

**AURORA-COLORADO SPRINGS  
JOINT WATER AUTHORITY**

(A Component Unit of the  
City of Colorado Springs, Colorado)

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended  
December 31, 2020 and 2019

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**  
(A Component Unit of the City of Colorado Springs, Colorado)

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As of and for the Years Ended December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Aurora Colorado Springs Joint Water Authority

We have audited the accompanying financial statements of Aurora Colorado Springs Joint Water Authority, a component unit of the City of Colorado Springs, Colorado, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of Aurora Colorado Springs Joint Water Authority, as of December 31, 2020 and 2019, and the 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.

## Other Matters

### *Required Supplementary Information*

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

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
March 23, 2021

## AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Years Ended December 31, 2020 and 2019

(Unaudited)

#### INTRODUCTION

The following Management's Discussion and Analysis serves as an introduction to the financial statements of Aurora-Colorado Springs Joint Water Authority ("Authority"). It is intended to be an objective and easily readable analysis of significant financial and operating activities and events for the fiscal years ended December 31, 2020 and 2019. It also provides an overview of the Authority's general financial condition and results of operations. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America as applied to units of local government and promulgated by the Governmental Accounting Standards Board.

The Authority is a political subdivision of the State of Colorado formed for the purpose of developing water resources, systems or facilities for the benefit of Colorado Springs Utilities and the City of Aurora, Colorado. The Authority is two-thirds owned by Colorado Springs Utilities and one-third owned by the City of Aurora. As of December 31, 2020, the Authority previously approved and completed two projects, the development and construction of the Twin Lakes extension pipeline and the Twin Lakes meter building. The Twin Lakes pipeline valve project was started in 2020 and is expected to be completed in 2023. This pipeline conveys raw water from the Twin Lakes dam to the Otero pump station.

#### FINANCIAL STATEMENTS

The Authority's annual report includes three financial statements with accompanying notes that are an integral part of these statements. The financial statements include: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position and 3) Statements of Cash Flows. Comparative total data for the prior year has been presented in order to provide an understanding of changes in the Authority's financial position and operations.

**Statements of Net Position** - This statement reports net position as the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources as of the end of each fiscal year. Assets are separated into current and noncurrent categories and are reported in the order of liquidity. Deferred outflows of resources are the consumption of net assets in one period that are applicable to future periods. Liabilities are separated into current and noncurrent categories. Deferred inflows of resources are the acquisition of net assets that are applicable to future reporting periods. At this time, the Authority does not have deferred outflows or deferred inflows of resources. The components of net position are classified as investment in capital assets or unrestricted.

**Statements of Revenues, Expenses and Changes in Net Position** - This statement measures the activities for the year and can be used to determine whether charges are adequate to recover expenses. All revenues and expenses are accounted for in this statement for the years ended December 31.

**Statements of Cash Flows** - This statement reports all cash receipts and payments summarized by net changes in cash from operating, noncapital financing, capital and financing and investing activities for the years ended December 31. This statement is prepared using the direct method, which reports gross cash receipts and payments and presents a reconciliation of operating income (loss) to net cash provided by operating activities. This statement also separately lists the noncash investing, capital and related financing activities.

**Notes to Financial Statements** - Notes provide additional detailed information and required disclosure in support of the financial statements.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended December 31, 2020 and 2019  
(Unaudited)

**CONDENSED FINANCIAL STATEMENTS**

Condensed financial statements with comparative information as of December 31:

**CONDENSED STATEMENTS OF NET POSITION**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Variance</u>
<b>Assets</b>				
Current assets	\$ 167,626	\$ 121,470	\$ 46,156	38.0%
Capital assets, net	<u>6,801,996</u>	<u>6,752,512</u>	<u>49,484</u>	0.7%
Total Assets	<u>\$ 6,969,622</u>	<u>\$ 6,873,982</u>	<u>\$ 95,640</u>	1.4%
<b>Liabilities</b>				
Current liabilities	\$ 77,982	\$ -	\$ 77,982	100.0%
Total Liabilities	<u>77,982</u>	<u>-</u>	<u>77,982</u>	100.0%
<b>Net Position</b>				
Investment in capital assets	6,801,996	6,752,512	49,484	0.7%
Unrestricted	<u>89,644</u>	<u>121,470</u>	<u>(31,826)</u>	-26.2%
Total Net Position	<u>6,891,640</u>	<u>6,873,982</u>	<u>17,658</u>	0.3%
Total Liabilities and Net Position	<u>\$ 6,969,622</u>	<u>\$ 6,873,982</u>	<u>\$ 95,640</u>	1.4%

Current assets increased \$46,156 or 38.0% from the prior year due to an increase in cash and cash equivalents of \$46,156. Capital assets, net and Investment in capital assets increased \$49,484 or 0.7% from the prior year due to increases in construction work in progress of \$154,750 and accumulated depreciation of \$105,266.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Variance</u>
Operating Revenues	\$ 200,000	\$ 100,000	\$ 100,000	100.0%
Operating Expenses	<u>182,426</u>	<u>170,032</u>	<u>12,394</u>	7.3%
Operating Income (Loss)	17,574	(70,032)	87,606	125.1%
Nonoperating Revenues	<u>84</u>	<u>4,397</u>	<u>(4,313)</u>	-98.1%
Change in Net Position	17,658	(65,635)	83,293	126.9%
Net Position, January 1	<u>6,873,982</u>	<u>6,939,617</u>	<u>(65,635)</u>	-0.9%
Net Position, December 31	<u>\$ 6,891,640</u>	<u>\$ 6,873,982</u>	<u>\$ 17,658</u>	0.3%

Operating revenues increased \$100,000 or 100.0% due to an increase in partner billings. Operating income increased \$87,606 or 125.1% from the prior year.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended December 31, 2020 and 2019  
(Unaudited)

**CAPITAL ASSETS AND TOTAL LONG-TERM DEBT**

Capital assets and total long-term debt with comparative information as of December 31:

***CAPITAL ASSETS***

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Variance</u>
Plant in service	\$ 9,940,819	\$ 9,940,819	\$ -	0.0%
Construction work in progress	154,750	-	154,750	100.0%
Accumulated depreciation	<u>(3,293,573)</u>	<u>(3,188,307)</u>	<u>(105,266)</u>	-3.3%
Total Net Capital Assets	<u>\$ 6,801,996</u>	<u>\$ 6,752,512</u>	<u>\$ 49,484</u>	0.7%

The Twin Lakes pipeline valve project began in 2020 and is expected to be completed in 2023.

***LONG-TERM DEBT***

The Authority had no long-term debt outstanding in 2020 or 2019.

**FINANCIAL HIGHLIGHTS AND OUTLOOK**

The Authority's overall financial position remains strong as of December 31, 2020 and for the year then ended and is anticipated to remain strong with no significant changes from this Annual Report.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors, creditors and other financial users with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact the Accounting Department of Colorado Springs Utilities, P.O. Box 1103, Mail Code 929, Colorado Springs, CO 80947-0929.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

STATEMENTS OF NET POSITION

December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents-unrestricted	\$ 167,626	\$ 121,470
<b>Total Current Assets</b>	<b>167,626</b>	<b>121,470</b>
<b>Noncurrent Assets</b>		
Capital assets:		
Plant in service	9,940,819	9,940,819
Construction work in progress	154,750	-
Accumulated depreciation	(3,293,573)	(3,188,307)
Net Capital Assets	6,801,996	6,752,512
<b>Total Noncurrent Assets</b>	<b>6,801,996</b>	<b>6,752,512</b>
<b>Total Assets</b>	<b>\$ 6,969,622</b>	<b>\$ 6,873,982</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 77,982	\$ -
<b>Total Current Liabilities</b>	<b>77,982</b>	<b>-</b>
<b>Total Liabilities</b>	<b>77,982</b>	<b>-</b>
<b>Net Position</b>		
Investment in capital assets	6,801,996	6,752,512
Unrestricted	89,644	121,470
<b>Total Net Position</b>	<b>6,891,640</b>	<b>6,873,982</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,969,622</b>	<b>\$ 6,873,982</b>

The accompanying notes are an integral part of these statements.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2020 and 2019

	2020	2019
<b>Operating Revenues</b>		
Transmission service charges	\$ 200,000	\$ 100,000
<b>Operating Expenses</b>		
Production and treatment	15,017	15,050
Maintenance	24,655	865
Administration and general	37,488	48,850
Depreciation	105,266	105,267
<b>Total Operating Expenses</b>	<b>182,426</b>	<b>170,032</b>
<b>Operating Income (Loss)</b>	<b>17,574</b>	<b>(70,032)</b>
<b>Nonoperating Revenues</b>		
Investment income	84	131
Other revenues	-	4,266
<b>Total Nonoperating Revenues</b>	<b>84</b>	<b>4,397</b>
<b>Change in Net Position</b>	<b>17,658</b>	<b>(65,635)</b>
<b>Total Net Position, January 1</b>	<b>6,873,982</b>	<b>6,939,617</b>
<b>Total Net Position, December 31</b>	<b>\$ 6,891,640</b>	<b>\$ 6,873,982</b>

The accompanying notes are an integral part of these statements.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 200,000	\$ 100,000
Payments to suppliers	(77,160)	(64,765)
Other cash receipts	-	4,266
<b>Net Cash Provided by Operating Activities</b>	<b>122,840</b>	<b>39,501</b>
<b>Net Cash Provided by Noncapital Financing Activities</b>	-	-
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital expenditures	(76,768)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(76,768)</b>	-
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	84	131
<b>Net Cash Provided by Investing Activities</b>	<b>84</b>	<b>131</b>
<b>Increase in Cash and Cash Equivalents</b>	46,156	39,632
<b>Cash and Cash Equivalents, January 1</b>	121,470	81,838
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 167,626</b>	<b>\$ 121,470</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
Operating income (loss)	\$ 17,574	\$ (70,032)
Adjustments to operating income (loss):		
Depreciation	105,266	105,267
Other cash receipts	-	4,266
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 122,840</b>	<b>\$ 39,501</b>
<b>Noncash Investing, Capital and Related Financing Activities:</b>		
Noncash acquisition of capital assets (incurrence of accounts payable)	\$ 77,982	\$ -

The accompanying notes are an integral part of these statements.

## **AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

### **NOTES TO FINANCIAL STATEMENTS**

As of and for the Years Ended December 31, 2020 and 2019

#### **NOTE 1 - FINANCIAL REPORTING ENTITY**

Aurora-Colorado Springs Joint Water Authority ("Authority") is a component unit of the City of Colorado Springs, Colorado ("City"). The City of Aurora and Colorado Springs Utilities ("Utilities" and, together with City of Aurora, the "Participants") are the sole participants and customers of the Authority with participation shares of one-third and two-thirds, respectively. The Authority is a political subdivision of the State of Colorado formed in 1983. Its purpose is to develop water resources, systems, or facilities for the benefit of the cities and their inhabitants.

The Authority is a component unit of the City. The accompanying financial statements present only the Authority. The financial statements do not purport to, and do not present the financial position of the City or other member governments of the Authority. The Authority has no component units.

The Authority entered into a Water Transmission Service Contract ("Contract") on June 1, 1983 with the City and City of Aurora (together the "Cities") under which the Authority would finance, construct, operate and maintain the Otero Extension Pipeline and provide water transmission service to the Cities through the pipeline. In the Contract the Cities agreed that the Authority or its agent would have full access to all easements, rights-of-way, or property held by the Cities as required by the Authority. The term of the Contract expired on December 31, 2013. The Authority and the Cities entered into a First Revised Water Transmission Service Contract ("Revised Contract") in April 2014 that contained the same provisions as the Contract and expired on December 31, 2019. An amendment extended the Revised Contract to December 31, 2021. Evaluation and renegotiation of the Revised Contract and/or an extension or replacement thereof is ongoing and expected to continue in 2021.

The Authority is under the direction of the Board of Directors ("Board") consisting of six voting members and two nonvoting members. The six voting members each serve for a term of three years, with two terms expiring each year. Three voting directors represent each city and are appointed by the city councils of each city. Directors may serve for unlimited consecutive terms. Any action of the Board requires an affirmative vote of four directors, with provisions for weighted voting in the event four affirmative votes cannot be obtained. This voting would be weighted one-third to the City of Aurora and two-thirds to Utilities. Utilities is responsible for managing the project for the Authority, subject to the direction of the Board.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***BASIS OF ACCOUNTING***

The Authority's accounting records are maintained and the accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as applied to local government and promulgated by the Governmental Accounting Standards Board ("GASB"). Consolidated financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Transmission service charges are considered to be susceptible to accrual and so are recognized as revenues.

##### ***RECENT ACCOUNTING PRONOUNCEMENTS***

Management does not anticipate any standards issued or proposed by GASB will significantly impact the financial statements.

## **AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

### **NOTES TO FINANCIAL STATEMENTS**

As of and for the Years Ended December 31, 2020 and 2019

#### ***USE OF ESTIMATES***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

#### ***FINANCIAL STATEMENT PRESENTATION***

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the reporting entity's financial position and operations.

#### ***DEPOSITS***

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements and local government investment pools.

#### ***RECEIVABLES AND PAYABLES***

Outstanding balances between the Authority and the City are reported as "Due to Due from other City funds." Management does not believe an allowance for doubtful accounts is necessary at December 31, 2020 and 2019.

#### ***PLANT AND DEPRECIATION***

Plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials. The cost of additions to plant and replacement units of property in excess of \$5,000 are capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets at 1.00% to 3.00% per annum. The plant consists of a pipeline and appurtenances from the Twin Lakes dam to the Otero pumping station.

#### ***NET POSITION***

***Investment in Capital Assets*** - Represents capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At this time, the Authority has no debt reducing its investment in capital assets.

***Restricted Net Position*** - Represents restrictions placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, law or regulations of other governments, law through constitutional provisions or enabling legislation. At this time, the Authority has no restricted net position.

***Unrestricted Net Position*** - Represents the net amount of the assets and liabilities that are not included in the determination of investment in capital assets or the restricted component of net position.

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

**REVENUES AND EXPENSES**

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operation. The sole operating revenues of the Authority are transmission service charges. Operating expenses include treatment, maintenance and administration expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**NOTE 3 - DEPOSITS**

Colorado Statutes require that financial institutions pledge a pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of 102% of the financial institution's total uninsured public deposits. The financial institutions in which the Authority has deposits at the end of the year are authorized depositories of public funds.

At December 31, 2020 and 2019, the carrying amount of the Authority's cash was \$167,626 and \$121,470, respectively and the bank balance at December 31, 2020 and 2019, was \$178,096 and \$121,470, respectively. All funds in these bank balances were covered by federal depository insurance.

**NOTE 4 - CAPITAL ASSETS**

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

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Depreciable capital assets				
Water pipeline and appurtenances	\$ 9,940,819	\$ -	\$ -	\$ 9,940,819
Less accumulated depreciation	<u>(3,188,307)</u>	<u>(105,266)</u>	<u>-</u>	<u>(3,293,573)</u>
Total depreciable assets, net	<u>6,752,512</u>	<u>(105,266)</u>	<u>-</u>	<u>6,647,246</u>
Construction work in progress	<u>-</u>	<u>154,750</u>	<u>-</u>	<u>154,750</u>
Total Capital Assets, net	<u>\$ 6,752,512</u>	<u>\$ 49,484</u>	<u>\$ -</u>	<u>\$ 6,801,996</u>

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

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Depreciable capital assets				
Water pipeline and appurtenances	\$ 9,940,819	\$ -	\$ -	\$ 9,940,819
Less accumulated depreciation	<u>(3,083,040)</u>	<u>(105,267)</u>	<u>-</u>	<u>(3,188,307)</u>
Total depreciable assets, net	<u>6,857,779</u>	<u>(105,267)</u>	<u>-</u>	<u>6,752,512</u>
Total Capital Assets, net	<u>\$ 6,857,779</u>	<u>\$ (105,267)</u>	<u>\$ -</u>	<u>\$ 6,752,512</u>

**AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

**NOTE 5 - NET POSITION**

Net position represents the difference between assets and liabilities as of December 31:

	<u>2020</u>	<u>2019</u>
Investment in capital assets		
Net capital assets	\$ 6,801,996	\$ 6,752,512
Unrestricted	<u>89,644</u>	<u>121,470</u>
Total Net Position	<u>\$ 6,891,640</u>	<u>\$ 6,873,982</u>

Summary of the change in amounts invested in capital assets:

	<u>2020</u>	<u>2019</u>
Balance, beginning	\$ 6,752,512	\$ 6,857,779
Change in capital assets	<u>49,484</u>	<u>(105,267)</u>
Balance, ending	<u>\$ 6,801,996</u>	<u>\$ 6,752,512</u>

**NOTE 6 - COMMITMENTS**

**TRANSMISSION CONTRACT**

Under the transmission contract, the Authority agrees to make water transmission service available to each city in accordance with the city's participation share. Water transmission service is defined as the Authority's construction and other acquisition of the project, its transmission of water through the pipeline and maintenance to keep the project in good and workable condition at all times.

**TRANSMISSION SERVICE CHARGES**

The Authority covenants provide for rates which will be nondiscriminatory, reasonable and adequate each year, for the payment of current expenses incurred in the operation and maintenance of the project, (including capital project expenditures and normal expenses incurred by the Authority, properly allocable to the project under U.S. GAAP). The transmission service charges assessed in 2020 and 2019 were \$200,000 and \$100,000, respectively.

Conveyance by the Participants in 2020 and 2019 was:

	<u>2020</u>		<u>2019</u>	
	Water Conveyed (Acre Feet)	Transmission Service Charges	Water Conveyed (Acre Feet)	Transmission Service Charges
City of Aurora	35,952	\$ 100,000	31,456	\$ 50,000
Colorado Springs Utilities	<u>46,776</u>	<u>100,000</u>	<u>57,359</u>	<u>50,000</u>
Total	<u>82,728</u>	<u>\$ 200,000</u>	<u>88,815</u>	<u>\$ 100,000</u>

## **AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

### **NOTES TO FINANCIAL STATEMENTS**

As of and for the Years Ended December 31, 2020 and 2019

#### ***LIMITED OBLIGATIONS***

The obligations of each Participant to make payments under the transmission contract are not a general obligation of each political subdivision and are not secured by a pledge of tax revenues, but are payable and enforceable from the revenue derived from the operation of each Participant's system, but the Participants may make payment from any revenues legally available to them.

#### **NOTE 7 - CONTINGENCIES AND CLAIMS**

##### ***RISK MANAGEMENT***

Risk Management oversight in evaluating the risk of loss and protecting the Authority's assets is provided by Utilities. The Colorado Governmental Immunity Act provides the maximum amount that may be recovered through tort claims under Colorado law of \$387,000 for any injury to one person in any single occurrence and \$1,093,000 for any injury to two or more persons in any single occurrence. In addition, the Authority purchases insurance for public officials' and management liability, general liability, excess liability and property, with varying deductibles and limits. The pipeline is self-insured. Settled claims have not exceeded insurance coverage during any of the last three fiscal years.

##### ***AMENDMENT TO COLORADO CONSTITUTION***

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities and other specific requirements of state and local governments. The amendment excludes enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10.0% of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the amendment. The Authority is of the opinion it qualifies for this exclusion. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

The Authority is a political subdivision of the State of Colorado separate from each Participant. As such, the Authority believes it is not subject to any limitations regarding raising revenue or spending abilities that are set forth in the Charter of the City.

##### ***LEGAL MATTERS***

The Authority is a political subdivision of the State of Colorado separate from each participant. Tort claims against the Authority are subject to the terms, conditions and limitations provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq. No litigation was pending against the Authority as of December 31, 2020, and the Authority is not aware of any threatened claims or litigation that could be filed against the Authority.