

IDLEDALE WATER AND SANITATION DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

**IDLEDALE WATER AND SANITATION DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Board of Directors
Idledale Water and Sanitation District
Jefferson County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Idledale Water and Sanitation District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Idledale Water and Sanitation District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Idledale Water and Sanitation District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Simmons & Whelan P.C.

Englewood, CO
August 25, 2021

BASIC FINANCIAL STATEMENTS

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Cash and Investments	\$	2,951
Cash and Investments - Restricted		109,147
Accounts Receivable		2,599
Receivable from County Treasurer		1,796
Property Taxes Receivable		328,960
Capital Assets Not Being Depreciated		127,932
Capital Assets, Net of Accumulated Depreciation		<u>1,005,394</u>
Total Assets		<u>1,578,779</u>

LIABILITIES

Accounts Payable		35,053
Payroll Liabilities		12,438
Due to County Treasurer		55
Accrued Loan Interest		2,218
Noncurrent Liabilities:		
Due Within One Year		60,600
Due in More Than One Year		<u>803,500</u>
Total Liabilities		<u>913,864</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax Revenue		<u>328,960</u>
Total Deferred Inflows of Resources		<u>328,960</u>

NET POSITION

Net Investment in Capital Assets		371,105
Restricted		7,200
Unrestricted		<u>(42,350)</u>
Total Net Position	\$	<u><u>335,955</u></u>

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 285,415	\$ 2,682	\$ -	\$ 11,315	\$ (271,418)
Interest and Related Costs on Long-Term Debt	29,601	-	-	-	(29,601)
Total Governmental Activities	\$ 315,016	\$ 2,682	\$ -	\$ 11,315	(301,019)
GENERAL REVENUES					
Property Taxes					288,107
Specific Ownership Taxes					21,600
Net Investment Income					1,720
Total General Revenues					311,427
CHANGE IN NET POSITION					10,408
Net Position - Beginning of Year					325,547
NET POSITION - END OF YEAR					\$ 335,955

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 2,951	\$ -	\$ 2,951
Cash and Investments - Restricted	109,079	68	109,147
Accounts Receivable	2,599	-	2,599
Accounts Receivable - County Treasurer	1,796	-	1,796
Property Taxes Receivable	239,947	89,013	328,960
Total Assets	\$ 356,372	\$ 89,081	\$ 445,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 35,053	\$ -	\$ 35,053
Due to County Treasurer	-	55	55
Payroll Liabilities	12,438	-	12,438
Total Liabilities	47,491	55	47,546
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	239,947	89,013	328,960
Total Deferred Inflows of Resources	239,947	89,013	328,960
FUND BALANCES			
Restricted for:			
Emergency Reserves - TABOR	7,200	-	7,200
Debt Service	-	13	13
Capital Projects	101,879	-	101,879
Unassigned	(40,145)	-	(40,145)
Total Fund Balances	68,934	13	68,947
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 356,372	\$ 89,081	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,133,326

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Loans Payable

(864,100)

Accrued Interest on Loans Payable

(2,218)

Net Position of Governmental Activities

\$ 335,955

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 199,754	\$ 88,353	\$ 288,107
Specific Ownership Taxes	21,600	-	21,600
Water Service Fees	2,682	-	2,682
Grant Revenue	11,315	-	11,315
Interest Income	1,508	212	1,720
Total Revenues	<u>236,859</u>	<u>88,565</u>	<u>325,424</u>
EXPENDITURES			
Administrative	89,600	1,327	90,927
Operations	152,984	-	152,984
Capital	93,172	-	93,172
Debt Service	-	87,225	87,225
Total Expenditures	<u>335,756</u>	<u>88,552</u>	<u>424,308</u>
NET CHANGE IN FUND BALANCES	(98,897)	13	(98,884)
Fund Balances - Beginning of Year	<u>167,831</u>	<u>-</u>	<u>167,831</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 68,934</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 68,947</u></u>

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (98,884)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset. During the current period, this is the net amount of capital outlay.

Capital Outlay	93,172
Depreciation Expense	(42,831)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Loan Principal Payment	58,800
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued Interest on Loans Payable - Change in Liability	151
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Change in Net Position of Governmental Activities	\$ 10,408
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**IDLEDALE WATER AND SANITATION DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 200,374	\$ 200,374	\$ 199,754	\$ (620)
Specific Ownership Taxes	23,120	23,120	21,600	(1,520)
Water Service Fees	13,000	2,682	2,682	-
Grant Revenue	22,500	11,315	11,315	-
Interest Income	2,720	1,500	1,508	8
Total Revenues	<u>261,714</u>	<u>238,991</u>	<u>236,859</u>	<u>(2,132)</u>
EXPENDITURES				
Administrative:				
Director Fees	3,000	3,700	3,700	-
Dues/Licenses	-	500	485	15
Election/Publication	200	50	56	(6)
Insurance	9,000	8,500	8,463	37
Miscellaneous	2,000	300	286	14
Office Supplies/Postage	1,000	100	992	(892)
Payroll Taxes	240	240	207	33
Professional Services:				
Audit/Accounting	15,000	39,000	38,704	296
Legal	20,000	10,000	10,890	(890)
Management	14,000	25,000	22,818	2,182
County Treasurer's Fees	3,006	3,000	2,999	1
Operations:				
Equipment Rental	1,000	3,000	2,832	168
Maintenance and Repairs	7,500	36,000	36,061	(61)
Plant Operator Salaries	56,000	54,000	53,443	557
Payroll Taxes	4,480	3,460	3,460	-
Supplies and Expenses	1,000	150	140	10
Training	500	-	-	-
Treatment and Testing	5,500	12,000	11,222	778
Utilities	9,000	6,000	5,867	133
Water Purchase/Augmentation/Hauling	65,000	46,000	39,959	6,041
Capital:				
Management	-	2,000	1,781	219
Engineering	45,000	45,000	45,241	(241)
Furniture and Equipment	-	10,000	7,807	2,193
Water Distribution System	5,000	38,000	38,343	(343)
Contingency	2,574	4,000	-	4,000
Total Expenditures	<u>270,000</u>	<u>350,000</u>	<u>335,756</u>	<u>14,244</u>
NET CHANGE IN FUND BALANCE	(8,286)	(111,009)	(98,897)	12,112
Fund Balance - Beginning of Year	<u>272,318</u>	<u>167,831</u>	<u>167,831</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 264,032</u>	<u>\$ 56,822</u>	<u>\$ 68,934</u>	<u>\$ 12,112</u>

See accompanying Notes to Basic Financial Statements.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Idledale Water and Sanitation District (the 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, Article 1, Colorado Revised Statutes). The District's service area is located in the Town of Idledale, Jefferson County, Colorado. The District was established in 1947 to provide for the orderly and uniform administration of water and sewer operation within the jurisdictional boundaries of the District. The district currently serves approximately 133 connected water taps. The District does not currently provide any sewer services. The District's primary revenues are property taxes, specific ownership taxes, and water service fees. The District is governed by an elected Board of Directors.

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.

The District has two employees who perform plant operations functions. All administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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 related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The District's original budget was for presentation as a propriety fund. With the change in accounting policy to governmental funds, the total budget was reallocated between the General Fund and the Debt Service Fund.

The District amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuation 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 property 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.

Capital Assets

Capital assets, which include computer equipment and sewer system components, are reported by the District. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Water System	3 to 50 Years
Machine and Equipment	10 Years
Buildings	40 Years
Office Equipment	10 Years

Tap Fees and Construction Contributions

Public improvements contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair value when received. Tap fees become collectible upon issuance of a tap permit and are classified as capital contributions at the time of collection.

Water Rights

The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide 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.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

This District did not have any unused lines of credit as of December 31, 2020.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 2,951
Cash and Investments - Restricted	109,147
Total Cash and Investments	\$ 112,098

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2020 consist of the following:

Deposits with Financial Institutions	\$ 10,950
Investments	101,148
Total Cash and Investments	<u>\$ 112,098</u>

Deposits with Financial Institutions

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

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

At December 31, 2020, the District's cash deposits had a bank balance and a carrying balance of \$10,950.

Investments

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

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

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

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

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

- . 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, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 101,148</u>

COLOTRUST

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

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 22,316	\$ -	\$ -	\$ 22,316
Water Rights	105,616	-	-	105,616
Total Capital Assets, Not Being Depreciated	127,932	-	-	127,932
Capital Assets Being Depreciated:				
Building	1,576	-	-	1,576
Water System	1,777,561	85,365	-	1,862,926
Machinery and Equipment	44,555	7,807	-	52,362
Furniture and Equipment	916	-	-	916
Total Capital Assets Being Depreciated	1,824,608	93,172	-	1,917,780
Less Accumulated Depreciation For:				
Building	(1,576)	-	-	(1,576)
Water System	(822,508)	(42,311)	-	(864,819)
Machinery and Equipment	(44,555)	(520)	-	(45,075)
Furniture and Equipment	(916)	-	-	(916)
Total Accumulated Depreciation	(869,555)	(42,831)	-	(912,386)
Total Capital Assets Being Depreciated	955,053	50,341	-	1,005,394
Capital Assets, Net	<u>\$ 1,082,985</u>	<u>\$ 50,341</u>	<u>\$ -</u>	<u>\$ 1,133,326</u>

Depreciation expense for the year ended December 31, 2020, was charged to general government in the amount of \$42,831.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM DEBT

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020	Amounts Due Within One Year
Loans From Direct Borrowings					
Series 2017 Loan	\$ 922,900	\$ -	\$ 58,800	\$ 864,100	\$ 60,600
Subtotal Loans from Direct Borrowings	922,900	-	58,800	864,100	60,600
Total Long-Term Obligations	<u>\$ 922,900</u>	<u>\$ -</u>	<u>\$ 58,800</u>	<u>\$ 864,100</u>	<u>\$ 60,600</u>

A description of the long-term obligations as of December 31, 2020, is as follows:

General Obligation Refunding and Improvement Loan – Series 2017

On December 21, 2017, the District obtained from NBH Bank a \$1,037,000 General Obligation Refunding and Improvement Loan, Series 2017 (Series 2017 Loan) for the purpose of advance refunding the District's Series 2009 Water Activity Enterprise Revenue Bond (Series 2009 Bond), funding a Loan Project Fund, and paying the cost of issuance of the Series 2017 Loan. Interest on the Series 2017 Loan is 3.08% per annum, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. Principal payments are due annually on December 1, commencing on December 1, 2018. The Series 2017 Loan matures on December 1, 2032.

The Series 2017 Loan is secured with Pledged Revenues consisting of: (i) such portion of the revenue derived by the imposition of the Required Mill Levy as is sufficient to pay the principal of, premium, if any, and interest on the Series 2017 Loan as the same becomes due; (ii) the Specific Ownership Taxes attributable to the Required Mill Levy; and (iii) all other legally available moneys of the District.

With the issuance of the Series 2017 Loan, sufficient funds were placed in escrow to advance refund the principal and interest on the Series 2009 Bond, which will mature on April 1, 2019. The Series 2009 Bond is considered to be defeased and is not considered to be a liability of the District. The reacquisition price of the Series 2009 Bond exceeded the net carrying amount by \$30,955. This amount was recorded as a deferred outflow and is being amortized over the original remaining life of the Series 2009 Bond and has been fully amortized as of December 31, 2019. The refunding resulted in an economic gain of \$110,214 and a cash flow savings of \$3,609 due to the average interest rate of the Series 2007 Loan being lower than the Series 2009 Bond.

The occurrence of any one or more of the following events constitutes an Event of Default under the terms of the Series 2017 Loan: (a) failure to pay principal and interest when due; (b) failure to impose the Required Mill Levy or to apply the Pledged Revenues to the Series 2017 Loan; (c) a default in the performance or observance of any of the covenants, agreements, or conditions of the Series 2017 Loan, or (d) filing a petition under bankruptcy laws seeking to adjust the obligation under the Series 2017 Loan. No Events of Default have occurred since the issuance of the Series 2017 Loan.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM DEBT (CONTINUED)

The District's long-term debt will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 60,600	\$ 26,614	\$ 87,214
2022	62,500	24,748	87,248
2023	64,400	22,823	87,223
2024	66,400	20,839	87,239
2025	68,400	18,794	87,194
2026-2030	375,100	61,034	436,134
2031-2032	166,700	7,740	174,440
Total	<u>\$ 864,100</u>	<u>\$ 182,592</u>	<u>\$ 1,046,692</u>

Authorized Debt

As of December 31, 2020, the District had no remaining unissued voted general obligation debt authorization.

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 that will be owned by the District, 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, 2020, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,133,326
Less: Outstanding Loan Payable - Current Amount	(60,600)
Outstanding Loan Payable - Noncurrent Amount	(803,500)
Add: Unspent Loan Proceeds	101,879
Net Investment in Capital Assets	<u>\$ 371,105</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitution provisions or enabling legislation. The District had \$7,200 of funds restricted for TABOR emergency reserves.

The unrestricted component of net position is the net amount of the assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District had a deficit in unrestricted net position. The deficit is the result of the District's capital assets, which were funded with long-term debt, being depreciated over the useful lives of the assets.

**IDLEDALE WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, public officials' liability, 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 8 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.

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.

On November 7, 2017, the voters within the District authorized an increase in property taxes generated from an operations and maintenance mill levy of up to \$300,000 annually, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, Colorado Revised Statutes in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future.

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

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

SUPPLEMENTARY INFORMATION

**IDLEDALE WATER AND SANITATION DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
DEBT SERVICE			
REVENUES			
Property Taxes	\$ 88,627	\$ 88,353	\$ (274)
Investment Income	660	212	(448)
Other Income	2,000	-	(2,000)
Total Revenues	<u>91,287</u>	<u>88,565</u>	<u>(2,722)</u>
EXPENDITURES			
County Treasurer's Fees	1,329	1,327	2
Loan Interest	28,425	28,425	-
Loan Principal	58,800	58,800	-
Contingency	1,446	-	1,446
Total Expenditures	<u>90,000</u>	<u>88,552</u>	<u>1,448</u>
NET CHANGE IN FUND BALANCE	1,287	13	(1,274)
Funds Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,287</u>	<u>\$ 13</u>	<u>\$ (1,274)</u>

OTHER INFORMATION

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$1,037,000 General Obligation
Refunding and Improvement Loan
Series 2017
Dated December 21, 2017
Interest Rate of 3.08%
Payable June 1 and December 1
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 60,600	\$ 26,614	\$ 87,214
2022	62,500	24,748	87,248
2023	64,400	22,823	87,223
2024	66,400	20,839	87,239
2025	68,400	18,794	87,194
2026	70,500	16,688	87,188
2027	72,700	14,516	87,216
2028	75,000	12,277	87,277
2029	77,300	9,967	87,267
2030	79,600	7,586	87,186
2031	82,100	5,134	87,234
2032	84,600	2,606	87,206
Total	<u>\$ 864,100</u>	<u>\$ 182,592</u>	<u>\$ 1,046,692</u>

**IDLEDALE WATER AND SANITATION DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 2,387,433	9.344	\$ 22,308	\$ 21,968	98.48 %
2017	2,385,184	9.475	22,600	22,581	99.92
2018	2,859,999	74.963	214,394	214,942	100.26
2019	2,890,518	74.406	215,071	213,814	99.42
2020	3,853,348	75.000	289,001	288,107	99.69
Estimated for the Year Ending December 31, 2021	\$ 3,870,110	85.000	\$ 328,960		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.