consult on an annual basis to determine whether certain of the District's water rights will be used that year for instream flow purposes.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed, if applicable.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Buildings and improvements, water storage tanks, infrastructure, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Water storage tanks	10-40
Collection, transmission systems	40
Vehicles	5
Office equipment	5
Other equipment	5-40

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

7. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

8. 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. Property taxes levied in 2020 for collection in 2021 are reported as deferred inflows of resources.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

10. Restricted and Unrestricted Resources

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District submitted, on or before October 15, 2019, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2019, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. For this purpose, the District has set aside \$44,364.

The electorate of the District approved the following ballot question:

Shall the Winter Park West Water & Sanitation District, without any increase in the property tax mill levy, be authorized to collect, retain and expend all revenues and other funds collected from any source during 1999 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, the 5.5% limitation under Section 29-1-301 C.R.S., or any other law?

The District believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

B. A. Deposits and Investments (continued)

Deposits and investments are presented on the December 31, 2020 Statement of Net Position and Statement of Cash Flows as follows:

			<u>Maturities</u>	
<u>Type</u>	<u>Standard & Poor's Rating</u>	<u>Carrying Amounts</u>	<u>Less than one year</u>	<u>1 - 5 years</u>
<i>Deposits:</i>				
Petty cash	Not rated	13	-	-
Checking	Not rated	15,148	-	-
Money market	Not rated	61,586	-	-
Escrow	Not rated	50,063	-	-
Cash with County Treasurer	Not rated	3,133	-	-
<i>Investments:</i>				
Colostrust	AAAm	3,161,460	3,161,460	-
Federal agency securities	AA+	2,191,122	501,339	1,689,783
Total		<u>5,482,525</u>	<u>3,662,799</u>	<u>1,689,783</u>

The District follows Colorado statutes regarding its investments.

Interest Rate Risk. Colorado Revised Statutes limit the District's investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from changes in interest rates. As a result of the limited length of maturities, the District has limited its interest rate risk.

Credit Risk. Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2020 the District had the following recurring fair value measurements:

Investments	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Measured at Fair Value:				
Federal Agency Securities	2,191,122	2,191,122	-	-
Measured at Net Asset Value:				
Colotrust	3,161,460			
Total	5,352,582	-	-	-

B. Capital Assets

Capital asset activity for 2020 was as follows:

	<u>Beginning Balance</u>	<u>Category Transfer</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	490,950	-	-	-	490,950
Water rights	237,233	-	-	-	237,233
Construction in progress	1,849,018	(1,065,958)	1,718,566	-	2,501,626
Total capital assets, not being depreciated	2,577,201	(1,065,958)	1,718,566	-	3,229,809
Capital assets, being depreciated:					
Plant and improvements	10,687,788	-	23,970	-	10,711,758
Water storage tanks	1,587,800	1,065,958	9,780	-	2,663,538
Collection, transmission systems	1,643,960	-	-	-	1,643,960
Vehicles	119,803	-	-	-	119,803
Office equipment	29,227	-	-	-	29,227
Other equipment	358,091	-	-	-	358,091
Total capital assets, being depreciated	14,426,669	1,065,958	33,750	-	15,526,377
Less accumulated depreciation for:					
Plant and improvements	5,629,054	-	234,565	-	5,863,619
Water storage tanks	476,409	-	39,695	-	516,104
Collection, transmission systems	460,107	-	41,099	-	501,206
Vehicles	57,727	-	17,321	-	75,048
Office equipment	29,226	-	-	-	29,226
Other equipment	139,155	-	9,892	-	149,047
Total accumulated depreciation	6,791,678	-	342,572	-	7,134,250
Total capital assets, being depreciated, net	7,634,991	1,065,958	(308,822)	-	8,392,127
Total capital assets, net	10,212,192	-	1,409,744	-	11,621,936

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

A. Risk Management

Except as provided within the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool (the "Pool"). The Pool is an organization created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's 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.

A summary of audited statutory financial information for the Pool as of for the year ended December 31, 2019 (the latest audited information available) is as follows:

Assets	<u>55,602,023</u>
Liabilities	33,163,342
Capital and surplus	<u>22,438,681</u>
Total	<u>55,602,023</u>
Revenue	22,436,944
Underwriting expenses	<u>25,355,739</u>
Underwriting gain	(2,918,795)
Other income	<u>1,173,628</u>
Net Income (Loss)	<u>(1,745,167)</u>

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

B. Retirement Plans - Deferred Compensation Plan – 457(b)

This District participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 457(b) (the "457 Plan"), which is a deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457(b) Plan and all income attributable to those amounts, property are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants. The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District is neither the trustee nor the administrator for the plan. The seven-member governing board of the CRA makes all necessary rules and is responsible for the administration of the funds in the 457(b) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee.

During the year ended December 31, 2020, there was \$250 in benefits deferred at the request of the plan participants and remitted to the trustee on their behalf.

C. Retirement Plans – Defined Contribution Pension Plan – Section 401(a)

The District is a member of Colorado Retirement Association ("CRA"). CRA was established to provide retirement benefits to employees of Colorado local governments. As a member, the District participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 401(a) (the "401(a) Plan"), which is a defined contribution pension plan. Employees of the District are required to participate in the 401(a) Plan and each contribute 6% of their gross salary to the Plan. The District matches employee contributions at the same rate. Employees are immediately eligible to participate in the plan and are immediately vested in all matching employer contributions. Members of the board of directors not desiring to be a member of CRA are covered under the federal social security program.

The District is neither the trustee nor the administrator of the 401(a) Plan. The seven-member governing board of CRA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee.

The total covered pension plan payroll for 2020 amounted to \$266,200. The District's pension expense for 2020 was \$15,972, which was equal to its 2020 contribution. Employees also contributed \$15,972 to the plan during 2020, with employer and employee contributions totaling \$31,944.

Winter Park Ranch Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

D. Intergovernmental Agreements

1. Upper Fraser Valley Wastewater Agreement

In 2002, the District, Fraser Sanitation District, and Grand County Water and Sanitation District #1 entered into an agreement to participate in the joint construction, maintenance, and operation of joint interceptor sewer lines and joint sewage treatment facilities. This new wastewater treatment plant has been constructed on the existing plant site of the District/Fraser Sanitation District treatment facility and a new and/or expanded sewer trunk line from Grand County #1 will connect with the existing District/Fraser Sanitation District interceptor line. Title of the new joint facilities will be allocated among these three members based on each member's proportionate share of equivalent residential units to be serviced by the new plant.

Construction costs of these new facilities are based on each member's future share of equivalent residential units to be serviced by the new plant and are allocated as follows:

District	28.89%
Fraser Sanitation District	34.07%
Grand County	37.04%
	<u>100.00%</u>

Under the Upper Fraser Valley Wastewater Agreement, a Joint Facilities Oversight Committee ("JFOC") was established to represent the three members regarding the construction, expansion, operations, management, and maintenance of the new joint facilities. The JFOC is comprised of a total of nine members; with each member having three members. The Town of Fraser was appointed as the manager of the joint facilities for 2020. The JFOC may designate a new manager on an annual basis. Separate financial statements for JFOC can be found by contacting the Town of Fraser.

As of December 31, 2020, the District owed the Town of Fraser operation and maintenance reimbursements and management fees, and utilities, in the amounts of \$0 and \$0, respectively.

2. Sewer Line Sharing Agreement

For many years, the District and the Town of Fraser ("Fraser") have shared the use of sewer mains not covered in the Joint Facilities Agreement to convey sewage to the sewage treatment plant. As of May 9, 2013, the District and Fraser entered into a sewer line sharing agreement to confirm their understanding regarding the shared use of those sewer mains and arrangements for the maintenance and repair and replacement of such mains. Each party will be responsible for payment of a share of the costs of maintenance, repair, and replacement of each shared line.

SUPPLEMENTARY INFORMATION

Winter Park Ranch Water and Sanitation District
Schedule of Revenues, Expenditures, and Funds Available
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020		2019
	Original and Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
			Actual
Revenues:			
Service charges	750,000	755,791	5,791
Water and sewer tap fees	96,000	192,000	96,000
Inspection fees	300	495	195
Document preparation fees	600	960	360
Property taxes	422,805	422,771	(34)
Specific ownership taxes	18,000	31,463	13,463
Grant revenue	-	-	-
Investment income	120,000	60,391	(59,609)
Interest income from JFOC	-	11,334	11,334
Miscellaneous	1,750	3,599	1,849
Total Revenues	1,409,455	1,478,804	69,349
Expenditures:			
Water and Sewer Service:			
Accounting and auditing	25,800	24,900	900
Advertising	800	313	487
Automobile	8,000	9,185	(1,185)
Board expenses	12,000	8,981	3,019
Education and travel	3,500	928	2,572
Election expense	4,000	4,035	(35)
General operating expenses - Fraser	268,742	236,195	32,547
Insurance	25,500	26,589	(1,089)
Legal	16,500	14,816	1,684
Licenses and fees	1,000	445	555
Miscellaneous	8,000	7,560	440
Office expense	11,000	6,168	4,832
Water and sewer engineer	20,000	6,900	13,100
Repairs and maintenance	116,500	108,274	8,226
Salaries	305,000	299,925	5,075
Employee benefits	130,000	128,025	1,975
Payroll tax expense	7,000	8,537	(1,537)
Telephone	9,800	9,236	564
Treasurer's fees	21,140	21,170	(30)
Utilities	49,000	40,702	8,298
Water testing	4,500	3,026	1,474
Capital Outlay:			
Capital outlay	6,154,609	1,752,316	4,402,293
Total Expenditures	7,202,391	2,718,226	4,484,165
Excess (Deficiency) of Revenues Over Expenditures	(5,792,936)	(1,239,422)	4,553,514
Reconciliation to GAAP Basis:			
Capital outlay		1,752,316	1,812,868
Depreciation expense		(342,572)	(336,963)
Unrealized gain (loss)		(9,590)	22,096
Net GAAP Basis Adjustments		1,400,154	1,498,001
Change in Net Position		160,732	1,293,114

The accompanying notes are an integral part of these financial statements.