



North Weld County Water District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2020 and 2019

North Weld County Water District

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Independent Auditor's Report

Board of Directors
North Weld County Water District
Lucerne, Colorado

Opinion

We have audited the financial statements of the North Weld County Water District (the 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the 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.

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 District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the 2020 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 2020 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 opinion. 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 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, 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 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 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.

Emphasis of Matter

As more fully described in Note 12 to the financial statements, the District may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Other Matters

Prior Year Financial Statements

The 2019 financial statements of the District were audited by ACM LLP (ACM), whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM's report dated September 8, 2020 expressed an unmodified opinion on those statements.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 30 to 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) 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 and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

August 2, 2021

North Weld County Water District Management's Discussion and Analysis

Management's discussion and analysis is designed to provide an analysis of the financial condition and operating results and to also inform the reader on financial issues and activities of the North Weld County Water District (the "District").

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 11).

2020 Highlights - Business-Type Activities

- On December 31, 2020, the District's net position was \$162,442,724 an increase of \$15,661,230 from the 2019 amount of \$146,781,494. On December 31, 2019, the District's net position was \$146,781,494 an increase of \$25,472,897 from the 2018 amount of \$121,308,597.
- Operating revenues for 2020 increased by \$2,016,226 from \$11,552,391 in 2019 to \$13,568,617. The 2019 operating revenues were \$828,778 higher than the 2018 operating revenues of 10,723,613.
- Total operating expenses in 2020 increased by \$2,310,400 from \$8,010,183 to \$10,320,583. The 2019 operating expenses were \$1,443,361 lower than the 2018 operating expenses of 9,453,544.
- Total capital assets in 2020 increased by \$29,470,584 from \$129,462,088 to \$158,932,672. In 2019, capital assets increased by \$14,314,617 from \$115,147,471 to \$129,462,088.
- Long term debt decreased by \$1,846,667 in 2020, from \$27,558,945 in 2019 to \$25,712,278. Long term debt increased by \$15,332,802 in 2019 from \$12,226,143 to \$27,558,945.

Using this Annual Report

The financial statements included in this annual report are those of a Quasi-municipal Corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statements of Net Position - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See pages 11-12).

Statements of Revenues, Expenses and Changes in Net Position - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 13).

Statements of Cash Flows - reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. (See pages 14-15).

**North Weld County Water District
Management's Discussion and Analysis**

The following tables summarize information from these statements.

Statements of Net Position

December 31,	2020	2019	2018
Current assets	\$21,886,048	\$26,212,227	\$17,560,072
Restricted assets	8,313,146	20,177,405	1,393,266
Capital assets, net	158,932,672	129,462,088	115,147,471
Other assets	233,473	256,768	20,934
Deferred outflows of resources	-	1,000	500
Total Assets and Deferred Outflows of Resources	\$189,365,339	\$176,109,488	\$134,122,243
Current liabilities	2,793,394	3,396,859	2,203,398
Non-current liabilities	24,129,221	25,931,135	10,610,248
Total Liabilities	\$26,922,615	\$29,327,994	\$12,813,646
Net position			
Net investment in capital assets	\$133,220,394	\$101,904,143	\$102,921,828
Restricted:			
Operations and maintenance reserves	8,313,146	20,177,405	1,393,266
Unrestricted	20,909,184	24,699,946	16,993,503
Total Net Position	\$162,442,724	\$146,781,494	\$121,308,597

Capital assets increased by \$29,470,584 during 2020, compared to an increase of \$14,314,617 in 2019 and 9,097,413 in 2018.

Review of Revenue

Years Ended December 31,	2020	2019	2018
Operating Revenue			
Water sales - treated	\$13,278,380	\$11,004,967	\$10,316,497
Construction water	290,237	547,424	407,116
Total operating revenue	\$13,568,617	\$11,552,391	\$10,723,613
Non-operating revenues			
Earnings on investments	143,264	523,814	152,552
Other non-operating income	123,113	107,843	58,624
Gain on disposal of capital assets	-	300,156	-
Total non-operating revenue	266,377	931,813	211,176
Total revenue	\$13,834,994	\$12,484,204	\$10,934,789

**North Weld County Water District
Management's Discussion and Analysis**

Water sales were \$13,278,380 of budgeted meter sales. Water sales from construction meters decreased from \$547,424 in 2019, to \$290,237 in 2020, a decrease of \$257,187. In 2019, water sales from construction meters increased \$140,308 to \$547,424 from \$407,116 in 2018.

Review of Expenses

<u>Years Ending December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Administrative	\$2,060,704	\$1,825,072	\$1,596,997
Distribution	6,586,864	4,579,501	6,290,270
Depreciation	<u>1,673,015</u>	<u>1,605,610</u>	<u>1,566,277</u>
Total operating expenses	\$10,320,583	\$8,010,183	\$9,453,544
Interest expense	<u>793,508</u>	<u>674,209</u>	<u>386,386</u>
Total expenses	<u>\$11,114,091</u>	<u>\$8,684,392</u>	<u>\$9,839,930</u>

Operating expenses were \$10,320,583 of the total expenditures as shown on the budgetary comparison schedule plus depreciation of \$1,673,015.

Capital Contributions

<u>Years Ending December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tap fees - customers	\$2,478,123	\$1,606,125	\$2,372,113
Meter set fees	172,000	309,900	267,000
Reimbursement for water rights	8,224,718	17,937,145	8,589,350
Distance fees	926,730	694,825	952,275
Reimbursement for line extension	1,138,756	1,125,090	864,229
Water storage	<u>-</u>	<u>-</u>	<u>140,000</u>
Net capital contributions	<u>\$12,940,327</u>	<u>\$21,673,085</u>	<u>\$13,184,967</u>

Contributed capital was \$12,940,327 of the total revenues as shown on the budgetary comparison schedule.

**North Weld County Water District
Management's Discussion and Analysis**

Capital Assets, Net of Depreciation

Years Ending December 31,	2020	2019	2018
Transmission and distribution system	\$77,820,765	\$71,951,498	\$69,995,731
Facilities	1,644,153	1,644,153	1,644,153
Vehicle and field equipment	2,134,534	2,045,242	2,029,136
Other	78,221	78,221	78,221
Total depreciable assets	81,677,673	75,719,114	73,747,241
Less: accumulated depreciation	(28,030,270)	(26,357,255)	(24,866,439)
Total depreciable assets, net	53,647,403	49,361,859	48,880,802
SCWTA Treatment Capacity	18,130,412	10,531,957	7,566,396
Land, easements, and water rights	87,092,881	68,720,254	58,567,034
Construction in progress	61,976	848,018	133,239
Total capital assets, net	\$158,932,672	\$129,462,088	\$115,147,471

Major capital asset additions in 2020 were:

Land, easements, and water rights	\$18,372,627
SCWTA Treatment Capacity	7,598,455
Construction in progress	61,974
Transmission and distribution system	5,869,267
Vehicles and field equipment	89,292
	<u>\$31,991,615</u>

Construction in Progress

The following projects will be ongoing in 2021:

- Line 1 Project
- Treatment Capacity

Debt Administration

On December 31, 2020, the District had \$25,712,278 in outstanding debt obligations, a decrease of \$1,846,667 from 2019. In 2019, the District's outstanding debt increased by \$15,332,802, from \$12,226,143 in 2018 to \$27,558,945 in 2019. The increase was due to the issuance of the 2020 series revenue bonds. See Notes 5 and 6 for more detailed information about the District's long-term debt.

	Beginning Balance	Additions	Retirements	Ending Balance
CWRPDA	\$ 4,105,000	\$ -	\$ 4,105,000	\$ -
Refunding revenue bonds	5,985,000	3,850,000	1,425,000	8,410,000
Revenue bonds	16,160,000	-	-	16,160,000
Total	26,250,000	\$ 3,850,000	\$ 5,530,000	24,570,000
Net bond premiums	1,308,945			1,142,278
Total long-term debt	\$ 27,558,945			\$ 25,712,278

**North Weld County Water District
Management's Discussion and Analysis**

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 5,720 taps, 89%, of which, are standard. All water service is metered and read electronically. The following table is a breakdown of water consumption and revenue billed by customer class in 2020.

<u>Classification</u>	<u>2020 Water Consumption (Per 1000 Gal.)</u>	<u>Percent of Total</u>	<u>Total Billed in 2020</u>	<u>Percent of Total</u>
Residence Only	13,737	0.4%	63,790	0.4%
Standard	607,763	17.5%	2,478,248	15.4%
Standard ½	22,810	0.7%	122,187	0.8%
Standard ¾	3,370	0.1%	14,678	0.1%
Flow Control	137,556	4.0%	385,341	2.4%
Commercial	1,145,080	33.0%	4,277,627	26.7%
Municipal	1,326,550	38.2%	3,714,792	23.2%
Conservation Blue	127,423	3.7%	575,035	3.6%
Fire Meters	488	0.0%	5,215	0.0%
Non-Potable Meters	74,643	2.0%	104,500	0.7%
Billable Usage	1,089	0.0%	4,062	0.0%
Landscape Meters	12,688	0.4%	21,025	0.1%
Unset Meters	-	0.0%	2,305	0.0%
Adjustments	-	0.0%	-7,611	0.0%
Surcharges (PI)	-	0.0%	2,257,645	14.0%
Surcharges (W)	-	0.0%	2,022,042	12.6%
Total	3,473,197	100.0%	16,040,881	100.0%

Basic Service Fees, Rates and Changes

The District has established a schedule of rates, fees and charges for the connection to and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed according to customer classification and usage. Each customer is subject to a minimum monthly charge, which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a monthly charge is assessed.

In establishing the current rate schedule, it was determined that the rate must both pay for increasing operating costs, including debt service, and allow for some system deferred maintenance funds while not overburdening District customers on the lower end of the usage scale with excessive rates. The following table is a comparison of basic service fees for a Standard Tap (Class 1). Monthly minimum for usage between 0-6 (Kgals) was \$18.30. For 2017, the rates increased from \$3.05 to \$3.20. Monthly minimum for usage between 0-6 (Kgals) was \$19.20. The 2018 rates increased from \$3.20 to \$3.29. Monthly minimum for usage between 0-6 (Kgals) was \$19.74. The 2019 rates increased from \$3.29 to \$3.39. Monthly minimum for usage between 0-6 (Kgals) was \$20.34. The 2020 rates increased from \$3.39 to \$3.73. Monthly minimum for usage between 0-6 (Kgals) is \$22.38. The 2021 rates increased from \$3.73 to \$3.88. Monthly minimum for usage between 0-6 (Kgals) is \$23.28.

**North Weld County Water District
Management's Discussion and Analysis**

Comparative Residential System User Charges 2017 - 2021

	January 2017	January 2018	January 2019	January 2020	January 2021
Monthly Minimum Usage (Kgals) 0-6	\$19.20	\$19.74	\$20.34	\$22.38	\$23.28
6 and greater	\$3.20	\$3.29	\$3.39	\$3.73	\$3.88

Comparative Town's User Charges 2017-2021

75% Residential Rate	\$2.40	\$2.47	\$2.54	\$2.80	\$2.91
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Tap Fees

The District charges tap fees to recover costs of system acquisition, construction and expansion. A tap fee is a one-time charge that must be paid in full before the meter will be installed and the account is considered active. The District's tap fee is calculated based upon plant investment fee, distance fee, raw water fee and storage fee. Effective July 1, 2018 the storage fee is no longer a requirement.

The total tap fee for a Water Class 1 and Plant Investment Class 1 is; cash in lieu - raw water for 2020 was \$58,000, the equivalent of 1 unit of CBT. The plant investment is \$9,500, a distance fee of \$300 per mile from our main tank site at Highway 14 and Highway 257 to the property following section lines with a minimum of 5 miles or \$1,500, and a meter pit installation which averages \$1,500.

In 2010, the District made Conservation Blue Taps available to customers purchasing a new tap. A Conservation Blue Tap allows the customer to purchase a tap and not pay the plant investment fee nor pay the distance fee. These taps are automatically in the plant investment surcharge as soon as usage occurs. With the purchase of Conservation Blue Taps, the number of plant investments will decrease while water class allocations will increase.

Per Resolution 20180813-02 - Elimination of Conservation Blue Taps. Effective August 13, 2018, Conservation Blue Taps are only available to certain pending subdivisions that have already received conditional or final approval from the District. Plat for such subdivisions shall be recorded on or before August 13, 2019 and the taps, including payment or transfer of water, as applicable, shall be purchased on or before August 13, 2023. With the Elimination of Conservation Blue Taps, the number of plant investments will increase, but at a slower rate than water class allocations through 2023 (approved subdivisions). After 2023, plant investments and water class allocations will level out.

Historical Plant Investment Collections

Year	Number of PIs	Tap Fee Revenue
2014	112.00	\$840,586
2015	136.77	\$1,025,775
2016	120.25	\$939,375
2017	250.25	\$1,876,875
2018	299.50	\$2,246,250
2019	188.75	\$1,606,125
2020	260.84	\$2,478,065

North Weld County Water District Management's Discussion and Analysis

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2021 thru 2025 is driven by the growth of the District and Northern Colorado. The CIP for this report is split into the following categories and amounts for each category:

Project	Proposed CIP					Total
	2021	2022	2023	2024	2025	
Filter Plant	\$ 1,851,984	\$ -	\$ -	\$ -	\$ -	\$ 1,851,984
Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations	6,875,298	6,235,804	3,046,520	5,057,450	6,668,599	27,883,671
Water Resources	12,210,000	5,610,000	6,310,000	6,360,000	5,260,000	35,750,000
Land /Easements	180,000	180,000	180,000	180,000	180,000	900,000
Total	\$21,117,282	\$12,025,804	\$ 9,536,520	\$11,597,450	\$12,108,599	\$66,385,655

Upcoming expenditures are to expand and improve the filter plant treatment capacity, piping network and storage capabilities of the District.

Contracts and Agreements

The District is a party to contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities.

Economic and Other Factors

In response to the COVID-19 pandemic, the Board authorized enrollment into the State CoWARN system which allows for labor, supplies and equipment to be shared between water and wastewater providers during an emergency situation such as the COVID-19 emergency. Additionally, the District identified and implemented business continuity measures aimed at critical operations, personnel, and equipment. The District has been meeting regularly with its partners to review and ensure continuity of operations from entities vital to the mission of providing a safe, potable water supply. Based on current information, the impact of the COVID-19 pandemic on the District is expected to be minimal.

Overall, the District has shown increases in water revenues and tap sales as a result of continued growth throughout the District, the Towns served by the District, and generally in Weld and Larimer counties. Operating expenses have increased due to construction and needed system improvements but will assure future water revenues and tap sales to be generated.

Land use, zoning and management procedures and policies as established by Weld and Larimer County will materially affect the extent of future growth and development within the District.

Financial Contact

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact Eric Reckentine, District Manager, North Weld County Water District, P.O. Box 56, Lucerne, CO 80646.

Basic Financial Statements

North Weld County Water District

Statements of Net Position

<i>December 31,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 19,682,160	\$ 24,627,975
Receivables	1,026,656	584,005
Inventories	1,097,941	1,000,247
Prepaid items	79,291	-
Total current assets	21,886,048	26,212,227
Non-current assets		
Restricted assets		
Cash and cash equivalents	8,313,146	20,177,405
Total restricted assets	8,313,146	20,177,405
Capital assets, net		
Transmission and distribution system	77,820,765	71,951,498
Facilities	1,644,153	1,644,153
Vehicles and field equipment	2,134,534	2,045,242
Other	78,221	78,221
Total depreciable assets	81,677,673	75,719,114
Less: accumulated depreciation	(28,030,270)	(26,357,255)
Total depreciable assets, net	53,647,403	49,361,859
SCWTA Treatment Capacity	18,130,412	10,531,957
Land, easements, and water rights	87,092,881	68,720,254
Construction in progress	61,976	848,018
Total capital assets, net	158,932,672	129,462,088
Other assets		
Debt insurance costs, net of \$76,705 and \$61,839 in accumulated amortization	233,473	256,768
Total other assets	233,473	256,768
Total non-current assets	167,479,291	149,896,261
Total assets	189,365,339	176,108,488
Deferred outflows of resources		
Unamortized deferred loss on refunding bonds	-	1,000
Total deferred outflows of resources	-	1,000

(Continued).

North Weld County Water District
Statements of Net Position
(Continued)

<i>December 31,</i>	2020	2019
Liabilities		
Current liabilities		
Current portion of long-term debt	1,870,000	1,765,000
Accounts payable	588,007	1,301,283
Accrued expenses	335,387	330,576
Total current liabilities	2,793,394	3,396,859
Non-current liabilities		
Accrued compensated absences	286,943	137,190
Long-term debt, net	23,842,278	25,793,945
Total non-current liabilities	24,129,221	25,931,135
Total liabilities	26,922,615	29,327,994
Net position		
Net investment in capital assets	133,220,394	101,904,143
Restricted:		
Operations and maintenance reserves	8,313,146	20,177,405
Unrestricted	20,909,184	24,699,946
Total net position	\$ 162,442,724	\$ 146,781,494

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

North Weld County Water District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the Years Ended December 31,</i>	2020	2019
Operating revenues		
Water sales - treated	\$ 13,278,380	\$ 11,004,967
Construction water	290,237	547,424
Total operating revenues	13,568,617	11,552,391
Operating expenses		
Administrative	2,060,704	1,825,072
Distribution	6,586,864	4,579,501
Depreciation	1,673,015	1,605,610
Total operating expenses	10,320,583	8,010,183
Operating income	3,248,034	3,542,208
Non-operating revenues (expenses)		
Earnings on investments	143,264	523,814
Other non-operating income	123,113	107,843
Gain on disposal of capital assets	-	300,156
Interest expense	(793,508)	(674,209)
Total non-operating revenues (expenses)	(527,131)	257,604
Net income before contributions	2,720,903	3,799,812
Capital contributions	12,940,327	21,673,085
Change in net position	15,661,230	25,472,897
Net position at beginning of year	146,781,494	121,308,597
Net position at end of year	\$ 162,442,724	\$ 146,781,494

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

North Weld County Water District

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2020	2019
Cash flows from operating activities		
Cash received from customers	\$ 13,125,966	\$ 12,307,087
Cash paid to suppliers and vendors	(7,133,018)	(4,185,813)
Cash paid to employees	(2,250,247)	(1,796,356)
Net cash flows from operating activities	3,742,701	6,324,918
Cash flows from non-capital financing activities		
Other non-operating revenues	123,113	107,843
Net cash flows from non-capital financing activities	123,113	107,843
Cash flows from capital and related financing activities		
Contributed capital	12,940,327	21,673,085
Principal paid on long-term debt	(5,530,000)	(1,720,000)
Interest paid	(935,880)	(1,053,547)
Proceeds from issuance of debt	3,850,000	17,195,806
Acquisition of land, easements and water rights	(18,372,627)	(10,310,110)
Acquisition and construction of capital assets	(12,770,972)	(5,196,275)
Proceeds from disposition of capital assets	-	457,046
Net change in restricted cash and cash equivalents restricted for bond reserves	11,864,259	(18,784,139)
Net cash flows used by (from) capital and related financing activities	(8,954,893)	2,261,866
Cash flows from investing activities		
Earnings on investments	143,264	523,814
Net cash flows from investing activities	143,264	523,814
Net change in cash and cash equivalents	(4,945,815)	9,218,441
Cash and cash equivalents at beginning of year	24,627,975	15,409,534
Cash and cash equivalents at end of year	\$ 19,682,160	\$ 24,627,975

(Continued)

North Weld County Water District
Statements of Cash Flows
(Continued)

<i>For the Years Ended December 31,</i>	2020	2019
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 3,248,034	\$ 3,542,208
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,673,015	1,605,610
Changes in assets and liabilities:		
Receivables	(442,651)	754,696
Inventories	(97,694)	(266,304)
Prepaid items	(79,291)	77,894
Accounts payable, accrued expenses, and accrued compensated absences	(558,712)	610,814
Net cash flows from operating activities	\$ 3,742,701	\$ 6,324,918
Noncash investing, capital and financing activities:		
Amortization of bond premium	\$ 143,004	\$ 126,337
Amortization of bond loss	\$ -	\$ 10,285
Amortization of bond insurance	\$ 14,866	\$ 7,505

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

North Weld County Water District

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Form of Organization

The North Weld County Water District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). The District was organized on November 28, 1962, as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to the provisions of the Colorado Special District Act.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District’s significant accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based on the above criteria, there are no other organizations that would be considered component units of the District.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for operations and maintenance reserves and bond proceeds, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

North Weld County Water District

Notes to Financial Statements

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

The budget process timeline is as follows:

1. On or about October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.

The following is a summary if the original budget, total revisions, and revised budget for fiscal year 2020:

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	\$ 30,787,956	\$ 9,291,800	\$ 40,079,756

Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value.

Receivables and Allowance for Doubtful Accounts

The District’s receivables are due from commercial and residential customers within the District’s service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. In 2020, the District adopted a policy allowing for the certification of delinquent accounts to the County Treasurer for collection - Resolution 20201214-07: Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. The District had no allowance for doubtful accounts at December 31, 2020 and 2019.

Inventories

Inventories, consisting primarily of operating supplies for water meter repair and installation, have been valued at cost, using the first-in first-out method of accounting.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

North Weld County Water District

Notes to Financial Statements

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Estimated Lives
Facilities	40 years
Transmission and distribution system	10-100 years
Vehicles and field equipment	5-10 years
Other	5-20 years

Joint Venture

Prior to February 1, 2017, the District was a participant with East Larimer County Water District ("ELCO") and Ft. Collins/Loveland Water District ("FLWD") in a joint venture to operate Soldier Canyon Filter Plant (the "Plant"), the filter plant from which the District, ELCO and FLWD purchase 100% of their water. Each district was charged for their respective share of the water purchased from the Plant, and for capital improvements made at the Plant on a periodic basis. Major capital improvements to the Plant were funded by the individual districts independently and included in each of the district's capital assets. As such, the depreciation expense for these assets was also reflected in the financial statements of the District, ELCO and FLWD. The District's net investment and its share of the operating results of the Plant were reported in the accompanying Statements of Net Position, and Statements of Revenues, Expenses and Changes in Net Position.

On February 1, 2017, the District transferred all of the Filter Plant assets to a new entity, Solider Canyon Water Treatment Authority (the "Authority"). In exchange for the District's share of the Plant assets, the District received treatment capacity share of 16.238 MGD or 36.084%. The treatment capacity is considered an intangible asset with an indefinite life and is included in capital assets. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 4424 LaPorte Avenue, Ft. Collins, Colorado 80521.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance costs, are recognized as an expense during the period of issuance. Prepaid insurance costs paid as part of debt issuance costs are reported as an asset and are amortized to interest expense over the life of the debt using the effective interest method.

Debt Related Deferrals

Premiums and discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt. Deferred losses on refunding are reflected as a deferred outflow of resources in the accompanying Statements of Net Position.

North Weld County Water District

Notes to Financial Statements

Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability.

The District has recorded a liability of \$286,943 and \$137,190 at December 31, 2020 and 2019, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred outflow of resources relating to the unamortized deferred loss on refunding bonds.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District does not report any deferred inflows of resources.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District which is not restricted for any project or other purpose. A deficit will require future funding.

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

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed monthly on 30 day cycles. There was no significant unbilled revenue at December 31, 2020 and 2019.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes 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 services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

North Weld County Water District

Notes to Financial Statements

Capital Contributions

Contributions of cash, transmission lines and water rights to the District by developers, customers or by agreements with others are treated as capital contributions on the District's Statements of Revenues, Expenses and Changes in Net Position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

2. Cash and Cash Equivalents

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2020 and 2019, the District had deposits with a financial institution with a carrying amount of \$1,831,595 and \$13,985,289, respectively. The bank balances with the financial institution were \$2,000,330 and \$14,086,820, respectively, which of this amount \$250,000 was covered by federal depository insurance. The remaining balances of \$1,750,330 and \$13,836,820, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name ("PDPA").

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

North Weld County Water District

Notes to Financial Statements

Interest Rate Risk

The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase.

Local Government Investment Pools

At December 31, 2020 and 2019, the District had invested \$26,163,155 and \$30,819,891, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission 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. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

The District had cash and cash equivalents balances, including restricted cash and cash equivalents as follows:

<i>December 31,</i>	2020	2019
Cash on hand	\$ 200	\$ 200
Cash on deposit with financial institution	1,831,951	13,985,289
Local government investment pool	26,163,155	30,819,891
Total cash and cash equivalents	\$ 27,995,306	\$ 44,805,380

Cash and cash equivalents balances are reflected on the Statements of Net Position as follows:

<i>December 31,</i>	2020	2019
Cash and cash equivalents	\$ 19,682,160	\$ 24,627,975
Restricted cash and cash equivalents	8,313,146	20,177,405
Total cash and cash equivalents	\$ 27,995,306	\$ 44,805,380

3. Restricted Assets

Amounts shown as restricted assets have been restricted by bond indentures to be used for specified purposes. As of December 31, 2020 and 2019, the District had cash of \$8,313,146 and \$20,177,405 restricted for operations and maintenance and unspent bond proceeds.

North Weld County Water District

Notes to Financial Statements

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land, easements, and water rights	\$ 68,720,254	\$ 18,372,627	\$ -	\$ 87,092,881
SCWTA Treatment Capacity	10,531,957	7,598,455	-	18,130,412
Construction in progress	848,018	61,974	(848,016)	61,976
Total capital assets, not being depreciated	80,100,229	26,033,056	(848,016)	105,285,269
Capital assets, being depreciated:				
Transmission and distribution system	71,951,498	5,869,267	-	77,820,765
Facilities	1,644,153	-	-	1,644,153
Vehicles and field equipment	2,045,242	89,292	-	2,134,534
Other	78,221	-	-	78,221
Total capital assets, being depreciated	75,719,114	5,958,559	-	81,677,673
Less accumulated depreciation for:				
Transmission and distribution system	(24,576,216)	(1,454,416)	-	(26,030,632)
Facilities	(403,126)	(41,104)	-	(444,230)
Vehicles and field equipment	(1,302,010)	(174,199)	-	(1,476,209)
Other	(75,903)	(3,296)	-	(79,199)
Total accumulated depreciation	(26,357,255)	(1,673,015)	-	(28,030,270)
Total capital assets, being depreciated, net	49,361,859	4,285,544	-	53,647,403
Capital assets, net	\$ 129,462,088	\$ 30,318,600	\$ (848,016)	\$ 158,932,672

North Weld County Water District

Notes to Financial Statements

The following is a summary of capital asset activity for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land, easements, and water rights	\$ 58,567,034	\$ 10,310,110	\$ (156,890)	\$ 68,720,254
SCWTA Treatment Capacity	7,566,396	2,965,561	-	10,531,957
Construction in progress	133,239	848,018	(133,239)	848,018
Total capital assets, not being depreciated	66,266,669	14,123,689	(290,129)	80,100,229
Capital assets, being depreciated:				
Transmission and distribution system	69,995,731	1,955,767	-	71,951,498
Facilities	1,644,153	-	-	1,644,153
Vehicles and field equipment	2,029,136	130,900	(114,794)	2,045,242
Other	78,221	-	-	78,221
Total capital assets, being depreciated	73,747,241	2,086,667	(114,794)	75,719,114
Less accumulated depreciation for:				
Transmission and distribution system	(23,176,688)	(1,399,528)	-	(24,576,216)
Facilities	(362,023)	(41,103)	-	(403,126)
Vehicles and field equipment	(1,256,026)	(160,778)	114,794	(1,302,010)
Other	(71,702)	(4,201)	-	(75,903)
Total accumulated depreciation	(24,866,439)	(1,605,610)	114,794	(26,357,255)
Total capital assets, being depreciated, net	48,880,802	481,057	-	49,361,859
Capital assets, net	\$ 115,147,471	\$ 14,604,746	\$ (290,129)	\$ 129,462,088

North Weld County Water District

Notes to Financial Statements

5. Long-Term Debt

A summary of the District's long-term debt as of December 31, 2020 and 2019, follows:

Source	2020	2019
2009 CWRPDA Loan		
<p>\$6,940,000 September 10, 2009, Colorado Water Resource and Power Development Agency ("CWRPDA") loan due in yearly installments of \$285,000 through 2015 with additional increases up until the date of maturity of August 1, 2029; interest at 2.50% to 4.55%. The loan was a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. The loan was paid in full using proceeds from the 2020 Water Enterprise Revenue Refunding loan. No deferred gain or loss was recorded as the amount was determined by management to be immaterial. Accrued interest at December 31, 2019 was \$74,720.</p>	\$ -	\$ 4,105,000
2012 Revenue Refunding Bonds		
<p>\$13,440,000 Refunding Revenue Bonds, Series 2012 due in yearly installments of \$1,230,000 through 2015 with additional increases up until the date of maturity of November 1, 2023; interest at 2.0% to 5.0%. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$26,600 and \$34,912 at December 31, 2020 and 2019, respectively.</p>	4,560,000	5,985,000
2019 Revenue Bonds		
<p>\$16,160,000 Water Enterprise Revenue Bonds, Series 2019 due in principal installments of \$460,000 in 2024 with additional increases up until the date of maturity in 2036; interest at 3.0% to 5.0%. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$80,800 at December 31, 2020 and 2019.</p>	16,160,000	16,160,000

North Weld County Water District

Notes to Financial Statements

2020 Refunding Revenue Bonds

\$3,850,000 Water Enterprise Revenue Refunding Loan, Series 2020 due in principal installments of \$400,000 in 2021 with additional increases up until the date of maturity in 2029; interest at 2.25%. The bonds were issued to refund the 2009 CWRPDA loan. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$5,053 at December 31, 2020.

	3,850,000	-
Totals	\$ 24,570,000	\$ 26,250,000

The annual requirements to amortize all debt outstanding as of December 31, 2020, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2021	\$ 1,870,000	\$ 819,291	\$ 2,689,291
2022	1,915,000	775,575	2,690,575
2023	1,985,000	705,975	2,690,975
2024	875,000	618,000	1,493,000
2025	905,000	585,663	1,490,663
2026-2030	5,095,000	2,410,875	7,505,875
2031-2035	6,225,000	1,438,450	7,663,450
2036-2040	5,700,000	433,950	6,133,950
Totals	\$ 24,570,000	\$ 7,787,779	\$ 32,357,779

A summary of changes in debt for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2009 CWRPDA	\$ 4,105,000	\$ -	\$ 4,105,000	\$ -	\$ -
2012 refunding revenue bonds	5,985,000	-	1,425,000	4,560,000	1,470,000
2019 revenue bonds	16,160,000	-	-	16,160,000	-
2020 refunding revenue bonds	-	3,850,000	-	3,850,000	400,000
Compensated absences	137,190	239,738	89,985	286,943	-
Total	26,387,190	\$ 4,089,738	\$ 5,619,985	24,856,943	\$ 1,870,000
Current portion of long-term debt	(1,765,000)			(1,870,000)	
Net bond premiums	1,308,945			1,142,278	
Noncurrent portion of long-term debt	\$ 25,931,135			\$ 24,129,221	

North Weld County Water District

Notes to Financial Statements

A summary of changes in debt for the year ended December 31, 2019 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2009 CWRPDA	\$ 4,435,000	\$ -	\$ 330,000	\$ 4,105,000	\$ 340,000
2012 refunding revenue bonds	7,375,000	-	1,390,000	5,985,000	1,425,000
2019 revenue bonds	-	16,160,000	-	16,160,000	-
Compensated absences	104,105	103,207	70,122	137,190	-
Total	11,914,105	\$ 16,263,207	\$ 1,790,122	26,387,190	\$ 1,765,000
Current portion of long-term debt	(1,720,000)			(1,765,000)	
Net bond premiums	416,143			1,308,945	
Noncurrent portion of long-term debt	\$ 10,610,248			\$ 25,931,135	

6. Rate Maintenance

The District's loan agreement with the CWRPDA requires the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 100% of the debt service on all indebtedness or 110% of such debt service if connection fees are included as a source of repayment.

As shown below, the District is in compliance with this requirement of the CWRPDA loan agreement for the year ended December 31, 2020:

Operating revenues	\$ 13,568,617
System connections fees (limited to 15% of revenue)	2,035,293
Total revenues as defined in loan agreement	15,603,910
Operation and maintenance expense (excluding depreciation expense)	(8,647,568)
Net revenue as defined in loan resolution	\$ 6,956,342
2020 principal due	\$ 1,425,000
2020 interest due	941,880
Subtotal	2,366,880
	x 110%
Required revenue as defined in loan resolution	\$ 2,603,568

The District's 2019 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on all indebtedness.

North Weld County Water District

Notes to Financial Statements

As shown below, the District is in compliance with this requirement of the 2019 Water Enterprise Revenue Bonds for the year ended December 31, 2020:

Operating revenues	\$	13,568,617
Operation and maintenance expense (excluding depreciation expense)		(8,647,568)
Net revenue as defined in loan resolution	\$	4,921,049
<hr/>		
2020 principal due	\$	1,425,000
2020 interest due		941,880
Subtotal		2,366,880
		x 110%
Required revenue as defined in loan resolution	\$	2,603,568

7. Reconciliation of Budget Based Accounting to GAAP Financial Statements

The District prepares its annual budget on a non-GAAP basis of accounting. Below is the reconciliation from the budget basis of accounting to GAAP basis:

<i>For the years ended December 31,</i>	2020	2019
Excess of non-GAAP revenues over expenditures (budgetary basis)	\$ (15,489,354)	\$ 26,027,772
Adjustments required to reconcile:		
Non-GAAP revenues/expenditures:		
Bond principal	5,530,000	1,720,000
Debt proceeds	(3,850,000)	(17,195,806)
Capital asset acquisition	31,143,599	16,226,385
Net gain on disposed capital assets	-	300,156
GAAP revenue/expense - adjustments:		
Depreciation expense	(1,673,015)	(1,605,610)
Change in net position GAAP basis	\$ 15,661,230	\$ 25,472,897

8. Risk Management

The District is a member of the Colorado Special District Property and Liability Pool (“CSDPLP”). The District has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays annual contributions for its property and casualty insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members’ claims in excess of specified self-insurance retention.

At December 31, 2019 (the most current audited financial statements) CSDPLP has total admitted assets of \$55,602,023, liabilities of \$33,163,342, and unassigned surplus of \$22,438,681. The liability amount includes no long-term debt. Total revenue for 2019 amounted to \$22,436,944, investment income of \$1,173,628 and total expenses were \$25,355,739 resulting in a net loss of \$1,745,167. The amount of the District’s share of these amounts is less than 1%.

North Weld County Water District

Notes to Financial Statements

9. Contingencies

The District is self-insured for property and liability insurance. As discussed in Note 8, the District is a member of the CSDPLP. CSDPLP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CSDPLP has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs.

The ultimate liability to the District resulting from claims not covered by CSDPLP is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the District.

10. Deferred Compensation Pension Plan

During 1993 the District established an Internal Revenue Code Section 457 deferred compensation plan which also provides for contributions from the employee and the employer. The District makes matching contributions of up to 3.0% of an employee's eligible salary. During 2020 and 2019, the District's contributions to this plan totaled \$64,698 and \$39,230, respectively.

11. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

12. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

North Weld County Water District

Notes to Financial Statements

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act” was Signed into law. The Cares Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The District continues to examine the impact that the CARES Act may have on the business. The CARES Act had minimal impact on the District for the Year ended December 31, 2020.

13. Colorado Local Budget Laws

Colorado local government budget laws state that a government may not expend any moneys in excess of the amount appropriated by resolution. Expenditures exceeded their appropriations by \$6,034,919, which may be a violation of Colorado local government budget laws.

14. Subsequent Events

The District evaluated subsequent events through August 2, 2021, the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure.

Supplementary Information

North Weld County Water District

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

For the Years Ended December 31,

2020

2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	Actual Amounts Budget Basis
	Original	Final			
Revenues					
Operating revenues:					
Metered sales	\$10,015,678	\$10,015,678	\$ 11,765,655	\$ 1,749,977	\$ 9,535,525
Surcharges	2,320,572	2,320,572	574,180	(1,746,392)	658,352
PI surcharge	2,016,256	2,016,256	965,510	(1,050,746)	827,597
Adjustments	(18,727)	(18,727)	(26,965)	(8,238)	(16,507)
Construction water	203,398	203,398	290,237	86,839	547,424
Total operating revenues	14,537,177	14,537,177	13,568,617	(968,560)	11,552,391
Non-operating revenue:					
Earnings on investments	131,164		143,264	143,264	523,814
Water lease and rental	36,934		72,092	72,092	21,567
Miscellaneous	104,169		51,021	51,021	86,276
Total non-operating revenues	272,267	-	266,377	266,377	631,657
Proceeds from issuance of debt	-	-	3,850,000	3,850,000	17,195,806
Contributions:					
Tap fees	468,180	468,180	2,478,123	2,009,943	1,606,125
Meter set fees	312,120	312,120	172,000	(140,120)	309,900
Water rights	3,200,000	3,200,000	8,224,718	5,024,718	17,937,145
Distance fees	166,464	166,464	926,730	760,266	694,825
Line extension reimbursement	520,200	520,200	1,138,756	618,556	1,125,090
Water storage	208,080	208,080	-	(208,080)	-
Miscellaneous	201,739	201,739	-	(201,739)	-
Total contributions	5,076,783	5,076,783	12,940,327	8,065,283	21,673,085
Total revenues	19,886,227	19,613,960	30,625,321	11,213,100	51,052,939
Expenditures					
Administrative:					
Personnel - Administrative	779,054	779,054	869,248	(90,194)	760,309
Payroll Taxes	103,520	103,520	134,522	(31,002)	118,243
Health Insurance	47,442	47,442	62,798	(15,356)	72,776
Office Utilities	350,615	350,615	191,466	159,149	187,502
Office Expense	191,017	191,017	240,736	(49,719)	220,989
Professional Fees	200,783	300,783	561,934	(261,151)	463,568
Miscellaneous	7,283	7,283	-	7,283	1,685
Total administrative	1,679,714	1,779,714	2,060,704	(280,990)	1,825,072

(Continued)

North Weld County Water District

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

For the Years Ended December 31,	2020		2019		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Distribution					
Water	2,481,305	2,481,305	2,486,270	(4,965)	1,632,002
Personnel operations	1,171,686	1,171,686	1,345,518	(173,832)	1,023,557
Operation and maintenance	619,920	619,920	1,309,889	(689,969)	1,131,765
Engineering	57,222	57,222	-	57,222	-
Electricity	172,186	172,186	185,597	(13,411)	147,779
Communications	2,081	2,081	20,814	(18,733)	1,501
Insurance	79,259	79,259	78,822	437	72,787
Miscellaneous	3,570	3,570	1,159,954	(1,156,384)	570,110
Total distribution	4,587,229	4,587,229	6,586,864	(1,999,635)	4,579,501
Debt service					
Interest expense	-	-	793,508	(793,508)	674,209
Principal paid	2,568,565	2,568,565	5,530,000	(2,961,435)	1,720,000
Total debt service	2,568,565	2,568,565	6,323,508	(3,754,943)	2,394,209
Capital improvements					
Soldier Canyon Filter Plant	6,739,750	6,739,750	7,598,455	(858,705)	2,965,561
Storage tanks	520,000	520,000	-	520,000	-
Pump stations	500,000	500,000	-	500,000	-
Equipment	25,700	25,700	89,292	(63,592)	130,900
System	7,246,998	7,246,998	5,021,251	2,225,747	1,955,767
Water rights, storage, infrastructure	6,740,000	15,931,800	18,272,316	(2,340,516)	10,209,799
Land and easements	180,000	180,000	100,311	79,689	100,311
Construction in progress	-	-	61,974	(61,974)	864,047
Total capital improvements	21,952,448	31,144,248	31,143,599	649	16,226,385
Total budgeted expenditures	30,787,956	40,079,756	46,114,675	(6,034,919)	25,025,167
Excess (deficiency) of budgeted revenues over budgeted expenditures					
	\$ (10,901,729)	\$ (20,465,796)	\$ (15,489,354)	\$ 5,178,181	\$ 26,027,772

See accompanying Independent Auditor's Report.