

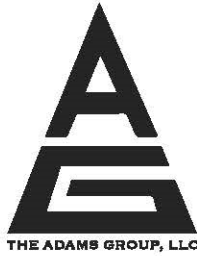
INDEPENDENCE WATER & SANITATION DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TABLE OF C O N T E N T S

Independent Auditors' Report	1 - 2
BASIC FINANCAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
NOTES TO THE BASIC FINANCIAL STATEMENTS	6 - 14
SUPPLEMENTARY INFORMATION	
Water & Sanitation Fund – Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual - Budgetary Basis	15 - 16



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Independence Water & Sanitation District
Elbert County, Colorado

We have audited the accompanying financial statements of the business-type activities of the Independence Water & Sanitation District (the 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Independence Water & Sanitation District as of December 31, 2020, and the respective changes in financial position and, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Debt Service

As described in Note 5 and 8 to the financial statements, the 2019 Bonds are structured as cash flow bonds. Debt service payments will be made as tap fees are received. The receipt of tap fees and the timing of the payment of principal and interest on the Tax-Exempt Special Revenue Obligation Bonds dependent on the development of the District.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Independence Water & Sanitation District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

May 10, 2021
Denver, Colorado

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Assets

Current assets

Cash \$ 77,638

Advance to developer 67,653

Noncurrent assets

Capital assets - not being depreciated 23,715,283

Total assets \$ 23,860,574

Liabilities

Current liabilities

Accounts payable \$ 67,178

Unearned revenue 150

Bonds payable 9,044,000

Noncurrent liabilities

Accrued interest 1,273,562

Bonds payable 13,226,000

Developer advances 897,376

Total liabilities 24,508,266

Net position (deficit)

Net investment in capital assets 1,445,283

Unrestricted (deficit) (2,092,975)

Total net position \$ (647,692)

The notes are an integral part of these financial statements.

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

<u>Operating expenses</u>	
Bank charges	\$ 832
Dues and subscriptions	1,734
Information technology	250
Lab analysis	21,834
Legal	78,754
Insurance	10,475
Agent Fees	4,000
Utilities	194,466
Tools & Supplies	32,219
Operations	84,945
Management and accounting	33,908
Total operating expenses	<u>463,417</u>
Operating income (loss)	<u>(463,417)</u>
<u>Nonoperating revenues (expenses)</u>	
Interest income	4,285
Interest expense	(1,639,361)
Intergovernmental	2,461,817
Total nonoperating revenues (expenses)	<u>826,741</u>
Income (loss) before contributions	363,324
Capital contributions	1,300,178
Change in net position	1,663,502
Net position beginning of year	<u>(2,311,194)</u>
Net position end of year	<u>\$ (647,692)</u>

The notes are an integral part of these financial statements.

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Receipts from customers and users	\$ 150
Payments to suppliers	(516,144)
Net cash used by operating activities	<u>(515,994)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(4,981,868)
Intergovernmental contributions	2,461,817
Capital contributions	1,300,178
Interest paid on capital debt	(1,663,483)
Proceeds from developer advance	944,296
Payment of principal on developer advance	(156,920)
Net cash used by capital and related financing activity	<u>(2,095,980)</u>
Cash flows from investing activities	
Proceeds from sale of investments	2,676,388
Interest on investments	4,285
Net cash provided by investing activities	<u>2,680,673</u>
Net change in cash and cash equivalents	<u>68,699</u>
Cash and cash equivalents at beginning of year	<u>8,939</u>
Cash and cash equivalents at end of year	<u>\$ 77,638</u>
Reconciliation of operating income (loss) to net cash used by operating activities	
Operating loss	\$ (463,417)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
(Decrease) in accounts payable	(52,727)
Increase in unearned revenue	150
Net cash used by operating activities	<u>\$ (515,994)</u>

The notes are an integral part of these financial statements.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - DEFINITION OF REPORTING ENTITY

Independence Water & Sanitation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was established on November 7, 2017 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within the County of Elbert, Colorado.

The District was established to acquire, construct, finance, and maintain public water, sewer and storm drainage improvements for the use and benefit of service users of the District's systems.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements present the financial position of the District as of December 31, 2020, and the results of its operations and cash flows for the year ended December 31, 2020. The statement of revenues, expenses, and changes in net position distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. Budgets are adopted on a non-GAAP basis wherein debt proceeds are budgeted and recorded as revenues and capital expenditures are budgeted and recorded as expenditures.

Cash and Cash Equivalents

Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchases or subject to withdrawal, are considered to be cash and cash equivalents. The District deposits funds in Colorado financial institutions that are eligible public depositories under the Colorado Public Deposit Protection Act, PDPA.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Other Assets

Certain payments for future construction costs are recorded as other assets in the financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. water and wastewater improvements), are reported in the financial statements. The District has not adopted a capitalization policy. The total costs of constructing improvements have been capitalized on the statement of net position. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Constructed capital assets which have not yet been completed are recorded as construction in progress.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is 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 borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

If both restricted and unrestricted resources are available to use for the same purpose, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 77,638
Total cash and investments	<u>\$ 77,638</u>
Deposits with financial institutions	\$ 77,638
Total cash and investments	<u>\$ 77,638</u>

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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 a trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories, the reporting of the uninsured deposits, and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance of \$130,858, and a carrying balance of \$77,638. At December 31, 2020, of the District's deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

Credit Risk

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

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

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. At December 31, 2020, the District did not have any investments.

NOTE 4 - CAPITAL ASSETS

The following is an analysis of changes in capital assets for the year ended December 31, 2020.

	Balance 12/31/19	Additions	Dispositions	Balance 12/31/20
Business-type activities:				
Capital assets not being depreciated:				
Water rights	\$ 14,917,322	\$ -	\$ -	\$ 14,917,322
Construction in progress	3,883,746	4,914,215	-	8,797,961
	<u>\$ 18,801,068</u>	<u>\$ 4,914,215</u>	<u>\$ -</u>	<u>\$ 23,715,283</u>

During 2020, the District received \$185,375 of assets from construction in progress transferred from Independence Metropolitan District No. 1 which is included in intergovernmental revenue in the accompanying statement of revenues, expenses and changes in net position.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2020:

	Balance 12/31/19	Additions	Repayments	Balance 12/31/20	Due Within One Year
Business-type activities:					
Special revenue obligation bonds					
Series 2019	\$ 22,270,000	\$ -	\$ -	\$ 22,270,000	\$ 9,044,000
Developer advances	110,000	944,296	(156,920)	897,376	-
	<u>\$ 22,380,000</u>	<u>\$ 944,296</u>	<u>\$ (156,920)</u>	<u>\$ 23,167,376</u>	<u>\$ 9,044,000</u>

Special Revenue Obligation Bonds, Series 2019

On March 7, 2019, the District issued \$22,270,000 of Tax-Exempt Special Revenue Obligation Bonds (the 2019 Bonds). The 2019 Bonds were issued with an interest rate of 7.25% per annum. Interest is payable annually on December 1, commencing on December 1, 2019. Any unpaid interest compounds annually thereafter. The 2019 Bonds mature on December 1, 2038.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The 2019 Bonds are structured as cash flow bonds, meaning that the Indenture contains no scheduled payments of principal on the Bonds other than at maturity. Principal is payable each December 1 from the available pledged revenues, if any. All principal is due upon maturity. During 2019, the District collected no tap fees. As a result, the estimated payments of principal and interest were not made. The failure to pay principal of or interest on the 2019 Bonds when due shall not constitute an event of default

The 2019 Bonds are secured and payable from pledged revenue, consisting generally of (i) Tap Fee Revenues, (ii) Capital User Fee Revenues, if imposed, and (iii) all Net Water Rights Sales Proceeds. The primary source of revenue is expected to be the Tap Fee Revenues. The issuer of the 2019 Bonds and the developer entered into an Unsecured Tap Fee Agreement, whereby the developer has the option to pay a certain amount of the tap fees each year if a shortfall event occurs; however, there is no guarantee that the developer will purchase water taps in the amounts required by the Unsecured Tap Fee agreement. The proceeds of the 2019 Bonds were used to: (i) finance water and sanitation improvements, including the acquisition of conveyed water rights, and (ii) pay the costs of issuance of the 2019 Bonds. The 2019 Bonds are also secured by amounts held in the Project Fund and the Bond Fund.

As noted above these are cash flow bonds, the following is an estimated schedule of the debt services requirements to maturity as of December 31, 2020.

Year	Principal	Interest	Total
2021	\$ 9,044,000	\$ 1,207,995	\$ 10,251,995
2022	4,016,000	958,885	4,974,885
2023	4,786,000	667,725	5,453,725
2024	4,424,000	320,740	4,744,740
Total	<u>\$ 22,270,000</u>	<u>\$ 3,155,345</u>	<u>\$ 25,425,345</u>

Developer Advances

The District entered into an Advance and Reimbursement Agreement to repay advances made by the Developer to the District. The District agreed to repay the Developer for such advances plus accrued interest at the rate higher of 7% or prime plus 2%.

Authorized Debt

On November 7, 2017, a majority of qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$190,456,500 to fund the acquisition of water rights and the acquisition and/or construction of public improvements. At December 31, 2020, the District had authorized and issued indebtedness from the election in the following amounts:

Water rights & public improvements	<u>\$ 190,456,500</u>	<u>\$ 168,186,500</u>
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INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - NET POSITION

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

In the government-wide financial statements, the District's liabilities exceeded assets by \$647,692 as a result of interest on and costs incurred for the issuance of long-term debt which was used to fund improvements. The District believes that future tap fees and related revenues will eliminate this deficit.

NOTE 7 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 - CONTINGENCY

The property in the service area of the District is currently vacant and undeveloped and there is no assurance that it will be developed as currently contemplated or at all. A number of factors may affect the development, including the overall economy of the region, Elbert County, and the southeast Denver metropolitan area in particular. The sale of taps is dependent on the development occurring in the District, and the timing of interest payments is dependent on the tap sales.

The Developer has estimated the cost of public improvements necessary to serve all Districts in the development to be approximately \$105 million but could be as high as \$184 million. The developer plans to fund \$61 million of the cost of the development.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

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

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

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

The District operates as an enterprise fund under Title 37, Article 45.1, C.R.S., to provide wholesale water and wastewater services in accordance with its Service Plan. An enterprise fund under Section 20 of the Colorado Constitution may receive less than 10% of its annual revenue in grants from Colorado state and local governments combined.

On November 7, 2017, the District's voters passed an election question authorized the retention of all revenues received from any source during the 2017 budget year and each budget year thereafter that are in excess of the revenue and fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law.

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.

NOTE 10 - RELATED PARTIES

This is one of six districts and board members serve on all Districts. The developer of the infrastructure which constitutes the development is owned in part by Craft Bandera Acquisition Company, LLC. and Craft Companies, LLC. All members of the Board of Directors are employed by, are owners of, or are consultants to the developer, and may have a conflict of interest in dealing with the District.

Districts No. 1-3 will build the infrastructure. The roads and related infrastructure will be donated to Elbert County. The water and sanitation infrastructure will be donated to the Independence Water and Sanitation District. The developer of the infrastructure which constitutes the District is Craft Bandera Acquisition Company, LLC and Craft Companies, LLC.

INDEPENDENCE WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - RELATED PARTIES

During the year ended December 31, 2020, the District purchased capital assets totaling \$4,263,222 from the Developer and advanced \$67,653 to the Developer. At December 31, 2020, the Developer owed the District \$67,653.

During the year ended December 31, 2020, the District received advances from the Developer totaling \$944,296, of which \$156,920 was repaid. At December 31, 2020, the District owed the Developer \$897,376 and accrued interest of \$28,331.

During 2020, the District received \$2,276,442 from Independence District No. 3 which is included in intergovernmental revenue in the accompanying statement of revenues, expenses, and changes in net position.

SUPPLEMENTARY INFORMATION

INDEPENDENCE WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – BUDGET AND ACTUAL - BUDGETARY BASIS

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Builder construction water fee	\$ 11,100	\$ 4,000	\$ 4,000	\$ 0
Bulk water sales	5,000	0	0	0
Irrigation water sales	60,000	0	0	0
Storm drainage account set-up fees	1,110	150	150	0
Storm drainage facility fees	11,100	29,030	29,030	0
Storm drainage maintenance fees	11,100	26	26	0
Tap fees	2,510,720	2,510,720	1,266,972	(1,243,748)
Water service charges	42,000	0	0	0
Wastewater service charges	40,000	0	0	0
Interest income	25,000	4,285	4,285	0
Status letter fees	0	180	0	(180)
Intergovernmental	0	2,461,817	2,461,817	0
Developer advances	415,000	944,296	944,296	0
Total revenues	<u>3,132,130</u>	<u>5,954,504</u>	<u>4,710,576</u>	<u>(1,243,928)</u>
<u>Expenses</u>				
Administrative:				
Audit	10,000	7,300	7,300	0
Bank charges	200	0	0	0
Dues and subscriptions	400	1,734	1,734	0
Elections	100	0	0	0
Information technology	150	250	250	0
Insurance	3,000	2,441	2,441	0
Legal	15,000	44,473	44,473	0
Management, administration, and accounting	60,000	26,608	26,608	0
Emergency reserves	2,000	0	0	0
Contingency	50,000	0	0	0
Administrative totals	<u>140,850</u>	<u>82,806</u>	<u>82,806</u>	<u>0</u>
Water Operations:				
Capital improvements	0	2,695,791	2,695,791	0
Chemicals	5,500	3,245	2,625	620
Electrical infrastructure	0	618	618	0
Engineering	28,000	86,305	86,305	0
Inspections	0	620	620	0
Insurance	5,500	4,017	4,017	0
Lab analysis	5,000	21,834	21,834	0
Legal	8,500	23,977	23,977	0
Meter read costs	4,400	0	2,000	(2,000)
Office expenses	1,200	2,000	0	2,000
Operations contract	45,000	51,892	51,892	0
Project management	0	50,378	50,378	0
Telephone	500	863	863	0
Tools and supplies	11,000	27,629	27,629	0
Utilities	33,000	131,073	130,210	863
Utility billing	7,500	0	0	0
Water rights	12,000	0	0	0
Well maintenance	22,000	0	0	0
Contingency	12,000	0	0	0
Water operations totals	<u>201,100</u>	<u>3,100,242</u>	<u>3,098,759</u>	<u>1,483</u>

INDEPENDENCE WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – BUDGET AND ACTUAL - BUDGETARY BASIS - (CONTINUED)

Wastewater Operations:				
Capital improvements	0	1,989,558	1,989,558	0
Chemicals	25,000	0	0	0
Engineering	24,000	68,594	68,594	0
Insurance	5,500	4,017	4,017	0
Lab supplies / analysis	8,000	0	0	0
Legal	8,500	10,304	10,304	0
Office expenses	1,200	0	0	0
Operations contract	45,000	24,768	24,768	0
Repair and maintenance	15,000	0	0	0
Sludge disposal	9,500	0	0	0
Telephone	500	0	0	0
Tools and supplies	6,500	4,256	4,256	0
Utilities	24,000	47,707	47,707	0
Utility billing	7,465	0	0	0
Contingency	12,000	0	0	0
Wastewater operations totals	<u>192,165</u>	<u>2,149,204</u>	<u>2,149,204</u>	<u>0</u>
Irrigation Operations:				
Chemicals	6,000	0	0	0
Engineering	12,000	22,972	22,972	0
Insurance	3,000	0	0	0
Legal	4,000	0	0	0
Meter reading	4,329	2,000	2,000	0
Office expenses	600	0	0	0
Operations contract	22,000	1,040	1,040	0
Repair and maintenance	4,000	0	0	0
Tools and supplies	4,000	334	334	0
Utilities	1,000	15,686	15,686	0
Utility billing	7,465	0	0	0
Contingency	6,000	0	0	0
Irrigation operations totals	<u>74,394</u>	<u>42,032</u>	<u>42,032</u>	<u>0</u>
Debt Services:				
Interest payments	2,510,720	1,639,361	1,639,361	0
Developer advance reimbursement	0	156,920	156,920	0
Paying agent / trustee fees	10,000	4,000	4,000	0
Bank charges	6,000	832	832	0
Debt services totals	<u>2,526,720</u>	<u>1,801,113</u>	<u>1,801,113</u>	<u>0</u>
Total expenses	<u>3,135,229</u>	<u>7,175,397</u>	<u>7,173,914</u>	<u>1,483</u>
Excess (deficit) of Revenues Over Expenses	<u>\$ (3,099)</u>	<u>\$ (1,220,893)</u>	(2,463,338)	<u>\$ (1,242,445)</u>
Reconciliation to GAAP Basis				
Capital outlay			4,914,216	
Proceeds from developer advance			(944,296)	
Developer advance reimbursement			<u>156,920</u>	
Change in net position, GAAP Basis			1,663,502	
Net Position, Beginning			<u>(2,311,194)</u>	
Net Position, Ending			<u>\$ (647,692)</u>	