

**FOREST VIEW ACRES WATER DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

(With Unaudited Comparative December 31, 2019 Financial Statements)

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Independent Auditor's Report

Board of Directors
Forest View Acres Water District
El Paso County, Colorado

Report for the Financial Statements

We have audited the accompanying financial statements of Forest View Acres Water District (District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forest View Acres Water District (District), as of December 31, 2020 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

The accompanying statement of net position of Forest View Acres Water District as of December 31, 2019, and the related statements of revenues, expenses and changes in net position and cash flows, and the related notes to the financial statements, for the year then ended were not audited, reviewed, or compiled by us and, accordingly we do not express an opinion or any other form of assurance on them.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 28, 2021

BASIC FINANCIAL STATEMENTS

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020
(with unaudited comparative totals for December 31, 2019)

	2020	2019
		(Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 671,191	\$ 660,028
Cash and cash equivalents - restricted	254,986	102,461
Accounts receivable - customers	27,085	32,416
Cash with county treasurer	601	658
Property taxes receivable	68,798	68,629
Prepaid expenses	9,997	-
Total current assets	1,032,658	864,192
CAPITAL ASSETS		
Land	64,192	64,192
Water rights	2,296,675	2,296,675
Master plan	84,823	84,823
Construction in progress	48,195	83,584
Water treatment plants	1,947,821	1,947,821
Water collection and distribution	4,523,330	4,349,478
Wells	700,970	691,572
Meters	122,293	122,293
	9,788,299	9,640,438
Less accumulated depreciation	3,168,718	3,020,184
Total capital assets	6,619,581	6,620,254
TOTAL ASSETS	7,652,239	7,484,446
LIABILITIES		
Accounts payable	36,445	65,434
Noncurrent liabilities:		
Due within one year	122,875	122,424
Due in more than one year	1,538,340	1,661,215
Total liabilities	1,697,660	1,849,073
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	68,798	68,629
Total deferred inflows of resources	68,798	68,629
NET POSITION		
Net investment in capital assets	4,958,366	4,836,615
Restricted for:		
Operations and maintenance	252,686	99,961
Emergencies	2,300	2,500
Unrestricted	672,429	627,668
Total net position	\$ 5,885,781	\$ 5,566,744

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

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
Year Ended December 31, 2020
(with unaudited comparative totals for December 31, 2019)

	2020	2019
		(Unaudited)
OPERATING REVENUES		
Water usage and related fees	\$ 570,399	\$ 541,448
Total operating revenues	570,399	541,448
OPERATING EXPENSES		
Operations manager	53,206	46,774
Repairs and maintenance	89,073	41,300
Supplies and chemicals	9,625	10,483
Utilities	48,345	41,625
Water testing	965	2,571
Engineering	14,102	8,677
Other	4,392	11,061
Depreciation	148,534	143,503
Total operating expenses	368,242	305,994
GROSS INCOME FROM OPERATIONS	202,157	235,454
GENERAL AND ADMINISTRATIVE EXPENSES		
District management	62,844	61,284
Utility billing	21,817	21,275
Insurance/SDA dues	11,130	12,799
Director fees	5,600	5,300
Legal	11,459	8,627
Audit	-	13,000
Other	13,249	28,013
Total general and administrative expenses	126,099	150,298
NET INCOME FROM OPERATIONS	76,058	85,156
NONOPERATING REVENUES AND EXPENSES		
Property and specific ownership taxes	76,086	67,282
Interest	4,445	12,723
Miscellaneous income	3,731	1,575
CWR&PDA loan interest	(8,561)	(9,003)
County treasurer fees	(1,030)	(901)
Total nonoperating revenues and expenses	74,671	71,676
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	150,729	156,832
CONTRIBUTIONS		
Water tap and inclusion fees	168,308	83,351
Total contributions	168,308	83,351
CHANGE IN NET POSITION	319,037	240,183
NET POSITION - BEGINNING OF YEAR	5,566,744	5,326,561
NET POSITION - END OF YEAR	\$ 5,885,781	\$ 5,566,744

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

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2020
(with unaudited comparative totals for December 31, 2019)

	2020	2019
		(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 575,730	\$ 531,433
Cash payments to suppliers for goods and services	(356,992)	(305,476)
Net cash provided by operating activities	218,738	225,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership, net of fees	75,113	66,386
Net cash provided by noncapital financing activities	75,113	66,386
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Miscellaneous revenues	3,731	1,575
Contributed capital - tap fees	168,308	83,351
Acquisition of capital assets	(175,662)	(136,863)
Principal paid on long-term debt	(122,424)	(121,981)
Interest paid on long-term debt	(8,561)	(9,003)
Net cash used in capital and related financing activities	(134,608)	(182,921)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	4,445	12,723
Net cash provided by investing activities	4,445	12,723
NET INCREASE IN CASH AND CASH EQUIVALENTS	163,688	122,145
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	762,489	640,344
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 926,177	\$ 762,489
Reconciliation of net income (loss) from operations to net cash provided by operating activities		
Net income (loss) from operations	\$ 76,058	\$ 85,156
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities:		
Depreciation	148,534	143,503
Effect of changes in operating assets and liabilities:		
Accounts receivable	5,331	(10,015)
Prepaid expenses	(9,997)	12,241
Accounts payable	(1,188)	(4,928)
Net cash provided by operating activities	\$ 218,738	\$ 225,957

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

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 1 – DEFINITION OF REPORTING ENTITY

Forest View Acres Water District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado. The District was established to provide water for domestic and other public and private purposes within its service area.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Comparative Presentation

The statement of the net position as of December 31, 2019, and the statement of revenues, expenses and change in net position, statement of cash flows for the year ended December 31, 2019 and accompanying 2019 footnotes are presented for comparative purposes and are unaudited.

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

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Change in Fund Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

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 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. The budget includes each fund on its basis of accounting unless otherwise indicated. The District budgeted for general operations and administration, capital improvements and water operations in a separate funds for the year ended December 31, 2020. These activities have been combined and presented as an enterprise fund for financial statement purposes as the District's operations meet the definition of a special-purpose government engaged only in business-type activities as defined by the Governmental Accounting Standards Board.

For the year ended December 31, 2020, supplementary appropriations approved by the board of directors modified the appropriation from \$400,486 to \$732,540 in the Capital Projects Fund and from \$311,500 to \$545,100 in Operations Fund.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the

determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Cash Equivalents

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

Capital Assets

Capital assets, which include land, water rights, plant and buildings, distribution and collection systems and wells are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water treatment plants	20 years
Water collection and distribution	50 years
Wells	20-50 years
Meters	20 years

**FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

(with unaudited comparative information for December 31, 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Water Rights

Tap fees are recorded as capital contributions when received. Water rights contributed to the District by developers are recorded as capital contributions and additions to the capital assets of the District at estimated fair market value when received.

Water Rights

The cost of water rights includes acquisition cost, legal 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 the protection of those rights, are expensed.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments are reflected on the December 31, 2020 and 2019 statement of net position as follows:

	<u>2020</u>	<u>2019</u> (Unaudited)
Cash and cash equivalents - unrestricted	\$ 671,191	\$ 660,028
Cash and cash equivalents - restricted	254,986	102,461
	<u>\$ 926,177</u>	<u>\$ 762,489</u>

Cash and investments as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u> (Unaudited)
Deposits with financial institutions	\$ 272,399	\$ 188,268
Investments	653,778	574,221
	<u>\$ 926,177</u>	<u>\$ 762,489</u>

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2020 and 2019, the District's cash deposits had bank balances of \$300,279 and \$189,868 and carrying balances of \$272,399 and \$188,268, respectively.

Investments

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

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 lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Colorado revised statutes limit investment maturities 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.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2020 and 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>	
		<u>2020</u>	<u>2019</u>
			(Unaudited)
Colorado Local Government Liquid Asset Trust	Less than 1 year	<u>\$653,778</u>	<u>\$574,221</u>

ColoTrust

During 2020 and 2019, the District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), 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 Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colostrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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. A designated custodial bank serves as custodian for Colostrust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for Colostrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. As of December 31, 2020 and 2019, the District had \$653,778 and \$574,221, respectively, invested in COLOTRUST PLUS+ in the name of the District. Colostrust is rated AAAM by S&P Global Ratings.

Investment Valuation

The District has certain investments which are measurable at fair value on a recurring basis that are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2020 and 2019 follows:

	<u>Balance at December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 64,192	\$ -	\$ -	\$ 64,192
Water rights	2,296,675	-	-	2,296,675
Master plan	84,823	-	-	84,823
Construction in progress	83,584	147,861	183,250	48,195
Total capital assets, not being depreciated	<u>2,529,274</u>	<u>147,861</u>	<u>183,250</u>	<u>2,493,885</u>
Capital assets, being depreciated:				
Water treatment plants	1,947,821	-	-	1,947,821
Water collection and distribution	4,349,478	173,852	-	4,523,330
Wells	691,572	9,398	-	700,970
Meters	122,293	-	-	122,293
Total capital assets being depreciated	<u>7,111,164</u>	<u>183,250</u>	<u>-</u>	<u>7,294,414</u>
Less accumulated depreciation for:				
Water treatment plants	1,200,319	50,891	-	1,251,210
Water collection and distribution	1,154,082	88,728	-	1,242,810
Wells	662,726	2,800	-	665,526
Meters	3,057	6,115	-	9,172
Total accumulated depreciation	<u>3,020,184</u>	<u>148,534</u>	<u>-</u>	<u>3,168,718</u>
Total capital assets being depreciated, net	<u>4,090,980</u>	<u>34,716</u>	<u>-</u>	<u>4,125,696</u>
Total capital assets, net	<u>\$ 6,620,254</u>	<u>\$ 182,577</u>	<u>\$ 183,250</u>	<u>\$ 6,619,581</u>

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	(Unaudited)			Balance at December 31, 2019
	Balance at December 31, 2018	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 64,192	\$ -	\$ -	\$ 64,192
Water rights	2,296,675	-	-	2,296,675
Master plan	84,823	-	-	84,823
Construction in progress	39,177	166,700	122,293	83,584
Total capital assets, not being depreciated	<u>2,484,867</u>	<u>166,700</u>	<u>122,293</u>	<u>2,529,274</u>
Capital assets, being depreciated:				
Water treatment plants	1,947,821	-	-	1,947,821
Water collection and distribution	4,349,478	-	-	4,349,478
Wells	691,572	-	-	691,572
Meters	-	122,293	-	122,293
Total capital assets being depreciated	<u>6,988,871</u>	<u>122,293</u>	<u>-</u>	<u>7,111,164</u>
Less accumulated depreciation for:				
Water treatment plants	1,149,428	50,891	-	1,200,319
Water collection and distribution	1,067,092	86,990	-	1,154,082
Wells	660,161	2,565	-	662,726
Meters	-	3,057	-	3,057
Total accumulated depreciation	<u>2,876,681</u>	<u>143,503</u>	<u>-</u>	<u>3,020,184</u>
Total capital assets being depreciated, net	<u>4,112,190</u>	<u>(21,210)</u>	<u>-</u>	<u>4,090,980</u>
Total capital assets, net	<u>\$ 6,597,057</u>	<u>\$ 145,490</u>	<u>\$ 122,293</u>	<u>\$ 6,620,254</u>

**FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

(with unaudited comparative information for December 31, 2019)

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2020 and 2019.

	<u>Balance at December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2020</u>	<u>Due Within One Year</u>
CWR&PDA Loan #D12F295	\$ 1,350,000	\$ -	\$ 100,000	\$ 1,250,000	\$ 100,000
CWR&PDA Loan #D16F368	433,639	-	22,424	411,215	22,875
	<u>\$ 1,783,639</u>	<u>\$ -</u>	<u>\$ 122,424</u>	<u>\$ 1,661,215</u>	<u>\$ 122,875</u>

(Unaudited)

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
CWR&PDA Loan #D12F295	\$ 1,450,000	\$ -	\$ 100,000	\$ 1,350,000	\$ 100,000
CWR&PDA Loan #D16F368	455,620	-	21,981	433,639	22,424
	<u>\$ 1,905,620</u>	<u>\$ -</u>	<u>\$ 121,981</u>	<u>\$ 1,783,639</u>	<u>\$ 122,424</u>

CWR&PDA Loan #D12F295

The District entered into a \$2,000,000 Drinking Water Revolving Fund Direct Loan with the Colorado Water Resources and Power Development Authority, dated June 15, 2012, with 0% interest, payments commencing November 1, 2013 and a term of 20 years, for improvements to the water distribution system and upgrades to the water treatment facilities, including but not limited to reconditioning wells, replacing transmission and distribution lines, rehabilitating the intake area, installing new pumps and installing new meters (Water System). Principal payments of \$50,000 are due semi-annually on May 1 and November 1 until the final maturity date of May 1, 2033. The District may prepay the loan, in whole or in part without penalty.

Significant events of default under the loan include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect and (v) a petition if filed for bankruptcy or insolvency.

CWR&PDA Loan #D16F368

The District entered into a \$500,000 Drinking Water Revolving Fund Direct Loan with the Colorado Water Resources and Power Development Authority, dated July 19, 2016, with 2.0% interest, payments commencing November 1, 2016 and a term of 20 years. The purpose of the loan is to provide funding for additional upgrades to the Water System. Principal

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

interest payments of \$15,493 are due semi-annually on May 1 and November 1 until the final maturity date of May 1, 2036. The District may prepay the loan, in whole or in part without penalty.

Significant events of default under the loan include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect and (v) a petition if filed for bankruptcy or insolvency.

Reserve Requirements

The loan agreements require the District to maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the Water System as set forth in the annual budget. As of December 31, 2020 and 2019, the District has restricted net position in the amount of \$87,686 and \$99,961, respectively in compliance with this requirement.

As of December 31, 2020 and 2019, the District had no authorized but unissued debt. The District's long-term obligations will mature as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 122,875	\$ 8,111	\$ 130,986
2022	123,335	7,651	130,986
2023	123,804	7,182	130,986
2024	124,283	6,703	130,986
2025	124,770	6,216	130,986
2026-2030	631,524	23,404	654,928
2031-2035	395,284	9,644	404,928
2036	15,340	153	15,493
	<u>\$1,661,215</u>	<u>\$ 69,064</u>	<u>\$1,730,279</u>

NOTE 6 - NET POSITION

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 6 - NET POSITION (CONTINUED)

As of December 31, 2020 and 2019, the District had net investment in capital assets calculated as follows:

	<u>2020</u>	<u>2019</u> (unaudited)
Net investment in capital assets:		
Capital assets, net	\$ 6,619,581	\$ 6,620,254
Current portion of long-term obligations	(122,875)	(122,424)
Noncurrent portion of long-term obligations	<u>(1,538,340)</u>	<u>(1,661,215)</u>
Net investment in capital assets	<u>\$ 4,958,366</u>	<u>\$ 4,836,615</u>

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. The District's restricted net position as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u> (unaudited)
Restricted:		
Operating and maintenance reserve	\$ 87,686	\$ 99,961
Emergencies	<u>2,300</u>	<u>2,500</u>
	<u>\$ 89,986</u>	<u>\$ 102,461</u>

As of December 31, 2020 and 2019, the District had an unrestricted net position of \$837,429 and \$627,668, respectively.

NOTE 7 – 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 and boiler and machinery coverage to its members.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(with unaudited comparative information for December 31, 2019)

NOTE 7 – RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' liability 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS

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

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 a significant portion of its operations qualifies for this exclusion. As a single-purpose district providing water service in exchange from fees, this is reasonable.

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.

Because of the many factors beyond the control of current District management, including the embezzlement of funds, failure to properly retain records and the possible destruction of records, it was not possible as of the 2005 financial statements to verify prior year's Fiscal Year Spending for the District. As such, it was not possible to definitively verify the District's compliance with TABOR's limitations. In order to rectify this situation for the future, the audited revenues and expenditures for 2005 became the District's "base year" for all future calculations and determinations.

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.

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

SUPPLEMENTAL INFORMATION

FOREST VIEW ACRES WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water usage fees	\$ 164,000	\$ 164,000	\$ 202,154	\$ 38,154
Availability to serve	6,000	6,000	5,600	(400)
Capital replacement fee	198,000	198,000	198,978	978
Late fees	4,500	1,239	1,185	(54)
Operations fees	158,400	158,400	159,182	782
Property taxes	68,629	68,629	68,626	(3)
Specific ownership taxes	4,804	4,804	7,460	2,656
Tap and inclusion fees	53,000	53,500	168,308	114,808
Transfer fees	3,000	3,000	3,300	300
Interest	4,000	4,000	4,445	445
Other	10,400	11,373	3,731	(7,642)
Transfer from operations	50,000	300,000	300,000	-
Total revenues	<u>724,733</u>	<u>972,945</u>	<u>1,122,969</u>	<u>150,024</u>
EXPENDITURES				
Operations				
Operations manager	50,000	52,000	53,206	(1,206)
Repairs and maintenance	53,000	53,000	81,046	(28,046)
Supplies and chemicals	11,200	11,700	9,625	2,075
Utilities	41,600	42,100	48,345	(6,245)
Meter reading and maintenance	5,000	5,000	8,027	(3,027)
Water testing	5,000	5,600	965	4,635
Engineering	14,000	14,000	14,102	(102)
Training and education	2,000	2,000	550	1,450
Other	15,300	15,300	3,842	11,458
Administrative				
District management and accounting	69,000	69,000	62,844	6,156
Utility billing	18,000	18,000	21,817	(3,817)
Insurance and dues	14,000	14,000	11,130	2,870
Directors fees	6,500	6,500	5,600	900
Election costs	8,000	8,000	-	8,000
Legal	20,000	20,000	11,459	8,541
County treasurer fees	1,029	1,029	1,030	(1)
Website maintenance	1,200	1,200	1,100	100
Other	10,015	10,015	12,149	(2,134)
CWR&PDA loan principal	122,424	122,424	122,424	-
CWR&PDA loan interest	8,562	8,562	8,561	1
Infrastructure projects	170,000	202,054	147,861	54,193
Transfer to capital	50,000	300,000	300,000	-
Contingency and emergency reserve	82,300	362,300	-	362,300
Total expenditures	<u>778,130</u>	<u>1,343,784</u>	<u>925,683</u>	<u>418,101</u>

(continued)

FOREST VIEW ACRES WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2020
(Continued)

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGE IN FUNDS AVAILABLE	(53,397)	(370,839)	197,286	568,125
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>(13,152)</u>	<u>689,566</u>	<u>730,129</u>	<u>40,563</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ (66,549)</u>	<u>\$ 318,727</u>	<u>\$ 927,415</u>	<u>\$ 608,688</u>

Funds available is computed as follows:

Current assets	\$ 1,032,658
Current liabilities	(36,445)
Deferred inflows of resources	<u>(68,798)</u>
	<u>\$ 927,415</u>

**FOREST VIEW ACRES WATER DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
Year Ended December 31, 2020**

REVENUES (budgetary basis)	\$ 1,122,969
Transfer from operations	(300,000)
	822,969
Total revenues per statement of revenues, expenses and change in fund net position	822,969
EXPENDITURES (budgetary basis)	925,683
Depreciation	148,534
Capital outlay	(147,861)
Loan principal	(122,424)
Transfer to capital	(300,000)
	503,932
Total expenses per statement of revenues, expenses and change in fund net position	503,932
CHANGE IN NET POSITION PER STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION	\$ 319,037

OTHER INFORMATION

FOREST VIEW ACRES WATER DISTRICT
SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

Year Ending December 31,	\$2,000,000 CWRPDA Loan Dated June 15, 2012 Principal Due May 1 and November 1 Interest Rate of 0%		\$500,000 CWRPDA Loan Dated July 19, 2016 Principal and Interest Due May 1 and November 1 Interest Rate of 2%		Total
	Principal	Interest	Principal	Interest	
2021	\$ 100,000	\$ -	\$ 22,875	\$ 8,111	\$ 130,986
2022	100,000	-	23,335	7,651	130,986
2023	100,000	-	23,804	7,182	130,986
2024	100,000	-	24,283	6,703	130,986
2025	100,000	-	24,770	6,216	130,986
2026	100,000	-	25,269	5,717	130,986
2027	100,000	-	25,776	5,209	130,985
2028	100,000	-	26,294	4,691	130,985
2029	100,000	-	26,823	4,163	130,986
2030	100,000	-	27,362	3,624	130,986
2031	100,000	-	27,912	3,073	130,985
2032	100,000	-	28,473	2,512	130,985
2033	50,000	-	29,045	1,941	80,986
2034	-	-	29,629	1,357	30,986
2035	-	-	30,225	761	30,986
2036	-	-	15,340	153	15,493
	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 411,215</u>	<u>\$ 69,064</u>	<u>\$ 1,730,279</u>

**FOREST VIEW ACRES WATER DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
Year Ended December 31, 2020**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2014	\$ 10,294,870	5.000	\$ 51,474	\$ 51,447	99.9%
2015	\$ 10,376,440	5.000	\$ 51,882	\$ 51,882	100.0%
2016	\$ 11,085,490	5.000	\$ 55,427	\$ 55,427	100.0%
2017	\$ 11,293,470	5.000	\$ 56,467	\$ 56,422	99.9%
2018	\$ 11,963,830	5.000	\$ 59,819	\$ 59,819	100.0%
2019	\$ 12,051,760	5.000	\$ 60,259	\$ 59,987	99.5%
2020	\$ 13,725,870	5.000	\$ 68,629	\$ 68,626	100.0%
Estimated for year ending December 31, 2021	\$ 13,759,540	5.000	\$ 68,798		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.