

**LOUVIERS WATER AND SANITATION
DISTRICT**

Douglas County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	I
MANAGEMENT’S DISCUSSION AND ANALYSIS	III
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	1
Statements of Revenues, Expenses and Changes in Fund Net Position	2
Statements of Cash Flows	3
Notes to the Financial Statements	4
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis)	16
Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Fund Net Position	18
Schedule of Net Position – Water and Sewer Operations	19
Schedule of Revenues, Expenses and Changes in Net Position – Water and Sewer Operations	20
Schedule of Cash Flows – Water and Sewer Operations	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22
Schedule of Debt Service Requirements to Maturity	23

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louviers Water and Sanitation District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Louviers Water and Sanitation District, as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louviers Water and Sanitation District as of December 31, 2020 and 2019, and the respective 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.

PO Box 865
Longmont, CO 80502

Green & Associates • LLC

PHONE (720) 839-6458
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louviers Water and Sanitation District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Longmont, Colorado
September 22, 2021

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

Our discussion and analysis of Louviers Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2020 and 2019. Please read it in conjunction with the District's basic financial statements which begin on page 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference being reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, as listed in the table of contents, which has been included for additional analysis and legal compliance.

FINANCIAL SUMMARY AND ANALYSIS

Net Position

2020

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, the District's assets exceed liabilities and deferred inflows of resources in 2020 by \$1,853,848. Total assets, liabilities and deferred inflows of resources were \$3,553,831, \$1,642,299 and \$57,684, respectively. Current assets decreased due to the cash and investments used for the payment of debt service on the District's outstanding debt. Capital assets decreased as a result of 2020 capital asset additions being less than the

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

offsetting 2020 depreciation expense. Current liabilities decreased from 2019 due to amounts payable at the end of 2019 related to the sewer system improvements project, when there were no similar accounts payable at the end of 2020. Property taxes receivable and deferred property taxes receivable increased slightly due to an increase in the District's assessed valuation for the taxes levied for collection in 2021. Long-term liabilities decreased due to the payment of the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

2019

As noted in the table below, the District's assets exceed liabilities and deferred inflows of resources in 2019 by \$1,892,793. Total assets, liabilities and deferred inflows of resources were \$3,742,310, \$1,791,909 and \$57,608, respectively. Current assets increased due to the District receiving \$113,200 of forgiven loan proceeds for design and engineering costs related to the District's sewer system improvement project, recording \$108,142 of receivable from the CWRPDA for loan proceeds due for projects costs incurred in 2019, and overall positive operating results in 2019. Capital assets increased as a result of 2019 capital asset additions as offset by 2019 depreciation expense. Current liabilities increased from 2018 due to amounts payable at year end related to the sewer system improvements project. Property taxes receivable and deferred property taxes receivable increased due to a 23% increase in the District's assessed valuation for the taxes levied for collection in 2020. Long-term liabilities increased due to the District entering into a loan agreement with the CWRPDA during 2019, which was offset by the District making the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

	Condensed Statement of Net Position				
	2018	\$ Change	2019	\$ Change	2020
Current assets	\$ 417,352	\$ 324,471	\$ 741,823	\$ (45,636)	\$ 696,187
Capital assets	2,151,215	849,272	3,000,487	(142,843)	2,857,644
Total Assets	2,568,567	1,173,743	3,742,310	(188,479)	3,553,831
Current liabilities	28,759	135,989	164,748	(100,896)	63,852
Long-term liabilities	699,070	928,091	1,627,161	(48,714)	1,578,447
Total Liabilities	727,829	1,064,080	1,791,909	(149,610)	1,642,299
Deferred property tax revenue	46,988	10,620	57,608	76	57,684
Total deferred inflows of resources	46,988	10,620	57,608	76	57,684
Investment in capital assets	1,438,145	(110,809)	1,327,336	(94,055)	1,233,281
Restricted for:					
Debt service	34,872	-	34,872	-	34,872
Operations and maintenance reserve	22,921	18,568	41,489	8,044	49,533
Emergencies	680	(6)	674	157	831
Conceptual planning	-	-	-	4,300	4,300
Unrestricted	297,132	191,290	488,422	42,609	531,031
Total Net Position	\$ 1,793,750	\$ 99,043	\$ 1,892,793	\$ (38,945)	\$ 1,853,848

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

Changes in Net Position

2020

As noted in the table below, the District's net position decreased by \$38,945. Operating revenue increased by \$26,987, due primarily to higher water usage during 2020 than compared to 2019, and increases in the water and sewer rates January 1, 2020. Nonoperating revenue increased by \$11,136 from 2019 due to higher property tax revenue as a result of an increase in the District's assessed valuation for property taxes levied for collection in 2020, and also grant income received for the District's conceptual planning. Capital grants and contributions decreased by \$113,200 due to receiving a forgiven loan from the CWRPDA during 2019, but no similar grant revenue in 2020. Overall operating expenses increased by \$68,768 from 2019. This was due to \$24,625 of engineering and consulting expenses in 2020 for evaluation of high radium level options and renewable water solutions. Also, the District incurred \$19,224 for consulting related to the development of a master plan and renewable water options. The District also contracted with a company to provide ongoing management services, incurring \$5,834 of expenses in 2020. Nonoperating expenses decreased due primarily lower loan issuance costs.

2019

As noted in the table below, the District's net position increased by \$99,043. Operating revenue decreased by \$9,764, due primarily to lower water usage during 2019 than compared to 2019. The District did increase water and sewer rates by 3% effective January 1, 2019. Nonoperating revenue remained consistent with 2018. Capital grants and contributions increased by \$113,200 due to receiving a forgiven loan from the CWRPDA during 2019. Overall operating expenses decreased by \$21,994, from 2018. This was due to less repairs and maintenance costs incurred in 2019 than 2018. Nonoperating expenses decreased due primarily to a loss on disposal of capital assets of \$13,334 incurred in 2018 due to the unexpected replacement of the pump and motor at the north well, and no capital asset disposals in 2019.

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

	<u>2018</u>	<u>\$ Change</u>	<u>2019</u>	<u>\$ Change</u>	<u>2020</u>
Operating revenue	\$ 218,109	\$ (9,764)	\$ 208,345	\$ 26,987	\$ 235,332
Nonoperating revenue	62,326	410	62,736	11,136	73,872
Total revenues	<u>280,435</u>	<u>(9,354)</u>	<u>271,081</u>	<u>38,123</u>	<u>309,204</u>
Operating expenses	267,809	(21,994)	245,815	68,768	314,583
Nonoperating expenses	47,451	(8,028)	39,423	(5,857)	33,566
Total expenses	<u>315,260</u>	<u>(30,022)</u>	<u>285,238</u>	<u>62,911</u>	<u>348,149</u>
Income before capital contributions	<u>(34,825)</u>	<u>20,668</u>	<u>(14,157)</u>	<u>(24,788)</u>	<u>(38,945)</u>
Capital contributions	<u>-</u>	<u>113,200</u>	<u>113,200</u>	<u>(113,200)</u>	<u>-</u>
Change in net position	(34,825)	133,868	99,043	(137,988)	(38,945)
Net Position - Beginning of Year	<u>1,828,575</u>	<u>(34,825)</u>	<u>1,793,750</u>	<u>99,043</u>	<u>1,892,793</u>
Net Position - End of Year	<u>\$ 1,793,750</u>	<u>\$ 99,043</u>	<u>\$ 1,892,793</u>	<u>\$ (38,945)</u>	<u>\$ 1,853,848</u>

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

BUDGETARY HIGHLIGHTS

The District's budget was not amended for the year ended December 31, 2020. For 2020, actual revenues were \$877,805 less than budgeted primarily due to the District anticipated receiving loan proceeds of \$900,000, however the amount received was \$8,503. Water service charges were \$15,599 more than anticipated in the budget due to higher water usage during 2020. Expenditures were under budget by \$918,995. This was due to water and wastewater system improvements were anticipated for \$500,000 and \$400,000 respectively, however actual capital outlay for 2020 was \$0 and \$8,542, respectively, for a combined positive variance of \$891,458. Other positive variances were noted in water and sewer main breaks which were under budget by \$14,947 and \$10,000, respectively. The District had also budgeted \$18,000 for district management services, however the district manager was not contracted until midyear, resulting in a positive variance of \$12,166. Engineering and consulting expenditures were \$24,625 over budget due primarily to continued assessment of solutions for the excess radium levels and evaluation of possible renewable water options. The District also budgeted a \$20,000 contingency for 2020, which offsets most of the over budget in engineering and consulting expenditures, which were not budgeted for 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The changes in the District's investment in capital assets are as follows:

	Capital Assets Summary				
	2018	\$ Change	2019	\$ Change	2020
Land	\$ 75,303	\$ -	\$ 75,303	\$ -	\$ 75,303
Construction in Progress	119,662	980,357	1,100,019	(1,100,019)	-
Total capital assets, not being depreciated	<u>194,965</u>	<u>980,357</u>	<u>1,175,322</u>	<u>(1,100,019)</u>	<u>75,303</u>
Water system and facilities, net	1,323,110	(110,422)	1,212,688	(103,141)	1,109,547
Wastewater system and facilities, net	633,140	(20,663)	612,477	1,060,317	1,672,794
Total capital assets being depreciated, net	<u>1,956,250</u>	<u>(131,085)</u>	<u>1,825,165</u>	<u>957,176</u>	<u>2,782,341</u>
Total capital assets, net	<u>\$ 2,151,215</u>	<u>\$ 849,272</u>	<u>\$ 3,000,487</u>	<u>\$ (142,843)</u>	<u>\$ 2,857,644</u>

2020

During 2020, the District incurred construction costs of \$8,542 for the completion of the Phase 1 wastewater system improvements. The Phase 1 portion has been moved to completed projects, and depreciation was started in 2020. Phase 2 of the project has still yet to be completed, and is anticipated to start in late 2021 or 2022.

2019

During 2019, the District incurred design and engineering costs as well as construction costs of \$980,357 for wastewater system improvements. These have been capitalized as construction

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

in progress at December 31, 2019. Phase 2 of the project has still yet to be completed, and is anticipated to start in late 2020 or early 2021.

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

Long-Term Obligations

The changes in the District's long-term obligations are as follows:

	Long-term Debt Summary				
	2018	\$ Change	2019	\$ Change	2020
General obligation bond, Series 2009	\$ 605,995	\$ (11,150)	\$ 594,845	\$ (10,577)	\$ 584,268
2012 CWRPDA Loan	107,075	(9,785)	97,290	(11,920)	85,370
2019 CWRPDA Loan	-	981,016	981,016	(26,291)	954,725
Total long-term debt	\$ 713,070	\$ 960,081	\$ 1,673,151	\$ (48,788)	\$ 1,624,363

2020

During 2020, the District made the scheduled debt service payments on the outstanding bond and made an additional principal payment on the loan. Additionally, the District received the final \$8,503 loan proceeds for the Loan Agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$1,100,000. The loan proceeds were used for collection system improvements, replacement, and/or relocation of lines as noted above in the Capital Assets section. Additionally, it was determined that the entire \$1,100,000 of the approved loan amount was not needed for the Phase 1 wastewater system improvement project, and as a result \$110,480.83 of the loan obligation was de-obligated and the principal of the loan reduced accordingly.

2019

During 2019, the District made the scheduled debt service payments on the outstanding bond and made an additional principal payment on the loan. Additionally, the District entered into a Loan Agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$1,100,000. The loan proceeds were used for collection system improvements, replacement, and/or relocation of lines as noted above in the Capital Assets section.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

ECONOMIC FACTORS NEXT YEAR'S BUDGET AND RATES

In adopting the District's budget for 2021, the District continued to levy property tax of 10.000 mills on the properties within the District's boundaries for operations and 10.795 mills to pay a portion of the debt service on the District's outstanding long-term debt, resulting in a total mill levy of 20.795 mills. The District's total assessed valuation on the property within the District's boundaries increased slightly to \$2,773,940 for the 2021 levied taxes. For 2021, the District increased the water base, sewer base, operations & improvements-water, and operations & improvement-sewer rates by 7%. Additionally, the bottom three tiers of water usage rates were

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2020 and 2019**

increased by 7% and the top 2 tiers were increased by 10%. Construction water rates were also increased by 10%. The District's 2021 budget also anticipates incurring \$500,000 of expenditures related to radium issues in the water distribution system which are anticipated to be funded by grants of \$500,000. The 2021 budget also anticipates \$402,000 of sewer system improvements, which are anticipated to be funded from loan proceeds and available District reserves. The 2021 budget anticipates total revenue of \$1,057,758 and total expenditures of \$1,192,962. The ending funds available is expected to end the year at \$478,337.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Louviers Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Accountant, Neil Schilling, CPA, Schilling & Company, Inc., P.O. Box 632060 Highlands Ranch, CO 80163 or by phone at (720) 348-1086.

BASIC FINANCIAL STATEMENTS

LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Unrestricted	\$ 555,475	\$ 492,120
Cash and cash equivalents - Restricted	34,872	34,872
Due from county treasurer	445	425
Accounts receivable:		
Customers	41,017	42,208
CWRPDA	-	108,142
Property taxes receivable	57,684	57,608
Prepaid expenses	6,694	6,448
Total current assets	696,187	741,823
CAPITAL ASSETS		
Capital assets, not being depreciated	75,303	1,175,322
Capital assets, being depreciated	3,757,322	2,648,761
	3,832,625	3,824,083
Less accumulated depreciation and amortization	(974,981)	(823,596)
Total capital assets	2,857,644	3,000,487
TOTAL ASSETS	\$ 3,553,831	\$ 3,742,310
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 12,720	\$ 113,582
Accrued interest payable	5,216	5,176
Current portion of long-term debt	45,916	45,990
Total current liabilities	63,852	164,748
LONG-TERM LIABILITIES		
Long-term portion of long-term debt	1,578,447	1,627,161
Total long-term liabilities	1,578,447	1,627,161
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	57,684	57,608
Total deferred inflows of resources	57,684	57,608
NET POSITION		
Net investment in capital assets	1,233,281	1,327,336
Restricted for:		
Debt service	34,872	34,872
Operation and maintenance reserve	49,533	41,489
Emergencies	831	674
Conceptual planning	4,300	-
Unrestricted	531,031	488,422
Total net position	1,853,848	1,892,793
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 3,553,831	\$ 3,742,310

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2020 and 2019**

	2020	2019
OPERATING REVENUE		
Water service charges	\$ 112,974	\$ 89,912
Sewer service charges	119,763	116,441
Late fees and other charges	2,595	1,992
Total operating revenue	235,332	208,345
OPERATING EXPENSES		
Water and sewer operations	90,486	64,655
Administration expense	72,712	50,075
Depreciation	151,385	131,085
Total operating expenses	314,583	245,815
OPERATING LOSS	(79,251)	(37,470)
NONOPERATING REVENUE (EXPENSE)		
Property taxes	57,609	46,708
Specific ownership taxes	4,970	4,685
Cell tower lease income	5,184	5,184
Net investment income	1,109	6,159
Grant income	5,000	-
County treasurer fees	(865)	(702)
Interest expense	(24,335)	(24,790)
Loan issuance costs	(8,366)	(13,931)
Total nonoperating revenue (expense)	40,306	23,313
LOSS BEFORE CAPITAL CONTRIBUTIONS	(38,945)	(14,157)
CAPITAL CONTRIBUTIONS		
CWRPDA design and engineering grant	-	113,200
Total capital contributions	-	113,200
CHANGE IN NET POSITION	(38,945)	99,043
NET POSITION - BEGINNING OF YEAR	1,892,793	1,793,750
NET POSITION - END OF YEAR	\$ 1,853,848	\$ 1,892,793

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 236,523	\$ 207,196
Payments to vendors	(156,632)	(115,642)
Net cash provided by operating activities	79,891	91,554
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cell tower lease income received	5,184	5,184
Property taxes	56,744	46,006
Specific ownership taxes	4,950	4,737
Grants received	5,000	-
Net cash provided by capital financing activities	71,878	55,927
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(116,216)	(876,735)
Interest paid	(24,295)	(23,723)
Loan and bond principal paid	(57,291)	(20,935)
Loan issuance costs paid	(8,366)	(13,931)
CWRPDA loan proceeds received	116,645	872,874
CWRPDA design and engineering grant received	-	113,200
Net cash provided (required) by capital financing activities	(89,523)	50,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,109	6,159
Net cash provided by investing activities	1,109	6,159
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,355	204,390
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	526,992	322,602
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 590,347	\$ 526,992
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) from operations	\$ (79,251)	\$ (37,470)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	151,385	131,085
Effects of changes in operating assets and liabilities:		
Accounts receivable	1,191	(1,149)
Prepaid expenses	(246)	(222)
Accounts payable	6,812	(690)
Net cash provided by operating activities	\$ 79,891	\$ 91,554

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – DEFINITION OF REPORTING ENTITY

Louviers Water and Sanitation District (District), was created on November 20, 2008, as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District purpose is to provide public water and sanitary sewer services to the citizens of the District. The District is governed by an elected Board of Directors.

The District has no employees and all operations and administrative functions are contracted.

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

The District and Louviers Mutual Service Company (LMSC), a Colorado nonprofit organization, entered into a Dissolution and Transfer Agreement dated May 28, 2009, providing, among other things, for the assignment and transfer by LMSC to the District, of all tangible and intangible assets of LMSC, owned by LMSC at the time of dissolution. Effective October 30, 2009 the District entered into a Bill of Sale and Assignment and Assumption Agreement with LMSC to assign and transfer all tangible and intangible assets owned by LMSC to the District and for the District to assume all liabilities of LMSC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

Property Taxes

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

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

Cash Equivalents

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

Capital Assets

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements, exceeding \$5,000, are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation and

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

Water system and facilities	5-20 years
Wastewater system and facilities	5-40 years

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Tap Fees and Contributed Capital Assets

Tap fees are recorded as capital contributions when received. Capital assets contributed to the District are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Restricted Resources

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.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

As of December 31, 2020, the District had cash deposits with a bank balance of \$461,473 and carrying balance of \$443,469. As of December 31, 2019, the District had cash deposits with a bank and carrying balance of \$381,179.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

Investments

Credit Risk

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to three to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirement.

Concentration of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer however, the District invests primarily in local government investment pools, which are not subject to concentration of credit risk.

As of and for the years ending December 31, 2020 and 2019, the District held the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>	
		<u>2020</u>	<u>2019</u>
Colostrust Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 146,878</u>	<u>\$ 145,813</u>

COLOTRUST

As of December 31, 2020 and 2019, the District has invested 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 Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

Investment Valuation

The District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Cash Deposits and Investments are reflected in the Statement of Net Position as of December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents - Unrestricted	\$ 555,475	\$ 492,120
Cash and Cash Equivalents - Restricted	34,872	34,872
	<u>\$ 590,347</u>	<u>\$ 526,992</u>

The cash and cash equivalents – restricted is restricted for the payment of debt service on the District's General Obligation Bond, Series 2009.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2019	Additions	Disposals/ Retirements	Balance at December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Construction in progress	1,100,019	8,542	(1,108,561)	-
Total capital assets, not being depreciated	<u>1,175,322</u>	<u>8,542</u>	<u>(1,108,561)</u>	<u>75,303</u>
Capital assets, being depreciated:				
Water system and facilities	1,818,829	-	-	1,818,829
Wastewater system and facilities	829,932	1,108,561	-	1,938,493
Total capital assets being depreciated	<u>2,648,761</u>	<u>1,108,561</u>	<u>-</u>	<u>3,757,322</u>
Less accumulated depreciation for:				
Water system and facilities	(606,141)	(103,141)	-	(709,282)
Wastewater system and facilities	(217,455)	(48,244)	-	(265,699)
Total accumulated depreciation	<u>(823,596)</u>	<u>(151,385)</u>	<u>-</u>	<u>(974,981)</u>
Total capital assets being depreciated, net	<u>1,825,165</u>	<u>957,176</u>	<u>-</u>	<u>2,782,341</u>
Total capital assets, net	<u>\$ 3,000,487</u>	<u>\$ 965,718</u>	<u>\$ (1,108,561)</u>	<u>\$ 2,857,644</u>

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Additions	Disposals/ Retirements	Balance at December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Construction in progress	119,662	980,357	-	1,100,019
Total capital assets, not being depreciated	<u>194,965</u>	<u>980,357</u>	<u>-</u>	<u>1,175,322</u>
Capital assets, being depreciated:				
Water system and facilities	1,818,829	-	-	1,818,829
Wastewater system and facilities	829,932	-	-	829,932
Total capital assets being depreciated	<u>2,648,761</u>	<u>-</u>	<u>-</u>	<u>2,648,761</u>
Less accumulated depreciation for:				
Water system and facilities	(495,719)	(110,422)	-	(606,141)
Wastewater system and facilities	(196,792)	(20,663)	-	(217,455)
Total accumulated depreciation	<u>(692,511)</u>	<u>(131,085)</u>	<u>-</u>	<u>(823,596)</u>
Total capital assets being depreciated, net	<u>1,956,250</u>	<u>(131,085)</u>	<u>-</u>	<u>1,825,165</u>
Total capital assets, net	<u>\$ 2,151,215</u>	<u>\$ 849,272</u>	<u>\$ -</u>	<u>\$ 3,000,487</u>

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2020:

	<u>Balance at December 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2020</u>	<u>Due Within One Year</u>
General Obligation Bond, Series 2009	\$ 594,845	\$ -	\$ 10,577	\$ 584,268	\$ 9,200
2012 CWRPDA Loan	97,290	-	11,920	85,370	3,794
2019 CWRPDA Loan	981,016	8,503	34,794	954,725	32,922
	<u>\$ 1,673,151</u>	<u>\$ 8,503</u>	<u>\$ 57,291</u>	<u>\$ 1,624,363</u>	<u>\$ 45,916</u>

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
General Obligation Bond, Series 2009	\$ 605,995	\$ -	\$ 11,150	\$ 594,845	\$ 8,866
2012 CWRPDA Loan	107,075	-	9,785	97,290	4,140
2019 CWRPDA Loan	-	981,016	-	981,016	32,984
	<u>\$ 713,070</u>	<u>\$ 981,016</u>	<u>\$ 20,935</u>	<u>\$ 1,673,151</u>	<u>\$ 45,990</u>

General Obligation Bond, Series 2009

On November 4, 2009, the District issued a \$680,000 of General Obligation Bond dated November 4, 2009. The bond was issued to the United States of America Rural Utilities Service which is administered by the United States Department of Agriculture, Office of Rural Development. The bond bears interest at 4.125% and requires \$17,436 semiannual payments of principal and interest on May 4 and November 4, commencing on May 4, 2010 with the final payment due on November 4, 2049. The bond is subject to redemption prior to maturity as a whole or any portion thereof, on any date, upon the payment of par and accrued interest, without redemption premium. The proceeds of the bond were used to retire the outstanding balance of the Rural Community Assistance Corporation loan. The District was required to fund a debt service reserve in the amount of \$3,487 annually, until the balance in the debt service reserve account is \$34,872, which has been achieved. During 2020 and 2019 the District paid interest on this bond in the amount of \$24,295 and \$23,723, respectively.

2012 Colorado Water Resources and Power Development Authority Loan

The District has entered into a Loan Agreement of a net \$139,650 (\$1,139,650 loan commitment with \$1,000,000 loan principal forgiveness at loan closing) with the Colorado Water Resources and Power Development Authority (CWRPDA) dated October 19, 2012. The net loan bears an interest rate of 0%. The loan requires semi-annual principal only payments on

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

May 1 and November 1 which began on November 1, 2013 and continuing through May 1, 2043. The loan was entered into to fund capital improvements consisting of drilling a new well for redundancy, new disinfection system at the water treatment plant, replacing distribution lines, and chlorine contact piping.

Security for the loan is provided by a pledge of the net revenue of the District, excluding certain revenues as defined in the loan agreement. Additionally the District has covenanted to establish and collect such rates, fees and charges, together with other available revenues will be at least sufficient to pay the sum of: a) operation and maintenance expenses, b) 110% of the debt services on the loan, c) the amount, if any, to be paid into any debt service reserve account in connection with any obligations secured by a lien on the net revenue which lien is on a parity with the lien of this loan agreement on the net revenue, d) a sum equal to the debt service on any obligations secured by a lien on the net revenue which lien is subordinate to the lien of this loan agreement on the net revenue, and e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above and payable out of the gross revenue of the District. The District is also required to maintain an operation and maintenance reserve equal to three months of operation and maintenances expenses, excluding depreciation, of the water system.

2019 Colorado Water Resources and Power Development Authority Loan

The District has entered into a Loan Agreement with the Colorado Water Resources and Power Development Authority in the amount of \$1,100,000 dated May 7, 2019. The loan proceeds are to be used for collection system improvements, replacement, and/or relocation of lines. The loan term is for 30 years at an interest rate of 0.00%. However, at the discretion of the CWRPDA, and if such funds are available and the District is deemed eligible, the loan may be forgiven in an amount of up to 100% of the principal amount of the loan. The loan requires semi-annual principal payments on May 1 and November 1 of each year, beginning on May 1, 2020 and continuing through November 1, 2049. During 2019 the District expended and recognized \$981,016 of loan proceeds. Subsequent to yearend, the District expended and recognized an additional \$8,503 of loan proceeds. It was determined that the District would not need the entire \$1,100,000 of loan authorization and requested that \$110,481 of loan authorization be rescinded. Effective March 24, 2020 the CWRPDA rescinded the requested amount, leaving a loan balance of \$989,519.

Security for the loan is provided by a pledge of the net revenue of the District, excluding certain revenues as defined in the loan agreement. Additionally the District has covenanted to establish and collect such rates, fees and charges, together with other available revenues will be at least sufficient to pay the sum of: a) operation and maintenance expenses, b) 110% of the debt services on the loan, c) the amount, if any, to be paid into any debt service reserve account in connection with any obligations secured by a lien on the net revenue which lien is on a parity with the lien of this loan agreement on the net revenue, d) a sum equal to the debt service on any obligations secured by a lien on the net revenue which lien is subordinate to the lien of this loan agreement on the net revenue, and e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above and payable out of the gross revenue of the District. The District is also required to maintain an operation and maintenance reserve equal to three months of operation and maintenances expenses, excluding depreciation, of the water system.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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

Years Ending December 31,	Principal	Interest	Total
2021	\$ 45,916	\$ 25,672	\$ 71,588
2022	47,983	23,604	71,587
2023	48,454	23,134	71,588
2024	48,879	22,709	71,588
2025	49,450	22,138	71,588
2026-2030	255,606	102,333	357,939
2031-2035	271,921	86,018	357,939
2036-2040	291,907	66,033	357,940
2041-2045	307,013	41,440	348,453
2046-2049	257,234	11,782	269,016
	<u>\$ 1,624,363</u>	<u>\$ 424,863</u>	<u>\$ 2,049,226</u>

As of December 31, 2020 and 2019 the District had authorized but unissued indebtedness of \$680,000 and \$760,000 for water system improvements. As of December 31, 2020 and 2019 the District had authorized but unissued indebtedness of \$540,481 and \$400,000 for wastewater system improvements.

2019 Water Pollution Control Revolving Fund Design and Engineering Loan Agreement

On May 7, 2019 the District entered into a Water Pollution Control Revolving Fund Design and Engineering Loan Agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$113,200. The loan proceeds were used for collection system improvements, replacement, and/or relocation of lines. At loan closing on May 7, 2019 the CWRPDA forgave 100% of the principal amount of the loan. The loan proceeds were used for the design and engineering costs for the collection system improvements, replacement, and or/or relocation of lines project. On May 15, 2019 the District submitted eligible sewer system improvement design and engineering invoices for reimbursement under the loan and received the reimbursement of \$113,200 on May 20, 2019.

NOTE 6 - NET POSITION

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

The net investment in capital assets, consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020 and 2019 the District had invested in capital assets of \$1,233,281 and \$1,327,336, respectively.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

Restricted net position includes net amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had net position at December 31, 2020 and 2019 restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Restricted for:		
Debt service (Note 5)	\$ 34,872	\$ 34,872
Operation and maintenance reserve (Note 5)	49,533	41,489
Emergencies (Note 8)	831	674
Conceptual planning	4,300	-
	<u>\$ 89,536</u>	<u>\$ 77,035</u>

NOTE 7 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS

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

On November 4, 2008 a majority of the District's voters approved the following ballot questions:

Shall Louviers Water and Sanitation District taxes be increased \$25,000 in fiscal year 2009 and by whatever tax revenues are generated in each fiscal year thereafter by an ad valorem property tax mill levy not to exceed ten (10.000) mills, or by such lesser amount as necessary to pay the District's administration and operations and maintenance expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2010 and in each fiscal year thereafter for as long as the District continues in existence, such authorization

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

to constitute a voter-approved revenue change which may be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall Louviers Water and Sanitation District be authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, system development fees, park fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the District during 2008 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

On November 6, 2018 a majority of the District's voters approved the following ballot question:

Shall Louviers Water and Sanitation District debt be increased up to \$1.5 million, with a maximum repayment cost of up to \$2 million, but with no increase in taxes, such debt to consist of a loan agreement, bond, note or other multiple fiscal year financial obligation entered into with a state authority or other entity, or combination thereof, for the purpose of paying, reimbursing, or financing all or any part of the costs of the replacement and or relocation of sewer lines and other sewer collection system improvements, with such debt, which will be paid from the revenues, fees and charges derived from the operation of the District's sewer facilities or properties, to bear interest at a maximum net effective interest rate not to exceed 3.5% per annum and be issued at such time and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine?

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that its water and sewer operations, and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45.;1-01, et seq. The District's annual budget and financial statements are deemed by the District to be the annual budget and financial statements of the Enterprise.

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

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

NOTE 9 – CONTINGENCY

Potential BNSF Railroad Land Condemnation

The District has received notification from Douglas County, Colorado (County) that the BNSF Railroad is proposing condemnation of a 138 acre parcel of land owned by the County. The District has a license agreement with the County to use 20 acres of this 138 acres parcel of land for the District's land application site for its sewer treatment operations. The District has incurred debt and constructed significant capital facilities related to the land application site. The County has communicated certain concerns regarding the proposed condemnation to the BNSF Railroad. The potential impact of the proposed condemnation on the District's operations cannot be determined with certainty at this time. However, if the condemnation goes forward and is successful, the District will have to obtain an alternate site for land application purposes or find some other method for disposing of its treated sludge, the cost of which could be significant. The District has not received any further written communication regarding this matter since receiving the initial notification from Douglas County.

Excessive Radium Levels

During 2018 through 2020 and continuing in 2021, the District's drinking water exceeded the maximum contaminate level for Combined Radium of 5 pCi/L as set by the United States Environmental Protection Agency. Radium is a naturally occurring element common in Colorado and many of the ground water supplies along the Front Range detect some levels of radium in the water. The District is evaluating several treatment options and is in discussion with various entities regarding providing renewable water to the District. The engineering estimates for the cost of these options range from approximately \$900,000 to about \$6,500,000. The District is exploring possible grant and loan funding to assist the District with addressing the elevated Combined Radium levels. The resolution of this matter may take up to 3-4 years. This District has received strong support from Douglas County, several funding agencies, and neighboring water providers in exploring solutions to this issue. At this time, the financial impact on the District cannot be determined because of the multiplicity and uncertainty of the various factors that may be involved.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water service charges	\$ 97,375	\$ 112,974	\$ 15,599
Sewer service charges	119,900	119,763	(137)
Late fees and other charges	3,800	2,595	(1,205)
Property taxes	57,609	57,609	-
Specific ownership taxes	4,944	4,970	26
Cell tower lease	5,184	5,184	-
Net investment income	6,700	1,109	(5,591)
Grant income	-	5,000	5,000
CWRPDA loan proceeds	900,000	8,503	(891,497)
Total Revenues	1,195,512	317,707	(877,805)
EXPENDITURES			
Administration:			
Accounting and bookkeeping	14,700	12,250	2,450
Audit	7,000	7,500	(500)
District management	18,000	5,834	12,166
Directors fees and taxes	6,400	5,490	910
Bank charges	270	297	(27)
Computer software/support	1,400	1,770	(370)
Consulting/conceptual planning	16,500	19,224	(2,724)
Election	2,250	140	2,110
Insurance	8,200	7,071	1,129
Legal fees	2,600	7,587	(4,987)
Miscellaneous	100	16	84
Office supplies/expenditures	1,550	1,780	(230)
Postage	1,050	420	630
Memberships, dues and subscriptions	2,800	2,613	187
Utilities	1,150	720	430
County treasurer fees	864	865	(1)
Operations:			
Chemicals	2,500	1,700	800
Operations	21,000	21,000	-
Meter reading	2,000	1,935	65
Engineering and consulting	-	24,625	(24,625)
Repairs and maintenance:			
Repairs and maintenance - infrastructure	3,000	4,829	(1,829)
Water valves/meter replacement	1,000	-	1,000
Tank evaluation and maintenance	-	1,136	(1,136)
Water main breaks	20,000	5,053	14,947
Sewer main breaks	10,000	-	10,000
Miscellaneous repairs and maintenance	1,500	3,583	(2,083)

(continued)

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020

(continued)

	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
Utility locates	2,000	252	1,748
Testing - water and sewer	10,500	6,181	4,319
Utilities - infrastructure	13,700	13,538	162
Sewer cleaning	-	3,689	(3,689)
SCADA monitoring	1,800	1,750	50
Mowing and weed control	2,000	585	1,415
Permits	700	630	70
Miscellaneous	1,600	-	1,600
Capital outlay:			
Water system improvements	500,000	-	500,000
Wastewater system improvements	400,000	8,542	391,458
Debt service:			
Bond and loan principal	58,898	57,291	1,607
Bond interest	24,560	24,335	225
Loan issuance costs	-	8,366	(8,366)
Contingency	20,000	-	20,000
Total expenditures	1,181,592	262,597	918,995
REVENUES OVER EXPENDITURES	13,920	55,110	41,190
FUNDS AVAILABLE - BEGINNING OF YEAR	428,255	565,457	137,202
FUNDS AVAILABLE - END OF YEAR	\$ 442,175	\$ 620,567	\$ 178,392
Funds available is computed as follows:			
Current assets		\$ 696,187	
Current liabilities		(63,852)	
Deferred inflows of resources		(57,684)	
Current portion of long-term debt		45,916	
		\$ 620,567	

**LOUVIERS WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2020**

Revenue (budgetary basis)	\$	317,707
CWRPDA loan proceeds		(8,503)
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position		309,204
Expenditures (budgetary basis)		262,597
Depreciation		151,385
Capital outlay		(8,542)
Bond and loan principal		(57,291)
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position		348,149
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	\$	(38,945)

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF NET POSITION - WATER AND SEWER OPERATIONS
December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents - Unrestricted	\$ 394,035	\$ 161,440	\$ 555,475
Cash and cash equivalents - Restricted	-	34,872	34,872
Due from county treasurer	222	223	445
Accounts receivable:			
Customers	15,813	25,204	41,017
Property taxes receivable	28,761	28,923	57,684
Prepaid expenses	3,347	3,347	6,694
Total current assets	<u>442,178</u>	<u>254,009</u>	<u>696,187</u>
CAPITAL ASSETS			
Capital assets, not being depreciated:			
Land	16,438	58,865	75,303
Capital assets, being depreciated:			
System and facilities	<u>1,818,829</u>	<u>1,938,493</u>	<u>3,757,322</u>
	1,835,267	1,997,358	3,832,625
Less accumulated depreciation and amortization	<u>(709,282)</u>	<u>(265,699)</u>	<u>(974,981)</u>
Total capital assets	<u>1,125,985</u>	<u>1,731,659</u>	<u>2,857,644</u>
TOTAL ASSETS	<u>\$ 1,568,163</u>	<u>\$ 1,985,668</u>	<u>\$ 3,553,831</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 5,685	\$ 7,035	\$ 12,720
Accrued interest payable	-	5,216	5,216
Current portion of long-term debt	<u>3,794</u>	<u>42,122</u>	<u>45,916</u>
Total current liabilities	<u>9,479</u>	<u>54,373</u>	<u>63,852</u>
LONG-TERM LIABILITIES			
Long-term portion of long-term debt	<u>81,576</u>	<u>1,496,871</u>	<u>1,578,447</u>
Total long-term liabilities	<u>81,576</u>	<u>1,496,871</u>	<u>1,578,447</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	<u>28,761</u>	<u>28,923</u>	<u>57,684</u>
Total deferred inflows of resources	<u>28,761</u>	<u>28,923</u>	<u>57,684</u>
NET POSITION			
Net investment in capital assets	1,040,615	192,666	1,233,281
Restricted for:			
Debt service	-	34,872	34,872
Operation and maintenance reserve	29,545	19,988	49,533
Emergencies	499	332	831
Conceptual planning	2,150	2,150	4,300
Unrestricted	<u>375,538</u>	<u>155,493</u>	<u>531,031</u>
Total net position	<u>1,448,347</u>	<u>405,501</u>	<u>1,853,848</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,568,163</u>	<u>\$ 1,985,668</u>	<u>\$ 3,553,831</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - WATER AND SEWER OPERATIONS
Year Ended December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUE			
Service charges	\$ 112,974	\$ 119,763	\$ 232,737
Late fees and other charges	1,450	1,145	2,595
Total operating revenue	<u>114,424</u>	<u>120,908</u>	<u>235,332</u>
OPERATING EXPENSES			
Operations expense:			
Chemicals	360	1,340	1,700
Operations	10,500	10,500	21,000
Meter reading	1,935	-	1,935
Engineering and consulting	20,674	3,951	24,625
Repairs and maintenance:			
Repairs and maintenance - infrastructure	4,634	195	4,829
Tank evaluation and maintenance	1,136	-	1,136
Water/sewer main breaks	5,053	-	5,053
Miscellaneous repairs and maintenance	1,661	1,922	3,583
Utility locates	126	126	252
Testing - water and sewer	2,139	4,042	6,181
Utilities - infrastructure	12,273	1,265	13,538
Sewer cleaning	-	3,689	3,689
SCADA monitoring	1,750	-	1,750
Mowing and weed control	585	-	585
Permits	75	555	630
Administration expense:			
Accounting and billing	6,025	6,225	12,250
Audit	3,750	3,750	7,500
District management	2,917	2,917	5,834
Directors fees and taxes	2,745	2,745	5,490
Bank charges	178	119	297
Computer software/support	885	885	1,770
Consulting/conceptual planning	9,612	9,612	19,224
Election	70	70	140
Insurance	3,535	3,536	7,071
Legal fees	3,111	4,476	7,587
Miscellaneous	8	8	16
Office supplies/expenses	890	890	1,780
Postage	210	210	420
Memberships, dues and subscriptions	2,394	219	2,613
Utilities	360	360	720
Depreciation	103,141	48,244	151,385
Total operating expenses	<u>202,732</u>	<u>111,851</u>	<u>314,583</u>
OPERATING INCOME (LOSS)	<u>(88,308)</u>	<u>9,057</u>	<u>(79,251)</u>
NONOPERATING REVENUE (EXPENSE)			
Property taxes	28,723	28,886	57,609
Specific ownership taxes	2,478	2,492	4,970
Cell tower lease income	2,592	2,592	5,184
Net investment income	661	448	1,109
Grant income	2,500	2,500	5,000
County treasurer fees	(431)	(434)	(865)
Interest expense	-	(24,335)	(24,335)
Loan issuance costs	-	(8,366)	(8,366)
Total nonoperating revenue (expense)	<u>36,523</u>	<u>3,783</u>	<u>40,306</u>
CHANGE IN NET POSITION	<u>(51,785)</u>	<u>12,840</u>	<u>(38,945)</u>
NET POSITION - BEGINNING OF YEAR	<u>1,500,132</u>	<u>392,661</u>	<u>1,892,793</u>
NET POSITION - END OF YEAR	<u>\$ 1,448,347</u>	<u>\$ 405,501</u>	<u>\$ 1,853,848</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF CASH FLOWS - WATER AND SEWER OPERATIONS
Year Ended December 31, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 117,476	\$ 119,047	\$ 236,523
Payments to vendors	<u>(97,361)</u>	<u>(59,271)</u>	<u>(156,632)</u>
Net cash provided by operating activities	<u>20,115</u>	<u>59,776</u>	<u>79,891</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cell tower lease income received	2,592	2,592	5,184
Property taxes	28,292	28,452	56,744
Specific ownership taxes	2,468	2,482	4,950
Grants received	2,500	2,500	5,000
Net cash provided by capital financing activities	<u>35,852</u>	<u>36,026</u>	<u>71,878</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchases of capital assets	-	(116,216)	(116,216)
Interest paid	-	(24,295)	(24,295)
Loan and bond principal paid	(11,920)	(45,371)	(57,291)
Loan issuance costs paid	-	(8,366)	(8,366)
CWRPDA loan proceeds received	-	116,645	116,645
Net cash required by capital financing activities	<u>(11,920)</u>	<u>(77,603)</u>	<u>(89,523)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	661	448	1,109
Net cash provided by investing activities	<u>661</u>	<u>448</u>	<u>1,109</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,708	18,647	63,355
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>349,327</u>	<u>177,665</u>	<u>526,992</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 394,035</u>	<u>\$ 196,312</u>	<u>\$ 590,347</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income (loss) from operations	\$ (88,308)	\$ 9,057	\$ (79,251)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	103,141	48,244	151,385
Effects of changes in operating assets and liabilities:			
Accounts receivable	3,052	(1,861)	1,191
Prepaid expenses	(123)	(123)	(246)
Accounts payable	2,353	4,459	6,812
Net cash provided by operating activities	<u>\$ 20,115</u>	<u>\$ 59,776</u>	<u>\$ 79,891</u>

**LOUVIERS WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2020**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected Currently</u>	
2011	\$ 2,031,490	10.000	\$ 20,315	\$ 20,315	100.0%
2012	\$ 1,615,070	10.000	\$ 16,151	\$ 16,151	100.0%
2013	\$ 1,609,720	12.873	\$ 20,722	\$ 20,722	100.0%
2014	\$ 1,564,960	14.873	\$ 23,276	\$ 23,276	100.0%
2015	\$ 1,608,050	16.322	\$ 26,246	\$ 26,288	100.2%
2016	\$ 1,965,360	16.795	\$ 33,009	\$ 33,009	100.0%
2017	\$ 1,965,160	18.795	\$ 36,936	\$ 36,936	100.0%
2018	\$ 2,266,040	20.795	\$ 47,122	\$ 47,122	100.0%
2019	\$ 2,259,580	20.795	\$ 46,988	\$ 46,708	99.4%
2020	\$ 2,770,290	20.795	\$ 57,608	\$ 57,609	100.0%
Estimated for the year ending December 31, 2021	\$ 2,773,940	20.795	\$ 57,684		

NOTES:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

Year Ending December 31,	General Obligation Bond Series 2009 Principal and 4.125% Interest Due May 4 and November 4			2012 Colorado Water Resources and Power Development Authority Loan Principal and 0.000% Interest Due May 1 and November 1			2019 Colorado Water Resources and Power Development Authority Loan Principal and 0.000% Interest Due May 1 and November 1			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 9,200	\$ 25,672	\$ 34,872	\$ 3,794	\$ -	\$ 3,794	\$ 32,922	\$ -	\$ 32,922	\$ 45,916	\$ 25,672	\$ 71,588
2022	11,268	23,604	34,872	3,794	-	3,794	32,921	-	32,921	47,983	23,604	71,587
2023	11,738	23,134	34,872	3,794	-	3,794	32,922	-	32,922	48,454	23,134	71,588
2024	12,163	22,709	34,872	3,795	-	3,795	32,921	-	32,921	48,879	22,709	71,588
2025	12,734	22,138	34,872	3,794	-	3,794	32,922	-	32,922	49,450	22,138	71,588
2026	13,265	21,607	34,872	3,794	-	3,794	32,921	-	32,921	49,980	21,607	71,587
2027	13,818	21,054	34,872	3,794	-	3,794	32,922	-	32,922	50,534	21,054	71,588
2028	14,336	20,536	34,872	3,795	-	3,795	32,921	-	32,921	51,052	20,536	71,588
2029	14,991	19,881	34,872	3,794	-	3,794	32,922	-	32,922	51,707	19,881	71,588
2030	15,617	19,255	34,872	3,794	-	3,794	32,922	-	32,922	52,333	19,255	71,588
2031	16,266	18,606	34,872	3,794	-	3,794	32,922	-	32,922	52,982	18,606	71,588
2032	16,894	17,978	34,872	3,795	-	3,795	32,921	-	32,921	53,610	17,978	71,588
2033	17,648	17,224	34,872	3,794	-	3,794	32,922	-	32,922	54,364	17,224	71,588
2034	18,384	16,488	34,872	3,794	-	3,794	32,921	-	32,921	55,099	16,488	71,587
2035	19,150	15,722	34,872	3,794	-	3,794	32,922	-	32,922	55,866	15,722	71,588
2036	19,906	14,966	34,872	3,795	-	3,795	32,922	-	32,922	56,623	14,966	71,589
2037	20,778	14,094	34,872	3,794	-	3,794	32,922	-	32,922	57,494	14,094	71,588
2038	21,644	13,228	34,872	3,794	-	3,794	32,921	-	32,921	58,359	13,228	71,587
2039	22,546	12,326	34,872	3,794	-	3,794	32,922	-	32,922	59,262	12,326	71,588
2040	23,453	11,419	34,872	3,795	-	3,795	32,921	-	32,921	60,169	11,419	71,588
2041	24,463	10,409	34,872	3,794	-	3,794	32,922	-	32,922	61,179	10,409	71,588
2042	25,482	9,390	34,872	3,794	-	3,794	32,921	-	32,921	62,197	9,390	71,587
2043	26,544	8,328	34,872	1,897	-	1,897	32,922	-	32,922	61,363	8,328	69,691
2044	27,629	7,243	34,872	-	-	-	32,921	-	32,921	60,550	7,243	67,793
2045	28,802	6,070	34,872	-	-	-	32,922	-	32,922	61,724	6,070	67,794
2046	30,002	4,870	34,872	-	-	-	32,921	-	32,921	62,923	4,870	67,793
2047	31,252	3,620	34,872	-	-	-	32,922	-	32,922	64,174	3,620	67,794
2048	32,548	2,324	34,872	-	-	-	32,921	-	32,921	65,469	2,324	67,793
2049	31,747	968	32,715	-	-	-	32,921	-	32,921	64,668	968	65,636
	<u>\$ 584,268</u>	<u>\$ 424,863</u>	<u>\$ 1,009,131</u>	<u>\$ 85,370</u>	<u>\$ -</u>	<u>\$ 85,370</u>	<u>\$ 954,725</u>	<u>\$ -</u>	<u>\$ 954,725</u>	<u>\$ 1,624,363</u>	<u>\$ 424,863</u>	<u>\$ 2,049,226</u>