

**PINE BROOK WATER DISTRICT  
Boulder, CO**

**FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022 and 2021**

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pine Brook Water District

### Opinions

We have audited the accompanying financial statements of Pine Brook Water District as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Pine Brook Water 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 Pine Brook Water District as of December 31, 2022 and 2021, and the respective changes in financial position 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. 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 Pine Brook Water 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 Pine Brook Water 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 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.

PO Box 865  
Longmont, CO 80502

Green & Associates • LLC

PHONE (720) 839-6458  
[www.GreenCPAfirm.com](http://www.GreenCPAfirm.com)

Certified Public Accountants & Business Consultants

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 of 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 Pine Brook Water 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 Pine Brook Water 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pine Brook Water District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Longmont, Colorado  
March 16, 2023

## **Management's Discussion and Analysis**

# ***Pine Brook Water District***

## **Management's Discussion and Analysis**

### **Introduction:**

Pine Brook Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Important notes are that;

1. The Pine Brook Water District adjusted their monthly service fee and adjusted water rates in December 2022.
2. The Pine Brook Water District did not amend the budget in 2022.
3. The Pine Brook Water District considers its operations as an Enterprise Fund since it is funded by water sales and no property taxes are used to fund the operational costs.

Because this discussion and analysis is intended to focus on the 2022 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

### **Overview of the Financial Statements of the District:**

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

These statements are on pages 7 through 17. These and the Other Supplementary Information, Budgetary Comparison Schedule of Revenues and Expenditures on page 18 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net position** provides information about the components – Operating Revenues, Operating Expenses and Non-Operating Revenues and Expenses – of the District's annual operating activities and how those activities affected net position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule of Revenues and Expenditures** provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include a comparison of the originally approved budget with the final amended budget.

**Condensed Comparative Financial Information:**

	<b>Statement of Net position</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current Assets			
Cash and cash equivalents	\$ 649,111	\$ 570,073	\$ 451,895
Other current assets	460,594	450,531	450,356
	<u>1,109,705</u>	<u>1,020,604</u>	<u>902,251</u>
Non Current Assets			
Capital assets – net	9,009,073	9,259,586	9,436,432
Total Assets	<u>10,118,778</u>	<u>10,280,190</u>	<u>10,338,683</u>
Current Liabilities	362,757	354,698	325,472
Long – Term Debt	1,953,248	2,259,938	2,557,086
Total Liabilities	<u>2,316,005</u>	<u>2,614,636</u>	<u>2,882,558</u>
Deferred Inflows of Resources			
Deferred property taxes	331,064	330,926	331,000
Total Deferred Inflows of Resources	<u>331,064</u>	<u>330,926</u>	<u>331,000</u>
Net Position			
Net investment in capital assets	6,749,135	6,702,500	6,591,434
Unrestricted	722,574	632,128	533,691
Total Net Position	<u>\$ 7,471,709</u>	<u>\$ 7,334,628</u>	<u>\$ 7,125,125</u>

**Statement of Revenues, Expenses, and Changes in Net Position**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating Revenues	\$ 809,708	\$ 770,986	\$ 781,106
Operating Expenses	925,624	873,927	875,585
Operating Income (Loss)	<u>(115,916)</u>	<u>(102,941)</u>	<u>(94,479)</u>
Non Operating Revenues (Expenses)	252,997	312,444	260,243
Change in Net Assets	137,081	209,503	165,764
Net Assets, Beginning of Year	7,334,628	7,125,125	6,959,361
Net Assets, End of Year	<u>\$ 7,471,709</u>	<u>\$ 7,334,628</u>	<u>\$ 7,125,125</u>

### Statement of Cash Flows

	2022	2021	2020
Cash from (for) Operating Activities	\$ 143,069	\$ 186,327	\$ 146,477
Cash from Non Capital Financing Activities	343,359	385,767	357,842
Cash from (for) Capital and Related Financing Activities	(408,094)	(452,668)	(424,434)
Cash from (for) Investing Activities	704	200	283
Increase (Decrease)	79,038	119,626	80,168
Cash and Cash Equivalents, Beginning of Year	570,073	450,447	370,279
Cash and Cash Equivalents, End of Year	\$ 649,111	\$ 570,073	\$ 450,447

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

#### **Analysis of Financial Position and Operating Results:**

Net position increased in 2022 by \$137,081 This is the result of the operating loss of \$115,916, plus net non-operating revenues of \$252,997. Unrestricted cash, cash equivalents, and investments of the District at December 31, 2022, totaled \$649,111. The increase in net position is primarily related to an increase in revenues and conservative spending.

Operating expenses for the District increased from the prior year by \$51,697. The primary drivers of these changes are depreciation, sludge disposal, employee costs, and routine maintenance costs.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2022, totaled \$9,009,073 which is a decrease over the prior year. Operating income for 2022, before depreciation and amortization expense, was \$154,477 compared to operating income before depreciation and amortization expense for 2021 of \$166,343. Net non-operating revenues for 2022 were \$59,447 less than in 2021, due a decrease of tap fees in 2022. For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 6.

#### **Analysis of Budgetary Comparison Schedule of Revenues and Expenditures:**

Actual budgetary basis revenues in 2022 were \$7,811 less than the final budgeted revenues for the District. This is principally due to higher than expected loss on disposal of assets.

The Districts actual budgetary basis expenditures in 2022 were \$1,569,554 less than the final budgeted expenditures. This is principally due to the reserves not being required and lower than expected capital outlay.

For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, which is on page 20 in the accompanying audited financial statements.

**Capital Asset and Long Term Debt Activity:**

The District had capital spending in 2022 of \$30,030. For more information about the District's capital assets see page 15-16 of the Notes to Financial Statements in the accompanying audited financial statements. The District disposed of multiple assets during the year that were no longer in service.

**Long-Term Debt:**

The only activity relating to long term debt in 2022 was scheduled principal and interest payments. For a complete description see Note 5 on pages 16-17.

**Other:**

There are no currently known facts, decisions, or conditions, which are expected to or may likely have a significant effect on the financial condition and results of operation in subsequent reporting periods.

**Requests for Information.** This financial report is designed to provide a general overview of Pine Brook Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at 1903 Linden Drive, Boulder, CO 80304.

## **Basic Financial Statements**

**Pine Brook Water District  
Statements of Net Position  
December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 649,111	\$ 570,073
Cash at County Treasurer	664	1,448
Accounts receivable	56,470	47,131
Grants receivable	45,133	45,133
Property taxes receivable	331,064	330,926
Prepaid expenses	27,263	25,893
Total Current Assets	1,109,705	1,020,604
<b>Noncurrent Assets</b>		
Capital assets		
Nondepreciable	639,256	616,571
Depreciable	12,691,145	12,948,744
Less: Accumulated depreciation	(4,321,328)	(4,305,729)
Net Capital Assets	9,009,073	9,259,586
Total Noncurrent Assets	9,009,073	9,259,586
Total Assets	10,118,778	10,280,190
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	24,021	24,318
Compensated absences	7,327	7,327
Other accrued liabilities	11,421	12,607
Accrued interest payable	13,298	13,298
Long-term debt, current portion	306,690	297,148
Total Current Liabilities	362,757	354,698
<b>Noncurrent Liabilities</b>		
Long-term debt	1,953,248	2,259,938
Total Liabilities	2,316,005	2,614,636
<b>Deferred Inflows of Resources</b>		
Deferred property taxes	331,064	330,926
Total Deferred Inflows of Resources	331,064	330,926
<b>Net Position</b>		
Net investment in capital assets	6,749,135	6,702,500
Unrestricted	722,574	632,128
Total Net Position	\$ 7,471,709	\$ 7,334,628

**Pine Brook Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Revenues</b>		
Water sales	\$ 809,708	\$ 770,986
Total Operating Revenues	809,708	770,986
<b>Operating Expenses</b>		
Administrative and general	74,767	59,226
Water operating expenses	232,953	222,907
Employee and benefit costs	347,511	322,510
Depreciation and amortization	270,393	269,284
Total Operating Expenses	925,624	873,927
Operating Loss	(115,916)	(102,941)
<b>Nonoperating Revenues (Expenses)</b>		
Property taxes	330,860	329,898
Specific ownership taxes	13,793	16,340
Donations	-	250
Investment income	704	200
Connection charges	-	40,000
Miscellaneous income	3,654	4,415
Gain (loss) on sale of assets	(10,150)	17,854
County treasurer fees	(4,948)	(4,946)
Interest expense and related fees	(80,916)	(91,567)
Total Nonoperating Revenues (Expenses)	252,997	312,444
<b>Change in Net Position</b>	137,081	209,503
Net Position, beginning of year	7,334,628	7,125,125
Net Position, end of year	\$ 7,471,709	\$ 7,334,628

**Pine Brook Water District**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 801,153	\$ 773,643
Cash paid to suppliers	(385,662)	(323,125)
Cash paid to employees	(272,422)	(264,191)
Net cash provided (used) by operating activities	143,069	186,327
<b>Cash Flows From Non-Capital Financing Activities</b>		
Property and specific ownership taxes, net of fees	339,705	341,102
Connection charges	-	40,000
Donations	-	250
Miscellaneous income	3,654	4,415
Net cash provided (used) by non-capital financing activities	343,359	385,767
<b>Cash Flows From Capital And Related Financing Activities</b>		
Acquisitions and construction of capital assets	(30,030)	(92,438)
Proceeds from sale of capital assets	-	17,854
Principal paid on long term debt	(297,148)	(287,912)
Interest paid on long term debt	(80,916)	(90,172)
Net cash provided (used) in capital and related financing activities	(408,094)	(452,668)
<b>Cash Flows From Investing Activities</b>		
Investment income received	704	200
Net cash provided (used) by investing activities	704	200
<b>Net increase (decrease) in cash and cash equivalents</b>	79,038	119,626
Cash and cash equivalents, beginning of year	570,073	450,447
Cash and cash equivalents, end of year	\$ 649,111	\$ 570,073
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Loss	\$ (115,916)	\$ (102,941)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation and amortization	270,393	269,284
Changes in assets and liabilities		
Cash at County Treasurer	784	190
Accounts receivable	(9,339)	2,467
Prepaid expenses	(1,370)	(1,268)
Accounts payable	(297)	19,995
Other accrued liabilities	(1,186)	(1,400)
Net Cash Provided (Used) by Operating Activities	\$ 143,069	\$ 186,327

**Pine Brook Water District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**Note 1 Summary of Significant Accounting Policies**

Pine Brook Water District is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water services within its jurisdictional boundaries.

The financial statements of the Pine Brook Water District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District follows all pronouncement issued by GASB. The significant accounting policies are described below.

**Financial Reporting Entity**

In accordance with governmental accounting standards, the Pine Brook Water District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability and financial benefits or burdens.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

**Basis of Presentation**

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds are recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted; and unrestricted.

**Pine Brook Water District  
Notes to Financial Statements (Continued)  
December 31, 2022 and 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

***Property Taxes***

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15.

Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

**Allowance for Doubtful Accounts**

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the property owners for water services, and the District has the ability to place liens on the property.

**Revenue Recognition**

Revenues are recognized when earned. Metered water accounts are read and billed once a month on 30 day cycles.

**Prepaid Expense**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in the financial statements.

***Assets and Liabilities***

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Pine Brook Water District  
Notes to Financial Statements (Continued)  
December 31, 2022 and 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

Capital assets – capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Expenditures for maintenance and repairs are charge to operations as incurred. Property replacements and improvements which extend the lives of assets are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. Property and equipment of the District is depreciated using the straight line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Reservoir	100 years
Water systems	5-60 years
Firehouse	10-40 years
Meter-read equipment	7 years
Transportation	5-10 years
Office Equipment	3-7 years

Accrued vacation and sick pay - In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability

**Deferred Inflows of Resources**

Deferred inflows of resources include property taxes, which have been certified but not yet collected.

***Net position***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

**Pine Brook Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows / Inflows of Resources**

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows). In accordance with GASB 65 the District changed the reporting of debt issuance costs. The District now reports such costs as an outflow of resources in the period they are incurred and not as an amortizable asset.

***Cash Equivalents***

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2022, and 2021, the District's cash deposits had a carrying balance of \$555,910 and \$491,503 and a corresponding bank balance of \$555,910 and \$491,630, respectively. The balance on deposit was insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had \$305,910 and \$158,262 collateralized under PDPA at December 31, 2022 and 2021, respectively.

**Pine Brook Water District  
Notes to Financial Statements (Continued)  
December 31, 2022 and 2021**

**Note 2 Cash and Investments (Continued)**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-1-1, the Colorado Public Deposit Protection Act (“PDPA”), which governs the investment of public funds. As of December 31, 2022, and 2021, none of the District’s deposits were exposed to custodial credit risk.

**Interest Rate Risk**

Colorado Revised Statutes limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

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

A summary of cash and investments at December 31, 2022, is as follows:

	2022	2021
Cash deposits	\$ 555,910	\$ 491,503
Money markets	93,201	78,570
Total cash and cash equivalents	\$ 649,111	\$ 570,073

The money market accounts were not rated as of December 31, 2022 and 2021.

**Note 3 Accounts Receivable**

Accounts receivable at December 31, 2022 and 2021, was comprised of the following:

	2022	2021
Water customers	\$ 55,109	\$ 45,865
Other receivables	1,361	1,266
Less: Allowance for doubtful accounts	-	-
Net receivables	\$ 56,470	\$ 47,131

**Pine Brook Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 4 Capital Assets**

A summary of changes to capital assets for 2022 and 2021 is as follows:

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
<b>Nondepreciable</b>				
Water rights	\$ 616,571	\$ -	\$ -	\$ 616,571
Construction in progress	-	22,685	-	22,685
<b>Total Nondepreciable</b>	<b>616,571</b>	<b>22,685</b>	<b>-</b>	<b>639,256</b>
<b>Depreciable</b>				
Reservoir	5,284,824	-	-	5,284,824
Water systems	7,177,494	-	(111,415)	7,066,079
Firehouse	143,189	-	-	143,189
Equipment	121,074	7,345	(92,953)	35,466
Transportation	191,115	-	(29,528)	161,587
Office equipment	31,048	-	(31,048)	-
<b>Total Depreciable</b>	<b>12,948,744</b>	<b>7,345</b>	<b>(264,944)</b>	<b>12,691,145</b>
<b>TOTAL</b>	<b>13,565,315</b>	<b>30,030</b>	<b>(264,944)</b>	<b>13,330,401</b>
Less Accumulated Depreciation	(4,305,729)	(270,393)	254,794	(4,321,328)
<b>Net Capital Assets</b>	<b>\$ 9,259,586</b>	<b>\$ (240,363)</b>	<b>\$ (10,150)</b>	<b>\$ 9,009,073</b>
	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
<b>Nondepreciable</b>				
Water rights	\$ 616,571	\$ -	\$ -	\$ 616,571
Construction in progress	13,755	-	(13,755)	-
<b>Total Nondepreciable</b>	<b>630,326</b>	<b>-</b>	<b>(13,755)</b>	<b>616,571</b>
<b>Depreciable</b>				
Reservoir	5,284,824	-	-	5,284,824
Water systems	7,077,053	100,441	-	7,177,494
Firehouse	137,437	5,752	-	143,189
Equipment	121,074	-	-	121,074
Transportation	191,115	-	-	191,115
Office equipment	31,048	-	-	31,048
<b>Total Depreciable</b>	<b>12,842,551</b>	<b>106,193</b>	<b>-</b>	<b>12,948,744</b>
<b>TOTAL</b>	<b>13,472,877</b>	<b>106,193</b>	<b>(13,755)</b>	<b>13,565,315</b>
Less Accumulated Depreciation	(4,036,445)	(269,284)	-	(4,305,729)
<b>Net Capital Assets</b>	<b>\$ 9,436,432</b>	<b>\$ (163,091)</b>	<b>\$ (13,755)</b>	<b>\$ 9,259,586</b>

**Pine Brook Water District  
Notes to Financial Statements (Continued)  
December 31, 2022 and 2021**

**Note 5 Long-term Debt**

The District's long-term debt is as follows:

On May 23, 2008, the District issued an Enterprise Revenue Note Series 2008 in the amount of \$685,039. The note is a limited and special obligation of the District payable from all legally available revenues of the District from operations. The note is a twenty year obligation, which accrues interest at 4.65%, and is payable annually in the amount of \$52,000 principal and interest beginning November 1, 2008.

On December 5, 2013 the District issued a general obligation bond in the amount of \$4,140,000. The proceeds of the bonds were used for refunding of the 2004 series general obligation bonds. The interest rate on the bonds is 2.99% and the final bond payment is due August 1, 2029. The District is authorized to collect up to \$420,000 annually for the purpose of paying the costs of the District debt issued for the bonds. The mill levy shall be increased in any year without limitation as to rate, but only in an amount sufficient to pay the principal and interest of such debt.

Changes in Long-term Debt during 2022 and 2021 were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Due Within One Year
2008 revenue note	\$ 267,396	\$ -	\$ 39,566	\$ 227,830	\$ 41,406
2013 Series Bond	2,289,690	-	257,582	2,032,108	265,284
Total Long-term Debt	<u>\$ 2,557,086</u>	<u>\$ -</u>	<u>\$ 297,148</u>	<u>\$ 2,259,938</u>	<u>\$ 306,690</u>

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due Within One Year
2008 revenue note	\$ 305,204	\$ -	\$ 37,808	\$ 267,396	\$ 39,566
2013 Series Bond	2,539,794	-	250,104	2,289,690	257,582
Total Long-term Debt	<u>\$ 2,844,998</u>	<u>\$ -</u>	<u>\$ 287,912</u>	<u>\$ 2,557,086</u>	<u>\$ 297,148</u>

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2023	\$ 306,690	\$ 71,354	\$ 378,044
2024	316,547	61,497	378,044
2025	326,731	51,313	378,044
2026	326,731	51,313	378,044
2027	348,124	29,920	378,044
2028-2029	<u>635,115</u>	<u>28,123</u>	<u>663,238</u>
Total	<u>\$ 2,259,938</u>	<u>\$ 293,520</u>	<u>\$ 2,553,458</u>

**Pine Brook Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022 and 2021**

**Note 6 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

**Note 7 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 disaster. The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 8 Reclassifications**

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

**Pine Brook Water District**  
**Budgetary Comparison Schedule - Non GAAP Basis**  
**For the Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Prior year budgeted funds available for use</b>	\$ 552,447	\$ 570,073	\$ 17,626
<b>Revenues</b>			
Water sales	807,500	\$ 809,708	\$ 2,208
Property taxes	331,000	330,860	(140)
Specific ownership taxes	16,000	13,793	(2,207)
Investment income	130	704	574
Gain on sales of assets	-	(10,150)	(10,150)
Miscellaneous income	1,750	3,654	1,904
<b>Total Revenues</b>	<u>1,156,380</u>	<u>1,148,569</u>	<u>(7,811)</u>
<b>Total Funds Available</b>	<u>1,708,827</u>	<u>1,718,642</u>	<u>9,815</u>
<b>Expenses</b>			
Employee and benefit expenses	348,098	347,511	587
Water operating expenses	217,500	232,953	(15,453)
General and administrative	77,700	74,767	2,933
County treasurer fees	-	4,948	(4,948)
Debt Service and related expenditures	383,084	378,064	5,020
Capital expenditures	1,330,000	30,030	1,299,970
Reserves	281,445	-	281,445
<b>Total Expenses</b>	<u>2,637,827</u>	<u>1,068,273</u>	<u>\$ 1,569,554</u>
<b>Revenues Over (Under) Expenditures - Budgetary Basis</b>	<u>\$ (929,000)</u>	650,369	
Less prior year funds available		(570,073)	
<b>Change in Net Position - Budgetary Basis</b>		80,296	
Changes due to accrual basis of accounting		(11,408)	
Loss on disposal of assets		10,150	
<b>Change in cash</b>		<u>79,038</u>	
<b>Ending Cash</b>		<u>\$ 649,111</u>	
<b>Reconciliation of income GAAP basis to Budgetary basis</b>			
<b>Net Income (Loss) Budgetary Basis</b>		80,296	
Depreciation and amortization		(270,393)	
Principal payments		297,148	
Capital outlay		30,030	
<b>Net Income GAAP Basis</b>		<u>\$ 137,081</u>	