



North Weld County Water District

Financial Statements and Supplementary
Information
For the Years Ended December 31, 2019 and 2018



North Weld County Water District

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Independent Auditor's Report

Board of Directors
North Weld County Water District
Lucerne, Colorado

We have audited the accompanying financial statements of the North Weld County Water District (the "District") as of and for the years ended December 31, 2019 and 2018, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Weld County Water District as of December 31, 2019 and 2018, and changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

The COVID-19 outbreak in 2020, see Note 12, has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 29 to 30 is presented for purposes of additional analysis and is 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.

ACM LLP
Greeley, Colorado
September 8, 2020

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 10).

2019 Highlights – Business-Type Activities

- 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 2019 increased by \$828,778 from \$10,723,613 in 2018 to \$11,552,391.
- Total operating expenses in 2019 decreased by \$1,443,361 from \$9,453,544 in 2018 to \$8,010,183.
- Total capital assets in 2019 increased by \$14,314,617 from \$115,147,471 in 2018 to \$129,462,088.
- Long term debt increased by \$15,332,802 in 2019, from \$12,226,143 in 2018 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 10-11).

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 12).

Statements of Cash Flows – reports the District's cash flows from operating activities, investing capital and non-capital activities. (See pages 13-14).

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

The following tables summarize information from these statements.

Statements of Net Position

December 31,	2019	2018	2017
Current assets	\$26,212,227	\$17,560,072	\$15,619,294
Restricted assets	20,177,405	1,393,266	1,481,109
Capital assets	129,462,088	115,147,471	106,050,058
Other assets	256,768	20,934	28,439
Deferred outflows of resources	<u>1,000</u>	<u>500</u>	<u>10,785</u>
Total Assets and Deferred Outflows of Resources	<u>\$176,109,488</u>	<u>\$134,122,243</u>	<u>\$123,189,685</u>
Current liabilities	3,396,859	2,203,398	3,562,328
Non-current liabilities	<u>25,931,135</u>	<u>10,610,248</u>	<u>12,598,586</u>
Total Liabilities	<u>\$29,327,994</u>	<u>\$12,813,646</u>	<u>\$16,160,914</u>
Net position			
Net investment in capital assets	\$101,904,143	\$102,921,828	\$92,063,363
Restricted:			
Loan reserves	19,881,536	1,393,266	1,481,109
Unrestricted	<u>24,995,815</u>	<u>16,993,503</u>	<u>13,484,299</u>
Total Net Position	<u>\$146,781,494</u>	<u>\$121,308,597</u>	<u>\$107,028,771</u>

Capital assets increased by \$25,472,897 during 2019.

Review of Revenue

Years Ended December 31,	2019	2018	2017
Operating Revenue			
Water – treated	\$11,004,967	\$10,316,497	\$9,050,744
Other income	<u>547,424</u>	<u>407,116</u>	<u>320,049</u>
Total operating revenue	\$11,552,391	\$10,723,613	\$9,370,793
Non-operating revenues			
Earnings on investments	523,814	152,552	85,803
Other non-operating income	107,843	58,624	520,816
Gain (loss) on disposal of capital assets	<u>300,156</u>	<u>-</u>	<u>(6,965)</u>
Total non-operating revenue	<u>931,813</u>	<u>211,176</u>	<u>599,654</u>
Total revenue	<u><u>\$12,484,204</u></u>	<u><u>\$10,934,789</u></u>	<u><u>\$9,970,447</u></u>

Water sales were \$11,004,967 of budgeted meter sales. Water sales from construction meters increased from \$407,116 in 2018, to \$547,424 an increase of \$140,308.

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

<u>Years Ending December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Administrative	\$1,825,072	\$1,596,997	\$1,710,107
Distribution	4,579,501	6,290,270	6,292,109
Depreciation	<u>1,605,610</u>	<u>1,566,277</u>	<u>1,512,521</u>
Total operating expenses	\$8,010,183	\$9,453,544	\$9,514,737
Interest expense	<u>674,209</u>	<u>386,386</u>	<u>437,801</u>
Total expenses	<u><u>\$8,684,392</u></u>	<u><u>\$9,839,930</u></u>	<u><u>\$9,952,538</u></u>

Operating expenses were \$6,404,573 of the total expenditures as shown on the budgetary comparison schedule plus depreciation of \$1,605,610.

Capital Contribution

<u>Years Ending December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contributed capital			
Tap fees – customers	\$1,606,125	\$2,372,113	\$2,044,625
Meter set fees	309,900	267,000	816,837
Reimbursement for water rights	17,937,145	8,589,350	6,989,500
Distance fees	694,825	952,275	951,975
Reimbursement for line extension	1,125,090	864,229	78,300
Water storage	<u>-</u>	<u>140,000</u>	<u>433,250</u>
Net capital contributions	<u><u>\$21,673,085</u></u>	<u><u>\$13,184,967</u></u>	<u><u>\$11,314,487</u></u>

Contributed capital was \$21,673,085 of the total revenues as shown on the budgetary comparison schedule.

Capital Assets, Net of Depreciation

<u>Years Ending December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land, easement, and water rights	\$68,720,254	\$58,567,034	\$49,992,847
Construction in progress	848,018	133,239	2,474,574
Transmission and distribution system	71,951,498	69,995,731	65,666,484
Facilities	1,644,153	1,644,153	1,642,915
Vehicle and field equipment	2,045,242	2,029,136	1,960,420
Other	<u>78,221</u>	<u>78,221</u>	<u>-</u>
Total	<u><u>\$145,287,386</u></u>	<u><u>\$132,447,514</u></u>	<u><u>\$121,737,240</u></u>

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

Major capital asset additions in 2019 were:

Water Rights	\$14,569,460
Gravel Pits – Storage	183,024
Easements	209,202
New Construction	1,129,604
Meter Sets	631,993
Treatment Capacity	2,965,561
Vehicle – Equipment	130,900
	\$19,819,744

Construction in Progress

The following projects will be ongoing in 2020:

- 24-Inch Replacement Project along Highway 14
- Eaton Pipeline Project along Weld CR 72
- 4-Inch Line Extension along Weld CR 27
- Non-Potable Waterline Extension along Weld CR 78
- Pump Station 4 and 6 Improvement Project
- Treatment Capacity

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 5,215 taps, 90%, 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 2019.

<u>Classification</u>	2019 Water Consumption (Per 1000 Gal.)	Percent of Total	Total Billed in 2019	Percent of Total
Residence Only	13,268	.43249	\$57,453.72	.43045
Standard	553,437	18.04002	2,072,331.72	15.52611
Standard ½	15,961	.52027	84,080.97	.62994
Standard ¾	2,423	.07898	9,698.79	.07266
Flow Control	131,821	4.29688	334,982.98	2.50972
Commercial	1,075,922	35.07111	3,653,926.34	27.37556
Municipal	1,115,834	36.37209	2,834,447.20	21.23595
Conservation Blue	88,113	2.87216	378,595.98	2.83648
Fire Meters	7,602	.24780	28,265.77	.21177
Non-Potable Meters	54,754	1.78478	71,180.20	.53329
Billable Usage	-	-	-	-
Landscape Meters	8,695	.28343	14,448.45	.10825
Unset Meters	-	-	2,562.84	.01920
Adjustments	-	-	-4,943.11	-.03703
Surcharges (PI)	-	-	1,941,305.40	14.54444
Surcharges (W)	-	-	1,869,064.00	14.00321
Total	3,067,830	100%	13,347,401.25	100%

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

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). There was no rate increase for 2016 with the rates remaining at \$3.05. 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.

Comparative Residential System User Charges 2016 - 2020

	January 2016	January 2017	January 2018	January 2019	January 2020
Monthly Minimum Usage (Kgals) 0-6	\$18.30	\$19.20	\$19.74	\$20.34	\$22.38
6 and greater	\$3.05	\$3.20	\$3.29	\$3.39	\$3.73

Comparative Town's User Charges 2016-2020

75% Residential Rate	\$2.29	\$2.40	\$2.47	\$2.54	\$2.80
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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 2019 was \$47,500, the equivalent of 1 unit of CBT. The plant investment is \$8,500, 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.

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

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 Pls	Tap Fee Revenue
2013	155.00	\$1,162,500
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

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2020 thru 2024 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:

Proposed CIP						
Project	2020	2021	2022	2023	2024	Total
Filter Plant	\$6,739,750	\$1,851,984	\$0	\$0	\$0	\$8,591,734
Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations	7,246,998	6,325,298	4,835,804	6,546,520	9,657,450	34,612,070
Water Resources	6,740,000	6,360,000	6,810,000	6,810,000	6,460,000	33,180,000
Land /Easements	180,000	180,000	180,000	180,000	180,000	\$900,000
Total	\$20,906,748	\$14,717,282	\$11,825,804	\$13,536,520	\$16,297,450	\$77,283,804

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

North Weld County Water District Management's Discussion and Analysis

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

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>	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 24,627,975	\$ 15,409,534
Receivables	584,005	1,338,701
Inventories	1,000,247	733,943
Prepaid items	-	77,894
Total current assets	26,212,227	17,560,072
Non-current assets		
Restricted assets		
Cash and cash equivalents	20,177,405	1,393,266
Total restricted assets	20,177,405	1,393,266
Capital assets, net		
Transmission and distribution system	71,951,498	69,995,731
Facilities	1,644,153	1,644,153
Vehicles and field equipment	2,045,242	2,029,136
Other	78,221	78,221
Total depreciable assets	75,719,114	73,747,241
Less: accumulated depreciation	(26,357,255)	(24,866,439)
Total depreciable assets, net	49,361,859	48,880,802
SCWTA Treatment Capacity	10,531,957	7,566,396
Land, easements, and water rights	68,720,254	58,567,034
Construction in progress	848,018	133,239
Total capital assets, net	129,462,088	115,147,471
Other assets		
Debt insurance costs, net of \$76,705 and \$61,839 in accumulated amortization	256,768	20,934
Total other assets	256,768	20,934
Total non-current assets	149,896,261	116,561,671
Total assets	176,108,488	134,121,743
Deferred outflows of resources		
Unamortized deferred loss on refunding bonds	1,000	500
Total deferred outflows of resources	1,000	500

(Continued).

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

<i>December 31,</i>	2019	2018
Liabilities		
Current liabilities		
Current portion of long-term debt	1,765,000	1,720,000
Accounts payable	1,301,283	289,992
Accrued expenses	330,576	193,406
Total current liabilities	3,396,859	2,203,398
Non-current liabilities		
Accrued compensated absences	137,190	104,105
Long-term debt, net	25,793,945	10,506,143
Total non-current liabilities	25,931,135	10,610,248
Total liabilities	29,327,994	12,813,646
Net position		
Net investment in capital assets	101,904,143	102,921,828
Restricted:		
Operations and maintenance reserves	20,177,405	1,393,266
Unrestricted	24,699,946	16,993,503
Total net position	\$ 146,781,494	\$ 121,308,597

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>	2019	2018
Operating revenues		
Water sales - treated	\$ 11,004,967	\$ 10,316,497
Construction water	547,424	407,116
Total operating revenues	11,552,391	10,723,613
Operating expenses		
Administrative	1,825,072	1,596,997
Distribution	4,579,501	6,290,270
Depreciation	1,605,610	1,566,277
Total operating expenses	8,010,183	9,453,544
Operating income	3,542,208	1,270,069
Non-operating revenues (expenses)		
Earnings on investments	523,814	152,552
Other non-operating income	107,843	58,624
Gain on disposal of capital assets	300,156	-
Interest expense	(674,209)	(386,386)
Total non-operating revenues (expenses)	257,604	(175,210)
Net income before contributions	3,799,812	1,094,859
Capital contributions	21,673,085	13,184,967
Change in net position	25,472,897	14,279,826
Net position at beginning of year	121,308,597	107,028,771
Net position at end of year	\$ 146,781,494	\$ 121,308,597

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>	2019	2018
Cash flows from operating activities		
Cash received from customers	\$ 12,307,087	\$ 9,935,297
Cash paid to suppliers and vendors	(4,185,813)	(7,494,103)
Cash paid to employees	(1,796,356)	(1,814,687)
Net cash flows from operating activities	6,324,918	626,507
Cash flows from non-capital financing activities		
Other non-operating revenues	107,843	58,624
Net cash flows from non-capital financing activities	107,843	58,624
Cash flows from capital and related financing activities		
Contributed capital	21,673,085	13,184,967
Principal paid on long-term debt	(1,720,000)	(1,645,000)
Interest paid	(1,053,547)	(494,933)
Proceeds from issuance of debt	17,195,806	-
Acquisition of land, easements and water rights	(10,310,110)	(8,574,187)
Acquisition and construction of capital assets	(5,196,275)	(2,089,503)
Proceeds from disposition of capital assets	457,046	-
Net change in restricted cash and cash equivalents	(18,784,139)	87,843
Net cash flows from capital and related financing activities	2,261,866	469,187
Cash flows from investing activities		
Earnings on investments	523,814	152,552
Net cash flows from investing activities	523,814	152,552
Net change in cash and cash equivalents	9,218,441	1,306,870
Cash and cash equivalents at beginning of year	15,409,534	14,102,664
Cash and cash equivalents at end of year	\$ 24,627,975	\$ 15,409,534

(Continued)

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

<i>For the Years Ended December 31,</i>	2019	2018
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 3,542,208	\$ 1,270,069
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,605,610	1,566,277
Change in allowance for doubtful accounts	-	(655)
Changes in assets and liabilities:		
Receivables	754,696	(788,316)
Inventories	(266,304)	154,860
Prepaid items	77,894	203
Accounts payable, accrued expenses, and accrued compensated absences	610,814	(1,575,931)
Net cash flows from operating activities	\$ 6,324,918	\$ 626,507
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
Capital assets acquired with accounts payable	\$ 570,732	\$ -

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”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

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 total appropriated expenditures for the District were \$29,936,342, original and final, for the year ended December 31, 2019.

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 service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. The District had no allowance for doubtful accounts at December 31, 2019 and 2018.

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 \$137,190 and \$104,105 at December 31, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018, the District had deposits with a financial institution with a carrying amount of \$13,985,289 and \$5,980,853, respectively. The bank balances with the financial institution were \$14,086,820 and \$6,480,731, respectively, which of this amount \$250,000 was covered by federal depository insurance. The remaining balances of \$13,836,820 and \$6,230,731, 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

District policy is to hold investments until maturity.

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, 2019 and 2018, the District had invested \$30,819,891 and \$10,821,747, 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>	2019	2018
Cash on hand	\$ 200	\$ 200
Cash on deposit with financial institution	13,985,289	5,980,853
Local government investment pool	30,819,891	10,821,747
Total cash and cash equivalents	\$ 44,805,380	\$ 16,802,800

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

<i>December 31,</i>	2019	2018
Cash and cash equivalents	\$ 24,627,975	\$ 15,409,534
Restricted cash and cash equivalents	20,177,405	1,393,266
Total cash and cash equivalents	\$ 44,805,380	\$ 16,802,800

3. Restricted Assets

Amounts shown as restricted assets have been restricted by bond indentures to be used for specified purposes. As of December 31, 2019 and 2018, the District had cash of \$20,177,405 and \$1,393,266 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, 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

The following is a summary of capital asset activity for the year ended December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land, easements, and water rights	\$ 49,992,847	\$ 8,574,187	\$ -	\$ 58,567,034
SCWTA Treatment Capacity	7,566,396	-	-	7,566,396
Construction in progress	2,474,574	-	(2,341,335)	133,239
Total capital assets, not being depreciated	60,033,817	8,574,187	(2,341,335)	66,266,669
Capital assets, being depreciated:				
Transmission and distribution system	65,666,484	4,329,247	-	69,995,731
Facilities	1,642,915	1,238	-	1,644,153
Vehicles and field equipment	1,960,420	100,353	(31,637)	2,029,136
Other	78,221	-	-	78,221
Total capital assets, being depreciated	69,348,040	4,430,838	(31,637)	73,747,241
Less accumulated depreciation for:				
Transmission and distribution system	(21,824,107)	(1,352,581)	-	(23,176,688)
Facilities	(320,945)	(41,078)	-	(362,023)
Vehicles and field equipment	(1,119,246)	(168,417)	31,637	(1,256,026)
Other	(67,501)	(4,201)	-	(71,702)
Total accumulated depreciation	(23,331,799)	(1,566,277)	31,637	(24,866,439)
Total capital assets, being depreciated, net	46,016,241	2,864,561	-	48,880,802
Capital assets, net	\$ 106,050,058	\$ 11,438,748	\$ (2,341,335)	\$ 115,147,471

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, 2019 and 2018, follows:

Source	2019	2018
<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 is 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 \$74,720 and \$80,377 at December 31, 2019 and 2018, respectively.</p>	<p>\$ 4,105,000</p>	<p>\$ 4,435,000</p>
<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 \$34,912 and \$40,734 at December 31, 2019 and 2018, respectively.</p>	<p>5,985,000</p>	<p>7,375,000</p>
<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 and \$- at December 31, 2019 and 2018, respectively.</p>	<p>16,160,000</p>	<p>-</p>
Totals	\$26,250,000	\$ 11,810,000

North Weld County Water District

Notes to Financial Statements

The annual requirements to amortize all debt outstanding as of December 31, 2019, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2020	\$ 1,765,000	\$ 958,365	\$ 2,723,365
2021	1,825,000	902,015	2,727,015
2022	1,885,000	774,040	2,659,040
2023	1,960,000	759,240	2,719,240
2024	860,000	743,840	1,603,840
2025-2029	4,915,000	2,818,735	7,733,735
2030-2034	6,020,000	1,641,850	7,661,850
2035-2039	7,020,000	644,550	7,664,550
Totals	\$ 26,250,000	\$ 9,242,635	\$ 35,492,635

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	

A summary of changes in debt for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2009 CWRPDA	\$ 4,750,000	\$ -	\$ 315,000	\$ 4,435,000	\$ 330,000
2012 refunding revenue bonds	8,705,000	-	1,330,000	7,375,000	1,390,000
Compensated absences	111,940	97,136	104,971	104,105	-
Total	13,566,940	\$ 97,136	\$ 1,749,971	11,914,105	\$ 1,720,000
Current portion of long-term debt	(1,645,000)			(1,720,000)	
Net bond premiums	542,480			416,143	
Noncurrent portion of long-term debt	\$ 12,464,420			\$ 10,610,248	

North Weld County Water District

Notes to Financial Statements

On March 23, 2012, the District issued \$13,440,000 in water revenue refunding bonds with an average interest rate of 3.54% to refund \$14,542,500 of outstanding 1998 and 2001 bonds with an average rate of 3.79% on the 1998 bonds and 7.21% on the 2001 bonds. The net proceeds of \$15,109,619 (after payment of \$175,569 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2001 bonds.

The original deferred loss on refunding of \$275,770 was the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2019 using the effective-interest method.

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, 2019:

Operating revenues	\$	11,552,391
System connections fees (limited to 15% of revenue)		1,732,859
Total revenues as defined in loan agreement		13,285,250
Operation and maintenance expense (excluding depreciation expense)		(6,404,573)
Net revenue as defined in loan resolution	\$	6,880,677
2019 principal due	\$	1,720,000
2019 interest due		802,348
Subtotal		2,522,348
		x 110%
Required revenue as defined in loan resolution	\$	2,774,583

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, 2019:

Operating revenues	\$	11,552,391
Operation and maintenance expense (excluding depreciation expense)		(6,404,573)
Net revenue as defined in loan resolution	\$	5,147,818
2019 principal due	\$	1,720,000
2019 interest due		802,348
Subtotal		2,522,348
		x 110%
Required revenue as defined in loan resolution	\$	2,774,583

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>	2019	2018
Excess of non-GAAP revenues over expenditures (budgetary basis)	\$ 25,141,234	\$ 3,537,413
Adjustments required to reconcile:		
Non-GAAP revenues/expenditures:		
Bond principal	1,720,000	1,645,000
Debt proceeds	(16,160,000)	-
Capital asset acquisition	16,077,117	10,663,690
Net gain on disposed capital assets	300,156	-
GAAP revenue/expense - adjustments:		
Depreciation expense	(1,605,610)	(1,566,277)
Change in net position GAAP basis	\$ 25,472,897	\$ 14,279,826

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, 2018 (the most current audited financial statements) CSDPLP has total admitted assets of \$63,918,422, liabilities of \$39,345,647, and unassigned surplus of \$24,572,775. The liability amount includes no long-term debt. Total revenue for 2018 amounted to \$20,983,559, investment income of \$898,330 and total expenses were \$22,973,705 resulting in a net loss of \$1,091,816. 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 2019 and 2018, the District's contributions to this plan totaled \$39,230 and \$29,790, 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.

North Weld County Water District

Notes to Financial Statements

12. Subsequent Events

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District’s operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to negatively impact their business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

The District evaluated subsequent events through September 8, 2020, 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,	2019		2018		
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)	Amounts Budget Basis
Revenues					
Operating revenues:					
Metered sales	\$ 8,810,686	\$ 8,810,686	\$ 9,535,525	\$ 724,839	\$ 9,359,855
Surcharges	2,044,130	2,044,130	658,352	(1,385,778)	209,310
PI surcharge	1,776,066	1,776,066	827,597	(948,469)	795,825
Adjustments	(18,360)	(18,360)	(16,507)	1,853	(48,493)
Construction water	199,410	199,410	547,424	348,014	407,116
Total operating revenues	12,811,932	12,811,932	11,552,391	(1,259,541)	10,723,613
Non-operating revenue:					
Earnings on investments	130,384	130,384	523,814	393,430	152,552
Water lease and rental	36,210	36,210	21,567	(14,643)	15,668
Miscellaneous	102,891	102,891	86,276	(16,615)	42,956
Total non-operating revenues	269,485	269,485	631,657	362,172	211,176
Proceeds from issuance of debt	16,943,254	16,943,254	16,160,000	(783,254)	-
Contributions:					
Tap fees	525,300	525,300	1,606,125	1,080,825	2,372,113
Meter set fees	307,530	307,530	309,900	2,370	267,000
Water rights	4,125,000	4,125,000	17,937,145	13,812,145	8,589,350
Distance fees	163,200	163,200	694,825	531,625	952,275
Line extension reimbursement	639,953	639,953	1,125,090	485,137	864,229
Water storage	204,000	204,000	-	(204,000)	140,000
Total contributions	5,964,983	5,964,983	21,673,085	15,708,102	13,184,967
Total revenues	35,989,654	35,989,654	50,017,133	14,027,479	24,119,756
Expenditures					
Administrative:					
Personnel - Administrative	763,778	763,778	760,309	3,469	729,595
Payroll Taxes	101,490	101,490	118,243	(16,753)	110,493
Health Insurance	46,512	46,512	72,776	(26,264)	50,486
Office Utilities	343,740	343,740	187,502	156,238	177,361
Office Expense	187,272	187,272	220,989	(33,717)	203,215
Professional Fees	143,500	143,500	463,568	(320,068)	294,027
Miscellaneous	7,140	7,140	1,685	5,455	31,820
Total administrative	1,593,432	1,593,432	1,825,072	(231,640)	1,596,997

(Continued)

North Weld County Water District

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

For the Years Ended December 31,	2019		2018		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Distribution					
Water	2,332,758	2,332,758	1,632,002	700,756	2,675,331
Personnel operations	1,101,514	1,101,514	1,023,557	77,957	903,488
Operation and maintenance	899,397	899,397	1,131,765	(232,368)	1,857,548
Engineering	56,100	56,100	-	56,100	580,552
Electricity	168,810	168,810	147,779	21,031	164,172
Communications	2,040	2,040	1,501	539	1,322
Insurance	77,705	77,705	72,787	4,918	81,906
Miscellaneous	3,500	3,500	570,110	(566,610)	25,951
Total distribution	4,641,824	4,641,824	4,579,501	62,323	6,290,270
Debt service					
Interest expense	-	-	674,209	(674,209)	386,386
Principal paid	2,513,565	2,513,565	1,720,000	793,565	1,645,000
Total debt service	2,513,565	2,513,565	2,394,209	119,356	2,031,386
Capital improvements					
Soldier Canyon Filter Plant	6,702,254	6,702,254	2,965,561	3,736,693	-
Storage tanks	-	-	-	-	-
Pump stations	1,950,000	1,950,000	-	1,950,000	1,238
Equipment	25,700	25,700	130,900	(105,200)	100,353
System	6,754,900	6,754,900	1,955,767	4,799,133	4,329,247
Water rights, storage, infrastructure	5,574,667	5,574,667	10,209,799	(4,635,132)	6,026,268
Land and easements	180,000	180,000	100,311	79,689	206,584
Construction in progress	-	-	714,779	(714,779)	-
Total capital improvements	21,187,521	21,187,521	16,077,117	5,110,404	10,663,690
Total budgeted expenditures	29,936,342	29,936,342	24,875,899	5,060,443	20,582,343
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ 6,053,312	\$ 6,053,312	\$ 25,141,234	\$ 19,087,922	\$ 3,537,413

See accompanying Independent Auditor's Report.