

**WEST JEFFERSON COUNTY
METROPOLITAN DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
West Jefferson County Metropolitan District
Evergreen, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of West Jefferson County Metropolitan District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise West Jefferson County Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of West Jefferson County Metropolitan District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Jefferson County Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2020, from which such summarized information was derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Jefferson County Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Jefferson County Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Jefferson County Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Jefferson County Metropolitan District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2022 on our consideration of West Jefferson County Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Jefferson County Metropolitan District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Jefferson County Metropolitan District's internal control over financial reporting and compliance.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
AUGUST 18, 2022

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The management of West Jefferson County Metropolitan District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021.

Financial Highlights

- Assets of the District exceeded its liabilities at the close of the fiscal year by \$13,792,304 (net position). Of this amount, \$4,171,847 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position decreased by \$145,899 from the prior fiscal year.
- Compared to the prior year, the District's revenues decreased \$197,787 (6.30%). Of this amount, \$131,878 is from operating revenues consisting of a decrease of \$192,208 in water operating revenues and an increase of \$60,330 in wastewater operating revenues.
- The District's expenses, inclusive of depreciation expense, decreased \$101,478 (3.08%).
- Total net operating loss of \$263,353 was a decrease of \$26,676 from last year. Excluding depreciation, net operating income was \$247,133.
- The District's total debt outstanding as of December 31, 2021 was \$2,800,958, which represents a 2021 loan from the Water Pollution Control Revolving Fund. See Note 5 (Long-Term Obligations) for additional detail of the loan.

Overview of the Financial Statements

Management's discussions and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of financial statements and notes to financial statements. This report also contains other supplemental information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The supplementary information contained in this report provides a schedule of revenues, expenses, and change in net position, budget and actual information, and debt service requirements.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The District's net position decreased \$145,899 in 2021, mainly resulting from the depreciation expense. As noted earlier, change in net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2021 and 2020, assets exceeded total liabilities by \$13,792,304 and \$13,938,203, respectively.

Statement of Net Position

Year Ending December 31,	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets	\$ 5,225,668	\$ 5,248,917
Capital Assets, Net	<u>12,158,305</u>	<u>9,114,366</u>
Total Assets	17,383,973	14,363,283
LIABILITIES		
Current Liabilities	885,091	425,080
Long-Term Liabilities	<u>2,706,578</u>	-
Total Liabilities	<u>3,591,669</u>	<u>425,080</u>
NET POSITION		
Net Position Invested in Capital Assets	9,357,347	9,114,366
Restricted Net Position	263,110	-
Unrestricted Net Position	<u>4,171,847</u>	<u>4,823,837</u>
Total Net Position	<u>\$ 13,792,304</u>	<u>\$ 13,938,203</u>

The largest portion of the District's net position reflects its investment in capital assets (e.g., disposal facilities, collection, transmission and distribution lines and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this portion of net position is not available for future spending.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Operating revenue decreased by \$131,878 and nonoperating revenue decreased by \$65,909. Within the decrease in operating revenue, \$192,208 was a decrease in water and \$60,330 was an increase in wastewater (due to the wastewater base rate increase from 2020 to 2021). Nonoperating revenue consists of proceeds from sale of assets, inclusion fees, available to serve fees, and interest income.

Operating expenses decreased by \$130,860, primarily due to the offsetting water operating expenses in conjunction with the water operating revenue decrease. General and administrative expenses increased by \$18,075 and nonoperating expenses increased by \$3,724. Nonoperating expenses include loan interest and administrative fees.

Review of Change in Net Position

Year Ending December 31,	<u>2021</u>	<u>2020</u>
REVENUES		
Operating Revenue	\$ 2,921,888	\$ 3,053,766
Nonoperating Revenue	21,178	87,087
Total Revenues	<u>2,943,066</u>	<u>3,140,853</u>
EXPENSES		
Operating Expenses	2,432,115	2,562,975
General and Administrative	242,640	224,565
Depreciation	510,486	502,903
Non-Operating Expenses	3,724	-
Total Expenses	<u>3,188,965</u>	<u>3,290,443</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(245,899)	(149,590)
CAPITAL CONTRIBUTIONS	100,000	44,000
CHANGE IN NET POSITION	(145,899)	(105,590)
Net Position - Beginning of Year	<u>13,938,203</u>	<u>14,043,793</u>
NET POSITION - END OF YEAR	<u><u>\$ 13,792,304</u></u>	<u><u>\$ 13,938,203</u></u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and nonoperating revenue and contributions. This budgetary accounting is required by state statutes.

For water, the District's actual revenue and offsetting expense were lower than the budgeted amounts by \$108,596 mainly due to lower water sales and system development fees.

For wastewater, actual revenue of the District was lower than the budgeted revenue by \$451,894 mainly due to the CWRPDA loan proceeds being under the budget of \$3,000,000 as well as the special developments budget which has an offsetting capital expense. Total actual expenditures was \$3,167,673 less than the appropriation, which includes a positive variance of \$3,069,261 for capital expenditures. This large variance is mainly due to the timing of the WWTP Upgrade for Aeration Basin, Thickener Replacement, and Baldy Lift Station Pumps and Flow Meter projects.

Capital Assets Activity

The activity related to capital assets is as follows:

	<u>2021</u>	<u>2020</u>
Capital Assets:		
Land	\$ 62,631	\$ 62,631
Construction in Progress	4,548,692	1,084,484
Disposal Facilities	2,692,378	2,855,628
Infrastructure	4,695,491	4,915,757
Other Equipment and Buildings	131,435	168,188
Mapping	27,678	27,678
Total Capital Assets, Net	<u>\$ 12,158,305</u>	<u>\$ 9,114,366</u>

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

Long-Term Debt

All scheduled payments of principal and interest on the District's outstanding debt were paid as required during 2021.

Additional detail on the District's debt is in Note 5 of this report.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Economic Factors and Next Year's Budgets and Rates

For 2022, the District has budgeted revenue for water and wastewater of \$2,124,000 and \$1,642,370, respectively, which are \$50,320 higher and \$2,964,054 lower compared with 2021 budgeted figures. The decrease in budgeted wastewater revenue in 2022 is related to the \$3,000,000 budget for the CWRPDA loan proceeds in 2021. Flat monthly rates for wastewater treatment have increased from \$35.50 to \$37.50 for customers in the West Jefferson boundaries and increased from \$51.50 to \$53.50 for customers in the El Rancho boundaries.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

West Jefferson County Metropolitan District
30920 Stagecoach Blvd.,
Evergreen, Colorado 80439

BASIC FINANCIAL STATEMENTS

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,193,823	\$ 2,811,074
Cash and Cash Equivalents - Restricted	263,697	587
Certificates of Deposits	1,495,000	2,095,000
Accounts Receivable	212,459	271,755
Accrued Interest Receivable	5,144	6,397
Deposits	38,097	38,097
Prepaid Expenses	17,448	26,007
Total Current Assets	5,225,668	5,248,917
CAPITAL ASSETS, NET	12,158,305	9,114,366
Total Assets	\$ 17,383,973	\$ 14,363,283
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 775,988	\$ 424,580
Accrued Interest Payable	2,474	-
Developers' Funds	12,249	500
Loan Payable - Current Portion	94,380	-
Total Current Liabilities	885,091	425,080
LONG-TERM OBLIGATIONS		
Loan Payable	2,706,578	-
Total Long-Term Obligations	2,706,578	-
NET POSITION		
Net Investment in Capital Assets	9,357,347	9,114,366
Restricted	263,110	-
Unrestricted	4,171,847	4,823,837
Total Net Position	13,792,304	13,938,203
Total Liabilities and Net Position	\$ 17,383,973	\$ 14,363,283

See accompanying Notes to Basic Financial Statements.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
WATER OPERATIONS		
Service Revenues	\$ 1,720,084	\$ 1,912,292
Direct Expenses	<u>(1,720,084)</u>	<u>(1,912,292)</u>
GROSS PROFIT FROM WATER OPERATIONS	-	-
WASTEWATER OPERATIONS		
Service Revenues	1,201,804	1,141,474
Direct Expenses	<u>(712,031)</u>	<u>(650,683)</u>
GROSS PROFIT FROM WASTEWATER OPERATIONS	489,773	490,791
GROSS PROFIT FROM OPERATIONS	489,773	490,791
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	(242,640)	(224,565)
Depreciation	<u>(510,486)</u>	<u>(502,903)</u>
NET LOSS FROM OPERATIONS	(263,353)	(236,677)
NONOPERATING REVENUES	21,178	87,087
NONOPERATING EXPENSES	<u>(3,724)</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(245,899)	(149,590)
CAPITAL CONTRIBUTIONS	<u>100,000</u>	<u>44,000</u>
CHANGE IN NET POSITION	(145,899)	(105,590)
Net Position - Beginning of Year	<u>13,938,203</u>	<u>14,043,793</u>
NET POSITION - END OF YEAR	<u><u>\$ 13,792,304</u></u>	<u><u>\$ 13,938,203</u></u>

See accompanying Notes to Basic Financial Statements.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 3,332,592	\$ 3,485,254
Payments to Suppliers	(2,666,196)	(2,771,881)
Net Cash Provided by Operating Activities	666,396	713,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Assets	-	8,501
Acquisition of Property, Plant, and Equipment	(3,570,675)	(1,150,348)
Loan Proceeds	2,808,692	-
Developers' Funds Received	28,000	-
System Development Fees Received	100,000	40,000
Inclusion Fees Received	1,000	18,000
Other Income Received	3,427	4,668
Loan Interest and Administrative Fees	(1,250)	-
Loan Principal Reduction	(7,734)	-
Net Cash Used by Capital and Related Financing Activities	(638,540)	(1,079,179)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Matured	-	549,779
Certificates of Deposits Matured	1,350,000	-
Certificates of Deposits Purchased	(750,000)	(1,245,000)
Net Investment Income Received	18,003	60,148
Net Cash Provided (Used) by Investing Activities	618,003	(635,073)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	645,859	(1,000,879)
Cash and Cash Equivalents - Beginning of Year	2,811,661	3,812,540
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,457,520	\$ 2,811,661
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss from Operations	\$ (263,353)	\$ (236,677)
Adjustments to Reconcile Loss from Operations to Net Cash Provided by Operating Activities:		
Depreciation	510,486	502,903
Decrease (Increase) in Prepaid Expenses	8,559	(40,029)
Decrease (Increase) in Accounts Receivable	59,296	431,487
Increase (Decrease) in Accounts Payable and Accrued Expenses	351,408	55,689
Net Cash Provided by Operating Activities	\$ 666,396	\$ 713,373

See accompanying Notes to Basic Financial Statements.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

West Jefferson County Metropolitan District (District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court for Jefferson County and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Section 1, Colorado Revised Statutes). The District provides water and sanitation services. As more fully described in Note 7 to the financial statements, the District purchases water, water management services, and sanitation management services from the Evergreen Metropolitan District (EMD). The District has an elected Board of Directors and has no employees; all operations and administration functions are contracted out.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

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

Basis of Accounting

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

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses and change in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Cash Equivalents

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

The District did not certify a mill levy for collection in 2021.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include source of supply, land and right of way, plant and buildings, distribution and collection systems, and machinery and equipment, are reported by the District. Capital assets are defined by the District as assets within an initial, individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets as follows:

Water Lines and Wastewater Lines	50 Years
Disposal Facilities	50 Years
Operating and Office Equipment	3-20 Years

System Development Fees

System development fees represent amounts collected from customers and developers in order to develop or access the District' water and collection lines. System development fees are reflected as nonoperating revenue.

Equity

Net Position

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require 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 could differ from those estimates.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 and 2020 are classified in the accompanying financial statements as follows:

	2021	2020
Statement of Net Position:		
Cash and Cash Equivalents	\$ 3,193,823	\$ 2,811,074
Cash and Cash Equivalents - Restricted	263,697	587
Total Cash and Investments	\$ 3,457,520	\$ 2,811,661

Cash and cash equivalents as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Deposits with Financial Institutions	\$ 274,042	\$ 188,923
Investments	3,183,478	2,622,738
Total Cash and Cash Equivalents	\$ 3,457,520	\$ 2,811,661

Deposits with Financial Institutions

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

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

At December 31, 2021, the District had the following deposits with financial institutions:

	Bank Balance	Carrying Balance
Insured Deposits	\$ 279,322	\$ 274,042
Total Deposits with Financial Institutions	\$ 279,322	\$ 274,042

Investments

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

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 2,793,665
Colorado Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	389,813
Total		<u>\$ 3,183,478</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAMmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2021 and 2020 was as follows:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 62,631	\$ -	\$ -	\$ 62,631
Construction in Progress	1,084,484	3,464,208	-	4,548,692
Total Capital Assets, Not Being Depreciated	1,147,115	3,464,208	-	4,611,323
Capital Assets, Being Depreciated:				
Disposal Facilities	6,417,853	24,394	-	6,442,247
Infrastructure	11,753,425	56,085	-	11,809,510
Other Equipment and Buildings	831,138	9,738	-	840,876
Mapping	27,678	-	-	27,678
Total Capital Assets, Being Depreciated	19,030,094	90,217	-	19,120,311
Less Accumulated Depreciation For:				
Disposal Facilities	(3,562,225)	(187,644)	-	(3,749,869)
Infrastructure	(6,837,668)	(276,351)	-	(7,114,019)
Other Equipment and Buildings	(662,950)	(46,491)	-	(709,441)
Mapping	-	-	-	-
Total Accumulated Depreciation	(11,062,843)	(510,486)	-	(11,573,329)
Capital Assets, Net	<u>\$ 9,114,366</u>	<u>\$ 3,043,939</u>	<u>\$ -</u>	<u>\$ 12,158,305</u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 62,631	\$ -	\$ -	\$ 62,631
Construction in Progress	148,846	935,638	-	1,084,484
Total Capital Assets, Not Being Depreciated	211,477	935,638	-	1,147,115
Capital Assets, Being Depreciated:				
Disposal Facilities	6,417,853	-	-	6,417,853
Infrastructure	11,620,735	132,690	-	11,753,425
Other Equipment and Buildings	769,183	86,018	(24,063)	831,138
Mapping	27,678	-	-	27,678
Total Capital Assets, Being Depreciated	18,835,449	218,708	(24,063)	19,030,094
Less Accumulated Depreciation For:				
Disposal Facilities	(3,373,681)	(188,544)	-	(3,562,225)
Infrastructure	(6,561,796)	(275,872)	-	(6,837,668)
Other Equipment and Buildings	(648,526)	(38,487)	24,063	(662,950)
Mapping	-	-	-	-
Total Accumulated Depreciation	(10,584,003)	(502,903)	24,063	(11,062,843)
Capital Assets, Net	<u>\$ 8,462,923</u>	<u>\$ 651,443</u>	<u>\$ -</u>	<u>\$ 9,114,366</u>

Depreciation expense for the years ended December 31, 2021 and 2020 were \$510,486 and \$502,903, respectively.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
Notes/Loans From Direct Borrowings and Placements					
CWRPDA Loan (2021) - W21F446					
Water Pollution Control Revolving Fund	\$ -	\$ 2,808,692	\$ 7,734	\$ 2,800,958	\$ 94,380
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 2,808,692</u>	<u>\$ 7,734</u>	<u>\$ 2,800,958</u>	<u>\$ 94,380</u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the District's long-term obligations is as follows:

Water Pollution Control Revolving Fund – 2021 Loan

The District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRDPA) on January 29, 2021 for the purpose of financing the wastewater treatment facility improvement project. The principal amount of the loan is \$3,000,000 and has an interest rate of 0.5% annually, if the finally constructed project is certified by the Water Quality Control Division (WQCD) as a Green Project; 2.5% if the finally constructed project is not certified by the WQCD as a Green Project. The loan is maturing in 30 year and is payable semi-annually on May 1 and November 1 of each year beginning November 1, 2021. Pursuant to the loan agreement, the District shall maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the wastewater fund's annual budget for the current fiscal year. As of December 31, 2021, the District is in compliance with this reserve requirement.

The District's 2021 Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 94,380	\$ 14,844	\$ 109,224
2023	94,853	14,371	109,224
2024	95,328	13,896	109,224
2025	95,805	13,419	109,224
2026	96,284	12,939	109,223
2027-2031	488,701	57,418	546,119
2032-2036	501,058	45,062	546,120
2037-2041	513,725	32,393	546,118
2042-2046	526,713	19,404	546,117
2047-2051	485,419	6,089	491,508
Total	<u>\$ 2,992,266</u>	<u>\$ 229,835</u>	<u>\$ 3,222,101</u>

Note: The 2021 Loan schedule assumes that all of the \$3,000,000 available loan proceeds are drawn.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 NET POSITION

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had the following net investment in capital assets, calculated as follows:

	2021	2020
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 12,158,305	\$ 9,114,366
Current Portion of Long-Term Obligations	(94,380)	-
Noncurrent Portion of Long-Term Obligations	(2,706,578)	-
Total	\$ 9,357,347	\$ 9,114,366

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position of \$263,110 as of December 31, 2021 for the operation and maintenance reserve as required by the 2021 loan from the Water Pollution Control Revolving Fund.

The unrestricted net position as of December 31, 2021 and 2020 were \$4,171,847 and \$4,823,837, respectively.

NOTE 7 AGREEMENTS

Water Distribution and Wastewater Service Agreements

The District has entered into a water distribution and service agreement with Evergreen Metropolitan District (EMD) to provide water and water service based on an agreed upon fee schedule. Under the terms of the agreement, the EMD provides complete management of the water system for the District, including maintenance, administrative services, collection of revenue and the issuance of water taps. The District does not derive any revenues in excess of expenditures from the water system because the fees charged to District customers equals the fees charged by EMD for services rendered.

The cost of the water transmission lines and the related depreciation is not reflected in these financial statements since ownership of the lines remains with EMD upon termination of the agreement or dissolution of the District.

The District has a contract with EMD whereby EMD provides management and administrative services to the District. These services include operating, pretreatment, locates, billing, collection, accounting, general management, administrative functions, and administrative operating expenses.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 AGREEMENTS (CONTINUED)

Water Distribution and Wastewater Service Agreements (Continued)

The District is party to several agreements with EMD and various developers of property within the District's boundaries through which the District has agreed to bill and collect water system development fees to be used to fund the construction of water main extensions, a pumping station, a treated-water storage reservoir, and related facilities. The District transfers all of the fees collected to the EMD.

El Rancho Prepaid Water Taps

As part of the merger between the District and El Rancho Metropolitan District (ERMD) effective January 1, 2014, the District administers the sale and resulting reimbursement to the Developer for 121 prepaid water taps. For each of the taps sold, the Developer receives \$13,500 and the District retains the remainder. As of December 31, 2021, the District has reimbursed the Developer for 46 taps. As of December 1, 2020 the District was no longer required to share revenue for these taps.

Intergovernmental Agreement for Shared Use Facility

The District entered into an intergovernmental agreement for shared-use facility as of April 25, 2007 with EMD where by EMD has constructed a garage and maintenance facility on the District property. Use of the facility will be shared by both districts. EMD will pay all the necessary expenses associated with the construction, operation and maintenance of the facility. EMD will also provide all necessary in house laboratory analysis required for the operation of the District wastewater treatment plant at no charge to the District. The agreement terminates on December 31, 2037, but provides for automatic renewal for up to 45 one year terms subsequent to December 31, 2037.

The District entered into an intergovernmental agreement for shared-use facility (Grit Classifier and Disposal System) as of May 18, 2017 with EMD and the Kittredge Sanitation and Water District (KSWD) where by the District has constructed and installed a grit classifier and disposal system on a portion of the District's facility. The three districts have agreed to share the costs of use, operation, maintenance and repair for their common benefit. The agreement terminates on December 31, 2030, but provides for automatic renewal on an annual basis after the end of the initial term.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 8 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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

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

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2021, the District had construction related contract commitments as follows:

	Retainage	Contract Balance
Fischer Construction	<u>\$ 184,928</u>	<u>\$ 2,365,978</u>

SUPPLEMENTARY INFORMATION

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
WATER OPERATIONS		
Revenues:		
Water Sales	\$ 1,710,813	\$ 1,902,447
Service Charges	9,271	9,845
Total Revenues	1,720,084	1,912,292
Direct Expenses:		
Water Purchases	1,710,813	1,902,447
Service Charges	9,271	9,845
Total Direct Expenses	1,720,084	1,912,292
GROSS PROFIT FROM WATER OPERATIONS	-	-
WASTEWATER OPERATIONS		
Revenues:		
Wastewater Treatment Charges	1,201,304	1,141,038
Connections and Inspections	500	436
Total Revenues	1,201,804	1,141,474
Direct Expenses:		
Pretreatment	44,323	43,389
Collection System:	164,509	109,640
Treatment Plant:	503,199	497,654
Total Direct Expenses	712,031	650,683
GROSS PROFIT FROM WASTEWATER OPERATIONS	\$ 489,773	\$ 490,791

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
GROSS PROFIT FROM OPERATIONS	\$ 489,773	\$ 490,791
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation	510,486	502,903
Audit	6,400	6,400
Insurance	17,300	15,948
Legal	30,905	23,166
Office Supplies	2,166	1,294
Billing Expense	20,320	19,798
Labor and Operating	143,134	143,508
Directors' Fees	6,200	8,500
Directors' Payroll Taxes and Other	474	650
Miscellaneous	15,741	5,301
Total General and Administrative Expenses	753,126	727,468
NET INCOME (LOSS) FROM OPERATIONS	(263,353)	(236,677)
NONOPERATING REVENUES		
Proceeds from Sale of Assets	-	8,501
Inclusions	1,000	18,000
Grants	-	898
Interest Income	16,751	55,918
Other Income	3,427	3,770
Total Nonoperating Revenues	21,178	87,087
NONOPERATING EXPENSES		
Loan Interest and Administrative Fees	3,724	-
Total Nonoperating Expenses	3,724	-
INCOME (LOSS) BEFORE CONTRIBUTIONS	(245,899)	(149,590)
CAPITAL CONTRIBUTIONS		
System Development Fees - Wastewater	100,000	40,000
Other Contribution	-	4,000
Total Capital Contributions	100,000	44,000
CHANGE IN NET POSITION	\$ (145,899)	\$ (105,590)

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE – BUDGET
AND ACTUAL (BUDGETARY BASIS) - WATER
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WATER OPERATING REVENUE			
Water Sales	\$ 1,777,320	\$ 1,710,813	\$ (66,507)
Service Charges	9,500	9,271	(229)
Connections and Inspections	3,360	-	(3,360)
Total Water Operating Revenue	<u>1,790,180</u>	<u>1,720,084</u>	<u>(70,096)</u>
WATER OPERATING EXPENSES			
Water Purchases	1,777,320	1,710,813	66,507
Service Charges	9,500	9,271	229
Connections and Inspections	3,360	-	3,360
System Development Fees	38,500	-	38,500
Total Water Operating Expenses	<u>1,828,680</u>	<u>1,720,084</u>	<u>108,596</u>
GROSS PROFIT FROM WATER OPERATIONS	(38,500)	-	38,500
WATER CAPITAL REVENUE			
System Development Fees	38,500	-	(38,500)
Special Developments	245,000	-	(245,000)
Total Water Capital Revenue	<u>283,500</u>	<u>-</u>	<u>(283,500)</u>
WATER CAPITAL OUTLAY			
Special Developments	245,000	-	245,000
Total Water Capital Outlay	<u>245,000</u>	<u>-</u>	<u>245,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
Funds Available - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - WASTEWATER
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WASTEWATER OPERATING REVENUE			
Wastewater Treatment Charges	\$ 1,203,760	\$ 1,201,304	\$ (2,456)
Availability to Serve	2,160	1,920	(240)
Connections and Inspections	654	500	(154)
Interest Income	18,500	11,607	(6,893)
Miscellaneous	1,500	1,507	7
Total Wastewater Operating Revenue	1,226,574	1,216,838	(9,736)
WASTEWATER OPERATING EXPENSES			
Pretreatment	43,520	44,323	(803)
Collection System:			
Repairs and Maintenance - Mains	102,200	85,581	16,619
Repairs and Maintenance - Lift Stations	61,400	51,710	9,690
Inspection and Connection	654	500	154
Utilities - Lift Stations	27,600	26,718	882
Treatment Plant:			
Chemicals	43,865	24,721	19,144
Supervision and Labor	204,535	173,596	30,939
Repairs, Maintenance and Supplies	45,000	51,906	(6,906)
Utilities	136,800	141,472	(4,672)
Truck Expense	1,000	1,767	(767)
Sludge Disposal	118,000	86,385	31,615
Permits	5,000	6,926	(1,926)
Lab Analysis, Supplies and Maintenance	2,500	3,826	(1,326)
Safety and Training	650	1,635	(985)
Bear Creek Watershed Dues	11,200	10,965	235
Total Wastewater Operating Expenses	803,924	712,031	91,893
GROSS PROFIT FROM WATER OPERATIONS	422,650	504,807	82,157
WASTEWATER CAPITAL REVENUE			
System Development Fees	60,000	100,000	40,000
CWRPDA Loan Proceeds	3,000,000	2,808,692	(191,308)
Proceeds from Sale of Assets	1,000	-	(1,000)
Special Developments	300,000	-	(300,000)
Development Review	-	28,000	28,000
Inclusions	18,000	1,000	(17,000)
Grants	850	-	(850)
Total Wastewater Capital Revenue	\$ 3,379,850	\$ 2,937,692	\$ (442,158)

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WASTEWATER NONOPERATING EXPENSES			
Audit	\$ 6,700	\$ 6,400	\$ 300
Insurance	16,700	17,300	(600)
Legal	28,500	30,905	(2,405)
Office Supplies	2,200	1,522	678
Billing Expense	22,215	20,320	1,895
Labor and Operating	152,700	143,134	9,566
Directors' Fees	9,000	6,200	2,800
Directors' Payroll Taxes and Other	700	474	226
Miscellaneous	9,800	15,741	(5,941)
Total Wastewater Nonoperating Expenses	<u>248,515</u>	<u>241,996</u>	<u>6,519</u>
WATER DEBT SERVICE			
CWRPDA Loan Payment	8,984	8,984	-
Total Debt Service	<u>8,984</u>	<u>8,984</u>	<u>-</u>
WASTEWATER CAPITAL OUTLAY			
Special Developments	300,000	-	300,000
Sewer Line Replacement	50,000	5,000	45,000
WWTP Upgrade for Aeration Basin - Engineering	193,120	137,009	56,111
WWTP Upgrade Standards Aeration Basin	5,600,000	3,327,199	2,272,801
Thickener Replacement	227,500	-	227,500
Headworks Ion Bulbs	20,000	-	20,000
Baldy Lift Station Pumps and Flow Meter	180,000	39,122	140,878
Annual Replacement per Asset Schedule	19,960	-	19,960
Development Review	-	16,251	(16,251)
Miscellaneous	50,000	46,738	3,262
Total Wastewater Capital Outlay	<u>6,640,580</u>	<u>3,571,319</u>	<u>3,069,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,095,579)	(379,800)	2,715,779
Funds Available - Beginning of Year	<u>4,635,058</u>	<u>4,608,625</u>	<u>(26,433)</u>
FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 1,539,479</u></u>	<u><u>\$ 4,228,825</u></u>	<u><u>\$ 2,689,346</u></u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenues (Budgetary Basis)	\$ 1,720,084	\$ 4,154,530	\$ 5,874,614
Loan Proceeds	-	(2,808,692)	(2,808,692)
Development Review	-	(28,000)	(28,000)
Accrued Interest Income	-	5,144	5,144
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	<u>1,720,084</u>	<u>1,322,982</u>	<u>3,043,066</u>
Expenditures (Budgetary Basis)	1,720,084	4,534,330	6,254,414
Depreciation	-	510,486	510,486
Change in Accrued Interest Expense	-	2,474	2,474
Capital Outlay	-	(3,570,675)	(3,570,675)
Loan Principal	-	(7,734)	(7,734)
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	<u>1,720,084</u>	<u>1,468,881</u>	<u>3,188,965</u>
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	<u>\$ -</u>	<u>\$ (145,899)</u>	<u>\$ (145,899)</u>

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2021**

Loan No. W21F446
Colorado Water Resources and
Power Development Authority
Water Pollution Control Revolving Fund
Green Project Reserve Direct Loan
Rate of 0.50%
Principal and Interest Payable
May 1 and November 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 94,380	\$ 14,844	\$ 109,224
2023	94,853	14,371	109,224
2024	95,328	13,896	109,224
2025	95,805	13,419	109,224
2026	96,284	12,939	109,223
2027	96,766	12,457	109,223
2028	97,251	11,973	109,224
2029	97,738	11,486	109,224
2030	98,227	10,997	109,224
2031	98,719	10,505	109,224
2032	99,213	10,011	109,224
2033	99,710	9,514	109,224
2034	100,209	9,015	109,224
2035	100,711	8,513	109,224
2036	101,215	8,009	109,224
2037	101,721	7,502	109,223
2038	102,231	6,993	109,224
2039	102,742	6,481	109,223
2040	103,257	5,967	109,224
2041	103,774	5,450	109,224
2042	104,293	4,930	109,223
2043	104,815	4,408	109,223
2044	105,340	3,884	109,224
2045	105,867	3,356	109,223
2046	106,398	2,826	109,224
2047	106,930	2,294	109,224
2048	107,465	1,758	109,223
2049	108,003	1,220	109,223
2050	108,544	680	109,224
2051	54,477	137	54,614
Total	<u>\$ 2,992,266</u>	<u>\$ 229,835</u>	<u>\$ 3,222,101</u>

NOTE: The Series 2021 Water Pollution Control Revolving Fund Loan schedule assumes that all of the \$3,000,000 available loan proceeds are drawn.

SINGLE AUDIT REPORTS AND SCHEDULES

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Environmental Protection Agency				
Passed Through the Colorado Water Resources and Power Development Authority				
Water Pollution Control Revolving Fund Cluster:				
Capitalization Grants for Water Pollution Control Revolving Funds	66.458	W21F446	\$ -	\$ 754,717 *
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 754,717</u>

*Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Denver Southeast Suburban Water and Sanitation District (the District) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) (Uniform Guidance). Because the Schedule represents only a portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Jefferson County Metropolitan District
Evergreen, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Jefferson County Metropolitan District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise West Jefferson County Metropolitan District's basic financial statements, and have issued our report thereon date August 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Jefferson County Metropolitan District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Jefferson County Metropolitan District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Jefferson County Metropolitan District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Jefferson County Metropolitan District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results

of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
August 18, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Jefferson County Metropolitan District
Evergreen, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Jefferson County Metropolitan District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Jefferson County Metropolitan District's major federal programs for the year ended December 31, 2021. West Jefferson County Metropolitan District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Jefferson County Metropolitan District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Jefferson County Metropolitan District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Jefferson County Metropolitan District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to West Jefferson County Metropolitan District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Jefferson County Metropolitan District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Jefferson County Metropolitan District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Jefferson County Metropolitan District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Jefferson County Metropolitan District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Jefferson County Metropolitan District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a

federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully,

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
AUGUST 18, 2022

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	___ Yes	_x_ No
Significant deficiencies identified?	___ Yes	_x_ None reported
Noncompliance material to financial statements noted?	___ Yes	_x_ No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	___ Yes	_x_ No
Significant deficiencies identified?	___ Yes	_x_ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_x_ No
Identification of major federal programs:	66.458 Capitalization Grants for Clean Water State Revolving Funds	
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	___ Yes	_x_ No

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section II: Financial Statement Findings

There were no findings.

Section III: Federal Awards Findings

There were no findings.

Section IV: Status of Prior Year Findings

There were no findings for the year ended December 31, 2020.