

TIMBERS WATER AND SANITATION DISTRICT

Financial Statements

December 31, 2021

TIMBERS WATER AND SANITATION DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-US GAAP Basis) and Actual:	
Water Fund	13
Sewer Enterprise Fund	14
Water Activity Enterprise Fund	15



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Timbers Water and Sanitation District (the District), as of and for the year ended December 31, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Timbers Water and Sanitation District as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (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 the 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 the 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 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.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that GAAP requires 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balance – budget and actual on pages 13-15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Steamboat Springs, Colorado
March 15, 2022

TIMBERS WATER AND SANITATION DISTRICT
Statement of Net Position
December 31, 2021
(with summarized financial information as of December 31, 2020)

	2021			Total	2020 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Assets:					
Current assets:					
Cash	\$ 135,305	\$ 95,785	\$ 6,666	\$ 237,756	\$ 169,883
Due from County Treasurer	546	416	-	962	692
Accounts receivable, net	355	-	-	355	1,143
Grants receivable	-	11,106	-	11,106	24,676
Project loan accounts	-	361,070	-	361,070	576,800
Property taxes receivable	114,944	89,765	-	204,709	202,599
Total current assets	251,150	558,142	6,666	815,958	975,793
Noncurrent assets:					
Capital assets, net	344,235	4,231,967	979,167	5,555,369	5,247,128
Interfund loan	571,675	-	-	571,675	612,298
Total assets	\$ 1,167,060	\$ 4,790,109	\$ 985,833	\$ 6,943,002	\$ 6,835,219
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,692	\$ 166,221	\$ -	\$ 168,913	\$ 25,939
Accrued interest payable	-	1,617	4,376	5,993	6,482
Retainage payable	-	75,134	-	75,134	62,234
Notes payable, current portion	28,187	82,485	27,495	138,167	136,226
Total current liabilities	30,879	325,457	31,871	388,207	230,881
Noncurrent liabilities:					
Notes payable, net of current portion	206,110	2,370,152	235,059	2,811,321	2,949,488
Interfund loan	(40,623)	-	612,298	571,675	612,298
Total liabilities	196,366	2,695,609	879,228	3,771,203	3,792,667
Deferred Inflows of Resources:					
Deferred property tax revenues	114,944	89,765	-	204,709	202,599
Total deferred inflows of resources	114,944	89,765	-	204,709	202,599
Net Position:					
Net investment in capital assets	722,236	2,065,266	104,315	2,891,817	2,675,980
Restricted for:					
Emergencies	5,662	7,827	-	13,489	22,799
Operations and maintenance reserve	20,000	14,100	-	34,100	38,200
Unrestricted	107,852	(82,458)	2,290	27,684	102,974
Total net position	\$ 855,750	\$ 2,004,735	\$ 106,605	\$ 2,967,090	\$ 2,839,953

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	2021			Total	2020 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Operating revenues:					
Service fees	\$ 76,987	\$ 65,007	\$ -	\$ 141,994	\$ 148,349
Availability of service fees	11,744	-	-	11,744	12,162
Other	5,335	-	-	5,335	3,163
Total operating revenues	94,066	65,007	-	159,073	163,674
Operating expenses:					
Water operations	79,949	-	38,117	118,066	91,822
Wastewater operations	-	56,457	-	56,457	96,522
Depreciation	12,650	108,720	30,589	151,959	51,341
Total operating expenses	92,599	165,177	68,706	326,482	239,685
Operating income (loss)	1,467	(100,170)	(68,706)	(167,409)	(76,011)
Non-operating revenues (expenses):					
Tax revenues:					
Property	114,945	87,654	-	202,599	122,271
Specific ownership	8,259	6,298	-	14,557	8,321
Grants	-	101,528	-	101,528	516,230
Interest income	504	406	-	910	552
Interest expense	(1,161)	(9,886)	(14,001)	(25,048)	(19,242)
Total non-operating revenues (expenses)	122,547	186,000	(14,001)	294,546	628,132
Income before other revenues, expenses, gains losses and transfers:					
Transfers	(78,623)	-	78,623	-	-
Change in net position	45,391	85,830	(4,084)	127,137	552,121
Net position, beginning of year	810,359	1,918,905	110,689	2,839,953	2,287,832
Net position, end of year	\$ 855,750	\$ 2,004,735	\$ 106,605	\$ 2,967,090	\$ 2,839,953

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	2021			Total	2020 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Cash flows from operating activities:					
Cash received from customers	\$ 94,854	\$ 65,007	\$ -	\$ 159,861	\$ 165,478
Cash payments to suppliers for goods or services	(80,596)	(57,104)	(38,117)	(175,817)	(187,952)
Net cash provided (used) by operating activities	14,258	7,903	(38,117)	(15,956)	(22,474)
Cash flows from noncapital financing activities:					
Tax collections	123,262	93,624	-	216,886	130,616
Interfund transfers	(78,623)	-	78,623	-	-
Net cash provided by noncapital financing activities	44,639	93,624	78,623	216,886	130,616
Cash flows from capital and related financing activities:					
Long term debt proceeds drawn from project loan account	-	215,730	-	215,730	1,069,837
Purchase of capital assets	-	(303,032)	-	(303,032)	(1,577,395)
Proceeds from capital grants	-	115,098	-	115,098	560,816
Principal payments on long-term debt	(27,872)	(82,168)	(26,186)	(136,226)	(76,655)
Interest payments on long-term debt	(1,161)	(9,939)	(14,437)	(25,537)	(17,988)
Net cash provided (used) by capital and related financing activities	(29,033)	(64,311)	(40,623)	(133,967)	(41,385)
Cash flows from investing activities:					
Interest received	504	406	-	910	552
Net cash provided by investing activities	504	406	-	910	552
Net change in cash and cash equivalents	30,368	37,622	(117)	67,873	67,309
Cash, beginning of year	104,937	58,163	6,783	169,883	102,574
Cash, end of year	<u>\$ 135,305</u>	<u>\$ 95,785</u>	<u>\$ 6,666</u>	<u>\$ 237,756</u>	<u>\$ 169,883</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	2021				2020 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund	Total	
Reconciliation of operating income (loss) to net cash provided by activities:					
Operating income (loss)	\$ 1,467	\$ (100,170)	\$ (68,706)	\$ (167,409)	\$ (76,011)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	12,650	108,720	30,589	151,959	51,341
(Increase) decrease in:					
Accounts receivable	788	-	-	788	1,804
(Decrease) increase in:					
Accounts payable and accrued expenses, net of capital amounts	(647)	(647)	-	(1,294)	392
Net cash provided (used) by operating activities	<u>\$ 14,258</u>	<u>\$ 7,903</u>	<u>\$ (38,117)</u>	<u>\$ (15,956)</u>	<u>\$ (22,474)</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

Measurement Focus and Basis of Accounting

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

Financial Statement Presentation

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

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

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

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

Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash

Cash includes cash on hand and demand deposits.

Accounts Receivable

Amounts due to the District from charges for services provided are reported as accounts receivable. The District estimates an allowance for uncollectible accounts based on a review of the circumstances involved with outstanding balances. The District's net accounts receivable as of December 31, 2021 and 2020 is as follows:

	2021	2020
Accounts receivable	\$ 355	\$ 1,643
Allowance for uncollectible accounts	-	(500)
	\$ 355	\$ 1,143

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

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

Capital Assets

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

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

	Years
Water system, wastewater system, and water tank	40
Equipment	5

Deferred Inflows of Resources

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

Operating and Non-Operating Revenues and Expenses

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

Property Taxes

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

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative financial information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2020 from which the summarized financial information was derived.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted on a non-GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on long-term debt are budgeted and recorded as expenditures.

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

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

The District did not adopt any supplemental appropriations for the year ended December 31, 2021.

Compliance

The District's Sewer Enterprise Fund expenditures exceeded appropriations by \$451,448 for the year ended December 31, 2021. The excess expenditures were for capital purposes that are being funded by proceeds from capital grants and loans.

TABOR Amendment

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

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

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

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of current fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$13,489 of its December 31, 2021 fund balances for this purpose.

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

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

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2021 and 2020 was \$237,757 and \$169,191, respectively, and bank balances were \$240,768 and \$214,293, respectively. All of the bank balances were covered by federal deposit insurance as of December 31, 2021 and 2020.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

Capital Assets

Capital asset activity for the year ended December 31, 2021 is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Land easement	\$ 15,186	\$ -	\$ -	\$ 15,186
Other capital assets:				
Water treatment plant	1,223,555	-	-	1,223,555
Wastewater treatment plant	3,888,588	460,200	-	4,348,788
Other water and wastewater systems	235,616	-	-	235,616
Water tank	182,374	-	-	182,374
Equipment	103,767	-	-	103,767
Total other capital assets	5,633,900	460,200	-	6,094,100
Less accumulated depreciation:				
Water treatment plant	(213,799)	(30,589)	-	(244,388)
Wastewater treatment plant	(8,101)	(108,720)	-	(116,821)
Other water and wastewater systems	(146,862)	(5,497)	-	(152,359)
Water tank	(18,237)	(4,559)	-	(22,796)
Equipment	(14,959)	(2,594)	-	(17,553)
Total accumulated depreciation	(401,958)	(151,959)	-	(553,917)
Net capital assets	<u>\$ 5,247,128</u>	<u>\$ 308,241</u>	<u>\$ -</u>	<u>\$ 5,555,369</u>

Long-Term Liabilities

The District had the following long-term debt outstanding as of December 31, 2021:

State of Colorado – Energy and Mineral Impact Assistance Program Loan

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

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

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

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

The District entered into a \$561,225 loan agreement with CWRPDA on July 13, 2018. The note is payable in semi-annual installments of \$9,486 on May 1 and November 1 at 0% interest beginning May 1, 2019 through maturity on November 1, 2048. Proceeds of the note were used for repairing and replacing collection lines and design and engineering for a new wastewater treatment plant.

The District entered into a \$2,008,775 loan agreement with CWRPDA on June 24, 2019. The note is payable in an initial payment of \$6,016 on November 1, 2020 then semi-annual installments of \$36,568 on May 1 and November 1 including interest at 0.5% through maturity on May 1, 2050. Proceeds of the note are being used for the costs of installation of a new mechanical wastewater treatment plant and decommissioning of the existing wastewater treatment plant. CWRPDA established a project loan account from which the District can draw funds upon request as project costs are incurred. The unexpended loan proceeds in the project loan account as of December 31, 2021 were \$361,070.

The loan agreements require the District to maintain an operations and maintenance reserve fund equal to three months of operation and maintenance expenses, excluding depreciation. The District has reserved \$34,100 for this purpose as of December 31, 2021.

National Rural Water Association (NRWA)

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

Activity in long-term liabilities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State of Colorado	\$ 288,740	\$ -	\$ (26,186)	\$ 262,554	\$ 27,495
CWRPDA - D13F306	218,750	-	(17,500)	201,250	17,500
NRWA	43,419	-	(10,372)	33,047	10,687
CWRPDA - W18F306	531,209	-	(18,972)	512,237	18,972
CWRPDA - W19F419	2,003,596	-	(63,196)	1,940,400	63,513
	<u>\$ 3,085,714</u>	<u>\$ -</u>	<u>\$ (136,226)</u>	<u>\$ 2,949,488</u>	<u>\$ 138,167</u>

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of December 31, 2020 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Aggregate debt service requirements as of December 31, 2021 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 138,167	\$ 23,596	\$ 161,763
2023	140,185	21,577	161,762
2024	142,282	19,480	161,762
2025	132,772	17,458	150,230
2026	134,687	15,543	150,230
2027-2031	621,853	48,051	669,904
2032-2036	458,291	28,495	486,786
2033-2041	440,568	19,968	460,536
2042-2046	449,307	11,229	460,536
2047-2050	291,376	2,541	293,917
	<u>\$ 2,949,488</u>	<u>\$ 207,938</u>	<u>\$ 3,157,426</u>

Interfund Transactions

The District's Water Activity Enterprise Fund has an interfund loan of \$571,675 due to the Water Fund as of December 31, 2021. Repayment of the loan balance is not expected to occur within one year.

The District transferred \$78,523 from its Water Fund to its Water Activity Enterprise Fund during the year ended December 31, 2021.

Note 4: Other Information

Risk Management

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

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

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

Subsequent Events

The District has evaluated subsequent events through March 15, 2022, the date these financial statements were available to be issued.

TIMBERS WATER AND SANITATION DISTRICT
Water Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance
Revenues:			
Service fees	\$ 76,986	\$ 76,987	\$ 1
Availability of service fees	7,403	11,744	4,341
Taxes:			
Property	114,944	114,945	1
Specific ownership	6,973	8,259	1,286
Interest	48	504	456
Other	2,502	5,335	2,833
Total revenues	<u>208,856</u>	<u>217,774</u>	<u>8,918</u>
Expenditures:			
Operating:			
Contract services	18,000	4,958	13,042
Engineering	12,000	38,826	(26,826)
Snow removal	16,000	5,299	10,701
Insurance	6,000	6,174	(174)
Professional fees	13,500	17,110	(3,610)
Directors fees	6,000	2,650	3,350
Treasurer fees	9,500	3,460	6,040
Other	20,200	1,472	18,728
Debt service:			
Principal	27,872	27,872	-
Interest	1,161	1,161	-
Total expenditures	<u>130,233</u>	<u>108,982</u>	<u>21,251</u>
Excess of revenues over expenditures	<u>78,623</u>	<u>108,792</u>	<u>30,169</u>
Other financing sources (uses):			
Transfer to Water Activity Enterprise Fund	<u>(78,623)</u>	<u>(78,623)</u>	<u>-</u>
Total other financial sources (uses)	<u>(78,623)</u>	<u>(78,623)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>30,169</u>	<u>\$ 30,169</u>
Adjustments to GAAP basis:			
Depreciation		(12,650)	
Loan principal payments		<u>27,872</u>	
Change in net position - GAAP basis		45,391	
Fund balance, beginning of year		<u>810,359</u>	
Fund balance, end of year		<u>\$ 855,750</u>	

TIMBERS WATER AND SANITATION DISTRICT
Sewer Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance
Revenues:			
Service fees	\$ 65,007	\$ 65,007	\$ -
Availability of service fees	4,452	-	(4,452)
Taxes:			
Property	87,655	87,654	(1)
Specific ownership	90	6,298	6,208
Grants	-	101,528	101,528
Interest	47	406	359
Other	12	-	(12)
Total revenues	<u>157,263</u>	<u>260,893</u>	<u>103,630</u>
Expenditures:			
Operating:			
Contract services	15,000	15,023	(23)
Engineering	5,000	750	4,250
Maintenance and repairs	10,000	5,299	4,701
Laboratory testing	6,000	7,037	(1,037)
Utilities	8,000	6,605	1,395
Insurance	-	6,174	(6,174)
Professional fees	-	4,133	(4,133)
Treasurer fees	150	2,638	(2,488)
Other	1,006	8,798	(7,792)
Capital expenditures	20,000	460,200	(440,200)
Debt service:			
Principal	82,168	82,168	-
Interest	9,939	9,886	53
Total expenditures	<u>157,263</u>	<u>608,711</u>	<u>(451,448)</u>
Excess of revenues over expenditures	<u>-</u>	<u>(347,818)</u>	<u>(347,818)</u>
Other financing sources (uses):			
Proceeds from loans	<u>-</u>	<u>215,730</u>	<u>215,730</u>
Total other financial sources (uses)	<u>-</u>	<u>215,730</u>	<u>(215,730)</u>
Net change in fund balance	<u>\$ -</u>	<u>(132,088)</u>	<u>\$ (132,088)</u>
Adjustments to GAAP basis:			
Depreciation		(108,720)	
Capitalized expenditures		460,200	
Proceeds from loan		(215,730)	
Loan principal payments		<u>82,168</u>	
Change in net position - GAAP basis		85,830	
Fund balance, beginning of year		<u>1,918,905</u>	
Fund balance, end of year		<u>\$ 2,004,735</u>	

TIMBERS WATER AND SANITATION DISTRICT
Water Activity Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance
Revenues:			
Grants	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Operations:			
Contract services	18,000	23,032	(5,032)
Utilities	6,500	6,070	430
Testing	5,000	4,025	975
Other	8,500	4,990	3,510
Debt service:			
Principal	24,939	26,186	(1,247)
Interest	15,684	14,001	1,683
Total expenditures	<u>78,623</u>	<u>78,304</u>	<u>319</u>
Excess (deficiency) of revenues over expenditures	<u>(78,623)</u>	<u>(78,304)</u>	<u>319</u>
Other financing sources (uses):			
Transfers in	<u>78,623</u>	<u>78,623</u>	<u>-</u>
Total other financial sources (uses)	<u>78,623</u>	<u>78,623</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	319	<u>\$ 319</u>
Adjustments to GAAP basis:			
Debt principal payments		26,186	
Depreciation expense		<u>(30,589)</u>	
Change in net position - GAAP basis		(4,084)	
Fund balance, beginning of year		<u>110,689</u>	
Fund balance, end of year		<u>\$ 106,605</u>	