

**CHATFIELD SOUTH WATER DISTRICT**  
**BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2021

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**Chatfield South Water District**  
**2370 Antelope Ridge Trail**  
**Parker, CO 80138-4235**  
**303-662-1999**

September 30, 2022

To the Members of the Governing Council of the Chatfield South Water District:

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the Chatfield South Water District (the District) for the fiscal year ended December 31, 2021.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Rae & Co, CPAs, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended December 31, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A section and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

**Profile of the Government**

The District, established during November 1997, is physically located in Douglas County with administrative offices in Parker, Colorado. The District is empowered to levy a property tax on both real and personal properties located within its boundaries.

Through a contract with the Denver Water Board, the District provides potable water services.

The annual budget serves as the foundation for the District's financial planning and control. The government's manager presents the proposed budget to the Board for review prior to October 31. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 15th. The appropriated budget is prepared by fund and function. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

**Cash management policies and practices.**

Cash temporarily idle during the year was invested in COLOTRUST's investment pool. The District contracts substantially all operational functions to third party vendors.

Respectively submitted

Thomas B. Mansfield, Jr.  
Treasurer

## **List of Principal Officials**

President - Donna Fleischer

Vice President - Jay King

Treasurer - Thomas Mansfield

Board Member - Joseph Rottman

Board Member - Evan Ela



## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Chatfield South Water District  
Douglas County, Colorado

### **Opinions**

We have audited the financial statements of Chatfield South Water 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, based on our audit, accompanying the financial statements referred to above present fairly, in all material respects, the respective financial position of the Chatfield South Metropolitan 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgement 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 judgement, 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 timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors  
Chatfield South Water District  
Douglas County, Colorado

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*Rae & co. CPAs, LLC*

Timnath, Colorado  
September 23, 2022



## **Chatfield South Water District Management Discussion and Analysis**

The discussion and analysis is designed to provide an analysis of the Chatfield South Water District's (District) financial condition and operating results and to inform the reader of the District's financial issues and activities.

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

### **Financial Highlights**

- The statement of net position shows total assets of \$2,459,821 total liabilities and deferred inflows of resources of \$21,540 and \$41,409 for the year ended December 31, 2021, respectively.
- In the statements of net position, the assets of the District exceeded its liabilities and deferred inflows of resources by \$2,396,872 for 2021. Of this amount, \$980,893 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors at December 31, 2021. As of December 31, 2021, \$1,410,779 is reported as net investment in capital assets. These balances were not available for current obligations. The District has also restricted \$5,200 for emergencies for the year ended December 31, 2021.
- The District's total net position decreased by \$33,026 for the year ended December 31, 2021. The decrease in total net position in the current year was primarily due to increases in water sales, service fees and tap fee revenues of \$20,000 which was offset by increases in expenses of almost \$90,000.

### **Overview of the Financial Statements**

The financial statements of the District are presented as a special purpose government engaged in providing business type activities - potable water services.

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

The *Statements of Revenues, Expenses and Changes in Net Position* present information which reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event

giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* reports the District's cash flows from operating, noncapital financing, capital and related financing activities and investing activities.

These financial statements distinguish functions of the District that are principally supported by water service fees, property taxes, investment income and tap fees. The functions of the District include effective and economical operation of water systems within the jurisdictional boundaries of the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The District adopts an annual appropriated budget to recognize the fiscal impact of operations, non-operating revenues and contributions. A budgetary comparison statement has been provided to demonstrate compliance with this requirement.

The basic financial statements of this district can be found on pages D1-D3 of this report.

### **District-Wide Financial Analysis**

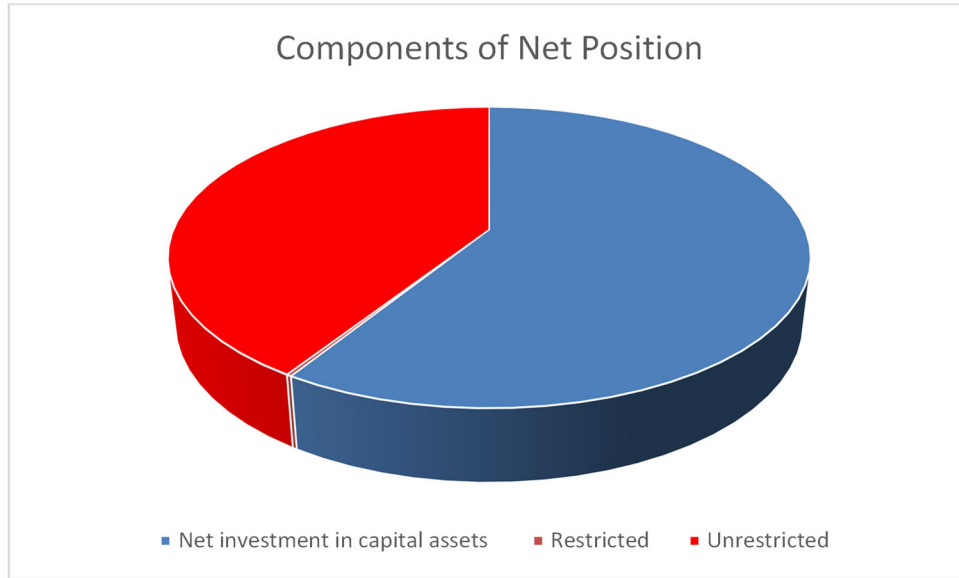
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows by \$2,396,872 at the close of the most recent fiscal year.

The largest portion of the District's net position is reflected in its investment in capital assets (e.g., water delivery infrastructure and water rights) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from water service fees, tap fees and property taxes, since the capital assets themselves cannot produce sufficient revenue to liquidate these liabilities.

The balance of unrestricted net position, \$980,893, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District reported positive balances in all categories of net position, for the District as a whole.

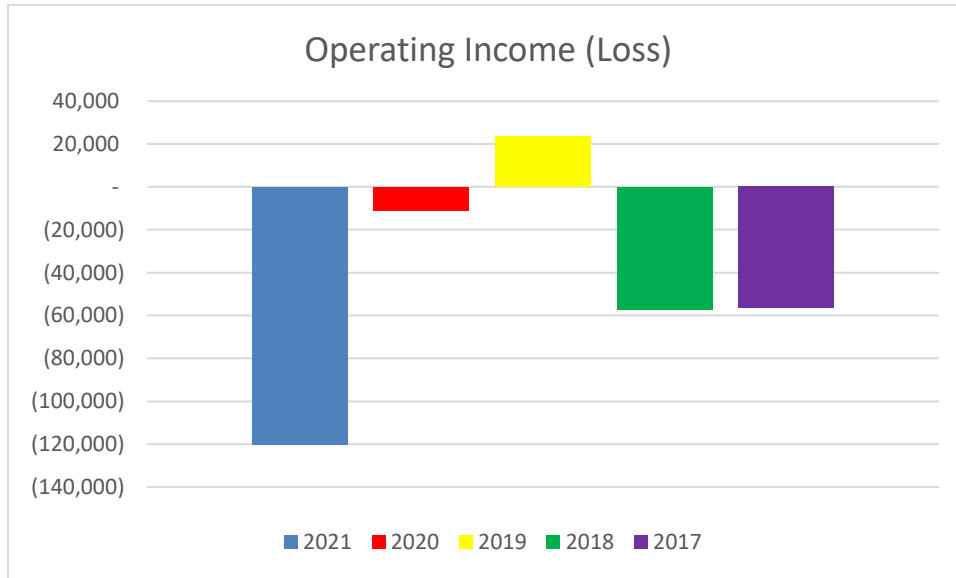
The components of Net Position are shown in the following graph.



**Financial Analysis of the District's Net Position**

	2021	2020
<b>Assets</b>		
Current assets	\$ 1,049,042	\$ 1,050,703
Capital assets net of accumulated depreciation	1,410,779	1,439,126
<b>Total Assets</b>	<b>2,459,821</b>	<b>2,489,829</b>
<b>Liabilities and deferred inflows of resources</b>		
Current liabilities	21,540	10,111
Deferred Inflow of resources	41,409	34,985
<b>Total liabilities and deferred inflow of resources</b>	<b>62,949</b>	<b>45,096</b>
<b>Net position</b>		
Net investment in capital assets	1,410,779	1,439,126
Restricted	5,200	5,000
Unrestricted	980,893	1,010,718
<b>Total Net Position</b>	<b>\$ 2,396,872</b>	<b>\$ 2,454,844</b>

As shown below, the District usually has an operating loss which is paid for through the property and specific ownership taxes.




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### CHANGE IN NET POSITION

Total District water revenue amounted to \$87,555 for 2021. Total expenditures amounted to \$207,646 for 2021. Total revenues including tap fees, property taxes and other revenues was \$174,620 for the year ended December 31, 2021 as shown below.

	2021	2020
Operating revenues	\$ 87,555	\$ 108,770
Operating expenses	207,646	119,790
Non-operating revenues	40,565	42,831
Capital contributions	46,500	200
	(33,026)	32,011

### Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its business type activities as of December 31, 2021 totaled \$1,410,779 (net of accumulated depreciation). This investment in capital assets includes water line systems and certain water rights. The total decrease in the District's investment in net capital assets for the current fiscal year was 3% which is due to depreciation.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District:

Chatfield South Water District  
C/O Community  
Resource Services  
7995 E. Prentice  
Avenue, Suite 103E  
Greenwood Village,  
Colorado 80111

**CHATFIELD SOUTH WATER DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	2021
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,002,263
Accounts receivable - water	74
Property taxes receivable	41,409
Deposits	2,000
Prepays	3,296
	1,049,042
Property, plan and equipment, at cost	
Water rights	574,770
Construction in progress	30,820
Water system	1,616,190
Equipment	58,905
Less accumulated depreciation	(869,906)
	1,410,779
Total noncurrent assets	1,410,779
<b>Total Assets</b>	2,459,821
<b>Liabilities</b>	
Current liabilities	
Accounts payable	21,540
	21,540
<b>Total current liabilities</b>	21,540
Deferred inflow of resources	41,409
	41,409
<b>Total deferred inflow of resources</b>	41,409
<b>Net position</b>	
Net investment in capital assets	1,410,779
Restricted	5,200
Unrestricted	980,893
	2,396,872
<b>Total Net Position</b>	\$ 2,396,872

The accompanying notes are an integral part of these financial statements.

**CHATFIELD SOUTH WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
<b>Operating revenues</b>	
Charges for services	\$ 87,555
<b>Operating expenses</b>	
General and administrative	33,800
Water delivery	129,514
Depreciation	44,332
Total operating expenses	207,646
Operating loss	(120,091)
<b>Non-operating revenues (expenses)</b>	
Property taxes	34,945
Specific ownership taxes	3,374
Interest	1,448
Other revenues	798
Total non-operating revenues (expenses)	40,565
Income (loss) before capital contributions	(79,526)
Capital contributions	46,500
<b>Change in net position</b>	(33,026)
Net position, beginning of year	2,429,898
<b>Net position, end of year</b>	\$ 2,396,872

The accompanying notes are an integral part of these financial statements.

**CHATFIELD SOUTH WATER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 88,978
Payments to suppliers and employees	(153,614)
	(64,636)
<b>Cash Flows from Noncapital Financing Activities</b>	
Property and specific ownership taxes	38,319
Other income	798
	39,117
<b>Cash flows from capital and related financing activities</b>	
Contributions	46,500
Acquisition of capital assets	(29,470)
	17,030
<b>Cash flows from investing activities</b>	
Proceeds from maturing certificate of deposit	234,221
Acquisition of certificate of deposit	(234,221)
Interest received	1,448
	1,448
<b>Net change in cash and equivalents</b>	(7,041)
Cash and equivalents, beginning of year	1,009,304
<b>Cash and equivalents, end of year</b>	\$ 1,002,263
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating income (loss)	\$ (120,091)
Adjustments to reconcile operating income to	
Depreciation	44,332
Decrease (increase) decrease in prepaids	(379)
Decrease (increase) in accounts receivable	1,423
(Decrease) increase in accounts payable	10,079
	55,455
Total adjustments	55,455
Net cash used by operating activities	\$ (64,636)

The accompanying notes are an integral part of these financial statements.



**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Chatfield South Water District (the District) is a quasi-municipal corporation organized pursuant to Decree of the District Court of Douglas County, Colorado during November 1997. The purpose of the District is to provide a potable water supply to residents of the District.

**General Accounting Policies**

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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.

The District presents its financial statements as a proprietary fund. Proprietary funds are used to account for operations (a) which are intended to be self-supporting through user charges or (b) where the Board of Directors has determined that periodic determination of net income is appropriate for management control and accountability.

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 property and equipment are shown as increases in net assets. Tap fees, inclusion fees and contributed water lines are recorded as non-operating revenue when the permits are issued, or the services are performed.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is levied for operations.

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget and Appropriation**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing years. The appropriation is at the total fund expenditures level and lapses at year end. The amended budget appropriation for 2021 was \$337,145.

**Accounts receivable**

Accounts receivable consist of service billings not yet collected and taxes levied in the current year and collectible in the subsequent year. Interest is charged on overdue accounts. An allowance for doubtful accounts is estimated using past history of write-offs on service receivables and management's judgment of current economic conditions and customer financial condition. An account is written off only when management has determined that it is unlikely to be collected. The District anticipates that its tax and service receivables will be collected within the next year; therefore, no allowance for doubtful accounts has been established.

**Capital Assets**

The District capitalizes acquisitions of property, plant and equipment with a life of more than one year. Contributed assets are recorded at fair market value on the date donated.

Depreciation is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are:

Water systems	40 years
Equipment	15 years

**Net Position**

In the statements of net position, equity is classified as net position, which presents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is displayed in three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction and improvement of those assets, when applicable. Restricted net position consists of amounts restricted for legal compliance, debt covenants, and for Taxpayer Bill of Rights (TABOR) compliance under the Colorado Constitution. Unrestricted net position consists of amounts not included in either of the other two net position classifications. The District's policy is to utilize restricted resources for qualifying activities, whenever possible.

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflow and Inflow of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as outflows of resources (expense) until then. The District has no deferred outflows of resources for the year ended December 31, 2021. In addition to liabilities, the statement of financial 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 future periods and will not be recognized as inflows of resources (revenue) until that time. Property tax revenue to be collected in the following year is reported as a deferred inflows of resources.

**Estimates**

The preparation of the District's financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 2 - 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	\$ 1,002,263

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	128,037
Certificates of deposit	234,221
Investment pools	<u>640,005</u>
Total cash and investments	<u>\$ 1,002,263</u>

Deposits with Financial Institutions

*Custodial credit risk-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 102% of the aggregate uninsured deposits.

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2021, the District's cash deposits had a bank balance of \$353,727 and a carrying balance of \$362,258. As of December 31, 2021, all of the District's deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

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

*Concentration of credit risk.* While the District's policy does not prescribe percentages of investments that maybe held, the District generally limits its concentration of investments to certain local government investment pools, which are believed to have minimal credit risk and no foreign currency risk. Additionally, the District is not subject to concentration of custodial risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

*Interest rate risk.* The District's policy for the investment of operating funds limits maturities to five years or less unless approved by the Board of Directors in a separate action. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

	Weighted Average Maturity	Net Asset Value
COLOTRUST Plus+	44 days to reset 71 days to maturity	\$ 640,005

In addition, the certificate of deposit matures 11 months after the financial statement date.

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The District invests in one of COLOTRUST's pools, COLOTRUST PLUS+. The PLUS+ Trust operates similarly to a money market fund and each share is equal in value to \$1.00. This portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities.

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standards & Poor's. COLOTRUST's PLUS+ does not have any unfunded commitments, redemption restrictions, or redemption notice period.

*Fair Value Hierarchy.* The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments measured at net asset value, such as COLOTRUST, are not required to present the fair value hierarchy disclosures. The District has no investments which are required to be reported under the fair value hierarchy.

NOTE 3 – CAPITAL ASSETS

An analysis of the changes in property and equipment for the year ended December 31, 2021, follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Capital Assets, not depreciated				
Water rights	\$ 574,770	\$ -	\$ -	\$ 574,770
Construction in Progress	-	30,820	-	30,820
	<u>574,770</u>	<u>30,820</u>	<u>-</u>	<u>605,590</u>
Capital Assets being depreciated				
Water systems	1,616,190	-	-	1,616,190
Equipment	58,905	-	-	58,905
Total Capital Assets				
Depreciated	1,675,095	-	-	1,675,095
Less Accumulated Depreciation	<u>(825,574)</u>	<u>(44,332)</u>	<u>-</u>	<u>(869,906)</u>
Total Capital Assets, Depreciated, net	<u>849,521</u>	<u>(44,332)</u>	<u>-</u>	<u>805,189</u>
Business Activities, Capital Assets, Net	<u>\$ 1,424,291</u>	<u>\$ (13,512)</u>	<u>\$ -</u>	<u>\$ 1,410,779</u>

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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NOTE 4 – PROPERTY TAX CALENDAR

All taxable property, real and personal, within the District at twelve noon on the first day of January of each year, designated as the official assessment date, is listed, appraised, and valued for assessment by Douglas County. The lien of general taxes for the current year shall attach to all taxable property, real and personal, at noon on the assessment date.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 will be collected in 2022. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on August 1 and generally sales of the tax liens on delinquent properties are held in December. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and, after deducting a statutory fee of 1.5 percent for such collection, remits the balance to the District on a monthly basis.

NOTE 5 – TABOR AMENDMENT

On November 3, 1992, the voters of Colorado approved Article X, Section 20, commonly known as the TABOR Amendment. This is a tax, spending, revenue, and debt limitation amendment. This amendment affects the ability of governmental entities to increase property taxes. Starting in 1992, with certain exceptions, the mill levy may not be increased over the prior year's mill levy, except previously approved bonded debt increases, without the approval of the voters in that District. During the November 1997, District voters authorized the District, as a voter approved revenue change, to accept, collect, retain and spend all revenues received from all sources notwithstanding any limitations or restrictions that would apply under Article X, Section 20 of the Colorado Constitution (TABOR), and Section 29-1-301, Colorado Revised Statutes (5.5% limit), or any other law.

Included within the District's fund balance is \$5,200 of emergency reserves as required by the TABOR Amendment.

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 will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect.

**Chatfield South Water District**  
**Notes to Basic Financial Statements**  
**December 31, 2021**

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NOTE 6 – **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters. The District has purchased commercial insurance to cover these risks. There were no claims filed during 2018 or 2017.

NOTE 7– **COMMITMENTS AND CONTINGENCIES**

**Denver Water Board**

During 1998, the District entered into a potable water lease with the City and County of Denver through the Denver Water Board (DWB) to lease 69-acre feet of water per year. To receive this annual allotment of water, the District was required to convey to the DWB 69-acre feet of water rights free and clear of all encumbrances by December 31, 2008. Those acre feet have been conveyed to the DWB.

Mutual written agreement is necessary for the agreement to terminate.

**Right Of Ways**

The District discovered that certain portions of its utility lines or other facilities may not lie within any dedicated or recorded public right of way or easement or within any tract to which it has title or an easement or right of way. The District continues to conduct a thorough survey of its facilities and the public and private records to determine the extent of this matter. The District has received cooperation from various landowners and will continue to obtain necessary easements or grants of title to document its rights as it discovers any lack of recorded easement. The District may use its powers of eminent domain, but that has so far not been necessary.

**Mirabelle Interconnect Project**

During December 2021, the District signed contracts for the Mirabelle Interconnect Project totaling \$369,354. The amounts expended under the project were \$29,470 and \$315,381 during 2021 and 2022, respectively.

**CHATFIELD SOUTH WATER DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES WITH BUDGET COMPARISON**  
**DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 34,985	\$ 34,985	\$ 34,945	\$ (40)
Specific ownership taxes	2,500	2,500	3,374	874
Interest	1,000	1,000	1,448	448
Water sales and service fees	94,300	94,300	87,555	(6,745)
Tap fees	34,000	34,000	46,500	12,500
Other revenues	475	475	798	323
	<u>167,260</u>	<u>167,260</u>	<u>174,620</u>	<u>7,037</u>
<b>Expenses</b>				
Accountant and treasurer fees	30,525	30,525	22,892	7,633
General and administrative	14,350	14,350	10,908	3,442
Water delivery	118,320	118,320	129,514	(11,194)
Capital outlay	174,000	174,000	30,820	143,180
	<u>337,195</u>	<u>337,195</u>	<u>194,134</u>	<u>143,061</u>
Excess of revenues over (under) expenditures	<u>\$ (169,935)</u>	<u>\$ (169,935)</u>	(19,514)	<u>\$ 150,098</u>
<b>Reconciliation to change in net position</b>				
Add Capital outlay			30,820	
Less depreciation expense			<u>(44,332)</u>	
Change in net position			<u>\$ (33,026)</u>	