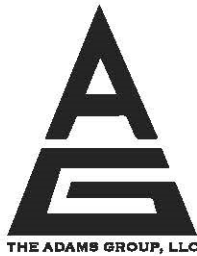


UNITED WATER & SANITATION DISTRICT  
Elbert County, Colorado

FINANCIAL STATEMENTS  
DECEMBER 31, 2021

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Proprietary Funds	4
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	5
Statement of Cash Flows – Proprietary Funds	6
NOTES TO THE FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget to Actual Budgetary Basis (District Enterprise Fund)	33
Reconciliation of Budgetary Basis Actual to Statement of Revenues, Expenses and Change in Net Position (District Enterprise Fund)	35
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget to Actual Budgetary Basis (Bijou Enterprise Fund)	36
Reconciliation of Budgetary Basis Actual to Statement of Revenues, Expenses and Change in Net Position (Bijou Enterprise Fund)	37



CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Water and Sanitation District  
Elbert County, Colorado

### Opinions

We have audited the accompanying financial statements of each major fund of United Water and Sanitation District (the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District, as of December 31, 2021, 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.

### Emphasis of a Matter

As described in Note 12 to the financial statements, the District restated beginning balances due to the sale of water certificates in the prior year. These changes resulted in a restatement of prior period net position for the District Enterprise Fund. Our opinion is not modified with respect to this matter.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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**

Management has omitted the Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **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 budgetary comparison schedules and reconciliations as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*The Adams Group, LLC*

Denver, Colorado  
July 27, 2022

## BASIC FINANCIAL STATEMENTS

**UNITED WATER & SANITATION DISTRICT**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	District Enterprise Fund	Bijou Enterprise Fund	Total
<u>Assets</u>			
<u>Current assets</u>			
Cash and investments - unrestricted	\$ 4,136,548	\$ -	\$ 4,136,548
Cash and investments - restricted	14,450,711	5,457,886	19,908,597
Prepaid items	133,407	-	133,407
Accounts receivable	655,048	-	655,048
Interest receivable	17,795	-	17,795
Total current assets	<u>19,393,509</u>	<u>5,457,886</u>	<u>24,851,395</u>
<u>Noncurrent assets</u>			
Long-term receivable - Phase I	2,347,629	-	2,347,629
Long-term receivable - Phase II	998,087	-	998,087
Capital assets not being depreciated	58,573,720	10,000,000	68,573,720
Capital assets, net of accumulated depreciation	<u>47,271,116</u>	<u>-</u>	<u>47,271,116</u>
Total noncurrent assets	<u>109,190,552</u>	<u>10,000,000</u>	<u>119,190,552</u>
Total assets	<u>128,584,061</u>	<u>15,457,886</u>	<u>144,041,947</u>
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts and retainage payable	2,076,020	-	2,076,020
Accrued interest payable - bonds and notes	<u>60,608</u>	<u>74,111</u>	<u>134,719</u>
Total current liabilities	<u>2,136,628</u>	<u>74,111</u>	<u>2,210,739</u>
<u>Noncurrent liabilities</u>			
Unearned revenue - Phase II	998,087	-	998,087
Notes and loans payable			
Due within one year	1,332,438	435,000	1,767,438
Due in more than one year	25,709,006	13,302,882	39,011,888
Developer advances, due in more than one year	17,864,465	1,932,000	19,796,465
Accrued interest payable - developer advances	<u>20,292,533</u>	<u>28,175</u>	<u>20,320,708</u>
Total noncurrent assets	<u>66,196,529</u>	<u>15,698,057</u>	<u>81,894,586</u>
Total liabilities	<u>68,333,157</u>	<u>15,772,168</u>	<u>84,105,325</u>
<u>Net Position</u>			
Net investment in capital assets	79,293,814	4,126,943	83,420,757
Restricted	7,443,375	5,383,775	12,827,150
Unrestricted	<u>(26,486,285)</u>	<u>(9,825,000)</u>	<u>(36,311,285)</u>
Total Net Position	<u>\$ 60,250,904</u>	<u>\$ (314,282)</u>	<u>\$ 59,936,622</u>

**UNITED WATER & SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION – PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	District Enterprise Fund	Bijou Enterprise Fund	Total
<u>Water operations</u>			
<u>Operating revenues</u>			
Water certificate sales	\$ 2,121,550	\$ -	\$ 2,121,550
Operations	1,301,150	-	1,301,150
Miscellaneous	129,838	-	129,838
Total operating revenues	3,552,538	-	3,552,538
<u>Direct expenses</u>			
Cost of water rights sold	817,558	-	817,558
Depreciation and amortization	1,433,173	-	1,433,173
District management and accounting	178,065	-	178,065
Engineering and consulting	1,112,735	-	1,112,735
Insurance and bonds	83,109	-	83,109
Legal	1,287,172	-	1,287,172
Licenses and fees	10,720	-	10,720
Miscellaneous	47,559	-	47,559
Repairs and maintenance	1,479,584	-	1,479,584
Support services	968,413	-	968,413
Systems operation and maintenance	225,863	-	225,863
Water assessment fees and well permits	52,579	-	52,579
Water certificate sales	234,736	-	234,736
Water lease payments	270,407	-	270,407
Utilities	286,368	-	286,368
Total direct expenses	8,488,041	-	8,488,041
Loss from water operations	(4,935,503)	-	(4,935,503)
<u>General and administrative expenses</u>			
Audit	40,390	-	40,390
Directors' fees	3,100	-	3,100
Dues and subscriptions	28,498	-	28,498
Total general and administrative expenses	71,988	-	71,988
Loss from operations	(5,007,491)	-	(5,007,491)
<u>Nonoperating revenues (expenses)</u>			
IGA revenue	3,826,332	-	3,826,332
Interest income	370,070	2	370,072
Severance tax	126,452	-	126,452
Interest expense - developer advances	(1,093,109)	-	(1,093,109)
Interest expense - bonds and notes	(1,114,522)	(222,429)	(1,336,951)
Cost of issuance	-	(91,855)	(91,855)
Paying agent fees	(5,554)	-	(5,554)
Total nonoperating revenues	2,109,669	(314,282)	1,795,387
Change in net position	(2,897,822)	(314,282)	(3,212,104)
Net position, beginning of year (as restated)	63,148,726	-	63,148,726
Net position, end of year	\$ 60,250,904	\$ (314,282)	\$ 59,936,622



**UNITED WATER & SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	District Enterprise Fund	Bijou Enterprise Fund	Total
<u>Cash flows from operating activities</u>			
Sale of water rights	\$ 2,121,550	\$ -	\$ 2,121,550
Operation charges received	818,024	-	818,024
Miscellaneous receipts	129,838	-	129,838
Payment for general, administrative and operating expenses	(6,149,761)	-	(6,149,761)
Net cash used in operating activities	<u>(3,080,349)</u>	<u>-</u>	<u>(3,080,349)</u>
<u>Cash flows from noncapital financing activities</u>			
IGA revenue received	3,826,332	-	3,826,332
Severance tax	126,452	-	126,452
Net cash provided by noncapital financing activities	<u>3,952,784</u>	<u>-</u>	<u>3,952,784</u>
<u>Cash flows from capital and related financing activities</u>			
Proceeds from developer advances	-	1,932,000	1,932,000
Proceeds from bonds, notes, and loans	-	20,250,000	20,250,000
ECCV payment - Phase I received	2,237,434	-	2,237,434
Payments made on water certificate agreements	(234,736)	-	(234,736)
Purchase of capital assets	(7,573,542)	(10,000,000)	(17,573,542)
Principal paid on developer advances	(325,131)	-	(325,131)
Principal paid on bonds, notes, and loans	(1,503,948)	(6,512,118)	(8,016,066)
Interest and other related costs paid on capital debt	(1,151,142)	(211,998)	(1,363,140)
Net cash provided by (used in) capital and related financing activities	<u>(8,551,065)</u>	<u>5,457,884</u>	<u>(3,093,181)</u>
<u>Cash flows from investing activities</u>			
Interest received	400,906	2	400,908
Net cash provided by investing activities	<u>400,906</u>	<u>2</u>	<u>400,908</u>
Net increase (decrease) in cash and cash equivalents	(7,277,724)	5,457,886	(1,819,838)
Cash and investments, beginning of year	25,864,983	-	25,864,983
Cash and investments, end of year	<u>\$ 18,587,259</u>	<u>\$ 5,457,886</u>	<u>\$ 24,045,145</u>
Reconciliation of loss from operations to net cash used in operating activities:			
Loss from operations	\$ (5,007,491)	\$ -	\$ (5,007,491)
Adjustments to reconcile loss from operations to net cash flows used in operating activities:			
Depreciation and amortization expense	1,433,173	-	1,433,173
(Increase) decrease in accounts receivable	(483,126)	-	(483,126)
(Increase) decrease in prepaid items	(53,967)	-	(53,967)
Increase (decrease) in accounts payable	(21,232)	-	(21,232)
Cost of water certificates sold	234,736	-	234,736
Cost of water rights sold	817,558	-	817,558
Net cash used in operating activities	<u>\$ (3,080,349)</u>	<u>\$ -</u>	<u>\$ (3,080,349)</u>

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY

United Water & Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 20, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The financial statements include the operations of its wholly owned subsidiaries Colorado Augmentation Canal Company and New Brighton Lateral LLC.

The District was established to acquire, construct, finance and maintain public water, sewer and storm drainage improvements for the use and benefit of users of the District's systems. The District provides for the construction, operation and maintenance of water, sewer, and storm drainage facilities. The District provides water to various special districts and municipalities throughout the State and serves as a wholesaler of water. The District has no residents and does not provide any services directly to individuals.

The District has created several separate enterprise activities to support the acquisition, construction, operation, and maintenance of the facilities, pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the following enterprises are combined for reporting purposes as part of the financial statements of the District and are reported as a single enterprise under the District Enterprise Fund.

*United Water Acquisition Project - Water Activity Enterprise* was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the United Water Acquisition Project, consisting of certain water pipelines and facilities to facilitate the acquisition, diversion, storage, carriage, delivery, treatment, transmission, distribution, and provision of water to properties not served by other water facilities.

*United Pipeline Acquisition Project - Water Activity Enterprise* was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the United Water Pipeline Acquisition Project, consisting of certain water pipelines and facilities to facilitate the acquisition, diversion, storage, carriage, delivery, treatment, transmission, distribution, and provision of water to properties not served by other water facilities.

*South Adams Project - Water Activity Enterprise* was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the South Adams Project.

*Lupton Lakes Water Storage Project - Water Activity Enterprise* was established for the purpose of conducting the business represented by all of the District's water

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

facilities and properties for the development of certain facilities for the storage of water in Weld County, Colorado, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions to the Lupton Lakes System.

*Arapahoe County Water and Wastewater Authority (ACWWA) – Water Activity Enterprise* was established for the purpose of financing the acquisition of water rights and the acquisition, construction, and installation of the facilities necessary for the delivery of water to the areas determined by the Authority.

*Milliken Reservoir – Water Activity Enterprise* (formerly known as Gilcrest) was established for the purpose of financing the acquisition of water rights and the acquisition, construction, and installation of the facilities necessary for delivery of water to the Milliken service area.

*Serfer Pit – Water Activity Enterprise* was established for the purpose of financing the acquisition of water rights and the acquisition, construction, and installation of the facilities necessary for delivery of water to the properties not served by other water facilities.

*Highlands Reservoir – Water Activity Enterprise* was established for the purpose of financing the acquisition of water rights and the acquisition, construction, and installation of the facilities necessary for delivery of water to the properties not served by other water facilities.

On April 27, 2021, the Board adopted a resolution establishing the Bijou Agricultural Water Activity Enterprise for the purpose to acquire and develop certain properties and facilities for the supply, diversion, storage, carriage, and delivery of water. Bijou Agricultural is operated pursuant to the Water Activity Enterprise Statute to be an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the Bijou Agricultural Enterprise is reported as a separate enterprise under the Bijou Enterprise Fund.

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.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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 in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is a special-purpose government engaged in business-type activities. The accounts are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. For these business-type activities, enterprise fund financial statements are presented. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, consistent with businesses in the private sector. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Proprietary enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and delivering goods in connection with the funds' principal ongoing operations. Operating revenues of the District's enterprise funds consist primarily of water sales and charges for operations. Operating expenses include costs of water rights sold, operations, engineering and consulting, and administrative costs. All revenues and expenses not meeting this definition of operating revenues and expenses, including intergovernmental revenues and severance taxes, are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources for their specified purposes first, then unrestricted resources as needed.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Pooled cash and investments

The District follows the practice of pooling cash and investments of its enterprise funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Cash and 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.

Receivables and capital contributions

The District does not provide an allowance for uncollectible receivable balances because all balances are considered fully collectible. The District receives contributions of capital assets from various sources. Capital assets are recorded at the estimated acquisition cost when contributed.

Other current assets

Other current assets consist primarily of payments to vendors applicable to future periods considered a prepaid at yearend.

Capital assets

Capital assets, which include land and improvements, building and improvements, vehicles, furniture and equipment, leasehold improvements, and infrastructure assets (e.g. pipelines, roads, wells and similar items) with a cost or value exceeding \$5,000 are recorded at cost except for those assets that have been contributed, which are stated at estimated acquisition cost at the date of contribution or at the developer's cost.

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

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.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital assets (continued)

Any construction in process that will be dedicated to another entity is not depreciated. Leasehold improvements are amortized over the life of the lease.

Any capital assets that will be owned and maintained by the District will be depreciated using the straight-line method over the following estimated economic useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Pipelines and water systems	50 years
Leasehold improvements	40 years
Streets and roads	40 years
Equipment and vehicles	5 - 10 years

Long-term obligations

In the proprietary fund statements, long-term obligations are reported as liabilities when new debt is issued. Premium and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt issuance costs are recorded as a period expense in the year incurred.

Net position

The financial statements utilize a net position categorized as net investment in capital assets; restricted net position; and unrestricted. Net investment in capital assets reflects the portion of net position associated with capital assets, less outstanding capital-asset-related debt. Restricted net position consists of balances that have third party debt or contractual limitations on their use. Unrestricted net position represents unrestricted liquid assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first, followed by unrestricted.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level, including other financing uses and lapses at year end.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources,  
and Net Position (continued)

Budgets (continued)

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.

As outlined in Note 1, the District's original budget for 2021 had several water activity enterprise funds. During 2021, the District amended the budget and consolidated all water activity enterprise activities into a single general operation fund.

As a result, the District's budget schedule presents a combined presentation of all activities of the District as of December 31, 2021.

For the year ended December 31, 2021, supplementary appropriations approved by the Board of Directors modified the appropriation from \$16,388,150 to \$19,000,000 for the District Enterprise Fund.

For the year ended December 31, 2021, supplementary appropriations approved by the Board of Directors modified the appropriation from \$0 to \$17,000,000 for the Bijou Enterprise Fund.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - unrestricted	\$	4,136,548
Cash and investments - restricted		19,908,597
Total cash and investments	\$	<u>24,045,145</u>

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash deposits	\$ 11,706,036
Investments	12,339,109
Total	<u>\$ 24,045,145</u>

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.

At December 31, 2021, the District's cash deposits had a bank balance of \$12,465,079 and a carrying balance of \$11,706,036.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. 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 requirements.

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

- Obligations of the United States 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 and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities



UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The local government investment pools, which includes the Colorado Local Government Liquid Asset Trust (Colotrust), is rated AAAm by S&P Global. The Federated Government Obligations Fund is rated AAAm by S&P Global and AAA-mf by Moody's.

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	\$ 6,414,932	AAAm
Federated Government Obligations Fund	Weighted average under 60 days	5,924,177	AAAm
		<u>\$ 12,339,109</u>	

Fair Value Measurement

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

At December 31, 2021, the District had \$6,414,932 invested in COLOTRUST. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Federated Government Obligations Fund

As of December 31, 2021, the District had invested \$5,924,177 in the Federated Hermes Government Obligations Fund. The Fund invests primarily in short-term U.S. Treasury and government securities, and repurchase agreements collateralized by U.S. Treasury and government agency securities for a higher yield potential. The Fund complies with Rule 2a-7 definition of a government money market fund. The Fund is rated AAAm by Standard & Poor's and has a weighted average maturity of less than 60 days. The Fund is measured at amortized cost. Under this valuation method, no additional disclosures are required.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the District's enterprise funds for the year ended December 31, 2021, was as follows:

<i>District Enterprise Fund</i>	Balance December 31, 2020 (as restated)	Additions	Retirements	Balance December 31, 2021
Capital assets, not being depreciated				
CIP				
Water acquisition projects	\$ 7,173,318	\$ -	\$ -	\$ 7,173,318
Milliken water project	537,351	-	-	537,351
Serfer Pit project	54,015	-	-	54,015
Highlands water project	838,723	7,327,922	-	8,166,645
Land	2,894,525	-	-	2,894,525
Water rights'	31,876,467	-	-	31,876,467
Water resource credit certificates	6,409,422	-	817,558	5,591,864
Water storage	1,801,538	477,997	-	2,279,535
Total capital assets, not being depreciated	51,585,359	7,805,919	817,558	58,573,720
Capital assets, being depreciated				
Water acquisition projects	48,624,214	-	-	48,624,214
Streets and roads	8,455	-	-	8,455
Building improvements	166,727	-	-	166,727
Vehicles and equipment	807,027	139,050	-	946,077
Well pivot	34,000	-	-	34,000
Flumes	299,040	-	-	299,040
Brannan Pit pumps	378,549	-	-	378,549
Monitoring and vac systems	77,909	-	-	77,909
Pipelines	5,690,000	-	-	5,690,000
Water lines	4,908,889	-	-	4,908,889
Reservoir improvements	156,404	-	-	156,404
Water wells	1,290,556	-	-	1,290,556
Total capital assets, being depreciated	62,441,770	139,050	-	62,580,820
Less accumulated depreciation				
Water acquisition projects	(8,364,050)	(972,484)	-	(9,336,534)
Streets and roads	(2,977)	(211)	-	(3,188)
Building improvements	(66,209)	(4,168)	-	(70,377)
Vehicles and equipment	(309,353)	(84,151)	-	(393,504)
Well pivot	(34,000)	-	-	(34,000)
Flumes	(134,568)	(29,904)	-	(164,472)
Brannan Pit pumps	(170,347)	(37,855)	-	(208,202)
Monitoring and vac systems	(61,665)	(3,663)	-	(65,328)
Pipelines	(1,934,600)	(113,800)	-	(2,048,400)
Water lines	(1,588,169)	(144,379)	-	(1,732,548)
Reservoir improvements	(50,600)	(4,600)	-	(55,200)
Water wells	(1,159,993)	(37,958)	-	(1,197,951)
Total accumulated depreciation	(13,876,531)	(1,433,173)	-	(15,309,704)
Total capital assets, being depreciated, net	48,565,239	(1,294,123)	-	47,271,116
Total capital assets	\$ 100,150,598	\$ 6,511,796	\$ 817,558	\$ 105,844,836

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021
<u><i>Bijou Enterprise Fund</i></u>				
Capital assets, not being depreciated				
Water rights'	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>

NOTE 5 – LONG-TERM RECEIVABLES

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and East Cherry Creek Valley Water and Sanitation District (ECCV) acting through the East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (ECCV Water Activity Enterprise) on December 18, 2003, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement anticipates a reverse osmosis treatment plant to be constructed, owned, and operated by ECCV Water Activity Enterprise. During 2003, the District sold water and delivery rights to 3,000-acre feet of fully consumable water per year at a price of \$18,500,000 received in cash and \$26,500,000 in the form of Subordinate Water Revenue Bonds, Series 2003 from ECCV Water Activity Enterprise, which were exchanged with Subordinate Water Revenue Exchange Bonds, Series 2004 on May 6, 2004.

Additional projects contemplated by the agreement will divert water and return flows from the South Platte River and deliver it to ECCV Water Activity Enterprise's future treatment plant and will give ECCV Water Activity Enterprise a right of first purchase of yield in excess of 5,500-acre feet from additional tributary water rights from the South Platte River that were acquired by the District (Phase 2 Water).

The District entered into an Amended and Restated Water Supply Agreement with FRICO and ECCV Water Activity Enterprise in May 2007 to develop an integrated water supply project, including the Phase 1, Phase 2, and Phase 3 of the ECCV Water Project.

ECCV Water Activity Enterprise Subordinate Water Revenue Exchange Bonds, Series 2004 dated May 6, 2004, in the original amount of \$26,793,000 mature on November 15, 2023; with an interest rate of 3.00% to December 31, 2009, and 5.00% from January 1, 2010, and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of ECCV and ECCV Water Activity Enterprise, on any date without redemption premium.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 5 – LONG-TERM RECEIVABLES (CONTINUED)

Water Supply Agreement (continued)

The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds.

These bonds are limited, subordinate lien obligations of ECCV Water Activity Enterprise payable solely from the portion of the net revenues comprising 40% of water tap fees collected by ECCV or ECCV Water Activity Enterprise (Net Revenues). Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues. ECCV and ECCV Water Activity Enterprise have covenanted that a minimum water tap fee of \$15,000 per single family equivalent will be maintained.

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue of ECCV and ECCV Water Activity Enterprise and cannot be predicted with certainty. At December 31, 2021, the outstanding amount of these bonds was \$2,347,629 which is reflected as long-term receivable - Phase I on the Statement of Net Position. During the year ended December 31, 2021, the District received principal and interest payments of \$2,237,434 and \$230,779, respectively.

2007 Lease Purchase Agreement

The District, acting through its United Water Acquisition Project Water Activity Enterprise, entered into a Lease Purchase Agreement with ECCV Water Activity Enterprise, acting on behalf of ECCV, on July 27, 2007 (effective May 25, 2007) in the original amount of \$31,250,000, for the lease of Phase 2 Water from the District. During the term of this Agreement the District agrees, among other things, to construct certain facilities, to provide additional storage and to acquire sufficient water rights to produce not less than 2,960-acre feet of fully consumable water per year and not more than 3,221-acre feet of fully consumable water per year (Phase 2 Water) and to deliver such water to the ECCV Water Treatment Plant (as provided in the Water Supply Agreement). Principal and interest payments under the agreement are due annually on November 15 with an interest rate of 3.2%. The annual payment shall be an amount equal to the Allocated Tap Lease Revenue (defined as the portion of the Net Revenue that is equal to 38.57% of the Water Tap Fees collected by ECCV on and after November 1, 2004). The agreement terminates the earlier of November 15, 2022, or upon payment of all amounts due and the conveyance of all the Phase 2 Water to ECCV.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 5 – LONG-TERM RECEIVABLES (CONTINUED)**

**2007 Lease Purchase Agreement (continued)**

This Agreement was amended by the Supplemental Lease Purchase Agreement entered into effective December 12, 2012, which extended the termination date from November 15, 2014 to November 15, 2017 and provided for an additional payment by ECCV to the District of \$400,000 each November 15 following the payment of operation, maintenance, and senior bond expenses.

At December 31, 2021, the outstanding amount under this agreement was \$998,087 which is reflected as long-term receivable - Phase II and unearned revenue - Phase II on the Statement of Net Position. During the year ended December 31, 2021, the District received principal and interest payments of \$3,826,332 and \$154,381, respectively.

**NOTE 6 – LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations of the District's enterprise funds for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021	Due Within One Year
<i><u>District Enterprise Fund</u></i>					
Direct Placement Loans / Advances:					
United District Water Providers	\$ 11,875,000	\$ -	\$ -	\$ 11,875,000	\$ -
Bromley District Water Providers	1,321,765	-	-	1,321,765	-
Farmers Reservoir and Irrigation Company	1,000,000	-	-	1,000,000	-
Englewood Exchange Services	202,700	-	-	202,700	-
Red Tierra Equities, LLC.	2,400,000	-	-	2,400,000	-
CAW Equities, LLC.	1,000,131	-	325,131	675,000	-
Chambers	390,000	-	-	390,000	-
Accrued interest on advances	19,226,584	1,114,522	48,573	20,292,533	-
Direct Borrowing:					
Series 2017 Water Certificate Refunding and Improvement Revenue Note	10,595,392	-	850,435	9,744,957	700,000
Series 2020 Refunding and Improvement Revenue Note	17,950,000	-	653,513	17,296,487	632,438
Total long-term obligations	<u>\$ 65,961,572</u>	<u>\$ 1,114,522</u>	<u>\$ 1,877,652</u>	<u>\$ 65,198,442</u>	<u>\$ 1,332,438</u>
<i><u>Bijou Enterprise Fund</u></i>					
Direct Placement Loans / Advances:					
Teague Loan	\$ -	\$ 10,000,000	\$ 6,087,118	\$ 3,912,882	\$ -
Developer Advance - Teague	-	1,932,000	-	1,932,000	-
Accrued interest on advances	-	28,175	-	28,175	-
Direct Borrowing:					
Series 2021A Water Refunding Revenue Note	-	7,250,000	350,000	6,900,000	360,000
Series 2021B Water Refunding Revenue Note	-	3,000,000	75,000	2,925,000	75,000
Total long-term obligations	<u>\$ -</u>	<u>\$ 22,210,175</u>	<u>\$ 6,512,118</u>	<u>\$ 15,698,057</u>	<u>\$ 435,000</u>

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

District Enterprise Fund

Advance and Reimbursement Agreements

United District Water Providers, LLC, Bromley District Water Providers, LLC, Englewood Exchange Services, Ltd., Red Tierra Equities, LLC, CAW Equities, LLC and Chambers are related entities and are collectively referred to as the Developers.

Advance and Reimbursement Agreements - United District Water Providers, LLC

The District, acting by and through the United Water Acquisition Project Water Activity Enterprise and United District Water Providers, LLC (UDWP) agreed to recognize an advance made by UDWP for the purchase of water rights. The Board is empowered to acquire water rights and construct and operate lines and facilities within and outside of the boundaries of the District. UDWP was the holder of a certain Water Rights Purchase and Sale Agreement (Water Rights Agreement) dated September 11, 2003, between Perkins Land & Livestock, LLC. and UDWP which governed the purchase of certain water rights. Concurrent with the execution of the Water Rights Agreement, UDWP assigned to the District a portion of its rights in the Water Rights Agreement.

The total consideration received by UDWP for said assignment was \$21,700,000 with \$1,200,000 paid to UDWP by the District concurrent with the closing of the Water Rights Agreement and the remaining \$20,500,000 evidenced through an advance and reimbursement agreement dated December 18, 2003, which was subsequently amended on February 14, 2006, to include an interest rate of 6% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. At December 31, 2021, the outstanding advances under the 2003 agreement were \$6,508,000, in addition to \$11,112,906 of accrued interest.

In addition, during 2004, UDWP advanced \$5,367,000 to the District, which is evidenced by an advance and reimbursement agreement effective May 24, 2004, with an interest rate of 6% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. At December 31, 2021, the outstanding advances under the 2004 agreement were \$5,367,000, in addition to \$5,670,199 of accrued interest.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreements - Bromley District Water Providers, LLC

The District and Bromley District Water Providers, LLC (BDWP) entered into an advance and reimbursement agreement on January 28, 2003 to recognize advances that may be made by BDWP to fund certain construction, maintenance and operating costs of the District. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District.

Reimbursement is to include interest at a rate of 7% per annum. At December 31, 2021, outstanding advances under the 2003 agreement totaled \$1,321,765, in addition to accrued interest of \$1,418,753.

Advance and Reimbursement Agreement – FRICO

On December 18, 2003, the District and FRICO entered into a Stock Purchase and Use Agreement whereby the District was to acquire one share of capital stock of FRICO at a cost of \$1,000,000. On September 30, 2004, the District, acting through its United Water Acquisition Project Water Activity Enterprise, entered into an advance and reimbursement agreement with FRICO as payment for the FRICO share. The District shall reimburse FRICO for the advance, together with interest at a rate of 3% per annum.

The District shall make payment for the advance, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required by operations, capital improvements, and debt service costs of the District. In lieu of payment of the advance and accrued interest from available revenues, the District may make payment to FRICO by transferring to FRICO tax-exempt municipal bonds, the par amount of which bonds shall be equal to the advance and the bond interest rate shall not be less than 3% per annum. At December 31, 2021, the outstanding advance under the 2004 agreement was \$1,000,000, in addition to \$517,644 of accrued interest.

Advance and Reimbursement Agreement - Englewood Exchange Services, Ltd.  
(Assigned to Robert A. Lembke on January 1, 2016, and further assigned by Robert A.  
Lembke to RAL Holdings, LLC on June 8, 2016)

The District and Englewood Exchange Services, Ltd. (Englewood Exchange) entered into an advance and reimbursement agreement on November 15, 2005 to recognize advances that may be made by Englewood Exchange to fund certain construction, maintenance, and operating costs of the District. The District shall reimburse Englewood Exchange for the advances, together with interest at the rate of 7% per



UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreement - Englewood Exchange Services, Ltd.  
(Assigned to Robert A. Lembke on January 1, 2016, and further assigned by Robert A.  
Lembke to RAL Holdings, LLC on June 8, 2016) (continued)

annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. As of December 31, 2021, outstanding advances totaled \$202,700, in addition to accrued interest of \$321,019.

On January 1, 2016, the District, Englewood Exchange, and Robert A. Lembke entered into the Assignment Re Advance and Reimbursement Agreement whereby Englewood Exchange assigned the rights arising out of the terms and conditions of the 2005 advance and reimbursement agreement (described above) to Robert A. Lembke. On June 8, 2016, the District, Robert A. Lembke and RAL Holdings, LLC, entered into the Assignment Re Advance and Reimbursement Agreement whereby Robert A. Lembke further assigned the rights arising out of the terms and conditions of the 2005 advance and reimbursement agreement (described above) which were assigned to him on January 1, 2016, to RAL Holdings, LLC.

Advance and Reimbursement Agreement - Red Tierra Equities, LLC

Red Tierra Equities, LLC (Red Tierra) agreed to the conveyance of 2,000 Series B shares of Colorado Augmentation Canal Company (CACC shares) to the District so that the District could further its water infrastructure development projects. The District and Red Tierra agreed to recognize the conveyance of the CACC shares as an advance of funds of \$2,400,000 to the District and entered into an advance and reimbursement agreement effective December 30, 2015.

The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Reimbursement is to include interest at the rate of 7% per annum. As of December 31, 2021, outstanding advances totaled \$2,400,000, in addition to accrued interest of \$1,008,921.

Advance and Reimbursement Agreements - CAW Equities, LLC

On November 6, 2017, CAW Equities, LLC (CAW Equities) entered into an advance and reimbursement agreement to recognize advances that may be made by CAW Equities to fund operating and maintenance costs of the District. The District shall reimburse CAW Equities for the advances, together with interest compounded annually at the rate of 7%.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreements - CAW Equities, LLC (continued)

The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. As of December 31, 2021, outstanding advances totaled \$675,000, in addition to accrued interest of \$189,389.

On May 16, 2019, CAW Equities entered into an advance and reimbursement agreement with the District to allow the District to satisfy the terms of a Water Resource Credit Agreement (WRCA) between the District and the Town of Lochbuie. To facilitate the District's performance of the WRCA, CAW provided to the District a cash advance of \$430,000 and twenty shares of the thirty-nine Fulton Ditch Irrigation Company (Fulton shares) required by the Town. The 20 Fulton shares provided by CAW to the District were deemed to have a current fair value of \$383,152 and represent 51.3% of the required Fulton shares under the WRCA. Under the terms of the WRCA, in exchange for the Fulton shares provided by CAW and an additional 19 shares provided by the District, for a total of 39 Fulton shares, the District received from the Town of Lochbuie 219 water resource credit certificates (water certificates) which are to be used solely for development in Lochbuie Station. The District has a contract with CW-Lochbuie, LLC, the developer of Lochbuie Station, wherein CW Lochbuie, LLC is required to purchase the water certificates. The first 40 water certificates were sold in 2019, with the remainder scheduled to be sold over a period of years at an escalating price per water certificate. The cash advance made by CAW provided for a fixed rate of 7% per annum. The cash advance was fully repaid, with interest of \$1,254, on June 3, 2019, from the sale of water certificates. As to the advance represented by the Fulton shares conveyed by CAW to the District, no interest rate was established; rather, the District agreed to pay to CAW an amount equal to 51.3% of the revenue received from the District's sale of all water certificates sold after the satisfaction of the cash advance.

The percentage for reimbursement will be adjusted in the event that CAW provides additional Fulton shares to satisfy the District's obligations under the WRCA. As the remaining 179 water certificates are sold, CAW will receive 51.3% of the amount realized by the District. As of December 31, 2021, outstanding advances have been paid in full.

Advance and Reimbursement Agreements – Chambers Reservoir Equities, L.L.C.

On January 13, 2020, Chambers Reservoir Equities, L.L.C. (Chambers), entered into an advance and reimbursement agreement in connection with the Settlement Agreement, in which the District agreed to Pay Arapahoe County Wastewater Authority (ACWWA) \$390,000 as an adjustment of financial contributions from ACWWA in connection with the construction of Chambers Reservoir.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreements – Chambers Reservoir Equities, L.L.C.  
(continued)

The District shall reimburse Chambers for the principal amount of the Advance, together with interest at a rate of 7% per annum, compounding annually. The District shall make payments for the advance, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District.

As of December 31, 2021, the outstanding advance totaled \$390,000, in addition to accrued interest of \$53,702.

Water Certificate Refunding and Improvement Revenue Note, Series 2017

On June 26, 2017, the District issued its \$13,174,000 Water Certificate Refunding and Improvement Revenue Note, Series 2017 (2017 Note). Principal and interest on the 2017 Note is payable semi-annually on June 1 and December 1 each year commencing on December 1, 2017. The 2017 Note will mature on June 1, 2027, and payable from pledged revenues including proceeds from the sale of water certificates held as collateral for the 2017 Note and any other legally available monies of the District as defined in the loan agreement. The interest rate on the 2017 Note is 4.02% per annum. The 2017 Note was issued for the purpose of providing funds to (i) refund the 2010 Note, (ii) purchase water certificates for the planning, design, and construction of various projects, (iii) purchase water resource credit certificates to be used to provide water to residents of the Town of Lochbuie and (iv) paying the costs of issuing the note.

Significant events of default under the 2017 Note include (i) failure to pay principal and interest when due, (ii) failure to apply pledged revenues as required (iii) failure to meet financial or custodial agreement covenants, (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the 2017 Note agreement, (v) qualified audit opinion with respect to the District's status as an on-going concern and (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default all amounts constituting collateral will be applied to (i) the unpaid principal of the 2017 Note, (ii) interest accrued and unpaid thereon, and (iii) all other amounts owing or payable to the lender.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2017 Note:

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Water Certificate Refunding and Improvement Revenue Note, Series 2017 (continued)

	Principal	Interest	Total
2022	\$ 700,000	\$ 432,019	\$ 1,132,019
2023	782,500	403,055	1,185,555
2024	870,500	370,725	1,241,225
2025	965,500	334,786	1,300,286
2026	1,066,500	294,967	1,361,467
2027	5,359,957	131,354	5,491,311
Total	<u>\$ 9,744,957</u>	<u>\$ 1,966,906</u>	<u>\$ 11,711,863</u>

Refunding and Improvement Revenue Note, Series 2020

On June 1, 2020, the District issued \$17,950,000, Series 2020 Refunding and Improvement Revenue Note. Principal on the 2020 Note is payable annually on June 15, beginning in 2021 and interest is payable semi-annually on June 15 and December 15, beginning December 15, 2020 with a maturity date of June 15, 2027. The interest rate on the 2020 Note is 3.88% per annum. The Series 2020 Revenue notes were issued for purposes of (a) refunding the Series 2004A Revenue Refunding and Improvement Bonds currently outstanding in the principal amount of \$1,989,000; (b) funding capital projects for the System; (c) establishing a debt service reserve; and (d) pay the issuance costs of the 2020 Note.

The Series 2020 Note is payable from pledged revenues which consist of (a) amounts received from ECCV by the District pursuant to the Tap Fee Agreement; (b) amounts received by the District as owner of a portion of Subordinate Bonds; and (c) any other legally available moneys of the District.

Significant events of default under the 2020 Note include (i) failure to pay when due any principal of and/or interest on the loan; (ii) failure to collect the Pledged Revenue or to apply the Pledged Revenue or deposit the Pledge Revenue as required by the agreement or the custodial agreement; (iii) failure to meet financial or custodial agreement covenants; (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the 2020 Note agreement; (v) qualified audit opinion with respect to the District's status as going concern; (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default all amounts constituting collateral will be applied to (i) the unpaid principal of the 2020 Note; (ii) interest accrued and unpaid thereon; and (iii) all other amounts owed or payable to the lender.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Refunding and Improvement Revenue Note, Series 2020 (continued)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2020 Note:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 632,438	\$ 658,835	\$ 1,291,273
2023	656,977	633,820	1,290,797
2024	682,468	607,834	1,290,302
2025	708,947	580,841	1,289,788
2026	736,454	552,801	1,289,255
2027	13,879,203	269,257	14,148,460
Total	<u>\$ 17,296,487</u>	<u>\$ 3,303,388</u>	<u>\$ 20,599,875</u>

Bijou Enterprise Fund

Advance and Reimbursement Agreement – Teague Enterprises, LLC.

On September 29, 2021, the District, acting by and through the Bijou Agricultural Enterprise Water Activity Enterprise and Teague Enterprises, LLC. (Teague) entered into an advance and reimbursement agreement to fund the purchase of 184-acre feet of tier 1 water rights in the amount of \$1,932,000.

The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Reimbursement is to include interest at the rate of 7% per annum. As of December 31, 2021, outstanding advances totaled \$1,932,000, in addition to accrued interest of \$28,175.

Teague Loan

On August 19, 2021, the District acting by and through its Bijou Agricultural Water Activity Enterprise entered into a loan with Teague Enterprises, LLC. for amount of \$10,000,000 for the purposes of financing the acquisition of water infrastructure and facilities. Principal on the loan is payable annually on December 20<sup>th</sup> beginning in 2021 to the extent that pledge revenues are available. Pledged revenues are moneys derived from: a) fees collected by the enterprise, including Tier 1 fee collections and all water augmentation fee collections; and b) all revenues derived by the enterprise from the sale, lease, or conveyance of augmentation credits. As of December 31, 2021, the outstanding loan balance was \$3,912,882.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Water Refunding Revenue Note, Series 2021A and Taxable Water Refunding Revenue Note, Series 2021B

On September 1, 2021, the District, acting by and through its Bijou Agricultural Water Activity Enterprise, issued a Water Infrastructure Revenue note, Series 2021A and 2021B (collectively, the Series 2021 Notes). Principal on the Series 2021 Notes are payable annually on December 1, beginning in 2021 and interest is payable semi-annually on June 1 and December 1, beginning December 1, 2021 with a maturity date of September 30, 2031. The Series 2021A Revenue Note was issued for purposes of: a) current refunding a portion of the Enterprise's Water Activity Enterprise Water Infrastructure Revenue Note, Series 2021 A (Teague Loan); b) establishing a debt service reserve; and c) paying costs of issuance.

The Series 2021A Note is payable from pledged revenues which consist of: a) all revenues from the sale, lease, or conveyance of augmentation credits derived from the Enterprise Water Rights; and b) all revenues from water usage charged by the Enterprise, including all fees collected by the Enterprise.

Significant events of default under the 2021A Note include: 1) failure to pay when due any principal of and/or interest on the loan; 2) failure to collect the Pledge Revenue or to apply the Pledge Revenue or deposit the Pledge Revenue as required by the agreement or custodial agreement; 3) failure to meet financial or custodial agreement covenants; 4) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the 2021A Note agreement; 5) qualified audit opinion with respect to the District's status as going concern; 6) judgements against the District or proceeding to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default all amounts constituting collateral will be applied to the unpaid principal of the 2021A Note, interest accrued and unpaid thereon, and all other amounts owing or payable to the lender.

The following sets for the estimated debt service payment schedule for the principal and interest on the Series 2021A and 2021B Notes:

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Water Refunding Revenue Note, Series 2021A and Taxable Water Refunding Revenue Note, Series 2021B (continued)

<u>2021A Notes</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 360,000	\$ 273,240	\$ 633,240
2023	380,000	258,984	638,984
2024	500,000	243,936	743,936
2025	600,000	224,136	824,136
2026	650,000	200,376	850,376
2027 - 2031	4,410,000	611,820	5,021,820
Total	<u>\$ 6,900,000</u>	<u>\$ 1,812,492</u>	<u>\$ 8,712,492</u>

<u>2021B Notes</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 75,000	\$ 146,543	\$ 221,543
2023	80,000	142,785	222,785
2024	70,000	138,777	208,777
2025	80,000	135,270	215,270
2026	90,000	131,262	221,262
2027 - 2031	2,530,000	416,081	2,946,081
Total	<u>\$ 2,925,000</u>	<u>\$ 1,110,718</u>	<u>\$ 4,035,718</u>

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$680,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Storm sewer and drainage	\$ 100,000,000
Regional water improvements	240,000,000
Debt refunding	340,000,000
	<u>\$ 680,000,000</u>

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 7 – 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 that will be owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had a net investment in capital assets in the aggregate amount of \$83,420,757 calculated as follows:

	District Enterprise Fund	Bijou Enterprise Fund
Net investment in capital assets:		
Capital assets, net	\$ 105,844,836	\$ 10,000,000
Capital related portion of debt	(26,551,022)	(5,873,057)
	<u>\$ 79,293,814</u>	<u>\$ 4,126,943</u>

As of December 31, 2021, the District Enterprise and Bijou Enterprise had restricted net position of \$7,443,375 and \$5,383,775, respectively. This balance consists of cash and investments that are restricted for purposes of debt service and capital improvements.

As of December 31, 2021, the District Enterprise and Bijou Enterprise had a deficit unrestricted net position of \$26,486,285 and \$9,825,000, respectively. The deficit in both funds is a result of outstanding developer advances and other long-term obligations and the related restrictions associated with loan documents.

**NOTE 8 – RELATED PARTIES**

The members of the Board of Directors of the District are employees, owners, or associated with the Developers and may have conflicts of interest in dealing with the District (see Note 6).

**NOTE 9 – INTERGOVERNMENTAL AGREEMENTS**

In 2009, the District entered into an agreement with ACWWA and ECCV to provide ACWWA and ECCV an integrated system for the diversion, accretion, collection, storage, transmission, and treatment of each of the parties water rights.

United Water & Sanitation District, Sand Hills Metropolitan District (Sand Hills), South Beebe Draw Metropolitan District (South Beebe Draw) and Platte River Water Development Authority (Platte River Water) entered into a Funding and Construction Agreement for 70 Ranch Reservoir on July 28, 2015. The agreement provides for funding and construction of the 70 Ranch Reservoir by the three districts.



UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Platte River Water received the construction funding and was obligated to effectuate the construction of the reservoir.

On September 6, 2017, the District and South Beebe Draw created Weld Adams Water Development Authority (WAWDA), a water resource authority. WAWDA was created for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services. Effective September 26, 2017, the Funding and Construction Agreement was transferred to Weld Adams Water Development Authority (see below).

Under the establishing contract for WAWDA, the District and South Beebe Draw agreed to transfer certain assets to WAWDA in acknowledgement for certain assets, contracts and budgeted projects assigned to WAWDA from Platte River Water. The District agreed to transfer to WAWDA certain ECCV Water Activity Enterprise Subordinate Water Revenue Exchange Bonds, Series 2004, dated May 6, 2004, in the approximate amount of \$5,000,000 within thirty days after the full defeasance of the District's 2012 Bonds. In the alternative, the District may make one or more transfers to WAWDA in the aggregate amount of \$5,000,000 as funds become available prior to the defeasance of the 2012 Bonds. The 2012 Bonds were redeemed in 2019 through the issuance of new debt. Therefore, the provision for the alternative transfer in the approximate amount of \$5,000,000 as funds become available prior to the defeasance of the 2012 Bonds is now applicable to the new debt. Future contributions by the District and South Beebe Draw will be agreed upon from time to time by all parties based on project funding needs.

The combined maximum construction contribution amount from Sand Hills and South Beebe Draw is, in aggregate, \$16,500,000.

United Water & Sanitation District is obligated to advance funds for construction in excess of the Sand Hills and South Beebe Draw amounts in an amount sufficient to fully fund the construction costs. No contributions were made to WAWDA during the year ended December 31, 2021, pursuant to the funding agreement.

In addition, effective September 26, 2017, Platte River Water and WAWDA entered into an intergovernmental agreement under which various ownership, contractual and budgeted obligations of Platte River Water were assigned and delegated to WAWDA.

Consolidated Infrastructure Agreement

On November 28, 2018, the District, WAWDA, ECCV and ACWWA entered into a Consolidated Infrastructure Agreement (CIA). United and WAWDA own or have contractual rights in certain real, equitable and personal property interests, a portion of which interests have or will be conveyed to ECCV and ACWWA.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

The purpose of the CIA is to identify the rights and obligations of each party to the CIA related to the water diversion, delivery, and storage system (Infrastructure) as described in the CIA. Additional Infrastructure may be included in the CIA by written agreement. The CIA outlines the conditions, restrictions, reservations, and obligations for the purpose of furthering a plan for the use of the Infrastructure and its operation, maintenance, repair, and replacement.

United and WAWDA will administer, operate, and maintain all Infrastructure in accordance with the terms and conditions of the CIA unless upon written agreement the obligation for certain Infrastructure is assigned to another party. United or WAWDA will be reimbursed for its pro-rate share of such costs as outlined in the CIA.

NOTE 10 – RISK MANAGEMENT

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

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

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

NOTE 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. 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's management believes its operations qualify for this exclusion.

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.

UNITED WATER & SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 5, 2002, and on November 4, 2014, a majority of the District's electors authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes, and such revenues are to be collected and spent by the District as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

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

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

NOTE 12 – RESTATEMENT

During the year ending December 31, 2021, it was determined that a prior period adjustment was required as a result of water certificates sold during the prior year. As a result and as shown below, the prior year net position for the District Enterprise Fund has been adjusted accordingly.

	<u>District Enterprise Fund</u>
Ending net position, December 31, 2020	\$ 63,013,689
Prior period adjustment	<u>135,037</u>
Restated net position, December 31, 2020	<u><u>\$ 63,148,726</u></u>

## SUPPLEMENTARY INFORMATION

**UNITED WATER & SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET TO ACTUAL – BUDGETARY BASIS**  
**DISTRICT ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues</u></b>				
Water certificates sales	\$ 2,123,200	\$ 2,123,200	\$ 2,121,550	\$ (1,650)
Operation charges	1,200,000	1,200,000	1,301,150	101,150
ECCV payment - Phase I	1,450,000	1,450,000	2,237,434	787,434
ECCV payment - Phase II	2,800,000	2,800,000	3,826,332	1,026,332
Severance tax	-	-	126,452	126,452
Interest	615,000	615,000	370,070	(244,930)
Miscellaneous	22,000	22,000	129,838	107,838
Total revenues	8,210,200	8,210,200	10,112,826	1,902,626
<b><u>Expenditures</u></b>				
<b><u>Current</u></b>				
Audit	9,250	9,250	40,390	(31,140)
Directors' fees	5,000	5,000	3,100	1,900
District management and accounting	210,000	210,000	178,065	31,935
Dues and subscriptions	30,500	30,500	28,498	2,002
Engineering and consulting	400,000	400,000	1,112,735	(712,735)
Engineering - water engineer	55,000	55,000	-	55,000
Insurance and bonds	87,500	87,500	83,109	4,391
Legal	1,190,000	1,190,000	1,287,172	(97,172)
Licenses and fees	252,000	252,000	10,720	241,280
Miscellaneous	46,500	46,500	47,559	(1,059)
Repairs and maintenance	380,000	380,000	1,479,584	(1,099,584)
SCADA monitoring	145,000	145,000	176,623	(31,623)
Small tools and equipment	7,500	7,500	49,240	(41,740)
Support services	812,500	812,500	968,413	(155,913)
System operations, repair and maintenance	650,000	650,000	-	650,000
Utilities	510,000	510,000	286,368	223,632
Water assessments and expenses	200,000	200,000	52,579	147,421
Water certificate sales	-	-	234,736	(234,736)
Water engineer	100,000	100,000	-	100,000
Water lease	125,000	125,000	270,407	(145,407)
Total current	5,215,750	5,215,750	6,309,298	(1,093,548)

UNITED WATER & SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET TO ACTUAL – BUDGETARY BASIS  
DISTRICT ENTERPRISE FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Expenditures (continued)</u>				
<u>Capital outlay</u>				
Capital projects	6,000,000	6,000,000	7,327,922	(1,327,922)
Easements	500,000	500,000	-	500,000
Engineering and consulting	425,000	425,000	-	425,000
Equipment	700,000	700,000	139,050	560,950
Surveying and mapping	75,000	75,000	-	75,000
Water improvements / acquisition	500,000	500,000	-	500,000
Water storage	200,000	200,000	477,997	(277,997)
Total capital outlay	<u>8,400,000</u>	<u>8,400,000</u>	<u>7,944,969</u>	<u>455,031</u>
<u>Debt service</u>				
Developer advance repayments - principal	-	-	325,131	(325,131)
Developer advance repayments - interest	-	-	48,573	(48,573)
Note principal	1,603,600	1,603,600	1,503,948	99,652
Note interest	1,143,800	1,143,800	1,097,025	46,775
Paying agent fees	25,000	25,000	5,554	19,446
Contingency	-	2,611,850	-	2,611,850
Total debt service	<u>2,772,400</u>	<u>5,384,250</u>	<u>2,980,231</u>	<u>2,404,019</u>
Total expenditures	<u>16,388,150</u>	<u>19,000,000</u>	<u>17,234,498</u>	<u>1,765,502</u>
Net change in fund balance	<u>\$ (8,177,950)</u>	<u>\$ (10,789,800)</u>	<u>(7,121,672)</u>	<u>\$ 3,668,128</u>
Fund balance - beginning of the year			<u>24,439,151</u>	
Fund balance - end of the year			<u>\$ 17,317,479</u>	

UNITED WATER & SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS – ACTUAL  
TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
DISTRICT ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2021

Revenue and other financing sources (budgetary basis)	\$ 10,112,826
Adjustments:	
ECCV Payment - Phase I	(2,237,434)
Revenues (GAAP)	<u>7,875,392</u>
Expenditures and other financing uses (budgetary basis)	17,234,498
Adjustments:	
Purchase of capital assets including water rights and storage	(7,944,969)
Note principal payments	(1,503,948)
Developer advance payments	(325,131)
Developer interest payments	(48,573)
Decrease in bonds and notes interest payable	(3,916)
Cost of water sold	817,558
Current year developer advances - accrued interest	1,114,522
Depreciation	<u>1,433,173</u>
Expenses (GAAP)	<u>10,773,214</u>
Change in net position per statement of revenues, expenses and changes in net position	<u>\$ (2,897,822)</u>

**UNITED WATER & SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET TO ACTUAL – BUDGETARY BASIS**  
**BIJOU ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
<b>Expenditures</b>				
<b>Capital outlay</b>				
Water rights	-	-	10,000,000	(10,000,000)
Total capital outlay	-	-	10,000,000	(10,000,000)
<b>Debt service</b>				
Loan principal	-	-	6,087,118	(6,087,118)
Note principal	-	-	425,000	(425,000)
Note interest	-	-	120,142	(120,142)
Cost of issuance	-	-	91,855	(91,855)
Contingency	-	17,000,000	-	17,000,000
Total debt service	-	17,000,000	6,724,115	10,275,885
Total expenditures	-	17,000,000	16,724,115	275,885
Excess (deficiency) of expenditures over (under) revenues	-	(17,000,000)	(16,724,113)	275,887
<b>Other financing sources (uses)</b>				
Developer advances	-	-	1,932,000	1,932,000
Loan proceeds	-	10,000,000	10,000,000	-
Note proceeds	-	7,000,000	10,250,000	3,250,000
Total other financing sources (uses)	-	17,000,000	22,182,000	5,182,000
Net change in fund balance	\$ -	\$ -	5,457,887	\$ 5,457,887
Fund balance - beginning of the year			-	
Fund balance - end of the year			\$ 5,457,887	



UNITED WATER & SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS – ACTUAL  
TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BIJOU ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2021

Revenue and other financing sources (budgetary basis)	\$ 22,182,002
Adjustments:	
Developer advances	(1,932,000)
Loan proceeds	(10,000,000)
Note proceeds	(10,250,000)
Revenues (GAAP)	<u>2</u>
Expenditures and other financing uses (budgetary basis)	16,724,115
Adjustments:	
Purchase of capital assets including water rights and storage	(10,000,000)
Loan principal payments	(6,087,118)
Note principal payments	(425,000)
Increase in bonds and notes interest payable	74,111
Current year developer advances - accrued interest	28,176
Expenses (GAAP)	<u>314,284</u>
Change in net position per statement of revenues, expenses and changes in net position	<u><u>\$ (314,282)</u></u>