

**North Washington Street
Water and Sanitation District**

Annual Financial Report


December 31, 2021 and 2020


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Independent Auditor's Report

Members of the Board of Directors
North Washington Street Water & Sanitation District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the business-type activities of North Washington Street Water & Sanitation District (the "District") as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Washington Street Water & Sanitation District, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Washington Street Water & Sanitation District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Washington Street Water & Sanitation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Washington Street Water & Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Washington Street Water & Sanitation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

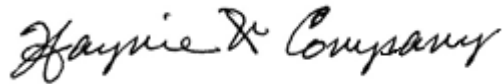
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Washington Street Water & Sanitation District's financial statements as a whole. The other supplementary information sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents 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 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Littleton, Colorado
July 21, 2022

Basic Financial Statements

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,893,960	\$ 3,350,247
Investments	22,097,649	20,763,108
Accounts receivable:		
Customers	773,903	848,354
Taxes	461,813	401,579
Accrued interest	11,050	11,050
Accrued service fees	291,665	283,837
Inventory	51,931	52,870
Prepaid expenses	265	104
Total Current Assets	27,582,236	25,711,149
Capital Assets		
Not Being Depreciated		
Land	127,978	127,978
Construction in progress	1,536,584	199,627
Total Capital Assets, Not Being Depreciated	1,664,562	327,605
Being Depreciated		
Buildings	1,478,292	1,273,848
Water system	18,348,859	18,224,278
Sewer system	9,122,979	9,067,079
Furniture and equipment	3,782,115	3,460,919
Total Capital Assets, Being Depreciated	32,732,245	32,026,124
Less accumulated depreciation	(10,224,096)	(9,668,748)
Net Capital Assets, Being Depreciated	22,508,149	22,357,376
Net Capital Assets	24,172,711	22,684,981
Restricted Cash and Investments		
Customer and other deposits-Restricted	127,472	133,677
Total Assets	\$51,882,419	\$48,529,807

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

North Washington Street Water & Sanitation District
Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 813,792	\$ 598,194
Compensated absences payable	100,112	54,556
Accrued payroll	20,862	20,862
Total Current Liabilities	934,766	673,612
Long-Term Liabilities		
Long-term portion of compensated absences payable	121,927	180,733
Total Long-Term Liabilities	121,927	180,733
Restricted Liabilities		
Customer deposits	127,472	133,677
Total Restricted Liabilities	127,472	133,677
Total Liabilities	1,184,165	988,022
Deferred Inflows of Resources		
Deferred property tax revenue	461,813	398,971
Total Deferred Inflows of Resources	461,813	398,971
Net Position		
Net investment in capital assets	24,172,711	22,684,981
Unrestricted	26,063,730	24,457,833
Total Net Position	50,236,441	47,142,814
Total Liabilities, Deferred Inflows and Net Position	\$51,882,419	\$48,529,807

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

North Washington Street Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Water Operations		
Revenue		
Water sales	6,192,226	\$ 6,412,103
Turn on fees	58,800	3,500
Miscellaneous	15,809	39,442
Total Water Revenue	6,266,835	6,455,045
Direct Water Expenses	(4,209,270)	(4,657,801)
Income from Water Operations	2,057,565	1,797,244
 Sanitation Operations		
Revenue		
Sewage treatment	5,218,242	5,378,832
Direct sanitation expenses	(2,783,570)	(2,659,127)
Total Sanitation Operations	2,434,672	2,719,705
 General and Administrative Expenses	(1,733,453)	(1,925,462)
Operating Income	2,758,784	2,591,487
Nonoperating Revenues (Expenses)		
General property tax	391,946	387,646
Specific ownership tax	31,582	28,186
Net investment income	93,014	184,102
Unrealized gain (loss) on investment	(168,919)	36,136
Miscellaneous revenue (expense)	(23,912)	(4,584)
County Treasurer's fees	(5,812)	(5,677)
Total Nonoperating Revenues (Expenses)	317,899	625,809
Income Before Capital Contributions	3,076,683	3,217,296
Capital Contributions		
Contributed lines and system development fees	16,944	1,027,688
Total Capital Contributions	16,944	1,027,688
Change in Net Position	3,093,627	4,244,984
Net Position—Beginning of Year	47,142,814	42,897,830
Net Position—End of Year	\$50,236,441	\$47,142,814

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

North Washington Street Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash received from customers	\$ 11,491,466	\$ 11,771,772
Cash paid to suppliers for goods and services	(6,353,850)	(7,067,719)
Cash paid to employees for services	(1,136,418)	(1,177,227)
Cash paid on behalf of employees	(477,551)	(548,188)
Net Cash From Operating Activities	3,523,647	2,978,638
Cash Flows from Non-capital Financing Activities:		
Miscellaneous nonoperating revenue (expense)	(23,912)	(4,544)
Property and specific ownership taxes received, net	480,558	418,159
Net Cash From Non-capital Financing Activities	456,646	413,615
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(2,043,078)	(2,349,799)
Development fees received	16,944	1,027,688
Net Cash From Capital and Related Financing Activities	(2,026,134)	(1,322,111)
Cash Flows from Investing Activities:		
Investments purchased (sold), net	(1,503,460)	242,242
Net investment income received	93,014	184,102
Net Cash from Investing Activities	(1,410,446)	426,344
Net Change in Cash and Cash Equivalents	543,713	2,496,486
Cash and Cash Equivalents—Beginning of Year	3,350,247	6,337,218
Cash and Cash Equivalents—End of Year	\$ 3,893,960	\$ 3,350,247

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

North Washington Street Water & Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Net Operating Income to		
Net Cash From Operating Activities:		
Net operating income	<u>\$2,758,784</u>	<u>\$2,591,487</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	555,348	494,864
Changes in assets and liabilities:		
Receivables—Customers	14,217	(94,585)
Receivables—Other	(7,828)	39,595
Inventory	939	57,500
Prepaid expenses	(161)	(7,115)
Accounts payable	215,598	(91,260)
Compensated absences payable	<u>(13,250)</u>	<u>(11,848)</u>
Total Adjustments	<u>764,863</u>	<u>387,151</u>
Net Cash From Operating Activities	<u><u>\$3,523,647</u></u>	<u><u>\$2,978,638</u></u>

The accompanying notes are an integral part of these statements.

North Washington Street Water & Sanitation District

Notes to Financial Statements

December 31, 2021 and 2020

1. Definition of Reporting Entity

North Washington Street Water & Sanitation District, (District) is a special district created under the laws of the State of Colorado to provide water and sanitation services to its customers. The District's service area is located in Adams County and the City and County of Denver. The District is an independent entity with its own taxing power. The District buys all of its water from the Denver Board of Water Commissioners. The District's sewage is transported to and treated by Metro Wastewater Reclamation District. Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are exercised in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The more significant accounting policies of the District are described as follows:

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets. System development fees and contributed lines received are recorded as capital contributions when received.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2021 and December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

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

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

Capital Assets

The District's property and equipment are carried at cost in the case of outright purchases or construction. In the case of property contributed by sub-dividers or customers, such as water and sewer lines, the asset is recorded at an estimated fair market value at the date of contribution as determined by the District's consulting engineers.

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

Water system lines and accessories	50-100 years
Sewer system lines and accessories	50 years
Building	40 years
Equipment	5-20 years

Interest costs incurred during the construction phase are capitalized as incurred.

Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts for water and sewer services since such accounts are negligible. The District policy regarding delinquent accounts is to place a lien against the real estate and not provide water or sewer services until back charges are paid. A security deposit from customers also helps to ensure collection.

Property Tax Revenue Recognition

Annual property taxes are levied on January 1 based on assessed valuations certified by the County Assessor's office by December 15 of the current year. A taxpayer has the option of paying all their taxes by the end of April or paying their taxes in two installments. If the taxpayer elects to pay in two installments, one half of their taxes are due by the end of February of the current year and the second half of their taxes are due by June 15 of the current year.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2021 and December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Taxes are considered to be delinquent if unpaid by the respective due dates. The County Treasurer collects the property taxes and remits the collections on a monthly basis to the District.

The District recognizes a receivable for property taxes when the mill levy is certified. Deferred revenue is recorded in the same amount since the taxes are not available at the year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Budget and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Operations

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenue, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

System Development Fees

System development revenue represents tap fees. These fees are recorded as contributions and combined with contributed lines (see below) on the Statements of Revenue, Expenses and Changes in Net Position.

Contributed Lines

Contributed lines represent contributions for plant and equipment acquired by the District primarily through donations by customers, developers and sub-dividers. These contributions are in the form of water and sewer lines installed and paid for by others and deeded over to the District and meter package charges paid by customers of the District.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2021 and December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Investments

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

Inventories

Inventory is stated at the lower of cost or net realizable value, using the first-in, first-out method, and consists of expendable supplies.

Net Position

Net position represents the difference between assets and liabilities. 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. The net position amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

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

Management Estimates

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

Reclassifications

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact on the District's change in net position.

Property Taxes

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

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

3. Cash, Cash Equivalents and Investments

Cash deposits and investments are reflected on the December 31 Statements of Net Position as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (less restricted balances)	\$ 3,893,960	\$ 3,350,247
Investments	22,097,649	20,763,108
Restricted cash and investments:		
Customer deposits	<u>127,472</u>	<u>133,677</u>
Total	<u>\$26,119,081</u>	<u>\$24,247,032</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

At December 31, 2021 and 2020, the District's cash deposits had a bank balance and a carrying balance as follows:

	<u>2021</u>		<u>2020</u>	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Deposits with financial institutions	\$4,020,432	\$4,046,538	\$3,482,924	\$3,492,581
Petty cash	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$4,021,432</u>	<u>\$4,047,538</u>	<u>\$3,483,924</u>	<u>\$3,493,581</u>

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

3. Cash, Cash Equivalents and Investments (continued)

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

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

	2021	2020
Insured deposits	\$ 4,020,432	\$ 3,482,924
Category 1	1,000	1,000
Category 2	22,097,649	20,763,108
Total cash and investments	\$ 26,119,081	\$ 24,247,032

Investments

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

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities, bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- Participation with other local governments in pooled investment funds ("trusts"). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments. The Districts participates with Colorado Surplus Asset Fund Trust (CSAFE) pooled funds.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

3. Cash, Cash Equivalents and Investments (continued)

Credit Risk

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

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with debt service reserve or sinking fund requirements.

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to three years or less.

As of December 31, 2021 and 2020, the District had the following investments:

<u>2021</u>		
<u>Type of Investment</u>	<u>Maturity</u>	<u>Reporting Basis</u>
		Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 5,986,558
		Fair Value
Money Market	Less than one year	\$ 4,252,946
Certificates of Deposit	Less than one year	1,658,027
U.S Agencies	Callable, less than one year	9,951,277
Certificates of Deposit	One to five years	<u>248,841</u>
Total Investments		<u>\$ 22,097,649</u>

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

3. Cash, Cash Equivalents and Investments (continued)

<u>2020</u>		
<u>Type of Investment</u>	<u>Maturity</u>	<u>Reporting Basis</u>
		<u>Amortized Cost</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 5,483,457
		<u>Fair Value</u>
Money Market	Less than one year	\$ 599,844
Certificates of Deposit	Less than one year	965,601
Certificates of Deposit	One to five years	1,471,343
U.S. Agencies	Callable quarterly, one to five years	<u>12,242,863</u>
Total Investments		<u>\$ 20,763,108</u>

CSAFE

At December 31, 2021 and 2020, the District had \$5,986,558 and \$5,483,457, respectively, in an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. CSAFE is rated AAAM by Standard and Poor's. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. The portfolio may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in U.S agencies, which are reported at fair value using Level 1 inputs.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2021 and 2020 follows:

	Balance, December 31, 2020	Additions	Transfers	Balance, December 31, 2021
Capital Assets, not being Depreciated				
Land	\$ 127,978	\$ -	\$ -	\$ 127,978
Construction in Progress	199,627	1,480,157	(143,199)	1,536,586
Total Capital Assets, not being depreciated	327,605	1,480,157	(143,199)	1,664,564
Capital Assets, being depreciated				
Building	1,273,848	204,444	-	1,478,292
Water System	18,224,278	124,581	-	18,348,859
Sewer System	9,067,079	55,900	-	9,122,979
Equipment	3,460,919	321,196	-	3,782,115
Total capital assets, being depreciated	32,026,124	706,121	-	32,732,245
Less accumulated depreciation for:				
Building	(811,720)	(29,364)	-	(841,084)
Water System	(3,130,548)	(224,379)	-	(3,354,927)
Sewer System	(2,723,829)	(158,551)	-	(2,882,380)
Equipment	(3,002,651)	(143,054)	-	(3,145,705)
Total accumulated depreciation	(9,668,748)	(555,348)	-	(10,224,096)
Total capital assets, being depreciated, net	22,357,376	150,773	-	22,508,149
Capital Assets, net	\$ 22,684,981	\$ 1,630,930	\$ (143,199)	\$ 24,172,713

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

4. Capital Assets (continued)

	Balance, December 31, 2019	Additions	Transfers / Retirements	Balance, December 31, 2020
Capital Assets, not being Depreciated				
Land	\$ 127,978	\$ -	\$ -	\$ 127,978
Construction in Progress	1,068,977	1,091,911	(1,961,260)	199,627
Total Capital Assets, not being depreciated	<u>1,196,955</u>	<u>1,091,911</u>	<u>(1,961,260)</u>	<u>327,605</u>
Capital Assets, being depreciated				
Building	1,261,735	12,114	-	1,273,849
Water System	16,422,394	1,801,883	-	18,224,277
Sewer System	6,936,906	2,130,174	-	9,067,080
Equipment	3,286,014	174,905	-	3,460,919
Total capital assets, being depreciated	<u>27,907,049</u>	<u>4,119,075</u>	<u>-</u>	<u>32,026,124</u>
Less accumulated depreciation for:				
Building	(781,712)	(30,008)	-	(811,720)
Water System	(2,923,848)	(206,700)	-	(3,130,548)
Sewer System	(2,601,495)	(112,334)	-	(2,713,829)
Equipment	(2,866,827)	(135,824)	-	(3,002,651)
Total accumulated depreciation	<u>(9,173,882)</u>	<u>(484,866)</u>	<u>-</u>	<u>(9,658,748)</u>
Total capital assets, being depreciated, net	<u>18,733,167</u>	<u>3,634,209</u>	<u>-</u>	<u>22,367,376</u>
Capital Assets, net	<u>\$ 19,930,122</u>	<u>\$ 4,726,120</u>	<u>\$ (1,961,260)</u>	<u>\$ 22,694,981</u>

5. Long-Term Liabilities

The District's vacation policy states employees can carry forward unused vacation not to exceed the amount of vacation normally earned by an employee in one year. The District's sick leave policy states employees will be paid for accumulated sick leave up to 90 days after 10 years or more of services has been obtained and upon separation from the District.

Changes in the District's long-term liabilities for the years ended December 31, 2021 and 2020 are as follows:

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

5. Long-Term Liabilities (continued)

	Balance at December 31 2020	Additions	Reductions	Balance at December 31 2021	Due Within One Year
Compensated absences	\$ 235,289	\$ 76,390	\$ (89,639)	\$ 222,040	\$ 100,112

	Balance at December 31 2019	Additions	Reductions	Balance at December 31 2020	Due Within One Year
Compensated absences	\$ 247,137	\$ 91,090	\$ (102,938)	\$ 235,289	\$ 54,556

6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2021 and 2020. As of December 31, 2021 and 2020, the District had net investment in capital assets of \$24,172,711 and \$22,684,981, respectively.

Restricted net position include amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of December 31, 2021 and 2020.

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2021 and December 31, 2020

7. Sanitation Service Fees

Sewer service fees paid to the Metro Water Recovery are based on estimates. The actual charge is not determined until all flow data has been received and laboratory analysis made of the sewage of all connecting members of the Metro Wastewater Reclamation District. According to the service contract, this actual charge is calculated by March following the end of the calendar year. Service charges for 2021 and 2020 have been adjusted to reflect the actual expense. Overpayments or underpayments arising from the difference between the original estimated charge and a revised estimated charge in August of each year is paid or credited in the next year. The difference between the revised estimated amount and the final adjusted amount is paid or credited in the second year following the adjustment. At December 31, 2021 and 2020, the District had a receivable of \$97,891 and a payable of \$302,750, respectively, to Metro Water Recovery. These adjustments arise from differences between actual charges and revised estimated charges.

8. Related Party

One of the five members of the Board of Directors is a co-owner of Colorado Lighting Inc. Amounts paid to Colorado Lighting Inc. during 2021 and 2020 for services were \$2,150 and \$2,150, respectively.

9. 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 all risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years.

10. Employees' Retirement Plan

The District participates in a retirement plan administered by the Colorado Counties Officials and Employees Retirement Association (Association). The Association established a defined contribution plan called the Colorado County Officials and Employees Retirement Plan (Plan) through which contributions of the District are combined with contributions of employees and invested in income earning instruments for the benefit of Plan participants. Any county, municipality, or special district of the State of Colorado may, with the consent of the Association, become a member of the Association and participate in the Plan by adopting it for its officers and employees. Employees of the District are required to participate in the Plan

North Washington Street Water and Sanitation District

Notes to Financial Statements (continued)

December 31, 2021 and December 31, 2020

10. Employees' Retirement Plan (continued)

after the completion of one year of service, but participation is optional for all elected officers. The District matches contributions equal to 6% of the eligible employees' salaries. Employees may make additional voluntary contributions not to exceed 10% of their salary. Participants vest in employer contributions at the rate of 10% per year, and are immediately vested 100% in their own contributions and earnings on those contributions.

Any employee contributions forfeited by a participant due to termination of employment before becoming fully vested are returned to the District and netted against the pension expense on the District's financial statements.

The District may at any time elect to terminate the Plan. In the event of such termination or withdrawal from the Plan by the District, each participant becomes 100% vested.

During 2021 and 2020, the District's contribution to the Plan was \$44,452 and \$41,248 respectively. At December 31, 2021 and 2020, there were no amounts due to the plan.

11. Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by the District. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

12. Tax, Spending and Debt Limitations

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for the exclusion.

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.

North Washington Street Water and Sanitation District
Notes to Financial Statements (continued)
December 31, 2021 and December 31, 2020

12. Tax, Spending and Debt Limitations (continued)

Revenue in excess of the Fiscal Year spending limit must be refunded unless the voters approve retention of such revenue.

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

13. Subsequent Events

The District has evaluated subsequent events through July 21, 2022, the date which the financial statements were available to be issued.

Supplementary Information

North Washington Street Water & Sanitation District
Schedule of Direct Water Operating Expenses
For the Years Ended December 31, 2021 and 2020

Water Operating Expenses	2021	2020
Source of Supply:		
Purchased water	\$ 3,244,070	\$ 3,249,682
Repairs and maintenance	7,716	18,495
Telephone	883	780
Total Source of Supply	<u>3,252,669</u>	<u>3,268,957</u>
 Transmission and Collection:		
Power for pumping	39,225	35,099
Operating supplies	25,304	18,179
Repairs and maintenance	404,255	919,243
Salaries and wages	287,101	224,548
Employee benefits	70,458	69,892
Payroll taxes	20,659	18,510
Worker's compensation insurance	5,328	7,307
Gasoline	4,976	4,421
Training	2,017	735
Tests and analysis	-	1,842
Total Transmission and Collection	<u>859,323</u>	<u>1,299,776</u>
 Water meter reading:		
Operating supplies	1,903	2,198
Salaries and wages	63,800	54,857
Employee benefits	17,071	16,856
Payroll taxes	5,011	4,542
Worker's compensation insurance	4,517	6,194
Gasoline	4,976	4,421
Total Water Meter Reading	<u>97,278</u>	<u>89,068</u>
 Total Water Operating Expenses	<u>\$ 4,209,270</u>	<u>\$ 4,657,801</u>

North Washington Street Water & Sanitation District
Schedule of Direct Sanitation Operating Expenses
For the Years Ended December 31, 2021 and 2020

Sanitation Operating Expenses	<u>2021</u>	<u>2020</u>
Sanitation Treatment		
Outside services—Treatment	\$ 2,289,550	\$ 2,227,819
Transmission and Collection		
Training	1,792	1,105
Operating supplies	21,082	11,266
Repairs and maintenance	82,770	94,258
Salaries and wages	287,101	224,548
Employee benefits	70,458	69,892
Payroll taxes	20,659	18,510
Worker's compensation insurance	5,329	7,308
Gasoline	4,829	4,421
Total Transmission and Collection	<u>494,020</u>	<u>431,308</u>
Total Operating Expenses	<u>\$ 2,783,570</u>	<u>\$ 2,659,127</u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2021 and 2020

General and Administrative Expenses	2021	2020
Administration and management:		
Directors' fees and expenses	\$ 25,047	\$ 10,996
Office supplies	2,724	3,939
Repairs and maintenance	2,059	1,118
Salaries and wages	173,840	329,031
Employee benefits	80,283	68,441
Payroll taxes	16,681	32,040
Worker's compensation insurance	2,481	3,402
Gasoline	13,324	13,341
Postage	2,585	3,466
Training	0	276
Publications/memberships	2,931	3,987
Total administration and management	<u>321,955</u>	<u>470,037</u>
Billings and collection:		
Office supplies	5,448	7,878
Repairs and maintenance	37,982	37,085
Equipment lease	210	608
Salaries and wages	125,451	138,635
Employee benefits	55,915	79,832
Payroll taxes	9,619	10,735
Worker's compensation insurance	572	786
Postage	23,102	28,257
Total billings and collection	<u>258,299</u>	<u>303,816</u>

North Washington Street Water & Sanitation District
Schedule of General and Administrative Expenses
For the Years Ended December 31, 2021 and 2020
(continued)

	<u>2021</u>	<u>2020</u>
Accounting and finance:		
Accounting services	2,199	4,000
Auditing	10,900	10,600
Office supplies	5,448	7,878
Equipment lease	210	608
Repairs and maintenance	29,062	22,972
Salaries and wages	185,306	215,546
Employee benefits	78,208	101,792
Payroll taxes	14,076	16,580
Postage	2,154	2,888
Worker's compensation insurance	860	1,178
Service charges	16,895	103
Total accounting and finance	<u>345,318</u>	<u>384,145</u>
General and Administrative Expenses		
General:		
Insurance	32,982	31,215
Legal	(4,896)	39,668
Miscellaneous	81,798	53,332
Repairs and maintenance	89,899	99,604
Telephone	30,348	25,751
Utilities	22,402	23,030
Total general	<u>252,533</u>	<u>272,600</u>
Depreciation expense	<u>555,348</u>	<u>494,864</u>
Total General and Administrative Expenses	<u>\$ 1,733,453</u>	<u>\$ 1,925,462</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Source of Funds - Water
For the Year Ended December 31, 2021

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2021 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenue:				
Fees for service:				
Residential	\$ 3,392,403	\$ 3,392,403	\$ 3,550,331	\$ 157,928
Commercial	2,026,905	2,026,905	2,191,906	165,001
Industrial	465,257	465,257	452,439	(12,818)
Nonmetered Fees	136,695	136,695	11,359	(125,336)
Turn on fees	36,000	36,000	58,800	22,800
Miscellaneous income (expense)	<u>26,081</u>	<u>26,081</u>	<u>2,000</u>	<u>(24,081)</u>
Total operating revenue	<u>6,083,341</u>	<u>6,083,341</u>	<u>6,266,835</u>	<u>183,494</u>
Non Operating Revenue:				
Transfer of revenue - General Fund	-	-	-	-
Investment Income	128,806	128,806	44,050	(84,756)
Miscellaneous	<u>6,166</u>	<u>6,166</u>	<u>-</u>	<u>(6,166)</u>
Total nonoperating revenue	<u>134,972</u>	<u>134,972</u>	<u>44,050</u>	<u>(90,922)</u>
Capital Contributions				
Contributed lines	30,000	30,000	5,390	(24,610)
System development fees	<u>150,000</u>	<u>150,000</u>	<u>6,203</u>	<u>(143,797)</u>
Total capital contributions	<u>180,000</u>	<u>180,000</u>	<u>11,593</u>	<u>(168,407)</u>
Total source of funds	<u>\$ 6,398,313</u>	<u>\$ 6,398,313</u>	<u>\$ 6,322,478</u>	<u>\$ (75,835)</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Water
For the Year Ended December 31, 2021

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2021 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenditures:				
Water source of supply:				
Purchased water	\$ 3,317,878	\$ 3,317,878	\$ 3,244,070	\$ 73,808
Repairs and maintenance	20,000	20,000	7,716	12,284
Telephone	-	-	883	(883)
Total Water source of supply	<u>\$ 3,337,878</u>	<u>\$ 3,337,878</u>	<u>\$ 3,252,669</u>	<u>\$ 85,209</u>
Transmission and distribution:				
Power for pumping	\$ 36,225	\$ 36,225	\$ 39,225	\$ (3,000)
Operating supplies	14,154	14,154	25,304	(11,150)
Repairs and maintenance	107,387	107,387	404,255	(296,868)
Salaries and wages	242,220	242,220	287,101	(44,881)
Employee benefits	71,752	71,752	70,458	1,294
Payroll taxes	19,862	19,862	20,659	(797)
Workmen's compensation insurance	8,325	8,325	5,328	2,997
Gasoline	4,828	4,828	4,976	(148)
Training	485	485	2,017	(1,532)
Tests and analysis	3,253	3,253	-	3,253
Total transmission and distribution	<u>\$ 508,491</u>	<u>\$ 508,491</u>	<u>\$ 859,323</u>	<u>\$ (350,832)</u>
Accounting and finance:				
Accounting services	\$ 470	\$ 470	\$ 733	\$ (263)
Auditing	5,532	5,532	3,633	1,899
Office supplies	4,106	4,106	2,724	1,382
Equipment lease	537	537	105	432
Service charges	55	55	-	55
Repairs and maintenance	8,991	8,991	14,531	(5,540)
Salaries and wages	99,853	99,853	92,653	7,200
Employee benefits	50,290	50,290	39,104	11,186
Payroll taxes	8,188	8,188	7,038	1,150
Postage	1,632	1,632	1,077	555
Worker's compensation insurance	671	671	430	241
Total accounting and finance	<u>\$ 180,322</u>	<u>\$ 180,322</u>	<u>\$ 170,492</u>	<u>\$ 9,830</u>
Administration and management:				
Directors' fees and expenses	\$ 17,000	\$ 17,000	\$ 8,348	\$ 8,652
Office supplies	4,106	4,106	2,724	1,382
Repairs and maintenance	987	987	743	244
Salaries and wages	70,210	70,210	57,935	12,275
Employee benefits	25,821	25,821	26,637	(816)
Payroll taxes	5,757	5,757	5,687	70
Worker's compensation insurance	1,293	1,293	827	466
Gasoline	6,956	6,956	6,664	292
Postage	1,632	1,632	1,077	555
Training	244	244	0	244
Publications/memberships	855	855	977	(122)
Total administration and management	<u>\$ 134,859</u>	<u>\$ 134,859</u>	<u>\$ 111,619</u>	<u>\$ 23,240</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Water
For the Year Ended December 31, 2021
(continued)

	Original Budgeted Amounts	Final Budgeted Amounts	2021 Actual	Variance with Final Budget Positive (Negative)
Billings and collection:				
Office supplies	\$ 4,106	\$ 4,106	\$ 2,724	\$ 1,382
Repairs and maintenance	17,403	17,403	23,451	(6,048)
Equipment lease	537	537	105	432
Salaries and wages	72,321	72,321	62,726	9,595
Employee benefits	39,326	39,326	27,958	11,368
Payroll taxes	5,930	5,930	4,810	1,120
Worker's compensation insurance	447	447	286	161
Postage	15,507	15,507	11,568	3,939
Total billings and collection	<u>\$ 155,576</u>	<u>\$ 155,576</u>	<u>133,628</u>	<u>\$ 21,948</u>
Water meter reading:				
Operating supplies	\$ 2,126	\$ 2,126	\$ 1,903	\$ 223
Repairs and maintenance	-	-	63,800	(63,800)
Salaries and wages	57,788	57,788	17,071	40,717
Employee benefits	17,173	17,173	5,011	12,162
Payroll taxes	4,739	4,739	4,517	222
Workmen's compensation insurance	7,058	7,058	-	7,058
Gasoline	4,828	4,828	4,976	(148)
Total water meter reading	<u>\$ 93,711</u>	<u>\$ 93,711</u>	<u>\$ 97,278</u>	<u>\$ (3,567)</u>
General:				
Insurance	\$ 11,000	\$ 11,000	\$ 10,993	\$ 7
Legal	7,450	7,450	-	7,450
Miscellaneous	33,344	33,344	-	33,344
Repairs and maintenance	28,584	28,584	25,001	3,583
Telephone	8,975	8,975	10,115	(1,140)
Utilities	11,440	11,440	11,201	239
Other expenses	2,486	2,486	2,342	144
Total general	<u>\$ 103,280</u>	<u>\$ 103,280</u>	<u>\$ 59,652</u>	<u>\$ 43,627</u>
Total operating expenditures	<u>\$ 4,514,117</u>	<u>\$ 4,514,117</u>	<u>\$ 4,684,661</u>	<u>\$ (170,545)</u>
Nonoperating Expenditures:				
Capital improvements from District funds	\$ 3,252,500	\$ 3,252,500	\$ 749,044	\$ 2,503,456
Contingencies	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures Water	<u><u>\$ 7,791,616</u></u>	<u><u>\$ 7,791,616</u></u>	<u><u>\$ 5,433,704</u></u>	<u><u>\$ 2,357,910</u></u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds - Sanitation
For the Year Ended December 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2021 Actual	Variance with Final Budget Positive (Negative)
Operating Revenue:				
Fees for service:				
Residential	\$ 2,487,831	\$ 2,487,831	\$ 2,508,284	\$ 20,453
Commercial	1,045,639	1,045,639	1,020,087	(25,552)
Industrial	1,521,062	1,521,062	1,689,871	168,809
Miscellaneous income	52,179	52,179	-	(52,179)
Total operating revenue	<u>5,106,710</u>	<u>5,106,710</u>	<u>5,218,242</u>	<u>111,532</u>
Non Operating Revenue:				
Transfer of revenue - General Fund	-	-	-	-
Investment Income	133,790	133,790	(119,955)	(253,745)
Miscellaneous	10,044	10,044	(23,912)	(33,956)
Total nonoperating revenue	<u>143,834</u>	<u>143,834</u>	<u>(143,867)</u>	<u>(287,701)</u>
Capital Contributions				
Contributed lines	30,000	30,000	5,351	(24,649)
System development fees	150,000	150,000	-	(150,000)
Total source of funds	<u>5,430,545</u>	<u>5,430,545</u>	<u>5,079,726</u>	<u>(350,818)</u>
Total available resources	<u>\$ 5,430,545</u>	<u>\$ 5,430,545</u>	<u>\$ 5,079,726</u>	<u>\$ (350,818)</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation
For the Year Ended December 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2021 Actual	Variance with Final Budget Positive (Negative)
Operating Expenditures				
Sanitation Treatment:				
Outside services - Treatment	\$ 2,251,827	\$ 2,251,827	\$ 2,289,550	\$ (37,723)
Test and analysis	-	-	-	-
Total sanitation treatment	<u>\$ 2,251,827</u>	<u>\$ 2,251,827</u>	<u>\$ 2,289,550</u>	<u>\$ (37,723)</u>
Collection and transmission:				
Training	\$ 485	\$ 485	\$ 1,792	\$ (1,307)
Operating supplies	2,769	2,769	21,082	(18,313)
Repairs and maintenance	6,316	6,316	82,770	(76,454)
Salaries and wages	242,220	242,220	287,101	(44,881)
Employee benefits	71,752	71,752	70,458	1,294
Payroll taxes	19,862	19,862	20,659	(797)
Workmen's compensation insurance	8,329	8,329	5,329	3,000
Gasoline	4,828	4,828	4,829	(1)
Total transmission and collection	<u>\$ 356,560</u>	<u>\$ 356,560</u>	<u>\$ 494,020</u>	<u>\$ (137,460)</u>
Accounting and finance:				
Accounting services	\$ 472	\$ 472	\$ 733	\$ (261)
Auditing	5,532	5,532	3,633	1,899
Service charges	59	59	8,431	(8,372)
Office supplies	4,106	4,106	2,724	1,382
Equipment lease	537	537	143	394
Repairs and maintenance	8,991	8,991	14,493	(5,502)
Salaries and wages	99,853	99,853	92,653	7,200
Employee benefits	50,290	50,290	39,104	11,186
Payroll taxes	8,188	8,188	7,038	1,150
Postage	1,632	1,632	1,077	555
Worker's compensation insurance	671	671	430	241
Total accounting and finance	<u>\$ 180,328</u>	<u>\$ 180,328</u>	<u>\$ 170,459</u>	<u>\$ 9,869</u>
Administration and management:				
Directors' fees and expenses	\$ 17,000	\$ 17,000	\$ 8,348	\$ 8,652
Repairs and maintenance	987	987	1,316	(329)
Salaries and wages	61,297	61,297	57,947	3,350
Employee benefits	23,057	23,057	26,989	(3,932)
Payroll taxes	5,026	5,026	5,687	(661)
Worker's compensation insurance	1,293	1,293	827	466
Gasoline	6,956	6,956	6,660	296
Postage	1,632	1,632	1,077	555
Training	244	244	0	244
Publications/memberships	855	855	977	(122)
Total administration and mgmt	<u>\$ 118,346</u>	<u>\$ 118,346</u>	<u>\$ 109,828</u>	<u>\$ 8,518</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis) - Expenditures - Sanitation
For the Year Ended December 31, 2021
(continued)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2021 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Billings and collection:				
Office supplies	\$ 4,106	\$ 4,106	\$ 2,724	\$ 1,382
Repairs and maintenance	8,991	8,991	14,531	(5,540)
Equipment lease	537	537	105	432
Salaries and wages	72,321	72,321	62,725	9,596
Employee benefits	39,326	39,326	27,957	11,369
Payroll taxes	5,930	5,930	4,809	1,121
Worker's compensation insurance	447	447	286	161
Postage	15,312	15,312	11,534	3,778
Total billings and collection	<u>\$ 146,969</u>	<u>\$ 146,969</u>	<u>\$ 124,671</u>	<u>\$ 22,298</u>
General:				
Insurance	\$ 11,000	\$ 11,000	\$ 10,993	\$ 7
Legal	20,161	20,161	-	20,161
Miscellaneous	30,081	30,081	37,783	(7,702)
Engineering fees	-	-	-	-
Repairs and maintenance	29,669	29,669	44,682	(15,013)
Telephone	8,975	8,975	10,115	(1,140)
Payroll Processing	11,440	11,440	2,342	9,098
Utilities	2,486	2,486	11,201	(8,715)
Total general	<u>\$ 113,814</u>	<u>\$ 113,814</u>	<u>\$ 117,116</u>	<u>\$ (3,302)</u>
Total operating expenditures	<u>\$ 3,167,844</u>	<u>\$ 3,167,844</u>	<u>\$ 3,305,644</u>	<u>\$ (137,800)</u>
Nonoperating Expenditures:				
Capital impvmts from District funds	\$ 1,414,194	\$ 1,414,194	\$ 977,954	\$ 436,240
Contingencies	25,000	25,000	-	25,000
Total nonoperating expenditures	<u>\$ 1,439,194</u>	<u>\$ 1,439,194</u>	<u>\$ 977,954</u>	<u>\$ 461,240</u>
Total Expenditures Sanitation	<u>\$ 4,607,039</u>	<u>\$ 4,607,039</u>	<u>\$ 4,283,598</u>	<u>\$ 323,440</u>

North Washington Street Water & Sanitation District
Budget Comparison (Non-GAAP Basis)
Source of Funds and Expenditures - General and Administrative
For the Year Ended December 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2021 Actual	Variance with Final Budget Positive (Negative)
Nonoperating Revenue				
Property taxes	\$ 398,494	\$ 398,494	\$ 391,946	\$ (6,548)
Specific ownership tax	26,378	26,378	31,582	5,204
Total nonoperating revenue	<u>424,869</u>	<u>424,869</u>	<u>423,528</u>	<u>(1,341)</u>
Net source of funds	<u>\$ 424,869</u>	<u>\$ 424,869</u>	<u>\$ 423,528</u>	<u>\$ (1,341)</u>
Operating Expenditures				
Accounting and finance:				
Accounting services	\$ 472	\$ 472	\$ 733	\$ (261)
Auditing	5,534	5,534	3,634	1,900
Total accounting and finance	<u>\$ 6,006</u>	<u>\$ 6,006</u>	<u>\$ 4,367</u>	<u>\$ 1,639</u>
Administration and management:				
Directors' fees and expenses	\$ 17,000	\$ 17,000	\$ 8,351	\$ 8,649
Salaries and wages	70,210	70,210	57,958	12,252
Employee benefits	25,821	25,821	26,657	(836)
Payroll taxes	5,757	5,757	5,307	450
Workmen's compensation insurance	1,293	1,293	827	466
Postage	653	653	431	222
Publications/memberships	855	855	977	(122)
Total administration and management	<u>\$ 121,588</u>	<u>\$ 121,588</u>	<u>\$ 100,508</u>	<u>\$ 21,080</u>
General:				
Insurance	\$ 10,800	\$ 10,800	\$ 10,996	\$ (196)
Legal	20,162	20,162	(4,899)	25,061
Miscellaneous	34,647	34,647	39,335	(4,688)
Repairs and maintenance	24,238	24,238	20,216	4,022
Telephone	3,147	3,147	10,118	(6,971)
Total general	<u>\$ 92,994</u>	<u>\$ 92,994</u>	<u>\$ 75,766</u>	<u>\$ 17,228</u>
Total operating expenditures	<u>\$ 220,588</u>	<u>\$ 220,588</u>	<u>\$ 180,641</u>	<u>\$ 39,947</u>
Nonoperating Expenditures:				
Capital improvements from District funds	\$ 177,000	\$ 177,000	\$ 316,081	\$ (139,081)
County Treasurer's collection fees	9,463	9,463	5,812	3,651
Total nonoperating expenditures	<u>\$ 186,463</u>	<u>\$ 186,463</u>	<u>\$ 321,893</u>	<u>\$ (135,430)</u>
Contingencies	<u>25,000</u>	<u>25,000</u>	-	<u>25,000</u>
Total Expenditures	<u>\$ 432,051</u>	<u>\$ 432,051</u>	<u>\$ 502,534</u>	<u>\$ (70,483)</u>

North Washington Street Water & Sanitation District
Reconciliation of Budgetary Basis Actual to
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

	<u>Water</u>	<u>Sanitation</u>	<u>General and Administration</u>	<u>Total</u>
Revenue				
Revenue budget basis (Non-GAAP basis)	\$ 6,322,478	\$ 5,079,726	\$ 423,528	\$11,825,732
Plus:				
Transfers	211,764	211,764	-	423,528
Less:				
Transfers	<u>-</u>	<u>-</u>	<u>(423,528)</u>	<u>(423,528)</u>
Revenue (GAAP basis)	<u>\$ 6,534,242</u>	<u>\$ 5,291,490</u>	<u>\$ -</u>	<u>\$11,825,732</u>
Water operating revenue				\$ 6,266,835
Sewer operating revenue				5,218,242
Nonoperating revenue				<u>340,655</u>
Total Revenue				<u>\$11,825,732</u>
Expenses				
Expenses budget basis (Non-GAAP basis)	\$ 5,433,704	\$ 4,283,598	\$ 502,534	\$10,219,836
Plus:				
Depreciation	277,174	278,174	-	555,348
Less:				
Capital improvements	<u>(749,044)</u>	<u>(977,954)</u>	<u>(316,081)</u>	<u>(2,043,079)</u>
Expenses (GAAP basis)	<u>\$ 4,961,834</u>	<u>\$ 3,583,818</u>	<u>\$ 186,453</u>	<u>\$ 8,732,105</u>
Direct water expenses				\$ 4,209,270
Direct sewer expenses				2,783,570
General and administrative expenses				1,733,453
Nonoperating expenses				<u>5,812</u>
Total Expenses				<u>\$ 8,732,105</u>