

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Redstone Water & Sanitation District
Redstone, Colorado

Opinions

We have audited the financial statements of the business-type activities of Redstone Water & Sanitation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Redstone Water & Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Redstone Water & Sanitation District, as of December 31, 2021, and the results of its operations and cash flows thereof for the year 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 (GAAS). 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 Redstone 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 opinions.

Responsibilities of Management for the Financial Statements

Redstone Water & Sanitation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Redstone Water & Sanitation District's ability to continue as a going concern for one year after the date that the financial statements are 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 opinions. 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 GAAS 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 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 GAAS, 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 Redstone 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 Redstone 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.

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
Centennial, Colorado
February 25, 2022

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Statement of Net Position
December 31, 2021

ASSETS

Current assets:

Cash and investments	\$ 275,478
Cash with county treasurer	3,251
Accounts receivable	3,838
Property taxes receivable	179,976
Prepaid expenses	1,126
Other	4,027

Total current assets 467,696

Property and equipment:

Land	10,500
Water plant and lines	2,257,771
Waste water plant and lines	3,084,963
Equipment and furniture	15,476

Total property and equipment	5,368,710
Less accumulated depreciation	(2,701,621)

Net property and equipment 2,667,089

Total assets \$ 3,134,785

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities:

Accounts payable	4,608
Interest payable	2,094
Bonds and loans payable - current portion	114,072

Total current liabilities 120,774

Noncurrent liabilities, net of current portion:

Bonds and loans payable - net of current portion	1,142,366
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Total non current liabilities 1,142,366

Deferred inflows of resources:

Deferred property tax	179,976
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Total current, noncurrent liabilities and deferred inflows of resources 1,443,116

Net position:

Invested in capital assets	1,410,651
Restricted for:	
Colorado resources loan reserve	27,265
Tabor	13,610
Unrestricted	240,143

Total net position \$ 1,691,669

Total liabilities, deferred inflows of resources, and net position \$ 3,134,785

The accompanying notes are an integral part of this financial statement.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Schedule of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2021

Water system:	
Revenues:	
User fees	\$ 110,844
Other charges	2,480
Total water revenues	113,324
Expenses:	
Reservoir maintenance	398
Water treatment	22,868
Transmission and distribution	26,588
Depreciation	97,768
Administrative and general	37,115
Total water expenses	184,737
Net (loss) from water system	(71,413)
Waste Water system:	
Revenues:	
User fees	79,403
Total Waste Water revenues	79,403
Expenses:	
Treatment	26,213
Administrative and general	15,991
Total Waste Water expenses	42,204
Net income from sewer system	37,199
Operating (loss)	(34,214)
Non-operating revenues (expenses):	
Property taxes	172,984
Specific ownership taxes	5,922
Interest income	428
Interest expense	(13,225)
Total non-operating revenues (expenses)	166,109
Net Income	131,895
Total net position - beginning of year	1,559,774
Total net position - end of year	\$ 1,691,669

The accompanying notes are an integral part of this financial statement.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Statement of Cash Flows
For the year ended December 31, 2021

Cash flows from operating activities:	
Cash received from customers	\$ 231,428
Cash paid to suppliers	(125,779)
Net cash provided by operating activities	105,649
Cash flows from non-capital financing activities:	
Property taxes received	172,984
Specific ownership taxes received	5,922
Net cash provided by non-capital financing activities	178,906
Cash flows from capital financing activities:	
Interest payments	(13,225)
Purchase of capital assets	(27,802)
Note principal payments	(112,939)
Net cash used by capital financing activities	(153,966)
Cash flows from investing activities:	
Interest on investments	428
Net cash provided by investing activities	428
Net increase in cash	131,017
Cash and cash equivalents, beginning of year	144,460
Cash and cash equivalents, end of year	\$ 275,477
Reconciliation of operating (loss) to net cash provided by operations:	
Operating loss	\$ (34,214)
Adjustments to reconcile operating (loss) to cash provided by operating activities:	
Depreciation	97,768
Decrease (increase) in:	
Accounts receivable	38,701
Prepaid expenses	7,751
(Decrease) increase in:	
Interest payable	(188)
Accounts payable	(4,169)
Total adjustments	139,863
Net cash provided by operating activities	\$ 105,649

The accompanying notes are an integral part of this financial statement.

1. Summary of significant accounting policies

The accounting policies of the Redstone Water and Sanitation District, located in Redstone, Colorado, (the District), conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

Reporting entity

The District is incorporated as a separate local government entity under Colorado Revised Statutes. A Board of Directors, consisting of five elected Board members governs the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District provides water and waste water services to an unincorporated area of Pitkin County.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and contracts for all services.

Measurement focus, basis of accounting and financial statement presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 34. The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses, and changes in fund net position) report information on the business-type activities of the District, which rely to a significant extent on taxes, user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the business-type activities are supported by user fees.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2021

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District's operations are classified as an Enterprise fund that accounts for the acquisition, operation, and maintenance of activities that are similar to a business. The business-type fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water and treatment of wastewater. Operating expenses for the fund include water and waste water expenses, all revenues and expenses not meeting this definition, including property and specific ownership taxes are reported as nonoperating revenues and expenses.

The District reports one proprietary fund which combines the revenues and expenses of the water and waste water operations. District water is provided on both a flat and metered rate basis. The District accounts for tap fees as revenue to be expended for capital improvements.

Assets, liabilities, deferred inflows of resources, and net position

Cash and cash equivalents

For purposes of the statement of cash flows the District considers cash on hand, demand deposits and investments in state regulated pools to be cash and cash equivalents.

Fair value of financial instruments

The District's financial instruments include cash and investments, accounts receivable, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property taxes receivable

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the tax lien will be sold at public auction. Pitkin County bills

and collects the property taxes and remits collections, on a monthly basis, to the District. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Capital assets

All purchased capital assets are recorded at cost. Major capital outlays for capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years. A full year of depreciation is computed in the year of acquisition. Donated assets are valued at their estimated fair market value when received.

Long-term obligations

Long-term obligations of the District consist of principal due on loans from the Colorado Water Resources and Power Development Authority.

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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net Position of the District is classified into three components; 1) Net invested in capital assets, 2) Restricted net positions, which are non-capital assets that must be used for a particular purpose, and 3) Unrestricted net positions which are the remaining assets not otherwise classified.

The District applies restricted net positions first when both restricted and unrestricted resources are available.

Budgetary information

The Enterprise fund adopts a budget prepared on the non-US GAAP basis wherein principal payments on debt and capital expenditures are recognized as expenses, and depreciation and amortization expense are not budgeted.

Recently Issued Accounting Pronouncements

GASB Statement No 87 - In June 2017, GASB issued statement No 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in statement 87 are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the effect on the District's 2022 financial statements.

2. Detailed notes concerning the funds

Cash and cash equivalents

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, repay the public deposits to the depositing government. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Colorado Revised Statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The Authority invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2021

fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2021, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

Cash and investments as of December 31, 2021 consists of the following:

	<u>2021</u>
Deposits with financial institutions	\$ 27,622
Investments - COLOTRUST	<u>247,856</u>
	<u>\$ 275,478</u>

Investments

Credit risk

The District has not adopted a formal investment policy; however, the District follows Colorado Revised Statutes regarding its investments. Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include local government investment pools.

Investment Valuation

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; 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) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee) which record their investments at net asset value (NAV) per share, measured using amortized cost.

<u>Investments:</u>	<u>Fair Value</u>
COLOTRUST (at NAV)	\$ 247,856

Receivables

Accounts receivable primarily consist of user fees for water and waste water services earned as of December 31, 2021. The District considers all receivables to be collectible at December 31, 2021.

It is the policy of the District to record the property tax receivable in the year in which the taxes are levied and to recognize the property tax revenues in the year in which the lien attaches to the property. Property taxes are reported as receivable and deferred revenue of \$179,976.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2021

Leases

In 1976, the District Board approved an agreement that provided for the fire district to lease land near the waste water plant for a fire station. The lease is for 99 years at an annual rent of \$100. There are no rent escalation clauses in the lease.

Long-term debt

Waste Water and Water Upgrades Loan

On July 14, 2011, the District executed a loan with the Colorado Water Resources and Power Development Authority in the principal amount of \$2,000,000 with interest at 1% with semi-annual payments due May 1 and November 1. The loan matures on May 1, 2032.

Annual debt service requirements to maturity are as follows:

Year	Interest	Principal	Payment
2022	12,280	114,072	126,352
2023	11,136	115,215	126,351
2024-2028	38,123	593,635	631,758
2029-2032	8,714	433,516	442,230
Total	\$ 70,253	\$ 1,256,438	\$ 1,326,691

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021.

	Balance January 1, 2021	Additions	Payments	Balance December 31, 2021
Water pollution	1,369,377	--	(112,939)	1,256,438
Total	\$ 1,369,377	\$ --	\$ (112,939)	\$ 1,256,438

Reserve Line of Credit

The District has available an unsecured reserve line of credit with a maximum borrowing limit of \$15,000. Interest accrues at the rate of 8% per annum. As of December 31, 2021 there was no balance on the line of credit.

Net position

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO
Notes to the Financial Statements
December 31, 2021

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

TABOR - the District has reserved a portion of fund balance for the TABOR emergency reserve - see footnote 3.

Colorado Water Resources Loan - fund balance has been reserved in accordance with the loan agreement to reflect three months of operating and maintenance expenses net of depreciation and interest expense.

Capital improvements - the District has adopted a resolution that sets aside all tap fees for capital improvements. Due to the current District-wide capital construction activity, there are currently no restricted amounts set aside.

Changes in capital assets

The changes in capital assets for the year ended December 31, 2021 are as follows:

	Balance January 1, 2021	Additions	Transfers	Balance December 31, 2021
Source of supply	\$ 223,696	\$ --	\$ --	\$ 223,696
Water lines	1,632,044	--	--	1,632,044
Water plant	560,746	27,802	--	588,548
Waste water lines	772,188	--	--	772,188
Waste water plant	2,126,258	--	--	2,126,258
Equipment	13,281	--	--	13,281
Office equipment	2,195	--	--	2,195
Total	5,330,408	27,802	--	5,358,210
Accumulated depreciation	(2,603,853)	(97,768)	--	(2,701,621)
Net	2,726,555	(69,966)	--	2,656,589
<u>Non-depreciated assets:</u>				
Land	10,500	--	--	10,500
Total non-depreciated assets	10,500	--	--	10,500
Total net book value	\$ 2,737,055	\$ (69,966)	\$ --	\$ 2,667,089

3. Other information

Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado.

The Pool is an organization created by intergovernmental agreement to provide property, liability, public official liability, and boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, general liability and public official's liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2021.

TABOR Amendment

In November of 1992, Colorado voters approved Amendment 1 to the state Constitution which, is commonly known as The Taxpayer's Bill of Rights or the TABOR Amendment.

The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refunding to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as "Enterprises." The Redstone Water & Sanitation District does not qualify as an "Enterprise."

The amendment defined the District's year ending December 31, 1992, as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The District must refund revenue received in excess of the prior year's revenue to the voters, unless the voters were to approve retention of the excess revenue. The District placed a question on the November 1996, ballot that would permit the District to keep and spend all revenues from all sources in 1996 and subsequent years without limiting in any year the amount of other revenues that may be collected. The voters approved this ballot question.

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's spending. Conditions under which these reserves may be spent are severely limited.

The Redstone Water & Sanitation District, Redstone, Colorado, believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

4. Subsequent Events

Events occurring subsequent to the statement of net position date have been evaluated for financial statement impact or disclosure through the date the financial statements were available to be issued.

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual
For the year ended December 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Property	\$ 177,834	\$ 172,984	\$ (4,850)
Specific ownership	4,000	5,922	1,922
Penalties and interest on taxes	1,000	406	(594)
Charges for services:			
Water service charges	120,000	110,844	(9,156)
Waste water service charges	75,000	79,403	4,403
Other charges	3,000	48	(2,952)
Other:			
Interest income	1,000	22	(978)
Miscellaneous	2,100	-	(2,100)
Other income (loss)	10,000	2,432	(7,568)
Total revenue	393,934	372,061	(21,873)
Expenses:			
Water:			
Sources of Supply:			
Reservoir maintenance	2,000	-	2,000
Water Tank Maintenance	1,000	398	602
Total sources of supply expenses	3,000	398	2,602
Water treatment expenses:			
Lab expense	6,000	4,587	1,413
Chemicals	4,500	6,816	(2,316)
Permits and licenses	150	168	(18)
Engineering	2,000	1,375	625
Utilities	8,000	4,604	3,396
East Creek maintenance	6,000	2,502	3,498
Trash	250	--	250
Water Plant Supplies	500	5	495
Telephone	1,000	1,616	(616)
Plank Springs Maintenance	2,000	1,195	805
Miscellaneous	500	--	500
Total water treatment expenses	30,900	22,868	8,032
Transmission and distribution expense:			
Water lines	3,000	--	3,000
Operations contract	26,112	26,588	(476)
Total transmission and distribution expense	29,112	26,588	2,524

(continued)

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual (continued)
For the year ended December 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
Administrative and general expenses:			
Accounting and audit	\$ 20,608	\$ 19,928	\$ 680
County treasurer's fees	5,440	8,707	(3,267)
Dues and subscriptions	384	362	22
Insurance and surety bonds	7,040	5,701	1,339
Professional Services	640	115	525
Legal notices and publications	192	--	192
Legal services	6,400	329	6,071
Bank charges	96	--	96
Miscellaneous	320	--	320
Office supplies and expense	1,280	1,273	7
Telephone	960	700	260
Total administration	43,360	37,115	6,245
Total water expenses	106,372	86,969	19,403
Waste water:			
Collection and transmission expense:			
Capital outlay - capitalized	93,000	27,802	65,198
Total collection and transmission expense	93,000	27,802	65,198
Waste water treatment expenses:			
Sludge removal	10,000	-	10,000
Lab expense	6,250	4,864	1,386
Permits and licenses	2,000	(1,078)	3,078
Plant repairs and maintenance	6,000	293	5,707
Operations contract	14,688	14,688	--
Utilities	9,000	7,360	1,640
Trash	150	--	150
Transmission and collection	2,000	--	2,000
Sewer plant supplies	250	86	164
Miscellaneous	1,000	--	1,000
Total waste water treatment expenses	51,338	26,213	25,125

(continued)

**REDSTONE WATER & SANITATION DISTRICT
REDSTONE, COLORADO**

**Schedule of Revenues, Expenses and Changes in Net Position -
Budget (Non - US GAAP Basis) and Actual (continued)
For the year ended December 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
Administrative and general expenses:			
Accounting and audit	\$ 11,592	\$ 11,272	\$ 320
County treasurer's fees	3,060	--	3,060
Dues and subscriptions	216	203	13
Insurance and surety bonds	3,960	3,371	589
Professional services	360	77	283
Legal notices and publications	108	--	108
Legal services	3,600	16	3,584
Bank charges	54	240	(186)
Miscellaneous	180	48	132
Office supplies and expense	720	232	488
Telephone	540	532	8
Total administration	24,390	15,991	8,399
Total Waste water expenses	168,728	70,006	98,722
Debt service:			
Waste water revolving loan Interest	16,742	13,225	3,517
Waste water revolving loan principal	109,610	112,939	(3,329)
Total debt service	126,352	126,164	188
Total expenses	401,452	283,139	118,313
Net income - non - US GAAP budgetary basis	<u>\$ (7,518)</u>	<u>\$ 88,922</u>	<u>\$ 96,440</u>
Adjustments to US GAAP basis:			
Add:			
Waste water revolving loan principal		112,939	
Capital outlay - capitalized		27,802	
Less:			
Depreciation expense		<u>(97,768)</u>	
Total adjustments to US GAAP basis		<u>42,973</u>	
Net income - US GAAP basis		131,895	
Net position - beginning of year		<u>1,559,774</u>	
Net position - end of year		<u>\$ 1,691,669</u>	