

PLATTE CANYON WATER AND SANITATION DISTRICT
Arapahoe and Jefferson Counties, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

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Independent Auditor's Report

Board of Directors
Platte Canyon Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Platte Canyon Water and Sanitation District (District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Platte Canyon Water and Sanitation District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparisons for the Platte Canyon Water and Sanitation Subdistrict No. 1 and Platte Canyon Water and Sanitation Subdistrict No. 2 special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement

date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior-Year Comparative Information

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

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
March 25, 2022

**PLATTE CANYON WATER AND SANITATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

This discussion and analysis is designed to provide an analysis of the District’s financial condition and operating results and to inform the reader on the District’s financial issues and activities.

The Management’s Discussion and Analysis (MD&A) should be read in conjunction with the District’s financial statements.

FINANCIAL HIGHLIGHTS

- The District remains in strong financial position with assets exceeding liabilities and deferred inflows of resources at the close of 2021 by \$22,158,801. Of this amount, \$8,568,632 or 38.7% is unrestricted and may be used to meet the District’s ongoing obligations to citizens.
- Due to the application of a comprehensive water main conditional assessment program, a significant number of capital water mains have been identified for replacement. During 2021 the District completed three major water capital projects amounting to \$1,186,430.
- Total net position increased \$468,565 or 2.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Platte Canyon Water and Sanitation District’s basic financial statements. The District’s basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Platte Canyon Water and Sanitation District’s finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the District’s assets and liabilities, deferred inflows of resources and net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Changes in Net Position* presents information which reflects how the District’s net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through taxes and contract services (*Business-type Activities*). The Governmental Activities of the District include the financing and construction of certain water and sewer system improvements of the blended component units. The Business-type Activities of the District include the effective and economical operation of water and sewer systems.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and bond covenants. All of the District funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheets and the governmental funds statement of revenue, expenditures, and changes in funds balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds, both of which are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances.

Proprietary Funds – When the District charges entities for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Changes in Net Position. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as a cash flow statement.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22,158,801 at the close of 2021. Current assets decreased by 2.4% or \$283,780 from 2020 to 2021. Cash and cash equivalents decreased \$1,920,263 or 31.3% while investments increased \$1,446,420 or 44.2% due to the shift from liquid cash holdings to longer term investment holdings. Capital assets increased \$711,983 or 5.6% due to significant capital water replacements. Total liabilities decreased \$220,212 or 21.9% due primarily to a decrease in accrued benefits resulting from the retirement of the long-term District Manager.

Net Position

Combined Net Position of the Platte Canyon Water and Sanitation District at December 31, 2021 and 2020 were:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current assets and other assets	\$ 123,802	\$ 120,145	\$11,499,450	\$11,786,887	\$11,623,252	\$ 11,907,032
Capital assets	-	-	13,403,927	12,691,944	13,403,927	12,691,944
Total assets	123,802	120,145	24,903,377	24,478,831	25,027,179	24,598,976
Long-term obligations	261,224	308,148	238,304	395,171	499,528	703,319
Other liabilities	48,775	47,392	237,975	255,779	286,750	303,171
Total Liabilities	309,999	355,540	476,279	650,950	786,278	1,006,490
Deferred property tax revenue	57,500	57,500	2,024,600	1,844,750	2,082,100	1,902,250
Total deferred inflows of resource	57,500	57,500	2,024,600	1,844,750	2,082,100	1,902,250
Net Position:						
Investment in capital assets	-	-	13,403,927	12,691,944	13,403,927	12,691,944
Restricted	64,451	60,520	121,791	126,250	186,242	186,770
Unrestricted	(308,148)	(353,415)	8,876,780	9,164,937	8,568,632	8,811,522
Total net position	\$ (243,697)	\$ (292,895)	\$22,402,498	\$21,983,131	\$22,158,801	\$ 21,690,236

A significant portion (60.5%) of the District's net position reflects its investment in capital assets (e.g. land, water and sewer systems, equipment, etc.). The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Unrestricted net position may be used to meet the District's ongoing obligations to maintain the water and sewer systems within the jurisdictional boundaries. Unrestricted net position makes up 38.7% of total net position. Total net position increased \$468,565 or 2.2%.

Platte Canyon Water and Sanitation District Subdistrict No. 1 (Subdistrict No.1) and Platte Canyon Water and Sanitation District Subdistrict No. 2 (Subdistrict No. 2) financed the construction of water distribution system improvements which were conveyed to the District when completed. The related outstanding debt will be repaid with tax levies on property located within each Subdistrict. Negative net position will be reported for the Governmental Activities until the long-

term debt obligation is satisfied. The District is not obligated to repay the debt in any way. Additional information regarding the Subdistricts may be found in Note 1 (Blended Component Units) of this report.

Changes in Net Position

The District's program and general revenue of \$4,120,866 is more than program expenses of \$3,652,301 by \$468,565. This increase is less favorable than the increase in net position in 2020 of \$728,475 due to the negative fair value adjustment on the District's investments at December 31, 2021 resulting in negative net investment income combined with the significant increase in water operation expenses.

The table below shows the summarized revenue and expenses for 2021 and 2020.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program revenue:						
Charges for services	\$ -	\$ -	\$ 2,094,830	\$ 2,007,507	\$ 2,094,830	\$ 2,007,507
Capital contributions	-	-	35,182	100,615	35,182	100,615
General revenue:						
Property taxes	57,610	57,610	1,819,078	1,827,870	1,876,688	1,885,480
Specific ownership tax	4,407	4,305	138,163	136,614	142,570	140,919
Net investment income	115	541	(40,052)	134,256	(39,937)	134,797
Gain on sale of property and equipment			11,533	-	11,533	-
Total revenue	62,132	62,456	4,058,734	4,206,862	4,120,866	4,269,318
Program expenses:						
General government	865	864	-	-	865	864
Interest on long-term debt	12,069	13,483	-	-	12,069	13,483
Water operations	-	-	1,535,365	1,361,150	1,535,365	1,361,150
Sewer operations	-	-	601,221	668,898	601,221	668,898
Contract services	-	-	1,502,781	1,496,448	1,502,781	1,496,448
Total program expenses	12,934	14,347	3,639,367	3,526,496	3,652,301	3,540,843
Increase (decrease) in net position	49,198	48,109	419,367	680,366	468,565	728,475
Net Position-Beginning of Year	(292,895)	(341,004)	21,983,131	21,302,765	21,690,236	20,961,761
Net Position-End of Year	\$ (243,697)	\$ (292,895)	\$22,402,498	\$21,983,131	\$22,158,801	\$ 21,690,236

Governmental Activities

Property taxes were levied to satisfy the required annual debt payments on long-term obligations (see Note 5).

Business-type Activities

Business-type activities reflect an increase in Net Position of \$419,367 in 2021 compared to a \$680,366 increase in 2020.

- Total revenue decreased by \$148,128 or 3.5%. Net investment income is reported at a negative \$40,052 due to fair value adjustments to investment holdings at December 31, 2021 compared to positive net investment income of \$134,256 reported in 2020. Charges for services increased \$87,323. This increase is the result of more maintenance and administrative services being provided to contract Districts in 2021 (see Note 9). The decrease in capital contributions of \$65,433 is related to the timing of property annexation

revenue received by the District. As the District has few parcels of developable property remaining within its boundaries, annexations into the District is limited.

- Total program expenses increased by \$112,871 or 3.2% from 2020 to 2021. This increase is due to the increase in water operation expenses. In addition to experiencing more water system failures requiring emergency repair, the number of planned remedial repairs and cost impact to the water system were more significant during 2021.

THE DISTRICT'S FUNDS

As noted earlier, Platte Canyon Water and Sanitation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting. As the District completed the year, its Governmental Funds reported a combined fund balance of \$66,302. This amount is comprised of accumulated net property taxes and specific ownership taxes and is restricted for the payment of the outstanding loans.

The budgets for the special revenue funds are prepared on a basis consistent with generally accepted accounting principles (GAAP).

Proprietary Fund

Unrestricted net position for the District's enterprise fund at the end of 2021 amounted to \$8,876,780 compared to \$9,164,937 at the end of 2020.

BUDGETARY HIGHLIGHTS

The District prepares its Enterprise Fund budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of sale of assets, capital outlay, in addition to operations and nonoperating revenues and contributions. Capital contributions of facilities and depreciation are not reflected on the budget as they do not affect "funds available". This budgetary accounting is required by state statutes.

The District's actual revenues exceeded budgeted revenues by \$204,004. Actual contract services exceeded the budget by \$197,970. See Note 9 for explanations of various service intergovernmental agreements. Other revenue exceeded the amount budgeted by \$55,421. Included in this line item is the reimbursement from a boring contractor for damages that resulted in sewer backup claims amounting to \$25,292 as well as fees charged to developers for plan review and construction inspections for water and sewer main extensions. The most significant development project was a water main extension at Columbine High School. Actual net investment income amounted to a negative \$40,052 resulting in a negative budget variance of \$75,882. A fair value mark down of investments at December 31, 2021 amounted to \$86,895. It is the District policy to hold all investments to maturity, therefore, any fair value adjustment is considered unrealized.

Total budgeted expenditures exceeded total actual expenditures by \$792,342. There was a negative budget variance for operations and administration in the amount of \$17,819. There was a high

occurrence of emergency water main breaks during 2021 resulting in a negative budget variance of \$75,574 in water operations and maintenance. A positive budget variance of \$59,759 resulted in sewer operations and maintenance as the sewer system required no emergency or remedial repairs during 2021. Personnel wages of \$1,386,441 exceeded the budget amount by \$81,711 due to the actual benefit payout resulting from the retirement of the District Manager and promotional transitions of existing staff. The positive budget variance of \$41,286 in professional and consulting is due to actual engineering, legal and other consulting costs being less than anticipated.

In addition to budgeting for emergency reserve, the District budgeted an additional 20% of the projected water and sewer capital expenses to cover unanticipated increases in construction costs. The percentage applied fluctuates from year to year depending on the predictability of the construction industry. The amount budgeted for contingencies and emergency reserves was \$353,105. The actual cost for the water distribution replacement projects was \$164,358 less than the budgeted amount. The positive budget variance of \$281,571 in vehicles is due to the economic delays in manufacturing due to the impacts of COVID. During 2021, the District did acquire a new flatbed that was budgeted and ordered in 2020, but has not yet received a sewer cleaning unit that was ordered in 2021 and budgeted in the amount of \$382,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The table below provides a summary of total capital assets, net of depreciation where applicable at December 31, 2021 and 2020.

	Business-Type Activities	
	2021	2020
Land	\$ 40,200	\$ 40,200
Construction in progress	65,804	92,299
Total non-depreciable assets	106,004	132,499
Water distribution system	9,504,981	8,715,023
Sewage collection system	2,948,012	3,112,416
Maintenance equipment	727,060	659,073
Office equipment	117,870	72,933
Total depreciable assets	13,297,923	12,559,445
Total capital assets	\$13,403,927	\$12,691,944

The District completed three major water capital projects replacing 1,900 feet of 6-inch cast iron pipe and 2,400 feet of 8-inch cast iron pipe amounting to \$1,186,430. Additionally, the District purchased a pickup, a flatbed truck with air compressor, a utility vehicle and other maintenance equipment totaling \$205,990. Maintenance equipment in the amount of \$59,046 was disposed of during 2021. Significant software enhancements were implemented during 2021 including Sedaru utility locate ticket processing and pressure monitoring modules as well as improving functionality between the software used in sewer television inspections and the GIS mapping system. These software implementations amounted to \$62,417.

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

Debt

Subdistrict No. 1 and Subdistrict No. 2 have loans outstanding at December 31, 2021. During 2021, principal and interest payments on the loans were made as required. Detail of the long-term debt obligations are presented in Note 5.

Economic Factors and Next Year's Budget

- Property and specific ownership taxes for general operating purposes were budgeted in the amount of \$2,176,450 which represents 46.4% of total District budgeted revenue.
- Revenue from contract services is expected to be \$1,511,935.
- In 2022, the infrastructure fee imposed on customers' Denver Water bills will increase by \$7.00 to \$12.00 per month per ¾" equivalent service connection and is projected to generate revenue of \$960,048.
- The average yield on investments is projected to be .4% resulting in estimated investment income of approximately \$34,880.
- The budgets for operating expenditures and capital expenditures are \$2,973,118 and \$2,651,664, respectively.
- The 2022 budget includes the addition of a fulltime Operator I level maintenance employee.
- Three capital water projects involving the replacement of 3,820 feet of cast iron pipe with PVC pipe amounts to \$1,257,214, 47.4% of the total capital expenditure budget.
- Total expenditures for 2021 are projected to exceed revenue by \$936,889 which will be funded by the District's current funds available.
- The Subdistrict No. 1 levied a property tax assessment in the amount of \$28,525, which is budgeted to satisfy its annual debt requirements.
- The Subdistrict No. 2 levied a property tax assessment in the amount of \$29,085, which is budgeted to satisfy its annual debt requirements.

Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Financial Administrator, Platte Canyon Water and Sanitation District, 8739 W. Coal Mine Ave., Littleton, Colorado 80123.

BASIC FINANCIAL STATEMENTS

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

(with comparative totals for December 31, 2020)

	Governmental	Business-type	Total	
	Activities	Activities	2021	2020
ASSETS				
Cash and cash equivalents	\$ 66,027	\$ 4,143,297	\$ 4,209,324	\$ 6,129,587
Investments	-	4,721,120	4,721,120	3,274,700
Receivable from County Treasurers	275	9,162	9,437	11,977
Accounts receivable	-	200,598	200,598	184,279
Accrued interest receivable	-	6,702	6,702	7,668
Property taxes receivable	57,500	2,024,600	2,082,100	1,902,250
Prepaid expenses	-	105,642	105,642	92,782
Prepaid lease, current portion	-	15,460	15,460	15,460
Prepaid lease, long-term portion	-	272,869	272,869	288,329
Capital assets not being depreciated:				
Land	-	40,200	40,200	40,200
Construction in progress	-	65,804	65,804	92,299
Capital assets, (net of accumulated depreciation):				
Water distribution system	-	9,504,981	9,504,981	8,715,023
Sewage collection system	-	2,948,012	2,948,012	3,112,416
Maintenance equipment	-	727,060	727,060	659,073
Office equipment	-	117,870	117,870	72,933
Total assets	<u>123,802</u>	<u>24,903,377</u>	<u>25,027,179</u>	<u>24,598,976</u>
LIABILITIES				
Accounts and retainage payable	-	92,586	92,586	110,666
Accrued salaries and benefits	-	69,966	69,966	78,419
Accrued interest payable	1,851	-	1,851	2,125
Deposits from developers	-	25,714	25,714	28,619
Long-term obligations, due within one year	46,924	49,709	96,633	83,342
Long-term obligations, due in more than one year	261,224	238,304	499,528	703,319
Total liabilities	<u>309,999</u>	<u>476,279</u>	<u>786,278</u>	<u>1,006,490</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	57,500	2,024,600	2,082,100	1,902,250
Total deferred inflows of resources	<u>57,500</u>	<u>2,024,600</u>	<u>2,082,100</u>	<u>1,902,250</u>
NET POSITION				
Investment in capital assets	-	13,403,927	13,403,927	12,691,944
Restricted for debt service	64,451	-	64,451	60,520
Restricted for Emergencies	-	121,791	121,791	126,250
Unrestricted	(308,148)	8,876,780	8,568,632	8,811,522
TOTAL NET POSITION	<u>\$ (243,697)</u>	<u>\$ 22,402,498</u>	<u>\$ 22,158,801</u>	<u>\$ 21,690,236</u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2021

(with comparative totals for December 31, 2020)

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges For Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
						<u>2021</u>	<u>2020</u>
FUNCTIONS/PROGRAMS							
Governmental Activities							
General government	\$ 865	\$ -	\$ -	\$ (865)	\$ -	\$ (865)	\$ (864)
Interest on long term obligations	12,069	-	-	(12,069)	-	(12,069)	(13,483)
Total Governmental Activities	<u>12,934</u>	<u>-</u>	<u>-</u>	<u>(12,934)</u>	<u>-</u>	<u>(12,934)</u>	<u>(14,347)</u>
Business-type Activities							
Water operations	1,535,365	-	23,150	-	(1,512,215)	(1,512,215)	(1,282,950)
Sewer operations	601,221	-	12,032	-	(589,189)	(589,189)	(646,483)
Contract services	1,502,781	2,094,830	-	-	592,049	592,049	511,059
Total Business-type Activities	<u>3,639,367</u>	<u>2,094,830</u>	<u>35,182</u>	<u>-</u>	<u>(1,509,355)</u>	<u>(1,509,355)</u>	<u>(1,418,374)</u>
Total Primary Government	<u>\$ 3,652,301</u>	<u>\$ 2,094,830</u>	<u>\$ 35,182</u>	<u>(12,934)</u>	<u>(1,509,355)</u>	<u>(1,522,289)</u>	<u>(1,432,721)</u>
GENERAL REVENUE							
Property tax revenue				57,610	1,819,078	1,876,688	1,885,480
Specific ownership tax				4,407	138,163	142,570	140,919
Net investment income				115	(40,052)	(39,937)	134,797
Gain on sale of property and equipment				-	11,533	11,533	-
Total General Revenue				<u>62,132</u>	<u>1,928,722</u>	<u>1,990,854</u>	<u>2,161,196</u>
Change in Net Position				49,198	419,367	468,565	728,475
Net Position - Beginning of year				(292,895)	21,983,131	21,690,236	20,961,761
Net Position - End of year				<u>\$ (243,697)</u>	<u>\$ 22,402,498</u>	<u>\$ 22,158,801</u>	<u>\$ 21,690,236</u>

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

**PLATTE CANYON WATER AND SANITATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

	Subdistrict No.1	Subdistrict No.2	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 35,500	\$ 30,527	\$ 66,027
Receivable from County Treasurer	136	139	275
Property taxes receivable	28,500	29,000	57,500
Total assets	\$ 64,136	\$ 59,666	123,802
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 28,500	\$ 29,000	57,500
Total deferred inflows of resources	28,500	29,000	57,500
FUND BALANCES			
Restricted for debt service	35,636	30,666	66,302
Total fund balances	35,636	30,666	66,302
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 64,136	\$ 59,666	
 Amounts reported for governmental activities in the Statement of Net Position are different because:			
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:			
Loans payable			(308,148)
Interest payable			(1,851)
Net Position of Governmental Activities			\$ (243,697)

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>Subdistrict No.1</u>	<u>Subdistrict No.2</u>	<u>Total Governmental Funds</u>
REVENUE			
Property taxes	\$ 28,525	\$ 29,085	\$ 57,610
Specific ownership taxes	2,182	2,225	4,407
Net investment income	72	43	115
Total revenue	<u>30,779</u>	<u>31,353</u>	<u>62,132</u>
EXPENDITURES			
Debt service			
Principal	23,039	22,228	45,267
Interest	5,486	6,857	12,343
Treasurer fees	428	437	865
Total expenditures	<u>28,953</u>	<u>29,522</u>	<u>58,475</u>
NET CHANGE IN FUND BALANCES	1,826	1,831	3,657
FUND BALANCE - BEGINNING OF YEAR	<u>33,810</u>	<u>28,835</u>	<u>62,645</u>
FUND BALANCES - END OF YEAR	<u>\$ 35,636</u>	<u>\$ 30,666</u>	<u>\$ 66,302</u>

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

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,657

Amounts reported for Governmental Activities in the Statement of Changes in Net Position are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable 274

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.

Principal payments on loans 45,267

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 49,198

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 1
For the Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUE			
Property taxes	\$ 28,525	\$ 28,525	\$ -
Specific ownership taxes	2,139	2,182	43
Net investment income	80	72	(8)
Total revenue	<u>30,744</u>	<u>30,779</u>	<u>35</u>
EXPENDITURES			
Debt service			
Principal	23,039	23,039	-
Interest	5,486	5,486	-
Treasurer fees	430	428	2
Total expenditures	<u>28,955</u>	<u>28,953</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	1,789	1,826	37
FUND BALANCE - BEGINNING OF YEAR	<u>33,742</u>	<u>33,810</u>	<u>68</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 35,531</u></u>	<u><u>\$ 35,636</u></u>	<u><u>\$ 105</u></u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 2
For the Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE			
Property taxes	\$ 29,085	\$ 29,085	\$ -
Specific ownership taxes	2,181	2,225	44
Net investment income	70	43	(27)
Total revenue	<u>31,336</u>	<u>31,353</u>	<u>17</u>
EXPENDITURES			
Debt service			
Principal	22,228	22,228	-
Interest	6,857	6,857	-
Treasurer fees	440	437	3
Total expenditures	<u>29,525</u>	<u>29,522</u>	<u>3</u>
NET CHANGE IN FUND BALANCE	1,811	1,831	20
FUND BALANCE - BEGINNING OF YEAR	<u>28,822</u>	<u>28,835</u>	<u>13</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 30,633</u></u>	<u><u>\$ 30,666</u></u>	<u><u>\$ 33</u></u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
December 31, 2021

(with comparative totals for December 31, 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,143,297	\$ 6,067,325
Investments	4,721,120	3,274,700
Receivable from County Treasurers	9,162	11,594
Accounts receivable	200,598	184,279
Accrued interest receivable	6,702	7,668
Property taxes receivable	2,024,600	1,844,750
Prepaid expenses	105,642	92,782
Current portion of prepaid lease	15,460	15,460
Total Current assets	11,226,581	11,498,558
Non-current assets		
Prepaid lease	272,869	288,329
Capital assets not being depreciated:		
Land	40,200	40,200
Construction in progress	65,804	92,299
Capital assets, net of depreciation:		
Water distribution system	9,504,981	8,715,023
Sewage collection system	2,948,012	3,112,416
Maintenance equipment	727,060	659,073
Office equipment	117,870	72,933
Total Noncurrent assets	13,676,796	12,980,273
TOTAL ASSETS	24,903,377	24,478,831
 LIABILITIES		
Current liabilities		
Accounts payable	92,586	110,666
Accrued salaries and benefits	69,966	78,419
Deposits from developers	25,714	28,619
Long-term obligations, current portion	49,709	38,075
Total Current liabilities	237,975	255,779
Non-current liabilities		
Long-term obligations, non-current portion	238,304	395,171
TOTAL LIABILITIES	476,279	650,950
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	2,024,600	1,844,750
TOTAL DEFERRED INFLOWS OF RESOURCES	2,024,600	1,844,750
NET POSITION		
Investment in capital assets	13,403,927	12,691,944
Restricted for emergencies	121,791	126,250
Unrestricted	8,876,780	9,164,937
TOTAL NET POSITION	\$ 22,402,498	\$ 21,983,131

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2021

(with comparative totals for December 31, 2020)

	2021	2020
OPERATING REVENUE		
Contract Services	\$ 1,628,790	\$ 1,592,510
Infrastructure fee	406,039	397,772
Other	60,001	17,225
Total operating revenue	2,094,830	2,007,507
OPERATING EXPENSES		
Water operations	1,031,823	893,343
Sewer operations	397,056	431,523
Contract services	1,502,781	1,496,448
General and administrative	680,404	677,744
Total operating expenses	3,612,064	3,499,058
(LOSS) FROM OPERATIONS	(1,517,234)	(1,491,551)
NONOPERATING REVENUE (EXPENSES)		
Property taxes	1,819,078	1,827,870
Specific ownership taxes	138,163	136,614
Net investment income (loss)	(40,052)	134,256
Gain on disposition of property and equipment	11,533	-
County Treasurer's collection fees	(27,303)	(27,438)
Total nonoperating revenue (expenses)	1,901,419	2,071,302
INCOME BEFORE CAPITAL CONTRIBUTIONS	384,185	579,751
CAPITAL CONTRIBUTIONS		
Tap fees	23,682	20,115
Annexation fees	11,500	80,500
Total capital contributions	35,182	100,615
CHANGE IN NET POSITION	419,367	680,366
NET POSITION - BEGINNING OF YEAR	21,983,131	21,302,765
NET POSITION - END OF YEAR	\$ 22,402,498	\$ 21,983,131

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2021

(with comparative totals for December 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contract services and customers	\$ 2,075,606	\$ 2,042,643
Cash payments to suppliers for goods and services	(978,847)	(794,940)
Cash payments to employees for services	(2,079,827)	(1,928,122)
Cash flows used for operating activities	(983,068)	(680,419)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes - Net	1,794,207	1,800,690
Specific ownership taxes	138,163	136,614
Cash flows provided by noncapital financing activities	1,932,370	1,937,304
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital - Tap fees	23,682	20,115
Inclusion fees	11,500	80,500
Acquisition of capital assets	(1,435,506)	(1,403,287)
Proceeds from sale of capital assets	12,500	-
Cash flows used for capital and related financing activities	(1,387,824)	(1,302,672)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	55,447	118,890
Purchase of investments	(4,040,953)	-
Matured investments	2,500,000	2,250,000
Cash flows provided (used) by investing activities	(1,485,506)	2,368,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,924,028)	2,323,103
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,067,325	3,744,222
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,143,297	\$ 6,067,325

(Continued)

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

(with comparative totals for December 31, 2020)

(Continued)

	2021	2020
Reconciliation of (loss) from operations to net cash used for operating activities		
(Loss) from operations	<u>\$ (1,517,234)</u>	<u>\$ (1,491,551)</u>
Adjustments to reconcile (loss) from operations to net cash used for operating activities		
Depreciation and amortization	746,342	709,068
Effects of changes in operating assets and liabilities:		
Receivables	(16,319)	18,394
Prepaid expenses	(12,860)	(7,230)
Accounts payable	(26,406)	43,285
Accrued salaries and benefits	(8,453)	6,665
Compensated absences	(145,233)	24,208
Deposits from developers	<u>(2,905)</u>	<u>16,742</u>
Total adjustments	<u>534,166</u>	<u>811,132</u>
Net cash used for operating activities	<u><u>\$ (983,068)</u></u>	<u><u>\$ (680,419)</u></u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Net book value of property and equipment disposals	<u>\$ (967)</u>	<u>\$ -</u>
Fair value adjustment on investments gain/(loss)	<u><u>\$ (86,895)</u></u>	<u><u>\$ 33,183</u></u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson and Arapahoe Counties, Colorado. The District was established to provide water and sanitation services.

The District has maintenance agreements with Southwest Metropolitan Water and Sanitation District and other water and sanitation districts. The agreements provide that the District will perform administration and maintenance services using the District's personnel and equipment, with reimbursement to the District for labor, materials and use of equipment and general and administration expenses (See Note 9).

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.

Blended Component Units

Platte Canyon Water and Sanitation Subdistrict No. 1 (Subdistrict No. 1) was established in 2005 pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of the Subdistrict No. 1, located entirely within the District boundaries, is known as the Columbine Townhouses III Subdivision (Subdivision III). The Subdistrict No. 1 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision III. The Subdistrict No. 1 will assess a levy against all real property within its boundaries for the payment of principal and interest on the loan. The Subdistrict No. 1 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to the Subdistrict No. 1, and the improvements within the Subdistrict No. 1 ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 1.

In 2007 the District Board of Directors established the Platte Canyon Water and Sanitation Subdistrict No. 2 (Subdistrict No. 2) pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of Subdistrict No. 2, located entirely within the District boundaries, is known as the Colombine Townhouses Four Subdivision (Subdivision Four). Subdistrict No. 2 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision Four. The Subdistrict No. 2 will assess a levy against all real property within its boudaries for the payment of principal and interest on the loan. The Subdistrict No. 2 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to Subdistrict No. 2, and the improvements will

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 2.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or entities who use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among *program revenues* are reported instead as *general revenues*. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*.

Separate financial statements are provided for the governmental funds and the proprietary fund because all are considered major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus and modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Property and specific ownership taxes, infrastructure service fees, capital project contributions, as well as investment income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue or contributions of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

Subdistrict No. 1 Fund and Subdistrict No. 2 Fund – These funds are included as blended component units of the District. The funds are used to account for the financing of certain public water distribution system improvements needed to serve specific subdivisions located in the District. The costs of the improvements are confined to the individual subdivisions by a separate tax levy than that of the District as a whole.

The District reports the following major proprietary fund:

Enterprise Fund – This fund is used to account for the effective and economical operation of water and sewer systems within the jurisdictional boundaries of the District.

Functional expenses for business-type activities in the government-wide and proprietary fund financial statements include allocated indirect overhead expense.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues of the District's enterprise fund consist of charges to other local governments for services provided. Operating expenses for the enterprise fund include cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

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

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. A budget is legally adopted for each fund of the District. The budgets for the Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Proprietary Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted. Budgeted amounts in the financial statements are as originally adopted, or as amended by the Directors.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Cash Equivalents and Investments

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. Investments are recorded at fair value.

Receivables

All receivables are recorded at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Payments made to vendors for services which will benefit periods after December 31 are recorded as prepaid items.

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 Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are considered deferred inflows of resources and 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 (the year that it is levied for).

Capital Assets

Capital assets which include property, equipment, and infrastructure are reported in the business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Such assets are recorded at cost except for those assets which have been contributed which are recorded at estimated fair value at the date of contribution or at developer's cost. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Distribution and Collection Systems	20 – 40 years
Maintenance and Office Equipment	3 – 15 years

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave when earned by the employee. The District has a policy which allows employees to accumulate unused vacation and sick leave up to a certain maximum number of hours. The accumulated vacation and sick leave balance are recorded as an accrued liability and current salary expense when incurred in the proprietary fund financial statements. The District eliminated a deferred merit award program as of December 31, 2018 and any accrued balances were frozen. In the event of termination, an employee is reimbursed for the accumulated vacation and sick hours and paid the balance of the merit award.

Developer Deposits

Developer deposits include funds that have been collected by the District for services to be provided in subsequent periods. At the time the services are provided, the liability is removed from the government-wide and proprietary fund Statements of net position or the governmental fund balance sheet and revenue is recognized.

Fund Balances / Governmental Funds

The District's fund balances fall under the category of "restricted" because the balances are constrained for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

At December 31, 2021, the District reported restricted fund balance in the Subdistrict No. 1 and Subdistrict No. 2 Special Revenue Funds in the amounts of \$35,636 and \$30,666 respectively, are to be used exclusively for debt service requirements (see Note 5).

Net Position

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

Restricted net position includes 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. Net position in the Government Activities in the amount of \$64,451 is restricted for debt service requirements (see Note 5). Net position of the Business-Type Activities in the amount of \$121,791 is restricted for emergencies (see Note 11).

Negative net position will be reported for the Governmental Activities until the long-term debt obligation is satisfied. At December 31, 2021, a deficit unrestricted net position in the amount of \$308,148 was reported for the Governmental Activities. It is anticipated that future tax revenues will be used to make future debt service payments and eliminate the deficit.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year presentation.

NOTE 3 – CASH AND INVESTMENTS

At December 31, 2021 the District had the following cash and investments:

Cash on hand	\$ 150
Deposits	805,637
Investments	<u>8,124,657</u>
Total	<u><u>\$ 8,930,444</u></u>

Cash deposits and investments are reflected on the December 31, 2021 Statement of Net Position as follows:

Cash and cash equivalents	\$ 4,209,324
Investments	<u>4,721,120</u>
Total	<u><u>\$ 8,930,444</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as 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 the 102% of the uninsured deposits.

Investments

The District is required to comply with State statutes and the District’s investment policy which specify instruments meeting defined rating, maturity, and concentration risk criteria in which the District may invest, which include the following. State statute does not address custodial risk.

- . Obligations of the U.S. and certain U.S. government agency securities and the World Bank

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market mutual funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2021 the District had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturities (in Years)</u>			<u>Total</u>
		<u>1 or less</u>	<u>1 - 5</u>	<u>Total</u>	
U.S. Government Instrumentalities	AAA/AA+	\$ -	\$ 1,477,785	\$ 1,477,785	\$ 2,955,570
U.S. Treasury Notes	N/A	-	2,499,335	2,499,335	4,998,670
COLOTRUST - Plus+	AAAm	1,619,920	-	1,619,920	3,239,840
COLOTRUST - Edge	AAA/S1	1,724,019	-	1,724,019	3,448,038
CSAFE - Core	AAA/S1	803,598	-	803,598	1,607,196
		<u>\$4,147,537</u>	<u>\$ 3,977,120</u>	<u>\$8,124,657</u>	<u>\$ 16,249,314</u>

Interest Rate Risk – The District’s investment policy limits investment maturities by investment type. Maturities for investments in U.S. Treasuries and U.S. Agencies are limited to a maximum of 10 years.

Credit risk – The District’s investment policy limits investments to U.S. Treasury obligations, U.S. Government Agency and Instrumentality securities, local government investment pools, and certain money market mutual funds approved by the Board of Directors. At the time of purchase, investments must have a credit rating equal to or greater than that specified by state statutes.

Concentration of Credit Risk – It is the policy of the District to diversify its investment portfolio to eliminate risk of loss resulting from over concentration of assets in a specific maturity, a specific class, and specific issuer of securities. The District policy includes cash deposits in the total portfolio when determining concentration of investments. The policy provides that the total portfolio of the District may be comprised of 100% U.S. Treasury Notes. However, investment in U.S. Government instrumentalities may not exceed 50% of the District’s total portfolio and investment in any one issuer may not exceed 20% of the total portfolio. Investments in local government investment pools may not exceed 50%, of the District’s total portfolio. A maximum of 35% of the District’s total portfolio may be invested in any one local government investment pool. A maximum of 25% of the District’s total portfolio may be invested in approved fixed income money market mutual funds. The policy provides for variances in the stated maximum percentage limitations not to exceed 10% at any given time and the Board may ratify exceptions as deemed necessary. At December 31, 2021, the District’s investment in Federal Home Loan Bank was 18.2% of the District’s total investments and 16.5% of the District’s total portfolio.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Local Government Investment pools:

COLOTRUST – At December 31, 2021, the District has invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), 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 COLOTRUST. It operates similarly to a money market fund. COLOTRUST offers shares in three portfolios: PRIME, PLUS+, and EDGE. All 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. Both PLUS+ and EDGE may also invest in the highest rated commercial paper. The PRIME and PLUS portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the EDGE portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both PRIME and PLUS+ portfolios are rated AAAM by Standard and Poor’s and the EDGE portfolio is rated AAAsf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of PRIME and PLUS is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. EDGE’s net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an EDGE investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

CSAFE - At December 31, 2021, the District had \$803,598 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating CSAFE. CSAFE operates similarly to money market funds, and each share of CSAFE Cash is equal in value to \$1.00 and each share of CSAFE Core is equal in value to \$2.00. Standard and Poor’s rates CSAFE AAAM. Investments are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments. CSAFE Core calculates the net asset value on a fair value basis as provided for by GASB Statements 31 and 72, and the District records its investment in CSAFE Core at this net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District also has investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 and CSAFE which are not categorized within the fair value hierarchy. At December 31, 2021 fair value and NAV measurements of the District's investments are as follows:

	Carrying Amount
Investment measured at fair value:	
U.S. Government Instrumentalities (Level 1 inputs)	\$ 1,477,785
U.S. Treasury Notes (Level 1 inputs)	2,499,335
Total investments by fair value level	3,977,120
Investments measured at NAV:	
COLOTRUST - PLUS+	1,619,920
COLOTRUST - EDGE	1,724,019
CSAFE - Core	803,598
Total investments at NAV	4,147,537
Total investments at carrying amount	\$ 8,124,657

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in the business-type activities capital assets for the year ended December 31, 2021:

<u>By Classification</u>	Balance January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Business-type Activites				
Land	\$ 40,200	\$ -	\$ -	\$ 40,200
Construction in progress	92,299	65,804	92,299	65,804
Total non-depreciable assets	132,499	65,804	92,299	106,004
Water distribution system	17,106,981	1,186,430	45,268	18,248,143
Sewage collection system	9,799,606	-	-	9,799,606
Maintenance equipment	1,724,258	205,990	59,046	1,871,202
Office equipment	390,155	77,907	58,760	409,302
Total capital assets being depreciated	29,021,000	1,470,327	163,074	30,328,253
Less Accumulated Depreciation				
Water distribution system	(8,391,958)	(396,472)	(45,268)	(8,743,162)
Sewage collection system	(6,687,190)	(164,404)	-	(6,851,594)
Maintenance equipment	(1,065,185)	(138,003)	(59,046)	(1,144,142)
Office equipment	(317,222)	(32,003)	(57,793)	(291,432)
Total Accumulated Depreciation	(16,461,555)	(730,882)	(162,107)	(17,030,330)
Total capital assets being depreciated, net	12,559,445	739,445	967	13,297,923
Net Capital Assets	\$ 12,691,944	\$ 805,249	\$ 93,266	\$ 13,403,927

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Depreciation expense for the years ended December 31, 2021 was charged to the following programs:

Business-type Activities:

Water operations	\$ 439,962
Sewer operations	189,815
Contract services	101,105
	\$ 730,882

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in the governmental activities and business-type activities long-term obligations for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Deletions	Balance at December 31, 2021	Due within one year
Government Activities:					
Loans from direct borrowings:					
Subdistrict No. 1					
(2006) - \$400,000					
CWRPDA Loan	\$ 151,993	\$ -	\$ 23,039	\$ 128,954	\$ 23,911
Subdistrict No. 2					
(2008) - \$475,000					
CWRPDA Loan	201,422	-	22,228	179,194	23,013
	353,415	\$ -	\$ 45,267	308,148	\$ 46,924
Less current portion	(45,267)			(46,924)	
	\$ 308,148			\$ 261,224	
Business-type Activities:					
Accrual for compensated					
absences	\$ 433,246	\$ 141,031	\$ 292,215	\$ 288,013	\$ 49,709
Less current portion	(38,075)			(49,709)	
	\$ 395,171			\$ 238,304	

Accrual for compensated absences (see Note 2) is liquidated from the Enterprise fund.

The detail of the District’s governmental activities long-term obligation is as follows:

Colorado Water Resources and Power Development Authority:

\$400,000 Loan, dated June 30, 2006, with interest of 3.75%, due semi-annually through 2026. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. In the event of default, failure to make required payments for a period of thirty days, the Authority may consent to an extension of time to accommodate corrective

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

action. This loan was entered into by the Subdistrict No. 1 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

\$475,000 Loan, dated July 15, 2008, with interest of 3.50%, due semi-annually through 2028. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. In the event of default, failure to make required payments for a period of thirty days, the Authority may consent to an extension of time to accommodate corrective action. This loan was entered into by the Subdistrict No. 2 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

The District’s long-term obligations of the governmental activities will mature as follows:

	Loans from Direct Borrowings		
	Principal	Interest	Total
2022	\$ 46,924	\$ 10,686	\$ 57,610
2023	48,641	8,969	57,610
2024	50,422	7,188	57,610
2025	52,268	5,342	57,610
2026	54,181	3,429	57,610
2027-2028	55,712	2,457	58,169
	\$ 308,148	\$ 38,071	\$ 346,219

NOTE 6 – SERVICE CONTRACTS

Water

The District has a distributor’s contract with the Denver Water Board whereby the Denver Water Department provides water in the District’s service area and charges the users directly (“read and bill” type of distributor’s contract). The District owns and maintains the water distribution system.

In 2019, under the distributor contract with Denver, the District entered into an Intergovernmental Agreement with Denver to impose an infrastructure service fee of \$5.00 per month per 3/4” per single family equivalent to District customers. The infrastructure service fee is to be used for operations, maintenance, and rehabilitation of the District’s facilities. Infrastructure service fee revenue amounted to \$406,039 in 2021.

Sewer

The District has a contract with the City of Littleton whereby the City provides sewage treatment for the District and bills the users directly. The District owns and maintains the sewage collection system.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN

The District has adopted a single employer defined contribution pension plan administered by Colorado Retirement Association (CRA) which covers substantially all employees (minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service). Contribution requirements of the District and eligible employees are established and may be amended by the District Board of Directors. Eligible employees must participate in the plan with an elected contribution between 3% and 10% of gross wages less overtime pay. The District matches the employees elected contribution level.

Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions (fully vested after five years of employment). District contributions for employees who leave employment before five years of participation are used to reduce the District's current period contribution requirement. There is no liability for benefits under the plan beyond the District's matching payments. For the year ended December 31, 2021, employee contributions totaled \$129,428, and the District recognized pension expense of \$129,428. During 2021, there were no forfeitures.

At December 31, 2021, the District had 14 current active plan members and the District's liability to the plan amounted to \$5,407.

NOTE 8 – DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Colorado Retirement Association (CRA). Participation in the plan is optional for all employees. The plan allows the employees to contribute to a Roth account or to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

NOTE 9 – COMMITMENTS

Management and Maintenance Agreement

The District has an intergovernmental agreement with Southwest Metropolitan Water and Sanitation District (Southwest) to provide management, maintenance, inspection and clerical services. Under the agreement, the District bills Southwest monthly for its proportionate share of costs. During 2014 the contract was renewed for ten years with an option to renew for successive five year periods after December 31, 2024. During 2021 the District earned reimbursement for contract services from Southwest in the amount of \$1,320,332.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Operating Lease Agreement

The District has an agreement for office and storage space with Southwest. The District jointly funded the expansion and renovation of Southwest's office space being used for District operations. The District paid 30% of the construction costs and began amortizing the prepaid lease payment of \$618,417 on July 1, 2000. The District amortizes the prepaid lease costs over 40 years. At December 31, 2021, the balance of the prepaid lease amounted to \$288,329. The District pays Southwest a monthly rent and a proportionate share of the operation and maintenance expense and capital improvement costs determined on a quarterly basis. The Intergovernmental Agreement for Joint Office and Garage Facility will be effective until December 31, 2029, with the option for renewal for successive periods not to exceed ten years each. Upon termination, the District will be entitled to 30% of the appraised replacement value of the joint facility excluding land value. Operation, maintenance and improvement costs paid to Southwest during 2021 amounted to \$59,771.

Contracts for Services

The District has entered into intergovernmental agreements with Bow Mar Water and Sanitation District (Bow Mar), Columbine Water and Sanitation District (Columbine), and Valley Sanitation District (Valley) to provide certain administrative and maintenance services. The District bills Bow Mar, Columbine, and Valley monthly for work performed based on agreed upon rates of hours worked and cost of materials. During 2021 the District earned \$308,458 which is recorded as contract services.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Government Immunity Act, as amended from time to time, 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). 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, general and automobile liability, public officials, auto physical damage, inland marine, and boiler and machinery. In the event aggregate 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.

The District maintains commercial insurance for injuries to employees (worker's compensation). Settled claims have not exceeded this coverage in any of the past three fiscal years.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 4, 2003, a majority of the District’s electors authorized the District to collect, retain and spend all revenues and other funds received from all sources, including without limitation the District’s existing general operating property tax rate of 7.104 mills, commencing January 1, 2004, for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 and as a permanent waiver of the 5.5 percent limitation under Section 29-1-301 C.R.S.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2021, the District’s reserve of \$121,791 was recorded as a restriction of net position in the enterprise fund.

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

SUPPLEMENTARY INFORMATION

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
ENTERPRISE FUND
For the Year Ended December 31, 2021

(with comparative totals for December 31, 2020)

	2021	2020
WATER OPERATIONS		
Personnel	\$ 185,460	\$ 154,538
Operations and maintenance	388,119	319,989
Depreciation and amortization	430,338	397,722
Equipment and vehicles	10,304	8,265
Insurance	11,447	8,644
Communications	6,155	4,185
Total water operations	1,031,823	893,343
SEWER OPERATIONS		
Personnel	140,476	148,181
Operations and maintenance	23,258	50,176
Depreciation and amortization	187,201	193,566
Equipment and vehicles	32,789	27,299
Insurance	8,670	8,288
Communications	4,662	4,013
Total sewer operations	397,056	431,523
CONTRACT SERVICES		
Personnel	1,171,479	1,188,914
Operations and maintenance	30,894	32,060
Depreciation and amortization	104,108	100,235
Equipment and vehicles	66,893	54,908
Insurance	8,846	8,384
Office Expenses	103,769	99,290
Communications	16,792	12,657
Total contract maintenance	1,502,781	1,496,448
GENERAL AND ADMINISTRATIVE		
Personnel	428,726	467,362
Professional and consulting	126,027	107,607
Operations and maintenance	20,065	11,041
Depreciation and amortization	24,695	17,545
Insurance	26,460	26,142
Office expenses	46,375	41,256
Other	8,056	6,791
Total general and administrative	680,404	677,744
Total operating expenses	\$ 3,612,064	\$ 3,499,058

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUE			
Contract Services	\$ 1,430,820	\$ 1,628,790	\$ 197,970
Infrastructure service fee	400,440	406,039	5,599
Property taxes	1,845,606	1,819,078	(26,528)
Specific ownership taxes	138,421	138,163	(258)
Net investment income	35,830	(40,052)	(75,882)
Proceeds from sale of property and equipment	-	12,500	12,500
Tap fees	-	23,682	23,682
Annexation fees	-	11,500	11,500
Other	4,580	60,001	55,421
Total revenue	<u>3,855,697</u>	<u>4,059,701</u>	<u>204,004</u>
EXPENDITURES			
OPERATIONS AND ADMINISTRATION			
Operations and Maintenance			
Water	307,550	383,124	(75,574)
Sewer	79,200	19,441	59,759
Equipment and vehicles	91,500	109,986	(18,486)
Communications	27,950	27,609	341
Building maintenance	60,950	59,771	1,179
Personnel			
Wages	1,304,730	1,386,441	(81,711)
Benefits	576,716	539,700	37,016
Office Expenses	118,570	99,197	19,373
Professional and consulting	218,260	176,974	41,286
Insurance	56,100	55,423	677
Other	33,680	35,359	(1,679)
Total operations and administration	<u>2,875,206</u>	<u>2,893,025</u>	<u>(17,819)</u>
CAPITAL OUTLAY			
Water distribution system	1,324,293	1,159,935	164,358
Sewage collection system	25,000	-	25,000
Software	40,595	62,417	(21,822)
Vehicles	464,000	182,429	281,571
Maintenance equipment	27,500	23,561	3,939
Office equipment	19,500	15,490	4,010
Contingency	353,105	-	353,105
Total capital outlay	<u>2,253,993</u>	<u>1,443,832</u>	<u>810,161</u>
Total expenditures	<u>5,129,199</u>	<u>4,336,857</u>	<u>792,342</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,273,502)	(277,156)	996,346
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>8,958,247</u>	<u>8,987,398</u>	<u>29,151</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 7,684,745</u>	<u>\$ 8,710,242</u>	<u>\$ 1,025,497</u>

Funds available is computed as follows:

Current assets	\$ 11,226,581
Current portion of prepaid lease	(15,460)
Current liabilities	(237,975)
Non-current portion of compensated absences	(238,304)
Deferred property tax revenue	(2,024,600)
	<u>\$ 8,710,242</u>

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF ACTUAL (Non-GAAP BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND
Year Ended December 31, 2021**

REVENUE (BUDGETARY BASIS)	\$ 4,059,701
Proceeds from sale of property and equipment	(12,500)
Gain on sale of property and equipment	<u>11,533</u>
Total revenue per statement of revenues, expenses and changes in net position	<u>4,058,734</u>
 EXPENDITURES (BUDGETARY BASIS)	 4,336,857
Depreciation and amortization	746,342
Acquisition of plant and equipment	<u>(1,443,832)</u>
Total expenses per statement of revenues, expenses, and changes in net position	<u>3,639,367</u>
 Change in net position	 <u><u>\$ 419,367</u></u>

OTHER INFORMATION

**PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS
December 31, 2021**

Year Ending December 31,	Subdistrict No.1 \$400,000 General Obligation Loan Dated June 30, 2006 Interest rate 3.75%		Subdistrict No. 2 \$475,000 General Obligation Loan Dated July 15, 2008 Interest rate 3.50%		Totals		
	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Total Interest	Total Principal	Total
2022	\$ 4,614	\$ 23,911	\$ 6,072	\$ 23,013	\$ 10,686	\$ 46,924	\$ 57,610
2023	3,710	24,816	5,259	23,825	8,969	48,641	57,610
2024	2,769	25,755	4,419	24,667	7,188	50,422	57,610
2025	1,794	26,730	3,548	25,538	5,342	52,268	57,610
2026	783	27,742	2,646	26,439	3,429	54,181	57,610
2027	-	-	1,712	27,372	1,712	27,372	29,084
2028	-	-	745	28,340	745	28,340	29,085
	<u>\$ 13,670</u>	<u>\$ 128,954</u>	<u>\$ 24,401</u>	<u>\$ 179,194</u>	<u>\$ 38,071</u>	<u>\$ 308,148</u>	<u>\$ 346,219</u>