

**TIMBERS WATER AND SANITATION DISTRICT**

Financial Statements

December 31, 2017

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July 26, 2018

**TIMBERS WATER AND SANITATION DISTRICT**

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## Independent Auditor's Report

Board of Directors  
Timbers Water and Sanitation District  
Routt County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Timbers Water and Sanitation District (the District), as of and for the year ended December 31, 2017, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Timbers Water and Sanitation District as of December 31, 2017, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information consisting of the schedules of revenues, expenditures and changes in fund balance – budget and actual on pages 12-13 is presented for purpose 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 the basic financial statement 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.

*Catterson + Company, P.C.*

Steamboat Springs, Colorado  
July 25, 2018

**TIMBERS WATER AND SANITATION DISTRICT**  
**Statement of Net Position**  
**December 31, 2017**

	<u>Water and Sewer Fund</u>	<u>Water Activity Enterprise Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash	\$ 34,147	\$ 4,085	\$ 38,232
Due from County Treasurer	804	-	804
Accounts receivable, net of allowance	18,610	-	18,610
Grants receivable	151,484	-	151,484
Property taxes receivable	114,984	-	114,984
	<hr/>	<hr/>	<hr/>
Total current assets	320,029	4,085	324,114
Noncurrent assets:			
Capital assets, net	986,302	1,101,523	2,087,825
Interfund loan	612,298	-	612,298
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,918,629</u>	<u>\$ 1,105,608</u>	<u>\$ 3,024,237</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 89,382	\$ -	\$ 89,382
Accrued interest payable	-	6,001	6,001
Notes payable, current portion	26,980	22,620	49,600
	<hr/>	<hr/>	<hr/>
Total current liabilities	116,362	28,621	144,983
Noncurrent liabilities:			
Notes payable, net of current portion	317,004	337,430	654,434
Interfund loan	-	612,298	612,298
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>433,366</u>	<u>978,349</u>	<u>1,411,715</u>
<b>Deferred Inflows of Resources:</b>			
Deferred property tax revenues	114,984	-	114,984
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>114,984</u>	<u>-</u>	<u>114,984</u>
<b>Net Position:</b>			
Net investment in capital assets	1,254,616	129,175	1,383,791
Restricted for:			
Emergencies	15,809	-	15,809
Operations and maintenance reserve	22,900	-	22,900
Unrestricted	76,954	(1,916)	75,038
	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 1,370,279</u>	<u>\$ 127,259</u>	<u>\$ 1,497,538</u>

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

**TIMBERS WATER AND SANITATION DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2017**

	Water and Sewer Fund	Water Activity Enterprise Fund	Total
<b>Operating revenues:</b>			
Service fees	\$ 172,702	\$ -	\$ 172,702
Availability of service fees	14,896	-	14,896
Other	15,667	-	15,667
Total operating revenues	<u>203,265</u>	<u>-</u>	<u>203,265</u>
<b>Operating expenses:</b>			
Operations	70,114	25,087	95,201
Administration	21,568	1,140	22,708
Depreciation	12,838	30,589	43,427
Total operating expenses	<u>104,520</u>	<u>56,816</u>	<u>161,336</u>
Operating income (loss)	<u>98,745</u>	<u>(56,816)</u>	<u>41,929</u>
<b>Non-operating revenues (expenses):</b>			
Tax revenues:			
Property	110,033	-	110,033
Specific ownership	10,280	-	10,280
Grants	456,686	-	456,686
Interest income	1,634	-	1,634
Interest expense	(2,332)	(18,721)	(21,053)
Total non-operating revenues (expenses)	<u>576,301</u>	<u>(18,721)</u>	<u>557,580</u>
<b>Income before other revenues, expenses, gains losses and transfers:</b>			
Transfers	(29,000)	29,000	-
Change in net position	646,046	(46,537)	599,509
Net position, beginning of year	<u>724,233</u>	<u>173,796</u>	<u>898,029</u>
Net position, end of year	<u>\$ 1,370,279</u>	<u>\$ 127,259</u>	<u>\$ 1,497,538</u>

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

**TIMBERS WATER AND SANITATION DISTRICT**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

	<u>Water and Sewer Fund</u>	<u>Water Activity Enterprise Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 196,215	\$ -	\$ 196,215
Cash payments to suppliers for goods or services	<u>(86,735)</u>	<u>(27,147)</u>	<u>(113,882)</u>
Net cash provided (used) by operating activities	<u>109,480</u>	<u>(27,147)</u>	<u>82,333</u>
<b>Cash flows from noncapital financing activities:</b>			
Tax collections	119,509	-	119,509
Debt service assessment collections	-	-	-
Interfund transfers	<u>(69,623)</u>	<u>69,623</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>49,886</u>	<u>69,623</u>	<u>119,509</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on long-term debt	(26,700)	(21,543)	(48,243)
Interest payments on long-term debt	(2,332)	(19,080)	(21,412)
Purchase of capital assets	(526,494)	-	(526,494)
Proceeds from capital grants	<u>345,430</u>	<u>-</u>	<u>345,430</u>
Net cash provided (used) by capital and related financing activities	<u>(210,096)</u>	<u>(40,623)</u>	<u>(250,719)</u>
<b>Cash flows from investing activities:</b>			
Interest received	<u>1,634</u>	<u>-</u>	<u>1,634</u>
Net cash provided by investing activities	<u>1,634</u>	<u>-</u>	<u>1,634</u>
Net change in cash and cash equivalents	(49,096)	1,853	(47,243)
Cash, beginning of year	<u>83,243</u>	<u>2,232</u>	<u>85,475</u>
Cash, end of year	<u><u>\$ 34,147</u></u>	<u><u>\$ 4,085</u></u>	<u><u>\$ 38,232</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by activities:</b>			
Operating income (loss)	\$ 98,745	\$ (56,816)	\$ 41,929
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	12,838	30,589	43,427
(Increase) decrease in:			
Accounts receivable	(7,050)	-	(7,050)
(Decrease) increase in:			
Accounts payable and accrued expenses, net of capital amounts	<u>4,947</u>	<u>(920)</u>	<u>4,027</u>
Net cash provided (used) by operating activities	<u><u>\$ 109,480</u></u>	<u><u>\$ (27,147)</u></u>	<u><u>\$ 82,333</u></u>

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

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies**

The Timbers Water and Sanitation District (the District) was established to provide water and sanitation services to residents within the District boundaries located on the west slope of Rabbit Ears Pass leading into Steamboat Springs, Colorado. The District was formed as a special district pursuant to Title 32 of Colorado Revised Statutes (CRS).

The District's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

*Reporting Entity*

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District does not have any component units for which it is financially accountable.

*Measurement Focus and Basis of Accounting*

The District is a special-purpose governmental entity engaging entirely in business-type activities and the accompanying proprietary fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and this fund is maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

*Financial Statement Presentation*

The District reports the following major proprietary or business-type funds:

The *Water and Sewer Fund* accounts for the activities of the water and sewer utilities provided to residents within the District's boundaries. The major sources of revenues are from user service fees and property taxes.

The *Water Activity Enterprise Fund* accounts for the activities of raw water production, acquisition, filtration and treatment.

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

Cash

Cash includes cash on hand and demand deposits.

Accounts Receivable

Amounts due to the District from charges for services provided are reported as accounts receivable. The District estimates an allowance for uncollectible accounts based on a review of the circumstances involved with outstanding balances. The District's net accounts receivable as of December 31, 2017 is as follows:

Accounts receivable	\$ 20,739
Allowance for uncollectible accounts	<u>(2,129)</u>
	<u>\$ 18,610</u>

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies (continued)**

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

Capital Assets

Capital assets include land and improvements, water system, wastewater system, water tank, and equipment. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or fair value if contributed to the District. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Water system, wastewater system, and water tank	40
Equipment	5

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes to be collected in the subsequent year.

*Operating and Non-Operating Revenues and Expenses*

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the District. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

*Property Taxes*

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District on a monthly basis.

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 2: Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets are adopted on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures are budgeted and recorded as expenditures.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the budget officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public notice is offered by the Board of Directors to obtain taxpayer comments.
- Prior to January 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2017.

*Compliance*

The District's Water and Sewer Fund expenditures exceeded appropriations by \$241,437 for the year ended December 31, 2017. The excess expenditures were for capital purposes and funded with proceeds from capital grants.

*TABOR Amendment*

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future 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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of current 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 has reserved \$15,809 of its December 31, 2017 fund balance for this purpose.

The District's voters passed a ballot issue in May 2006 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and expend.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 3: Detailed Notes on the Funds**

*Deposits*

The carrying amount of the District's deposits as of December 31, 2017 was \$38,232 and bank balances were \$180,802. All of the bank balances were covered by federal deposit insurance.

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 collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

*Capital Assets*

Capital asset activity for the year ended December 31, 2017 is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Land easement	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Water treatment plant	1,223,555	-	-	1,223,555
Water and wastewater systems	235,616	-	-	235,616
Water tank	96,969	124,561	-	221,530
Equipment	72,084	-	-	72,084
Construction in progress	166,480	423,675	-	590,155
Total other capital assets	1,794,704	548,236	-	2,342,940
Less accumulated depreciation:				
Water treatment plant	(91,442)	(30,589)	-	(122,031)
Water and wastewater systems	(124,873)	(5,497)	-	(130,370)
Water tank	-	(5,538)	-	(5,538)
Equipment	(5,374)	(1,802)	-	(7,176)
Total accumulated depreciation	(221,689)	(43,426)	-	(265,115)
Net capital assets	<u>\$ 1,583,015</u>	<u>\$ 504,810</u>	<u>\$ -</u>	<u>\$ 2,087,825</u>

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 3: Detailed Notes on the Funds (continued)**

*Long-Term Liabilities*

The District had the following long-term debt outstanding as of December 31, 2017:

State of Colorado – Energy and Mineral Impact Assistance Program Loan

The District entered into a \$500,000 loan agreement with the State of Colorado, Department of Local Affairs, during 2009. The note is payable in annual installments of \$40,623 on September 1 including interest at 5% through maturity on September 1, 2029. Proceeds of the note were used for upgrading the District's current water treatment plant.

Colorado Water Resource Power and Development Authority (CWRPDA) Note Payable

The District entered into a \$350,000 loan agreement with CWRPDA on March 7, 2013. The note is payable in semi-annual installments of \$8,750 on May 1 and November 1 at 0% interest through maturity on May 1, 2033. Proceeds of the note were used for a project consisting of the addition of a groundwater supply, construction of a new treatment building and two buried concrete tanks.

The loan agreement requires the District to maintain an operations and maintenance reserve fund equal to three months of operation and maintenance expenses, excluding depreciation. The District has reserved \$22,900 for this purpose as of December 31, 2017.

National Rural Water Association (NRWA)

The District entered into a \$99,529 loan agreement with NRWA on November 12, 2014. The note is payable in monthly installments of \$961 beginning January 1, 2015, including interest at 3% through maturity on December 1, 2024. Proceeds of the note were used for upgrading the District's current water treatment plant.

Activity in long-term liabilities for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State of Colorado	\$ 381,593	\$ -	\$ (21,543)	\$ 360,050	\$ 22,620
CWRPDA	288,750	-	(17,500)	271,250	17,500
NRWA	81,935	-	(9,201)	72,734	9,480
	<u>\$ 752,278</u>	<u>\$ -</u>	<u>\$ (48,244)</u>	<u>\$ 704,034</u>	<u>\$ 49,600</u>

Aggregate debt service requirements as of December 31, 2017 is as follows:

	Principal	Interest	Total
2018	\$ 49,600	\$ 20,054	\$ 69,654
2019	51,020	18,635	69,655
2020	52,505	17,151	69,656
2021	54,058	15,598	69,656
2022	55,682	13,974	69,656
2023-2027	269,384	44,294	313,678
2028-2032	163,035	5,711	168,746
2033	8,750	-	8,750
	<u>\$ 704,034</u>	<u>\$ 135,417</u>	<u>\$ 839,451</u>

**TIMBERS WATER AND SANITATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 3: Detailed Notes on the Funds (continued)**

*Interfund Transactions*

The District's Water Activity Enterprise Fund has an interfund loan of \$612,298 to the Water and Sewer Fund as of December 31, 2017. Repayment of the loan balance is not expected to occur within one year.

The District transferred \$29,000 from its Water and Sewer Fund to its Water Activity Enterprise Fund during the year ended December 31, 2017.

**Note 4: Other Information**

*Risk Management*

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceeds amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

*Subsequent Events*

The District has evaluated subsequent events through July 25, 2018, the date these financial statements were available to be issued.

**TIMBERS WATER AND SANITATION DISTRICT**  
**Water and Sewer Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Service fees	\$ 173,154	\$ 172,702	\$ (452)
Availability of service fees	14,896	14,896	-
Taxes:			
Property	116,265	110,033	(6,232)
Specific ownership	4,000	10,280	6,280
Grants	179,938	456,686	276,748
Interest	100	1,634	1,534
Other	12,783	15,667	2,884
<b>Total revenues</b>	<b>501,136</b>	<b>781,898</b>	<b>280,762</b>
<b>Expenditures:</b>			
Operations:			
Snow removal	10,000	7,387	2,613
Engineering	65,000	3,591	61,409
Contract services	10,000	29,396	(19,396)
Utilities	5,000	3,885	1,115
Repairs and maintenance	3,500	15,897	(12,397)
Other	1,500	9,958	(8,458)
Administration:			
Professional fees	14,500	5,888	8,612
Contract services	12,000	1,224	10,776
Directors fees	5,000	4,800	200
Insurance	6,500	5,594	906
Treasurer fees	3,500	3,362	138
Other	2,000	700	1,300
Capital expenditures	259,980	548,236	(288,256)
Debt service:			
Principal	17,500	26,700	(9,200)
Interest	11,533	2,332	9,201
<b>Total expenditures</b>	<b>427,513</b>	<b>668,950</b>	<b>(241,437)</b>
Excess of revenues over expenditures	73,623	112,948	39,325
<b>Other financing sources (uses):</b>			
Transfers out	(73,623)	(29,000)	(44,623)
<b>Total other financial sources (uses)</b>	<b>(73,623)</b>	<b>(29,000)</b>	<b>(44,623)</b>
Net change in fund balance	\$ -	83,948	\$ 83,948
Adjustments to US GAAP basis:			
Depreciation		(12,838)	
Capitalized expenditures		548,236	
Loan principal payments		26,700	
Change in net position - US GAAP basis		646,046	
Fund balance, beginning of year		724,233	
Fund balance, end of year		<u>\$ 1,370,279</u>	

**TIMBERS WATER AND SANITATION DISTRICT**  
**Water Activity Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Grants	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>Expenditures:</b>			
Operations:			
Contract services	12,250	16,963	(4,713)
Supplies	4,000	737	3,263
Utilities	4,000	4,658	(658)
Repairs and maintenance	6,500	933	5,567
Other	3,500	1,796	1,704
Administration	2,500	1,140	1,360
Debt service:			
Principal	21,543	21,543	-
Interest	19,080	18,721	359
Total expenditures	73,373	66,491	6,882
Excess (deficiency) of revenues over expenditures	(73,373)	(66,491)	6,882
<b>Other financing sources (uses):</b>			
Transfers in	73,623	29,000	(44,623)
Total other financial sources (uses)	73,623	29,000	(44,623)
Net change in fund balance	\$ 250	(37,491)	\$ (37,741)
Adjustments to US GAAP basis:			
Debt principal payments		21,543	
Depreciation expense		(30,589)	
Change in net position - US GAAP basis		(46,537)	
Fund balance, beginning of year		173,796	
Fund balance, end of year		\$ 127,259	