

# **Deer Creek Water District**

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## **Annual Financial Statements and Independent Auditor's Report**

**December 31, 2020**

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## Independent Auditor's Report

Members of the Board of Directors  
Deer Creek Water District  
Elbert County, Colorado

### Opinion

We have audited the accompanying financial statements of the business-type activities of the Deer Creek Water District as of and for the year ended December 31, 2020, 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 the business-type activities of the Deer Creek Water District as of December 31, 2020, 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 Opinion

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 Deer Creek Water 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 opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Deer Creek Water District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 Deer Creek Water 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 Deer Creek Water District's ability to continue as a going concern for a reasonable period of time.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Deer Creek Water District's basic financial statements. The other supplementary information sections are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

The Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual (Non-GAAP) Budgetary Basis, is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July \_\_, 2021, on our consideration of Deer Creek Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Deer Creek Water District's internal control over financial reporting and compliance.

*Haynie & Company*

Littleton, Colorado

July 28, 2021

## **Basic Financial Statements**

**Deer Creek Water District**  
**Statement of Net Position**  
**December 31, 2020**

	<b>2020</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents - Unrestricted	\$ 1,901
Cash and cash equivalents - Restricted	269
Investments	354,550
Property taxes receivable	106,907
Due from other entities	1,588
Loan proceeds receivable	548,927
Accounts receivable, net	27,567
Total Current Assets	1,041,709
<b>Capital Assets, net</b>	3,921,220
Total Assets	\$ 4,962,929
<b>Liabilities and Net Position</b>	
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 422,402
Accrued interest payable	12,407
Current portion of bonds payable	81,000
Current portion of CWRPDA Water Resource Loan	99,549
Current portion of leases payable	25,034
Total Current Liabilities	640,392
Long-term liabilities	
Bonds payable	704,000
CWRPDA Water Resource Loan	2,367,114
Capital leases payable	38,850
Total Long-term Liabilities	3,109,964
Total Liabilities	3,750,356
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	106,907
Total Deferred Inflows of Resources	106,907
<b>Net Position</b>	
Net investment in capital assets	1,154,600
Restricted for operations and maintenance	64,156
Unrestricted	(113,090)
Total Net Position	1,105,666
Total Liabilities and Net Position	\$ 4,962,929

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

**Deer Creek Water District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2020**

	<b>2020</b>
<b>Operating Revenues</b>	
Charges for services	\$ 363,290
Late fees	270
Total operating revenues	363,560
<b>Operating Expenses</b>	
Collection and Treatment	
Contract operator	17,719
Chemicals	2,557
Lab fees	7,679
Operating supplies	2,390
Maintenance	118,744
Electricity	22,384
Consultants	3,550
Water usage fee	280
Depreciation	34,902
General and Administrative	
Telephone	2,035
Management	20,100
Office supplies	501
Postage	4,091
Audit	10,730
Accounting	26,110
Insurance and bonds	8,507
Payment processing	16,168
Election	1,225
Legal	6,949
Other costs	10,709
Total operating expenses	317,330
<b>Operating Income (Loss)</b>	<b>46,230</b>
<b>Nonoperating Revenues (Expenses)</b>	
Property taxes	108,203
Specific ownership taxes	18,845
Investment earnings	1,677
Interest expense	(55,684)
Treasurer's fees	(3,189)
Miscellaneous income	28
Total Nonoperating Revenues (Expenses)	69,880
Change in Net Position	116,110
<b>Net Position—Beginning of Year</b>	<b>989,556</b>
<b>Net Position—End of Year</b>	<b>\$ 1,105,666</b>

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



**Deer Creek Water District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

	<u>2020</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 378,244
Cash paid to suppliers for goods and services	<u>(289,009)</u>
Net Cash From Operating Activities	<u>89,235</u>
Cash Flows from Non-Capital Financing Activities:	
Cash received from property and specific ownership tax	127,048
Cash paid for treasurer's fees	<u>(3,189)</u>
Net Cash From Non-Capital Financing Activities	<u>123,859</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,972,866)
Cash received on notes payable	1,925,746
Principal paid	(109,371)
Interest paid	(45,765)
Miscellaneous income	<u>28</u>
Net Cash From Capital and Related Financing Activities	<u>(202,228)</u>
Cash Flows from Investing Activities:	
Investments purchased	(31,686)
Net investment income received	<u>1,677</u>
Net Cash from Investing Activities	<u>(30,009)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(19,143)</b>
Cash and Cash Equivalents—Beginning of Year	<u>131,541</u>
Cash and Cash Equivalents—End of Year	<u>\$ 112,398</u>
<b>Cash and Cash Equivalents - reported as:</b>	
Cash and Cash Equivalents - Unrestricted	\$ 1,901
Cash and Cash Equivalents - Restricted	<u>269</u>
	<u>\$ 2,170</u>
<b>Reconciliation of Net Operating Income to Net Cash From Operating Activities:</b>	
Net operating income (loss)	\$ 46,230
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	34,902
Changes in assets and liabilities:	
Accounts receivable	14,684
Accounts payable	(6,581)
Total Adjustments	<u>43,005</u>
<b>Net Cash From Operating Activities</b>	<b>\$ 89,235</b>

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

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020

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#### 1. Definition of Reporting Entity

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Deer Creek Water District (the District) is a quasi-municipal corporation created by an Order and Decree of the District Court in Elbert County, Colorado on November 24, 2008. The purpose of the District is to provide water service. The District is governed by an elected board of directors.

Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

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#### 2. Significant Accounting Policies

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The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to local governments. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows:

##### **Financial Reporting Entity**

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 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.

##### **Fund Accounting**

The Proprietary Fund is composed of water and sewer operations. It is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

# Deer Creek Water District

## Notes to Financial Statements

December 31, 2020 (continued)

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### 2. Summary of Significant Accounting Policies (continued)

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#### Basis of Accounting

Enterprise fund accounting is utilized in accordance with generally accepted accounting principles. The financial statements are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenues received in advance are recorded as a liability for deferred revenue and the liability is removed when earned.

The District has elected to follow Governmental Accounting Standards Board (GASB) pronouncements.

#### Property, Plant and Equipment

Capital assets which include land, buildings, sewer distribution and collection systems and sewer treatment plant are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repair 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 fixed assets, as applicable.

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

Infrastructure	10-25 years
Equipment	5-10 years

#### Budget and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. The District's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) with the following exceptions: Principal retired is budgeted as an expense, depreciation and amortization of debt issuance costs are not budgeted, capital outlays and debt issuance costs are treated as expenses for budget purposes, and deferred revenues are treated as collected revenues for budgetary purposes.

The following table summarizes the 2020 individual fund budgeted expenditures, as originally adopted, and as revised. The general government budgetary information is presented to show the District's compliance with the amendment to Article X, Section 20 of the Colorado Constitution.

# Deer Creek Water District

## Notes to Financial Statements

December 31, 2020 (continued)

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### 2. Summary of Significant Accounting Policies (continued)

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	Original Budget	Total Revisions	Revised Budget
General government	\$ 119,202	\$ -	\$ 119,202
Enterprise fund	187,326	62,674	250,000
Debt service fund	166,648	-	166,648
Capital projects fund	2,160,000	340,000	2,500,000
District total	\$ 2,633,176	\$ 402,674	\$ 3,035,850

The debt service fund expenditures of \$166,648 are also reflected above in the General Government and Enterprise Fund budgets as transfers to the Debt Service Fund for payment of debt service \$112,543 and \$28,301, respectively. The net revised appropriation for the District as a whole for 2020 is \$2,869,202.

#### Operations

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The District's principal operating revenues are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### Tap Fees and Contributions

Tap fees are recorded as revenue when received. There were no tap fees collected in the current year.

#### Contributions

Contributions consist of contributions in aid of construction (CAC). CAC represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. Contributions are recognized in the statement of revenues, expenses, and changes in fund net position, after non-operating revenues (expenses), when earned. There were no contributions in the current year.

#### Cash and Cash Equivalents

The District considers cash deposits and highly liquid investments with an intended maturity of three months or less to be cash equivalents.

#### Investments

The District's policy is to account for investments at fair market value in accordance with GASB 31. Gains or losses on the sale of investments are recognized when the investment is sold.

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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## 2. Summary of Significant Accounting Policies (continued)

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### Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2020 are recorded as prepaid items.

### Accounts Receivable

Accounts receivable are determined to be fully collectible as shown at December 31, 2020; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

### Deferred Inflows Of Resources

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and therefore will not be recognized as an inflow of resources until then. The District has unearned property tax revenue. These items are reported as deferred inflows on the statement of net position.

### Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts

### Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- Unrestricted – The component of net position that does not meet the definition above.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Deer Creek Water District

## Notes to Financial Statements

December 31, 2020 (continued)

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### 3. Cash, Cash Equivalents and Investments

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The District collects property tax from property owners within the district based on assessed values at December 31 of the prior year. Property owners are to pay these assessments either in full by April 30th or in halves by February 28/29th and June 15th. These taxes are collected by Elbert County and remitted to the district on the 10th day of the month following collection. Tax revenues remitted to the District for 2020 totaled \$108,203.

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 specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District had cash balances on deposit with original maturities of less than three months stated at cost, which approximates market, as follows:

<b>December 31, 2020</b>	<u><b>Book</b></u>	<u><b>Bank</b></u>
Cash - unrestricted	\$ 1,901	\$ 1,901
Cash - restricted	269	269
Total cash and cash equivalents	<u>\$ 2,170</u>	<u>\$ 2,170</u>

The District's cash deposits and investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At December 31, 2020 all of the District's deposits were insured.

#### Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria that local governments may invest in, 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,
- bankers' acceptances of certain banks,

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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### 3. Cash, Cash Equivalents and Investments (continued)

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- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

**Interest Rate Risk** - Although the District has no formal policy regarding interest rate risk, district management limits the weighted average of maturity of its portfolios to no more than three years.

**Credit Risk** - The District's investments are recorded at fair value based on quoted market prices. District investments are securities that are held by the entity or its agent in the District's name, and are insured or registered by the District or its agent. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or would further limit its investment choices. The District places no limit on the amount the District may invest in any one issuer.

**Local Government Investment Pools** – As of December 31, 2020 the District had \$324,098 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colotrust is rated AAAM by Standard and Poor's. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, Colotrust Prime and Colotrust Plus+. The District funds are only invested in Colotrust Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust.

Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method.

# Deer Creek Water District

## Notes to Financial Statements

December 31, 2020 (continued)

### 3. Cash, Cash Equivalents and Investments (continued)

At December 31, 2020, cash deposits and investment, are classified on the statement of net position as follows:

Cash and Cash Equivalents - Unrestricted	\$	1,901
Cash and Cash Equivalents - Restricted		269
Investments		354,550
Total	\$	<u>356,720</u>

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

Investment	Rating	Investment Maturities (in Years)		
		Less than 1	1 to 5	Total
Certificates of Deposit	N/A	\$ -	\$ 30,452	\$ 30,452
Money Market and Investment Pools	AAAm	<u>324,098</u>	<u>-</u>	<u>324,098</u>
		<u>\$ 324,098</u>	<u>\$ 30,452</u>	<u>\$ 354,550</u>

**Fair Value Measurement and Application** – 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; and Level 3 inputs are significant unobservable inputs. All of the District’s investments, except those that are held in local government investment pools, are measured at fair value using Level 1 inputs.

### 4. Capital Assets

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

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 96,000	\$ -	\$ -	\$ 96,000
Water rights	845,872	-	-	845,872
Construction in progress	<u>196,313</u>	<u>2,353,881</u>	-	<u>2,550,194</u>
Total capital assets, not being depreciated	<u>1,138,185</u>	<u>2,353,881</u>	<u>-</u>	<u>3,492,066</u>



# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

#### 4. Capital Assets (continued)

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital assets, being depreciated:				
Buildings	25,151	-	-	25,151
Machinery and equipment	154,739	-	-	154,739
Infrastructure	596,250	-	-	596,250
Total capital assets, being depreciated	<u>776,140</u>	<u>-</u>	<u>-</u>	<u>776,140</u>
Less accumulated depreciation:				
Buildings	(11,110)	(1,010)	-	(12,120)
Machinery and equipment	(77,691)	(9,299)	-	(86,990)
Infrastructure	(223,283)	(24,593)	-	(247,876)
Total accumulated depreciation	<u>(312,084)</u>	<u>(34,902)</u>	<u>-</u>	<u>(346,986)</u>
Total capital assets being depreciated, net	<u>464,056</u>	<u>(34,902)</u>	<u>-</u>	<u>429,154</u>
Total capital assets, net	<u>1,602,241</u>	<u>2,318,979</u>	<u>-</u>	<u>3,921,220</u>

Depreciation expense was \$34,902 for the year ended December 31, 2020.

#### 5. Long-Term Debt

The following schedule provides an analysis of long-term debt for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
General obligation bonds	\$ 862,000	\$ -	\$ (77,000)	\$ 785,000	\$ 81,000
Total bonded debt	<u>862,000</u>	<u>-</u>	<u>(77,000)</u>	<u>785,000</u>	<u>81,000</u>
CWRPDA water resource loan	-	2,466,663	(8,010)	2,458,653	99,549
Total notes payable	<u>-</u>	<u>2,466,663</u>	<u>(8,010)</u>	<u>2,458,653</u>	<u>99,549</u>
Leases payable	88,245	-	(24,361)	63,884	25,034
Total other obligations	<u>88,245</u>	<u>-</u>	<u>(24,361)</u>	<u>63,884</u>	<u>25,034</u>
	<u>\$ 950,245</u>	<u>\$ 2,466,663</u>	<u>\$ (109,371)</u>	<u>\$ 3,307,537</u>	<u>\$ 205,583</u>

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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#### 5. Long-Term Debt (continued)

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##### General Obligation Bonds Series 2009

On March 4, 2009 the District issued \$1,536,000 of General Obligation Bonds Series 2009. The Series 2009 bonds carry a coupon rate of 4.45% and mature annually commencing in 2009 through 2028 with interest payable on June 15<sup>th</sup> and principal and interest payable on December 15th. The Bonds maturing on and after December 15, 2028 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on March 4, 2019, or on any date thereafter, upon payment of par plus accrued interest, without redemption premium. The Bonds are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are payable from the proceeds of taxes levied upon the taxable property of the District.

Events of default include the following:

- a) Failure to make any payment of principal of or interest on the Bonds when due;
- b) Breach by the District of any material covenant in the agreement or failure by the District to perform any material duty imposed on it hereunder and the continuation of such breach or failure for a period of 30 days after receipt by the President of written notice thereof from the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, provided that such 30 day period shall be extended so long as the District has commenced and continues a good faith effort to remedy such breach or failure; or
- c) An order of decree by a court: of competent jurisdiction declaring the District bankrupt under federal bankruptcy law or appointing a receiver of all or any material portion of the District's assets or revenues is entered with the consent or acquiescence of the District or is entered without the consent or acquiescence of the District but is not vacated, discharged or stayed within 30 days after it is entered.

Upon the occurrence and continuance of an Event of Default, the Owner of any Bond may proceed to protect and enforce the rights of any Owner under this Resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction; provided, however, that acceleration shall not be an available remedy. All such proceedings shall be instituted, had, and maintained for the equal benefit of all Owners of the Bonds Outstanding.

##### Colorado Water Resources and Power Development Authority (CWRPDA) Drinking Water Revolving Fund Loan

In August 2019, the District entered into a loan agreement (the "Agreement") with the Colorado Water Resource and Power Development Authority ("CWRPDA") for a principal amount of \$2,474,673. The loan accrues interest at 2.5% and is payable in semi-annual principal and interest payments beginning on November 1, 2020. The loan is secured by the net revenues of the District, as defined within the Agreement. Loan proceeds were received beginning in 2020 and the total amount of unreceived loan proceeds is reflected on the

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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#### 5. Long-Term Debt (continued)

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Statements of Net Position as Loan Proceeds Receivable of \$548,927 as of December 31, 2020.

Events of default under the loan include the following:

- a) Failure by the District to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of thirty (30) days;
- b) Failure by the District to make, or cause to be made, any required payments of interest and principal, redemption premium, if any, and interest on any bonds, notes, or other obligations of the District for borrowed money (other than the Loan and the District Bond), after giving effect to the applicable grace period, the payments of which are secured by the Pledged Property;
- c) Failure by the District to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the agreement, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the District; provided, however, that if the failure stated in such notice is correctable, but cannot be corrected within the applicable period, the CWRPDA may consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the Event of Default is corrected;
- d) any representation made by or on behalf of the District contained in the agreement, or in any instrument furnished in compliance with or with reference to the agreement or the Loan, is false or misleading in any material respect; or
- e) a petition is filed by or against the District under any federal or state bankruptcy or insolvency law, or other similar law in effect on the date of the agreement or thereafter enacted, unless in the case of any such petition filed against the District such petition shall be dismissed within thirty (30) days after such filing, and such dismissal shall be final and not subject to appeal; or (ii) the District shall become insolvent, or bankrupt or make an assignment for the benefit of its creditors; or (iii) aa custodian (including, without limitation, a receiver, liquidator, or trustee of the District or any of its property) shall be appointed by court order, or take possession of the District, or its property or assets, if such order remains in effect, or such possession continues, for more than thirty (30) days.

Upon default, CWRPDA shall have the right to withhold disbursement of Loan funds remaining, and take such other action at law or in equity as may appear necessary to enforce the performance and observance of any duty, covenant, obligation, or agreement of the District hereunder, including, without limitation, appointment ex parte of a receiver of the System.

#### **Leases Payable**

During 2016, the District entered into a lease agreement for \$91,769 to purchase a water tank refurbishment. Monthly payments of \$7,269 are due under the lease agreement

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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#### 5. Long-Term Debt (continued)

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beginning in March 2016, through March 2023. Interest accrues on the outstanding balance at 2.82% per annum. As of December 31, 2020 there was \$334 accrued interest on the loan and the principal amount of \$37,042 was outstanding.

During 2016, the District entered into an additional lease agreement for \$72,000 for the water tank refurbishment. Monthly payments of \$6,037 are due under the lease agreement beginning in March 2017, through March 2023. Interest accrues on the outstanding balance at 2.64 per annum. As of December 31, 2020 there was \$178 accrued interest on the loan and the principal amount of \$26,841 was outstanding.

Capital assets of \$167,310 less accumulated depreciation of \$33,462 are reported related to the above lease agreements.

Events of default under the lease agreements include the following:

- a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time and manner specified herein; or
- b) Failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder for a period of thirty (30) days after written notice to Lessee by Lessor specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of such time prior to its expiration; or
- c) Any certificate, statement, representation, warranty or audit contained herein or heretofore or hereafter furnished with respect hereto by or on behalf of Lessee proving to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Lessee; or
- d) Commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, moratorium or similar relief under any existing or future bankruptcy, insolvency or other similar laws.

In the event of default, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Terminate this Agreement, retake possession of the Equipment and sell, lease or sublease it, or any item thereof for the account of Lessor, holding Lessee liable for all payments and charges due up to the effective date of such termination.
- (b) Require Lessee to deliver the Equipment to Lessor at the point of origin or any other reasonable location designated by Lessor at Lessee's sole risk, cost and expense and in the condition required by Section 7.02 hereof; or c) Take whatever other action at law or in equity that may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement.

# Deer Creek Water District

## Notes to Financial Statements

December 31, 2020 (continued)

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### 5. Long-Term Debt (continued)

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In addition, Lessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

A summary of the debt service requirements to maturity for the above-mentioned loans is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,583	\$ 97,559	\$ 303,142
2022	211,775	90,761	302,536
2023	205,748	83,746	289,494
2024	199,253	77,019	276,272
2025	205,951	70,227	276,178
2026-2028	2,287,237	417,785	2,705,022
	<u>\$ 3,315,547</u>	<u>\$ 837,097</u>	<u>\$ 4,152,644</u>

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### 6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2020, the District had net investment in capital assets of \$1,154,600.

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 of \$64,156.

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended. At December 31, 2020, the District had unrestricted net position of (\$113,090).

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### 7. Risk Management

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Pool (the "Pool"), which is an organization created by inter-governmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered

# Deer Creek Water District

## Notes to Financial Statements

### December 31, 2020 (continued)

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#### 7. Risk Management (continued)

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economically appropriate.

It provides coverage for property claims up to the values declared, and liability claims for up to \$1,000,000. It is reinsured for up to 80% of the first \$250,000 of each casualty claim and for 100% of the excess. Public official liability claims are reinsured for the full limit of \$1,000,000.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

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#### 8. TABOR

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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 they are exempt from the provisions of the bill.

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#### 9. Prior-period Restatement

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In the Proprietary Fund, it was determined that the prior-year water service revenue and related accounts receivable were overstated by \$41,690. Therefore, beginning net position has been restated as follows:

	<u>Proprietary Fund</u>
Net position as previously reported at December 31, 2019	\$ 1,031,246
Water service revenue over accrued in prior period	(41,690)
Net position as restated, January 1, 2020	<u>\$ 989,556</u>

## **Supplementary Information**

**Deer Creek Water District**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2020**

	<u>Original</u>	<u>Final</u>	<u>2020 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 189,851	\$ 189,851	\$ 197,447	\$ 7,596
Late fees	-	-	270	270
Total operating revenues	<u>189,851</u>	<u>189,851</u>	<u>197,717</u>	<u>7,866</u>
<b>Operating Expenses</b>				
Collection and Treatment				
Contract operator	12,000	12,000	17,719	(5,719)
Chemicals	2,000	2,000	2,557	(557)
Lab fees	4,000	4,000	7,679	(3,679)
Operating supplies	500	500	2,390	(1,890)
Maintenance	61,450	61,450	118,744	(57,294)
Electricity	22,000	22,000	22,384	(384)
Consultants	-	-	3,550	(3,550)
Water usage fee	-	-	280	(280)
General and Administrative				
Telephone	2,000	2,000	2,035	(35)
Management	12,000	12,000	20,100	(8,100)
Office supplies	1,200	1,200	501	699
Postage	2,200	2,200	4,091	(1,891)
Audit	4,800	4,800	10,730	(5,930)
Accounting	12,000	12,000	26,110	(14,110)
Insurance and bonds	4,000	4,000	8,507	(4,507)
Payment processing	5,000	5,000	16,168	(11,168)
Election	-	-	1,225	(1,225)
Legal	7,500	7,500	6,949	551
Other costs	6,375	69,049	10,709	58,340
Total operating expenses	<u>159,025</u>	<u>221,699</u>	<u>282,428</u>	<u>(60,729)</u>
<b>Operating Income (Loss)</b>	<u>30,826</u>	<u>(31,848)</u>	<u>(84,711)</u>	<u>(52,863)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	108,202	108,202	108,203	1
Specific ownership taxes	10,000	10,000	18,845	8,845
Water System Upgrade Loan	2,474,673	2,474,673	1,925,746	(548,927)
Investment earnings	3,560	3,560	1,677	(1,883)
Capital Improvement Fee	164,640	164,640	165,843	1,203
Capital Outlay	(2,160,000)	(2,500,000)	(2,353,880)	146,120
Bond payments	(77,000)	(77,000)	(77,000)	-
Lease/Loan payments	(24,676)	(24,676)	(32,371)	(7,695)
Interest expense	(64,972)	(64,972)	(55,684)	9,288
Treasurer's fees	(1,623)	(1,623)	(3,189)	(1,566)
Miscellaneous income	-	-	28	28
Total Nonoperating Revenues (Expenses)	<u>432,804</u>	<u>92,804</u>	<u>(301,782)</u>	<u>(394,586)</u>
<b>Change in Net Position</b>	463,630	60,956	(386,493)	(447,449)
<b>Net Position—Beginning of Year</b>	<u>270,650</u>	<u>270,650</u>	<u>989,556</u>	<u>718,906</u>
<b>Net Position—End of Year</b>	<u>\$ 734,280</u>	<u>\$ 331,606</u>	<u>\$ 603,063</u>	<u>\$ (131,217)</u>



**Deer Creek Water District**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2020**

**Reconciliation to GAAP-Basis Financial Statements**

Depreciation	\$ (34,902)
Capital outlay	2,353,880
Notes payable proceeds	(1,925,746)
Bond payments	77,000
Lease/Loan payments	<u>32,371</u>
<b>Net Position—End of Year (GAAP-Basis)</b>	<b><u>\$ 1,105,666</u></b>

**Deer Creek Water District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency/Pass-through Entity/Cluster/Program	CFDA Number	Grant or Identifying Number	Amount
<i>U.S. Environmental Protection Agency</i>			
Pass Through: Colorado Water Resources and Power Development Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Loan No. D19F433	<u>\$ 1,588,703</u>
<i>Total U.S. Environmental Protection Agency</i>			<u>1,588,703</u>
Total Expenditures of Federal Awards			<u>\$ 1,588,703</u>

**Notes to the Schedule**


1. This schedule includes the federal awards activity of Deer Creek Water District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Deer Creek Water District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
3. Of the federal expenditures presented in this schedule, the Agency provided no federal awards to sub-recipients.



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Deer Creek Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Deer Creek Water District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Deer Creek Water District’s basic financial statements, and have issued our report thereon dated July 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Deer Creek Water District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Deer Creek Water District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Creek Water District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

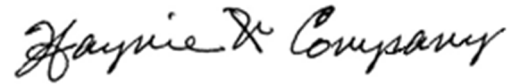
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Deer Creek Water District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado  
July 28, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
Deer Creek Water District

**Report on Compliance for Each Major Federal Program**

We have audited Deer Creek Water District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Deer Creek Water District's major federal programs for the year ended December 31, 2020. Deer Creek Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Deer Creek Water District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Deer Creek Water District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Deer Creek Water District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Deer Creek Water District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

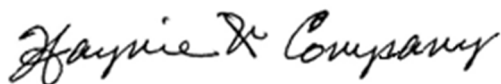
## Report on Internal Control over Compliance

Management of Deer Creek Water District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Deer Creek Water District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Deer Creek Water District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, CO  
July 28, 2021

# Deer Creek Water District Supplemental Information

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## Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

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### 1. Summary of Auditor's Results

Type of report issued on the financial statements: **Unmodified**

Material weaknesses in financial reporting internal control noted: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting: **None**

Material noncompliance noted: **None**

Material weaknesses in internal control over major programs: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses over major programs: **None**

Type of report issued on compliance for major programs: **Unmodified**

Audit findings required to be reported: **None**

The following programs are considered to be major:

**Capitalization Grants for Drinking Water State Revolving  
Funds— CFDA 66.468**

Dollar threshold used to distinguish Type A and Type B programs: **\$750,000**

Risk type qualification: **Not low-risk**

### 2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

### 3. Findings and questioned costs for Federal Awards

None

### 4. Summary Schedule of Prior Audit Findings

None