



Grand Lake, Colorado

**Financial Statements
December 31, 2020**

**Three Lakes Water and Sanitation District
Financial Report
December 31, 2020**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
AVON, MA 01901
TEL: 978-855-6108

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (978) 845-8800
FACSIMILE: (978) 845-8108
EMAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Three Lakes Water and Sanitation District**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Three Lakes Water and Sanitation District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements.

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 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 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of Three Lakes Water and Sanitation District as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. LACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (978) 845-6800
ASPEN: (978) 544-5996
FRESH: (978) 888-0781

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such 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, economical, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 individual fund budgetary comparison information in Section E is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund budgetary comparison is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
July 6, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Lakes Water and Sanitation District

Management's Discussion and Analysis

December 31, 2020

As management of the Three Lakes Water and Sanitation District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District primarily include administration. The business-type activities of the District are the sewer services. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for each of its funds. Budgetary comparison schedules have been provided as supplementary information to the financial statements.

Proprietary fund: The District maintains an enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the sewer services provided by the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on page F1 of this report to demonstrate compliance with these budgets.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Financial Analysis of the District

Three Lakes Water and Sanitation District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current assets	\$ 881,028	\$ 898,566	3,668,318	3,197,721	4,529,377	4,090,290
Capital and other assets	-	-	18,607,372	18,109,444	18,607,372	18,109,444
Total Assets	881,028	898,566	22,275,718	21,307,168	23,136,746	22,199,734
Liabilities & Deferred Inflows:						
Current liab & def inflows	248,204	249,534	163,882	459,384	412,086	708,918
Long-term liabilities	-	-	4,300,938	2,755,860	4,300,939	2,753,860
Total Liabilities & Def Inflows	248,204	249,534	4,464,822	3,215,244	4,713,025	3,462,778
Net Position:						
Net investment in capital assets	-	-	14,377,977	15,215,816	14,377,971	15,218,816
Restricted	10,000	10,000	-	-	10,000	10,000
Unrestricted	602,824	639,032	3,432,927	2,864,108	4,035,751	3,503,140
Total Net Position	\$ 612,824	\$ 679,032	17,810,899	18,082,924	18,423,722	18,731,956

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e., land, buildings, sewer lines, lift stations, treatment plant, vehicles and equipment). At the end of 2020, this accounted for 78% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Financial Analysis of the District (continued)

Three Lakes Water and Sanitation District's
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	-	2,001,347	1,916,717	2,001,347	1,916,717
Capital grants & contributions	-	-	231,245	260,100	251,245	230,100
General revenues:						
Property taxes	749,154	735,974	-	-	749,154	735,974
Other taxes	22,494	63,320	-	-	22,494	63,320
Interest and other revenue	708	1,787	26,233	64,069	26,941	65,856
Total Revenues	272,356	801,081	2,258,625	2,240,866	2,531,181	3,041,967
Expenses:						
Sewer	-	-	2,530,851	2,405,112	2,530,851	2,405,112
General government	308,564	290,771	-	-	308,564	290,771
Interest on long-term debt	-	3,585	-	-	-	3,585
Transfers	-	(26,375)	-	26,375	-	-
Total Expenses	308,564	267,981	2,530,851	2,431,487	2,839,415	2,639,468
Change in Net Position	(36,208)	533,100	(272,026)	(190,601)	(308,234)	312,499
Net Position - Beginning	849,032	115,932	18,082,924	16,273,525	18,731,956	18,389,457
Net Position - Ending	\$ 812,824	\$ 649,032	17,810,898	16,082,924	18,423,722	18,731,956

Governmental activities: Net position of the governmental activities decreased \$36,208 during 2020 after an increase of \$533,100 during 2019. The District is using property taxes collected for administrative costs.

Business-type activities: Net position of the business-type activities decreased \$272,026 during 2020 after a decrease of \$190,601 during 2019.

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$812,824. Of this balance, \$10,000 is restricted for emergencies as required by TABOR, and the remaining \$802,824 is unassigned.

Proprietary funds: The District's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The enterprise fund operating revenues of \$2,001,347 were exceeded by operational expenses of \$2,446,870, resulting in an operating loss of \$445,523. User fees of \$1,847,512, tap fees of \$231,245, and capital outlays of \$1,646,959 caused a lesser deficiency in change of net position than budgeted.

As of the end of the current fiscal year, the District's enterprise fund reported an ending net position balance of \$17,810,898 which consisted of \$14,377,971 in net investment in capital assets and the remaining \$3,432,927 being unrestricted for use by the District in future years.

Budget variances: Variances in the general fund were mostly in line with budget and netted negatively to \$18,939, primarily due to a decrease in specific ownership taxes than budgeted. The enterprise fund had mostly positive variances. These positive variances netted to \$844,906. The large overall positive variance was due largely to lower capital outlays, and a positive contingency budget. Details of the variances by fund can be seen on pages E1 through F3 of this report.

Capital assets: The District's total capital assets increased by \$497,931 as a result of increased capital outlays greater than depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements.

Long-term debts: During 2020 the District continued to make scheduled payments on its long-term debts. Details of the District's long-term obligations are contained in the Notes to the Financial Statements.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Three Lakes Water and Sanitation District, PO Box 899, Grand Lake, CO 80447, phone 970-627-3544.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Three Lakes Water and Sanitation District
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	612,824	3,556,776	4,169,600
Accounts receivable, net of allowance for uncollectibles	-	67,986	67,986
Taxes receivable - ensuing year	248,204	-	248,204
Inventory	-	34,450	34,450
Capital assets, not being depreciated	-	3,595,097	3,595,097
Capital assets, net	-	15,012,275	15,012,275
Other assets	-	9,135	9,135
Total Assets	<u>861,028</u>	<u>22,275,718</u>	<u>23,136,746</u>
Liabilities:			
Accounts payable	-	121,142	121,142
Accrued liabilities	-	73,424	73,424
Accrued interest payable	-	17,510	17,510
Unearned user fees	-	23,344	23,344
Noncurrent liabilities:			
Due within one year	-	163,882	163,882
Due in more than one year	-	4,065,518	4,065,518
Total Liabilities	<u>-</u>	<u>4,164,820</u>	<u>4,164,820</u>
Deferred Inflow of Resources:			
Deferred taxes receivable	248,204	-	248,204
Total Deferred Inflow of Resources	<u>248,204</u>	<u>-</u>	<u>248,204</u>
Net Position:			
Net investment in capital assets	-	14,377,971	14,377,971
Restricted for emergencies	10,000	-	10,000
Unrestricted	602,824	3,432,927	4,035,751
Total Net Position	<u>612,824</u>	<u>17,810,898</u>	<u>18,423,722</u>

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

Three Lakes Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General government	-	-	-	(308,564)		(308,564)
Total Governmental Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,564)</u>		<u>(308,564)</u>
Business-type Activities:						
Sewer	2,001,377	-	237,245		(298,259)	(298,259)
Total Business-type Activities	<u>2,001,377</u>	<u>-</u>	<u>237,245</u>		<u>(298,259)</u>	<u>(298,259)</u>
General Revenues:						
Taxes:						
Property tax				279,154		279,154
Specific ownership tax				22,494		22,494
Investment earnings				708	26,233	26,941
Total General Revenues and Transfers				<u>272,356</u>	<u>26,233</u>	<u>298,589</u>
Change in Net Position				(36,208)	(272,026)	(308,234)
Net Position - Beginning				679,032	7,082,924	7,761,956
Net Position - Ending				<u>642,824</u>	<u>7,810,898</u>	<u>8,453,722</u>

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

Three Lakes Water and Sanitation District
Balance Sheet
General Fund
December 31, 2020

Assets:

Cash and cash equivalents	612,824
Property tax receivable - ensuing year	<u>248,204</u>
Total Assets	<u><u>861,028</u></u>

Liabilities and Fund Balances:

Deferred Inflow of Resources:

Unavailable property tax revenue	<u>248,204</u>
Total Deferred Inflow of Resources	<u>248,204</u>

Fund Balances:

Restricted for TABOR reserve	10,000
Unassigned	<u>602,824</u>
Total Fund Balances	<u>612,824</u>

Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>861,028</u></u>
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Net Position of Governmental Activities	<u><u>612,824</u></u>
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The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2020

Revenues:	
Property taxes	249,154
Specific ownership taxes	22,494
Interest income	708
Total Revenues	<u>272,356</u>
Expenditures:	
County treasurer's fees	12,498
Salaries and wages	202,336
Car and mileage allowance	652
Employee insurance	60,532
Miscellaneous expense	1,122
Office supplies	2,643
Pension Plan - ICMA 401	14,803
Retirement Plan - ICMA 457	13,678
Total Expenditures	<u>308,564</u>
Change in Fund Balances	(36,208)
Fund Balances - Beginning	<u>649,032</u>
Fund Balances - Ending	<u><u>612,824</u></u>

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

Three Lakes Water and Sanitation District
Statement of Net Position
Enterprise Fund
December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Assets:		
Cash	3,556,776	3,019,561
Accounts receivable, net of allowance for uncollectibles	67,986	55,719
Inventory	34,450	107,209
Capital assets, not being depreciated	3,595,097	2,231,947
Capital assets, net of depreciation	15,012,275	15,877,493
Other assets	9,135	9,239
Total Assets	22,275,718	21,301,168
Liabilities:		
Accounts payable	121,112	255,185
Accrued liabilities	73,474	44,664
Unearned user fees	23,344	17,821
Accrued interest payable	17,510	9,650
Noncurrent liabilities:		
Due within one year	163,882	131,764
Due in more than one year	4,065,518	2,758,860
Total Liabilities	4,464,820	3,218,244
Net Position:		
Net investment in capital assets	14,377,971	15,218,813
Unrestricted	3,432,927	2,864,111
Total Net Position	17,810,898	18,082,924

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

Three Lakes Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Revenues:		
Charges for sewer services	1,847,512	1,772,568
Other service revenue	32,075	22,890
Service contract revenue	108,029	109,608
Miscellaneous revenue	13,731	11,651
Total Revenues	<u>2,001,347</u>	<u>1,916,717</u>
Expenses		
Administrative	171,544	207,094
Operating	1,126,298	1,031,877
Depreciation	1,149,028	1,128,028
Total Expenses	<u>2,446,870</u>	<u>2,366,999</u>
Operating Income (Loss)	<u>(445,523)</u>	<u>(450,282)</u>
Nonoperating Revenues (Expenses)		
Tap fees	231,245	260,100
Interest income	26,233	61,069
Interest expense	(83,981)	(38,113)
Total Nonoperating Revenues (Expenses)	<u>173,497</u>	<u>286,056</u>
Net Income (Loss) Before Transfers	(272,026)	(164,226)
Transfer (to) from other fund	-	(26,375)
Change in Net Position	(272,026)	(190,601)
Net Position - Beginning	<u>18,082,924</u>	<u>18,273,525</u>
Net Position - Ending	<u>17,810,898</u>	<u>18,082,924</u>

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

Three Lakes Water and Sanitation District
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash received from customers	1,994,604	1,912,947
Cash paid for goods and services	(904,962)	(727,501)
Cash paid to employees	(25,602)	(411,537)
Net Cash Provided by Operating Activities	<u>664,040</u>	<u>773,909</u>
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	231,215	260,100
Loan proceeds	1,470,540	1,245,767
Transfer (to) from other fund	-	(26,375)
Loan payments	(131,764)	(89,697)
Interest paid on debt	(76,727)	(34,245)
Acquisition of capital assets	(1,646,958)	(1,686,895)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(153,058)</u>	<u>(331,345)</u>
Cash Flows from Investing Activities:		
Investment earnings received	26,233	64,069
Net Cash Provided by Investing Activities	<u>26,233</u>	<u>64,069</u>
Net Increase in Cash and Cash Equivalents	537,215	506,633
Cash and Cash Equivalents - Beginning	3,019,567	2,512,928
Cash and Cash Equivalents - Ending	<u>3,556,776</u>	<u>3,019,561</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	(445,523)	(450,282)
Adjustments:		
(Increase) decrease in accounts receivable	(12,267)	(5,633)
(Increase) decrease in inventory	72,759	-
(Increase) decrease in other assets	704	3,041
Increase (decrease) in accounts payable and accrued liabilities	(131,344)	90,321
Increase (decrease) in unearned user fees	28,760	6,572
Increase (decrease) in unearned user fees	5,523	1,862
Depreciation	1,149,028	1,128,028
Total Adjustments	<u>1,109,563</u>	<u>1,224,191</u>
Net Cash Provided by Operating Activities	<u>664,040</u>	<u>773,909</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

Three Lakes Water and Sanitation District (the "District") was formed in 1971 to provide sanitary services located in the northeastern portion of Grand County, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. 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 is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's administration and debt service are classified as governmental activities. The District's sewer operations are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's administration fund. It accounts for property taxes and a portion of the costs of administration of the District.

The *Debt Service Fund* accounts for property taxes collected for the payment of principal and interest on bonds and related costs.

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

The *Enterprise Fund* accounts for sewer operations and a portion of administration.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Financial Statement Accounts and Accounting Policies

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value, net asset value, or amortized cost. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

User charges constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by Statute, or certified to the Grand County Treasurer for collection on its tax rolls, as provided by Statute. Therefore, no provision for uncollectible accounts has been made in the financial statements.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies

5. Inventory

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

6. Capital Assets

Capital assets, which include land, water rights, construction in progress, buildings and improvements, sewer lines, lift stations, treatment plant, vehicles and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed, if applicable.

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. Buildings and improvements, infrastructure, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Vehicles and equipment	5 to 7 years
Buildings and improvements	5 to 30 years
Lift stations	10 years
Sewer system	30 to 40 years

7. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

8. Compensated Absences

Earned but unused vacation and sick benefits are accrued when incurred in the financial statements. The District accrued \$34,996 for accumulated unpaid vacation pay and \$17,591 for accumulated unpaid sick at December 31, 2020.

9. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied in 2020 for collection in 2021 are reported as deferred inflows of resources.

11. Use of Estimates

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

12. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority which is the Board of Directors.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

12. Categories and Classification of Fund Balance

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District submitted, on or before October 15, 2019, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information (continued)

3. Prior to December 15, 2019, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at varying rates per month until paid.

B. 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 revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. For this purpose, the District has set aside \$10,000.

The District believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA.

At December 31, 2020, the District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	1 - 5 years
Petty cash	Not rated	\$ 200	200	
Cash with County Treasurer	Not rated	1,827	1,827	
Deposits:				
Checking	Not rated	273,579	273,579	
Escrow	Not rated	10,000	10,000	
Investment: Pools	AAAm	3,883,991	3,883,991	
Total		<u>\$4,169,600</u>	<u>4,169,600</u>	<u>-</u>

At December 31, 2020, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
ColorTrust	3,852,106
<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
C-Safe	31,888

The District has invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is a 2a7-like pool. The trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to \$1. Investments of the trust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts. Investments in pools are not categorized since the underlying investments are not specifically identifiable to the District.

Interest Rate Risk. Colorado Revised Statutes limit the District's investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from changes in interest rates. As a result of the limited length of maturities, the District has limited its interest rate risk.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Credit Risk. The District follows Colorado statutes regarding its investments. Colorado statutes specify instruments in which local governments may invest, including:

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

B. Capital Assets

Capital asset activity for 2020 was as follows:

	Beginning Balance	Additions	Deletions and Transfers	Ending Balance
Capital assets, not being depreciated				
Land	103,699	-	-	103,699
Rights and easements	101,428	-	-	101,428
Water rights	29,000	-	-	29,000
Construction in Progress	1,997,820	1,363,150	-	3,360,970
Total capital assets, not being depreciated	2,231,947	1,363,150	-	3,595,097
Capital assets being depreciated				
Building and improvements	972,817	-	(5,101)	967,710
Sewer system	28,353,305	235,927	-	28,589,226
Plant expansion	10,008,589	-	-	10,008,589
Vehicles and equipment	1,441,256	47,888	-	1,489,144
Furniture and office equipment	79,660	-	(19,052)	30,608
CAD maps	170,606	-	24,153	194,759
Total capital assets being depreciated	40,996,227	283,809	-	41,280,036
Less accumulated depreciation for				
Building improvements	733,424	17,985	-	751,409
Sewer system	19,306,774	769,392	-	20,076,136
Plant expansion	4,200,028	250,215	-	4,450,243
Vehicles and equipment	659,050	110,707	-	769,757
Furniture and office equipment	78,882	729	(21,153)	25,158
CAD maps	170,606	-	24,153	194,759
Total accumulated depreciation	25,118,734	1,149,028	-	26,267,762
Total capital assets being depreciated, net	15,877,493	(865,219)	-	15,012,274
Capital assets, net	18,709,410	497,931	-	18,607,371

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

C. Long-Term Obligations

Colorado Water Resources and Power Development Authority (“CWRPDA”) Loan

In 2014, CWRPDA and the District, acting through its enterprise, entered into a \$2,000,000 loan agreement to finance lift station improvements. The loan bears interest at an annual rate of 2%, and requires payments of \$61,971 for principal and interest due on May 1 and November 1, commencing on May 1, 2016 and terminating on May 1, 2035. The District pledges net revenues from enterprise system user fees to repay the loan.

In 2019, CWRPDA and the District, acting through its enterprise, entered into a \$3,000,000 loan agreement to finance a copper removal project. The District draws against the loan as improvement costs are incurred. As of December 31, 2020, the District made draws totaling \$2,716,307. The loan bears interest at an annual rate of 2.5%, and requires payments of \$72,048 for principal and interest due on May 1 and November 1, commencing on May 1, 2020 and terminating on May 1, 2049. The District pledges net revenues from enterprise system user fees to repay the loan.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
CWRPDA Loan 2014	1,644,857	-	91,500	1,553,357	93,310
CWRPDA Loan 2019	1,245,767	1,470,540	40,264	2,676,043	70,542
	<u>\$ 2,890,624</u>	<u>1,470,540</u>	<u>131,764</u>	<u>4,229,400</u>	<u>163,852</u>

Annual debt service requirements for the loans (based on \$3 million principal on the 2019 loan) are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 163,882	91,158	255,040
2022	167,533	100,507	268,040
2023	171,066	96,774	267,840
2024	175,083	92,957	268,040
2025	178,987	89,053	268,040
2026-2030	956,642	83,042	1,039,684
2031-2035	1,006,368	271,862	1,278,230
2036-2040	538,419	226,894	765,313
2041-2045	609,636	141,851	751,487
2046-2049	545,276	47,154	592,430
	<u>\$ 4,512,892</u>	<u>1,241,252</u>	<u>5,752,144</u>

At December 31, 2020, the District had \$283,492 in authorized but unissued debt.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Other Information

A. Intergovernmental Agreements

The District entered into separate intergovernmental agreements with three other special districts whereby the District serves as the Operator of Record of the three water systems and performs all operational duties. Pursuant to two of these agreements, the District also provides administrative functions. During 2020, the District received \$108,029 for operational and administrative services under these agreements.

B. Deferred Compensation Plan and Trust

All employees of the District participate in a Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with respect to service for State and Local Governments). The Plan is administered by ICMA Retirement Corporation.

The Deferred Compensation Plan is available to all employees of the District. Under the Plan, the District contributes 7.65% of each employee's gross salary on a monthly basis. The employees may elect to defer a portion of their salaries and avoid paying income taxes on the deferred portion. Invested monies are not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency, but does have a loan component.

In accordance with Internal Revenue Code Section 457(e), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended December 31, 2020, there was \$47,014 in benefits remitted to the Trustee. No part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries. The District has no liability for losses under the 457 Deferred Compensation Plan. Accordingly, it is not a part of the District's financial statements.

C. 401(a) Money Purchase Plan and Trust

The District provides a Defined Contribution Plan (401 Plan) under Section 401(a) of the Internal Revenue Code. The 401 Plan is administered by ICMA Retirement Corporation.

The 401 Plan is available to all full-time employees of the District. Under the 401 Plan, the District contributes 7% of each full-time and salaried employee's gross salary on a monthly basis. This is a "District contribution only" plan. The District's contributions do not vest until after the first six months of employment. After six months of employment, the District's contributions are 100% vested.

In accordance with Internal Revenue Code Section 401(a), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended December 31, 2020, the District remitted \$35,317 in benefits to the Trustee, which represents its cost and required contribution. No part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries. The District has no liability for losses under the 401(a) Money Purchase Plan. Accordingly, it is not a part of the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020		Final Budget Variance Positive (Negative)	2019
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	249,534	249,154	(380)	234,225
Specific ownership taxes	52,000	22,494	(29,506)	63,320
Investment income	-	708	708	1,787
Total Taxes	<u>301,534</u>	<u>272,356</u>	<u>(29,178)</u>	<u>299,332</u>
Expenditures:				
County treasurer's fees	11,800	12,498	(698)	11,738
Salaries and wages	188,079	202,336	(14,257)	169,160
Car and mileage allowance	2,000	652	1,348	1,054
Employee insurance	69,345	60,632	8,813	51,482
Miscellaneous expense	2,499	1,422	1,077	2,819
Office supplies	3,000	2,643	357	4,592
Pensions Plan - ICMA 401	12,933	14,803	(1,864)	12,206
Retirement Plan - ICMA 457	14,141	13,678	463	12,576
Total Expenditures	<u>303,803</u>	<u>308,564</u>	<u>(4,761)</u>	<u>265,627</u>
Net Change in Fund Balance	(2,269)	(36,208)	(33,939)	33,705
Fund Balance - Beginning	<u>454,259</u>	<u>649,032</u>	<u>194,773</u>	<u>615,327</u>
Fund Balance - Ending	<u><u>451,990</u></u>	<u><u>612,824</u></u>	<u><u>160,834</u></u>	<u><u>649,032</u></u>

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

SUPPLEMENTARY INFORMATION

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Final Budget	Actual
Revenues:					
Taxes:					
Property taxes	-	-	-	-	501,749
Total Taxes	-	-	-	-	501,749
Expenditures:					
County treasurer's fees	-	-	-	-	25,144
Debt service:					
Principal	-	-	-	-	492,156
Interest	-	-	-	-	10,824
Total Expenditures	-	-	-	-	528,124
Other Financing Sources (Uses)					
Transfer (to) from other fund	-	-	-	-	26,375
Total Other Financing Sources (Uses)	-	-	-	-	26,375
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	-	-	-	-	-

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

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Enterprise Fund
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
User charges	1,871,940	1,847,512	(24,428)	1,772,568
Other service revenue	17,050	32,076	15,025	22,890
Service contract revenue	106,296	108,029	1,733	109,606
Tap fees	94,000	231,245	137,245	260,100
Miscellaneous revenue	12,000	13,731	1,731	11,651
Interest Income	58,905	26,223	(32,672)	61,069
Total Revenues	<u>2,160,197</u>	<u>2,258,826</u>	<u>98,631</u>	<u>2,270,886</u>
Expenditures:				
<i>Administrative:</i>				
Auditor services	11,800	15,300	(3,500)	13,700
Accountant services	12,000	5,850	6,350	14,343
Bank charges	2,500	339	2,161	1,932
Business insurance	60,421	66,457	(6,036)	62,541
Computers/related equipment	12,000	8,465	3,535	18,269
Director fees	15,526	8,041	7,482	8,668
Dues and seminars	5,000	3,025	1,975	2,695
Election expense	15,000	1,930	13,070	-
Equipment/maintenance agreement	6,674	6,475	199	3,921
Legal services	50,000	23,394	26,606	42,115
Postage/box rent	7,500	9,410	(1,910)	6,386
Printing and publications	1,200	(875)	1,875	832
Property repair and maintenance	10,000	6,023	3,977	11,226
Recording fees	250	48	202	-
Repair and maintenance	7,900	4,270	3,630	5,046
Telephone and Internet	5,727	5,500	227	5,570
Utilities - administration building	7,774	5,689	1,885	7,846
Water rights	2,000	2,000	-	2,000
	<u>233,272</u>	<u>171,544</u>	<u>61,728</u>	<u>207,094</u>
<i>Operating:</i>				
Payroll	394,148	344,463	49,685	315,051
Unemployment tax	1,166	5,495	(4,329)	914
Cell phone	1,500	1,132	368	1,380
Computers/related equipment	25,000	23,475	1,525	14,494
Copper compliance - engineering	99,045	-	99,045	13,358
Dues/training/publications	5,000	2,158	2,842	1,510
Engineering and facilities plan	20,000	7,397	12,603	6,026
Equipment repairs	5,000	885	4,315	201
Fuel	20,000	11,721	8,279	12,334
Employee Insurance	79,278	50,108	19,170	59,321

(continued on next page)

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Enterprise Fund (continued)
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020		Final Budget Variance Positive (Negative)	2019
	Original and Final Budget	Actual		Actual
<i>Operating (continued):</i>				
Locates - utility notification center	1,500	1,635	(135)	1,252
Miscellaneous	1,000	24	976	6
Office supplies	1,000	145	855	55
Permits and licenses	10,000	7,882	2,118	8,159
Pension plan - ICMA 401	26,344	24,037	2,307	20,249
Retirement plan - 457 deferred compensation	29,743	25,754	3,989	23,455
SCADA software	36,000	39,775	(3,776)	32,032
Shop supplies	4,000	3,150	850	3,075
System repair and maintenance	100,000	194,375	(94,376)	37,203
Tools	5,000	585	4,415	730
Treatment plant - chemicals	15,000	11,891	3,109	8,942
Treatment plant - repair and maintenance	100,000	41,393	58,607	12,490
Treatment plant - telephone	2,200	1,625	571	1,729
Treatment plant - utilities	175,000	164,102	10,898	178,215
Truck repair and maintenance	5,000	4,253	747	4,804
Uniform expense	2,500	937	1,563	1,608
Utilities - lift stations	51,000	82,039	(1,039)	89,934
Utilities - 2 garages	2,500	2,958	(458)	3,291
Valves	2,000	-	2,000	6,958
Lab - drinking water	10,000	8,705	1,595	9,258
Treatment plant - pH	40,000	34,332	5,668	29,310
Treatment plant - sludge hauling	36,000	20,362	15,638	31,328
Contingency	200,000	-	200,000	-
	<u>1,536,224</u>	<u>1,176,298</u>	<u>409,926</u>	<u>1,031,877</u>
<i>Debt service:</i>				
Principal	207,706	131,761	75,942	89,698
Interest	-	83,981	(83,981)	38,113
	<u>207,706</u>	<u>215,745</u>	<u>(8,039)</u>	<u>127,811</u>
<i>Capital outlay</i>				
	2,472,690	1,646,959	825,731	1,686,896
Total Expenditures	<u>4,443,892</u>	<u>3,160,545</u>	<u>1,259,346</u>	<u>3,053,678</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,299,701)	(901,721)	1,367,980	(812,792)
Other Financing Sources (Uses)				
Proceeds from long-term debt	1,998,614	1,470,540	(528,074)	1,245,757
Transfer (to) from other funds	-	-	-	(26,375)
Total Other Financing Sources (Uses)	<u>1,998,614</u>	<u>1,470,540</u>	<u>(528,074)</u>	<u>1,219,392</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(291,087)	568,819	859,906	406,600
Funds Available - Beginning	3,022,726	2,867,105	(158,618)	2,457,508
Funds Available - Ending	<u>2,731,639</u>	<u>3,432,927</u>	<u>701,288</u>	<u>2,864,108</u>
Reconciliation of Budget to GAAP Basis:				
Excess of Revenues over Expenditures		568,819		406,600
Loan proceeds		(1,470,540)		(1,245,757)
Loan principal paid		131,761		89,698
Capital outlay		1,646,959		1,686,896
Depreciation		(1,149,025)		(1,128,028)
Change in Net Position		<u>(272,025)</u>		<u>(90,651)</u>

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