

TIMBERS WATER AND SANITATION DISTRICT

Financial Statements

December 31, 2019

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, 2019, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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, 2019, and the respective changes in financial position, and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that U.S. generally accepted accounting principles 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 14-16 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 U.S. generally accepted auditing standards. 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
April 14, 2020

TIMBERS WATER AND SANITATION DISTRICT
Statement of Net Position
December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019			Total	2018 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Assets:					
Current assets:					
Cash	\$ 66,501	\$ 31,224	\$ 4,849	\$ 102,574	\$ 36,692
Due from County Treasurer	696	19	-	715	903
Accounts receivable, net of allowance	2,947	-	-	2,947	1,703
Grants receivable	-	69,262	-	69,262	64,198
Project loan accounts	-	1,646,637	-	1,646,637	527,656
Property taxes receivable	114,944	16,659	-	131,603	126,029
Total current assets	185,088	1,763,801	4,849	1,953,738	757,181
Noncurrent assets:					
Capital assets, net	369,536	2,290,596	1,040,345	3,700,477	2,414,603
Interfund loan	612,299	-	-	612,299	612,299
Total assets	\$ 1,166,923	\$ 4,054,397	\$ 1,045,194	\$ 6,266,514	\$ 3,784,083
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	\$ 4,090	\$ 46,864	\$ 421	\$ 51,375	\$ 136,892
Accrued interest payable	-	-	5,228	5,228	5,624
Retainage payable	-	15,809	-	15,809	-
Notes payable, current portion	27,566	24,151	24,939	76,656	62,065
Total current liabilities	31,656	86,824	30,588	149,068	204,581
Noncurrent liabilities:					
Notes payable, net of current portion	262,169	2,534,804	288,740	3,085,713	1,153,594
Interfund loan	-	-	612,298	612,298	612,299
Total liabilities	293,825	2,621,628	931,626	3,847,079	1,970,474
Deferred Inflows of Resources:					
Deferred property tax revenues	114,944	16,659	-	131,603	126,029
Total deferred inflows of resources	114,944	16,659	-	131,603	126,029
Net Position:					
Net investment in capital assets	692,100	1,378,278	114,368	2,184,746	1,726,600
Restricted for:					
Emergencies	4,844	13,840	-	18,684	10,780
Operations and maintenance reserve	8,700	12,900	-	21,600	47,200
Unrestricted (deficit)	52,510	11,092	(800)	62,802	(97,000)
Total net position	\$ 758,154	\$ 1,416,110	\$ 113,568	\$ 2,287,832	\$ 1,687,580

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019
(with summarized financial information for the year ended December 31, 2018)

	2019			Total	2018 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Operating revenues:					
Service fees	\$ 64,272	\$ 114,464	\$ -	\$ 178,736	\$ 179,230
Availability of service fees	14,419	-	-	14,419	14,285
Other	3,833	-	-	3,833	2,590
Total operating revenues	82,524	114,464	-	196,988	196,105
Operating expenses:					
Water operations	34,681	-	38,405	73,086	82,546
Wastewater operations	-	51,540	-	51,540	153,484
Depreciation	12,651	-	30,589	43,240	81,417
Total operating expenses	47,332	51,540	68,994	167,866	317,447
Operating income (loss)	35,192	62,924	(68,994)	29,122	(121,342)
Non-operating revenues (expenses):					
Tax revenues:					
Property	99,517	18,631	-	118,148	114,985
Specific ownership	7,917	188	-	8,105	9,618
Grants	-	462,512	-	462,512	205,902
Interest income	548	57	-	605	557
Interest expense	(1,764)	-	(16,476)	(18,240)	(19,678)
Total non-operating revenues (expenses)	106,218	481,388	(16,476)	571,130	311,384
Income before other revenues, expenses, gains losses and transfers:					
Transfers	(80,623)	-	80,623	-	-
Change in net position	60,787	544,312	(4,847)	600,252	190,042
Net position, beginning of year	697,367	871,798	118,415	1,687,580	1,497,538
Net position, end of year	\$ 758,154	\$ 1,416,110	\$ 113,568	\$ 2,287,832	\$ 1,687,580

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2019
(with summarized financial information for the year ended December 31, 2018)

	2019			2018 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 81,280	\$ 114,464	\$ -	\$ 195,744
Cash payments to suppliers for goods or services	(32,279)	(49,237)	(38,392)	(119,908)
Net cash provided (used) by operating activities	49,001	65,227	(38,392)	75,836
Cash flows from noncapital financing activities:				
Tax collections	107,641	18,800	-	126,441
Interfund transfers	(80,623)	-	80,623	-
Net cash provided by noncapital financing activities	27,018	18,800	80,623	126,441
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	-	889,794	-	889,794
Principal payments on long-term debt	(27,269)	(11,045)	(23,751)	(62,065)
Interest payments on long-term debt	(1,764)	-	(16,872)	(18,636)
Purchase of capital assets	-	(1,403,541)	-	(1,403,541)
Proceeds from capital grants	-	457,448	-	457,448
Net cash provided (used) by capital and related financing activities	(29,033)	(67,344)	(40,623)	(137,000)
Cash flows from investing activities:				
Interest received	548	57	-	605
Net cash provided by investing activities	548	57	-	605
Net change in cash and cash equivalents	47,534	16,740	1,608	65,882
Cash, beginning of year	18,967	14,484	3,241	36,692
Cash, end of year	<u>\$ 66,501</u>	<u>\$ 31,224</u>	<u>\$ 4,849</u>	<u>\$ 102,574</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2019
(with summarized financial information for the year ended December 31, 2018)

	2019				2018 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund	Total	
Reconciliation of operating income (loss) to net cash provided by activities:					
Operating income (loss)	\$ 35,192	\$ 62,924	\$ (68,994)	\$ 29,122	\$ (121,342)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	12,651	-	30,589	43,240	81,417
(Increase) decrease in:					
Accounts receivable	(1,244)	-	-	(1,244)	16,907
(Decrease) increase in:					
Accounts payable and accrued expenses, net of capital amounts	2,402	2,303	13	4,718	3,032
Net cash provided (used) by operating activities	<u>\$ 49,001</u>	<u>\$ 65,227</u>	<u>\$ (38,392)</u>	<u>\$ 75,836</u>	<u>\$ (19,986)</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT

Notes to Financial Statements

December 31, 2019

(with summarized financial information as of December 31, 2018 and for the year then ended)

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 U.S. generally accepted accounting principles 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 Fund* accounts for the activities of the water utilities provided to residents within the District's boundaries not undertaken by the Water Activity Enterprise Fund. The major sources of revenues are from user service fees, property taxes, loans and grants.

The *Sewer Enterprise Fund* accounts for the activities of the wastewater utilities provided to residents within the District's boundaries. The major sources of revenues are from user service fees, property taxes, loans and grants.

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, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 5,076	\$ 3,832
Allowance for uncollectible accounts	<u>(2,129)</u>	<u>(2,129)</u>
	<u>\$ 2,947</u>	<u>\$ 1,703</u>

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

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:

	Years
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.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative financial information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2018 from which the summarized financial information was derived.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

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, 2019.

Compliance

The District's Sewer Enterprise Fund expenditures exceeded appropriations by \$1,258,354 for the year ended December 31, 2019. The excess expenditures were for capital purposes that are being funded by proceeds from capital grants and loans.

The District's Water Activity Enterprise Fund expenditures exceeded appropriations by \$2,009 for the year ended December 31, 2019. The excess expenditures were for various services and funded from available reserves.

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 \$18,684 of its December 31, 2019 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, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2019 and 2018 was \$102,574 and \$36,692, respectively, and bank balances were \$213,929 and \$36,501, respectively. 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, 2019 is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Land easement	\$ 15,186	\$ -	\$ -	\$ 15,186
Other capital assets:				
Water treatment plant	1,223,555	-	-	1,223,555
Wastewater treatment plant	961,482	1,329,114	-	2,290,596
Other water and wastewater systems	235,616	-	-	235,616
Water tank	182,374	-	-	182,374
Equipment	103,767	-	-	103,767
Total other capital assets	<u>2,706,794</u>	<u>1,329,114</u>	<u>-</u>	<u>4,035,908</u>
Less accumulated depreciation:				
Water treatment plant	(152,620)	(30,590)	-	(183,210)
Other water and wastewater systems	(135,869)	(5,497)	-	(141,366)
Water tank	(9,118)	(4,559)	-	(13,677)
Equipment	(9,770)	(2,594)	-	(12,364)
Total accumulated depreciation	<u>(307,377)</u>	<u>(43,240)</u>	<u>-</u>	<u>(350,617)</u>
Net capital assets	<u>\$ 2,414,603</u>	<u>\$ 1,285,874</u>	<u>\$ -</u>	<u>\$ 3,700,477</u>

Long-Term Liabilities

The District had the following long-term debt outstanding as of December 31, 2019:

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.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Colorado Water Resource Power and Development Authority (CWRPDA) Notes 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 District entered into a \$561,225 loan agreement with CWRPDA on July 13, 2018. The note is payable in semi-annual installments of \$9,486 on May 1 and November 1 at 0% interest beginning May 1, 2019 through maturity on November 1, 2048. Proceeds of the note are to be used for repairing and replacing collection lines and design and engineering for a new wastewater treatment plant. CWRPDA established a project loan account from which the District can draw funds upon request as project costs are incurred. The unexpended loan proceeds in the project loan account as of December 31, 2019 were \$274,810.

The District entered into a \$2,008,775 loan agreement with CWRPDA on June 24, 2019. The note is payable in an initial payment of \$6,016 on November 1, 2020 then semi-annual installments of \$36,568 on May 1 and November 1 including interest at 0.5% through maturity on May 1, 2050. Proceeds of the note are to be used for the costs of installation of a new mechanical wastewater treatment plant and decommissioning of the existing wastewater treatment plant. CWRPDA established a project loan account from which the District can draw funds upon request as project costs are incurred. The unexpended loan proceeds in the project loan account as of December 31, 2019 were \$1,371,826.

The loan agreements require 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 \$21,600 for this purpose as of December 31, 2019.

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 renovation of the District's fire hydrants and water storage tank.

Activity in long-term liabilities for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State of Colorado	\$ 337,430	\$ -	\$ (23,751)	\$ 313,679	\$ 24,939
CWRPDA - D13F306	253,750	-	(17,500)	236,250	17,500
NRWA	63,254	-	(9,769)	53,485	10,066
CWRPDA - W18F306	561,225	-	(11,045)	550,180	18,972
CWRPDA - W19F419	-	2,008,775	-	2,008,775	5,179
	<u>\$ 1,215,659</u>	<u>\$ 2,008,775</u>	<u>\$ (62,065)</u>	<u>\$ 3,162,369</u>	<u>\$ 76,656</u>

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Aggregate debt service requirements as of December 31, 2019 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 76,656	\$ 17,988	\$ 94,644
2021	136,226	25,537	161,763
2022	138,167	23,596	161,763
2023	140,185	21,577	161,762
2024	142,282	19,480	161,762
2025-2029	683,835	67,315	751,150
2030-2034	489,941	31,845	521,786
2035-2039	437,132	23,404	460,536
2040-2044	445,785	14,750	460,535
2045-2049	435,683	5,878	441,561
2050	36,477	91	36,568
	<u>\$ 3,162,369</u>	<u>\$ 251,461</u>	<u>\$ 3,413,830</u>

Interfund Transactions

The District's Water Activity Enterprise Fund has an interfund loan of \$612,299 due to the Water Fund as of December 31, 2019. Repayment of the loan balance is not expected to occur within one year.

The District transferred \$80,623 from its Water Fund to its Water Activity Enterprise Fund during the year ended December 31, 2019.

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.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Other Information (continued)

Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including Colorado, have declared a state of emergency.

Although management continues to monitor and assess the effects of the COVID-19 pandemic on the District, the ultimate impact of the COVID-19 outbreak is highly uncertain and subject to change.

The District has evaluated subsequent events through April 14, 2020, the date these financial statements were available to be issued.

TIMBERS WATER AND SANITATION DISTRICT
Water Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
Service fees	\$ 64,782	\$ 64,272	\$ (510)
Availability of service fees	13,254	14,419	1,165
Taxes:			
Property	107,398	99,517	(7,881)
Specific ownership	4,000	7,917	3,917
Interest	250	548	298
Other	1,872	3,833	1,961
Total revenues	191,556	190,506	(1,050)
Expenditures:			
Operating:			
Contract services	18,000	5,023	12,977
Engineering	10,000	3,664	6,336
Snow removal	10,000	7,925	2,075
Insurance	6,000	2,586	3,414
Professional fees	11,500	8,023	3,477
Directors fees	6,000	2,550	3,450
Treasurer fees	3,500	3,464	36
Other	20,900	1,446	19,454
Debt service:			
Principal	26,701	27,269	(568)
Interest	2,332	1,764	568
Total expenditures	114,933	63,714	51,219
Excess of revenues over expenditures	76,623	126,792	50,169
Other financing sources (uses):			
Transfer to Water Activity Enterprise Fund	(76,623)	(80,623)	(4,000)
Total other financial sources (uses)	(76,623)	(80,623)	4,000
Net change in fund balance	\$ -	46,169	\$ 46,169
Adjustments to US GAAP basis:			
Depreciation		(12,651)	
Loan principal payments		27,269	
Change in net position - US GAAP basis		60,787	
Fund balance, beginning of year		697,367	
Fund balance, end of year		\$ 758,154	

TIMBERS WATER AND SANITATION DISTRICT
Sewer Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
Service fees	\$ 114,464	\$ 114,464	\$ -
Taxes:			
Property	18,631	18,631	-
Specific ownership	-	188	188
Grants	-	462,512	462,512
Interest	250	57	(193)
Total revenues	133,345	595,852	462,507
Expenditures:			
Operating:			
Contract services	11,000	19,838	(8,838)
Engineering	5,000	668	4,332
Laboratory testing	6,300	7,680	(1,380)
Snow removal	-	7,925	(7,925)
Insurance	-	2,586	(2,586)
Professional fees	-	2,100	(2,100)
Utilities	5,000	3,109	1,891
Directors fees	-	2,550	(2,550)
Treasurer fees	-	97	(97)
Other	7,000	4,987	2,013
Capital expenditures	88,000	1,329,114	(1,241,114)
Debt service:			
Principal	11,045	11,045	-
Interest	-	-	-
Total expenditures	133,345	1,391,699	(1,258,354)
Excess of revenues over expenditures	-	(795,847)	(795,847)
Other financing sources (uses):			
Proceeds from loan	-	2,008,775	2,008,775
Total other financial sources (uses)	-	2,008,775	(2,008,775)
Net change in fund balance	\$ -	1,212,928	\$ 1,212,928
Adjustments to US GAAP basis:			
Capitalized expenditures		1,329,114	
Proceeds from loan		(2,008,775)	
Loan principal payments		11,045	
Change in net position - US GAAP basis		544,312	
Fund balance, beginning of year		871,798	
Fund balance, end of year		\$ 1,416,110	

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, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
Grants	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
Operations:			
Contract services	18,000	20,474	(2,474)
Utilities	6,500	5,280	1,220
Testing	5,000	6,196	(1,196)
Other	6,500	6,455	45
Debt service:			
Principal	22,620	23,751	(1,131)
Interest	18,003	16,476	1,527
Total expenditures	76,623	78,632	(2,009)
Excess (deficiency) of revenues over expenditures	(76,623)	(78,632)	(2,009)
Other financing sources (uses):			
Transfers in	76,623	80,623	4,000
Total other financial sources (uses)	76,623	80,623	4,000
Net change in fund balance	\$ -	1,991	\$ 1,991
Adjustments to US GAAP basis:			
Debt principal payments		23,751	
Depreciation expense		(30,589)	
Change in net position - US GAAP basis		(4,847)	
Fund balance, beginning of year		118,415	
Fund balance, end of year		\$ 113,568	