

AUDITED FINANCIAL STATEMENTS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
WESTCLIFFE, COLORADO
December 31, 2022 and 2021

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Independent Auditor's Report

July 28, 2023

Board of Directors
Round Mountain Water and Sanitation District
Westcliffe, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Round Mountain Water and Sanitation District (the 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 District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through viii 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.

Board of Directors
Round Mountain Water and Sanitation District

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 supplementary 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. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Garrett Rose + W. Nardo, Inc.

Management's Discussion and Analysis

MANAGEMENT’S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020

The intent of the management’s discussion and analysis is to provide highlights of the Round Mountain Water and Sanitation District’s financial activities and performance for the fiscal year ended December 31, 2022. Readers are encouraged to examine the information presented here in conjunction with the accompanying financial statements.

SERVICES AND ACTIVITIES

The Round Mountain Water and Sanitation District is a “Colorado Special District”, being a unit of local government and political subdivision organized and acting pursuant to the provisions of Title 32, Colorado Revised Statutes. The District functions as an “Enterprise”, a government-owned business utility providing water and wastewater services to most of the developed areas within the Towns of Westcliffe and Silver Cliff, Colorado. The District operates under the jurisdiction and control of a local Board of Directors whose five members are elected by the voters of the District.

The District’s water activities include the acquisition, production (pumping), treatment, storage, delivery, and sale of water. The District’s sewer activities include the collection, transmission, treatment, and disposal of wastewater. The District serves only its own customers, and neither sells to nor purchases from any other public water or wastewater service provider.

FINANCIAL POLICIES, CONTROLS, AND ACCOUNTING

The financial policies and controls of the District include an internal annual budget in accordance with the Colorado Local Government Budget Law, an accounting system in adherence to the Colorado Local Government Uniform Accounting Law reflecting the guidelines and practices recommended in the Colorado Financial Management Manual, and an external audit of its financial statements in compliance with the Colorado Local Government Audit Law. The Board has the exclusive right to determine its own rates and charges for services provided.

The District utilizes the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) for governmental agencies. Under such method, revenues are recognized when they are earned. Expenses are recognized as they are incurred. The transactions of the District are all reflected in one fund, namely a proprietary fund, for accounting purposes. A proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs, including amortization and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements.

The District’s financial statements included in this annual report are those of a special purpose government engaged only in a business-type activity. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The following basic financial statements are included:

- The **statement of net position** presents the financial position of the District. It presents information on the District’s assets, deferred outflows, liabilities, and deferred inflows with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The **statement of revenues, expenses and changes in net position** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. – earned, but unused, vacation leave). The statement reports the District's operating and non-operating revenue by source along with operating and non-operating expenses and capital contributions.
- The **statement of cash flows** reports the District's cash flows from operating activities, investing, capital and non-capital activities.
- The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

In addition to the basic financial statements and accompanying notes, the basic report also presents certain **supplementary information** concerning the District's budgetary comparisons. The District provides much of this supplementary information at the request, and for the benefit, of the registered owners of the District's revenue bonds, and of the bank/lessor of property under lease/purchase by the District.

Statement of Net Position

	2022	2021	2020
Assets			
Current assets	\$ 2,607,235	\$ 1,774,160	\$ 573,706
Noncurrent assets	341,553	1,429,250	-
Capital assets, net of accumulated depreciation	5,256,621	5,264,601	4,259,160
Total Assets	<u>\$ 8,205,409</u>	<u>\$ 8,468,011</u>	<u>\$ 4,832,866</u>
Liabilities			
Current liabilities	\$ 116,614	\$ 1,611,601	\$ 311,232
Noncurrent liabilities	1,604,142	2,110,148	535,385
Total Liabilities	<u>\$ 1,720,756</u>	<u>\$ 3,721,749</u>	<u>\$ 846,617</u>
Deferred Inflows of Resources	<u>\$ 52,869</u>	<u>\$ 52,521</u>	<u>\$ 48,037</u>
Net Position			
Capital assets, net of related debt	\$ 3,946,795	\$ 3,849,049	\$ 3,589,723
Restricted for emergency	45,400	35,800	36,900
Unrestricted	2,439,589	808,892	311,589
Total Net Position	<u>\$ 6,431,784</u>	<u>\$ 4,693,741</u>	<u>\$ 3,938,212</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020**

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues			
Operating revenues:			
Water sales	\$ 507,611	\$ 446,888	\$ 437,118
Sewer charges	528,368	475,769	440,217
Tap connection fees – water	4,900	1,600	23,600
Tap connection fees – sewer	1,500	600	13,600
Other (rents, penalties, misc. charges)	60,125	32,068	14,546
Non-operating revenues:			
General property tax	52,436	47,690	46,893
Specific ownership tax	7,463	7,569	6,853
Gain (loss) on disposal of assets	824,720	6,304	-
State/federal grants	1,275	468	-
Interest income	3,636	928	585
Total Revenues	<u>1,992,034</u>	<u>1,019,884</u>	<u>983,412</u>
Expenses			
Operating expenses:			
Water operations	252,240	222,005	233,697
Sewer operations	146,176	112,131	123,915
Admin & general	374,008	351,208	281,267
Water system depreciation	176,136	110,062	110,342
Sewer system depreciation	51,294	52,534	51,282
Admin & general depreciation	24,138	25,775	20,018
Non-operating expenses:			
County Treasurer's collection fees	2,643	2,388	2,336
Interest expense	35,654	31,595	41,859
Total expenses	<u>1,062,289</u>	<u>907,698</u>	<u>864,716</u>
Income (loss) before contributions	929,745	112,186	118,696
Capital contributions, net of rebates	337,300	126,601	199,500
Capital grants	470,998	516,742	52,388
Change in net income	<u>1,738,043</u>	<u>755,529</u>	<u>370,584</u>
Net position -- beginning of year	<u>4,693,741</u>	<u>3,938,212</u>	<u>3,567,628</u>
Net position -- end of year	<u>\$ 6,431,784</u>	<u>\$ 4,693,741</u>	<u>\$ 3,938,212</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020

Actual vs. Budget

	<u>Actual on Budgetary Basis</u>	<u>Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Water revenue	\$ 507,611	\$ 499,000	\$ 8,611
Sewage revenue	528,368	544,451	(16,083)
Connection charges	6,400	800	5,600
System Development Fees:			
Plant investment charges	337,300	11,000	326,300
Interest income	3,636	550	3,086
Property and SO tax collections	59,899	58,020	1,879
Grant income	472,273	1,151,250	(678,977)
Proceeds from sale of capital assets	1,383,460	1,300,000	83,460
Other income	60,125	4,700	55,425
TOTAL REVENUES	<u>3,359,072</u>	<u>3,569,771</u>	<u>(210,699)</u>
EXPENDITURES			
Water system	251,110	291,944	40,834
Sewage system	145,454	194,196	48,742
Administration	372,821	389,001	16,180
Treasurer's collection fees	2,643	2,500	(143)
Interest expense	35,654	31,568	(4,086)
Principal payments - notes, bonds & finance lease	560,161	35,889	(524,272)
Capital outlay	815,522	2,503,250	1,687,728
TOTAL EXPENDITURES	<u>2,183,365</u>	<u>3,448,348</u>	<u>1,264,983</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES (BUDGETARY BASIS)	<u>\$ 1,175,707</u>	<u>\$ 121,423</u>	<u>\$ 1,054,284</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 ROUND MOUNTAIN WATER AND SANITATION DISTRICT
 For the Years Ended December 31, 2022, 2021 and 2020**

HIGHLIGHTS OF THE STATEMENT OF NET POSITION

Current assets (\$2,607,235 in 2022) consist of cash, accounts receivable, grants receivable, property tax receivable, supply inventory, and prepaid insurance. This figure is \$833,075 more than in 2021. The increase in current assets is mostly due to more cash reserves, accounts receivable and inventories as compared to the prior year.

The **capital assets** (net of accumulated depreciation) figure consists of the District's land, easements, water rights and raw water storage space, along with the depreciated value of its buildings, wells, pump and lift stations, water transmission and distribution system, sewer collection and transmission system, storage tanks (for potable water), water and sewer treatment plants, machinery and equipment and right to use lease. The decrease from 2021 to 2022 is \$(7,980) – being the 2022 net capital improvements of \$133,768 less the 2022 depreciation expense of \$128,553.

Capital projects and improvements during 2022 consisted of the following:

• Water wells, pumping and treatment improvements	\$ 94,313
• Water transmission and distribution	\$ 652,046
• Sewer collection and transmission	\$ 13,163
• Sewer treatment plant	\$ -
• Machinery, equipment, office equipment	\$ 56,000

Current liabilities include accounts payable, accrued payroll taxes and withholding, accrued interest and current maturities of long-term obligations.

The \$1,494,987 decrease in current liabilities is primarily due to the decrease in current accounts payable and the current maturities of District's long-term obligations as the finance lease was paid off in 2022 with the sale of the Johnson Place ranch (see note 9, page 16 of the footnotes).

Noncurrent liabilities (\$1,604,142) at 12-31-2022 are as follows:

- \$312,200 customer deposits for tap fees paid but not yet installed and \$33,202 warranty development deposits (see note 8, page 15 of the footnotes).
- \$1,244,474 balance payable (net of \$65,352 current maturities) on long-term obligations (see note 9, pages 15-17 of the footnotes).

Overall, noncurrent liabilities decreased \$506,006 from 2021 to 2022. This is mostly due to customer deposits and payoff of the obligation for the Johnson Ranch which was sold in 2022.

The District's **total net position** at the close of the 2022 fiscal year was \$6,431,784, an increase of \$1,738,043. Of this amount, \$2,439,589 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors. The capital assets themselves are needed to provide services and are not available for future spending or for liquidating liabilities.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020**

HIGHLIGHTS OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The revenue and expense portions of this statement basically represent the usual and ordinary financial activities of the District. Capital contributions (tap fees, developer grants, etc.) are much more variable from year to year.

Revenues – While some revenue accounts showed increases from 2021 to 2022, others showed decreases. The following are partial, but significant features of the overall \$145,579 increase in combined operating revenue:

• Water charges	\$ 60,723
• Sewer charges	\$ 52,599
• Tap connection fees	\$ 4,200
• Other operating income	\$ 28,057

Expenses – Combined operating expenses increased by \$150,277 from 2021 to 2022. Significant variances between the two years were within the expenses related to operating supplies, purchased services, repairs and maintenance, office supplies, utilities, and salaries and wages, and related payroll expenses.

Capital Contributions – Consisted of the following and are self-explanatory.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
System development / plant investment fees (80% of each tap fee, less rebates to developers)	\$ 337,300	\$ 126,601	\$ 199,500
Facilities built by developers and turned over to the District for operation and maintenance or capital grants from federal or state sources were used to further develop the system.	\$ 470,998	\$ 516,742	\$ 52,388

Capital contributions, particularly the plant investment portions of the tap fees, are historically used for capital projects, not operations and maintenance. The reverse is generally true for service charges although, in recent years, service fees have been used to subsidize growth-related capital improvements.

THE BUDGET

As required by law, the District formally adopts an operating budget and appropriating resolution each year. The District also uses formal budget accounting, which differs in some respects from GAAP accounting, as a management control for its “enterprise” operations. The reader will find a description of the differences between the two reporting methods in the **Notes to Financial Statements** of the basic report. The reader will also find on the basic report the reconciliation from the budgetary to the GAAP basis of accounting.

By using the financial figures “as adjusted to the budgetary basis,” a comparison can be made between the actual revenue and expense and the budgeted revenue and expense for a particular year. That comparison is found on page iv. The following is an overview highlighting the differences between actual and budget.

HIGHLIGHTS OF THE ACTUAL VS. BUDGET

Water and sewer revenues were \$7,472 under budget.

Tap connection charges and system development fees/capital contributions (the plant investment portion of the tap fee, and capital grants by developers) were over budget by a combined \$331,900. The District had to institute a moratorium on new tap sale during 2022. **Capital expenditures** were under budget by \$1,687,728.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020**

HIGHLIGHTS OF THE ACTUAL VS. BUDGET (Continued)

Earnings on deposits and investments were \$3,086 over budget, a result of minimal changes in interest rates.

Water and sewer system expenses were under budget by \$89,576. Administration costs were under budget by \$16,180.

The actual vs. budget accounting reflects a favorable \$1,054,284 excess of revenue over expenditures. Total expenditures were under the \$3,448,348 budget appropriation by \$1,264,983.

OTHER FINANCIAL HIGHLIGHTS

Tap fees include both a connection charge and a plant investment fee. These were increased 12.5% January 1, 2006. Effective in 2020, connection charges are no longer included in the tap fee and are charged as an additional service. Tap fees, the only revenue taken in specifically for capital improvements, are still not sufficient for that purpose as growth continues to be subsidized by established customers and taxpayers. **Service charges** were also increased by 4.0% in 2006.

The 2009 property tax levy was 2.499 mills applied to a 2008 assessed valuation of \$17,009,940.

The 2010 property tax levy was 2.499 mills applied to a 2009 assessed valuation of \$17,989,670.

The 2011 property tax levy was 2.499 mills applied to a 2010 assessed valuation of \$17,655,120.

The 2012 property tax levy was 2.499 mills applied to a 2011 assessed valuation of \$17,631,320.

The 2013 property tax levy was 2.499 mills applied to a 2012 assessed valuation of \$17,418,010.

The 2014 property tax levy was 2.499 mills applied to a 2013 assessed valuation of \$17,743,940.

The 2015 property tax levy was 2.672 mills applied to a 2014 assessed valuation of \$17,560,290

The 2016 property tax levy was 2.499 mills applied to a 2015 assessed valuation of \$17,567,430

*A temporary tax credit of .2 mills will be applied to correct error in 2014.

The 2017 property tax levy was 2.499 mills applied to a 2016 assessed valuation of \$17,563,950

The 2018 property tax levy was 2.499 mills applied to a 2017 assessed valuation of \$17,101,510

The 2019 property tax levy was 2.499 mills applied to a 2018 assessed valuation of \$17,122,780

The 2020 property tax levy was 2.499 mills applied to a 2019 assessed valuation of \$18,698,440

The 2021 property tax levy was 2.499 mills applied to a 2020 assessed valuation of \$19,222,580

The 2022 property tax levy was 2.499 mills applied to a 2021 assessed valuation of \$21,016,695

The 2023 property tax levy will be 2.499 mills applied to a 2022 assessed valuation of \$21,156,167

WHAT'S IN THE FUTURE?

The District has completed an intensive rate and fee study and has implemented the necessary operational and fee structure changes needed to operate in a fiscally prudent manner. The District has significant challenges and opportunities as we navigate the future.

Water Enterprise Projects:

The District has teamed up with the engineering firm, Iconergy, to address the need to replace aging water meters throughout the distribution system and to upgrade a failing municipal well. This project plans to produce a net neutral cost to the District as additional income captured from currently unmetered water along with grant money will pay for the finances necessary to complete the project. This project began in May of 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the Years Ended December 31, 2022, 2021 and 2020**

WHAT'S IN THE FUTURE? (Continued)

The District has partnered with the Upper Arkansas River Conservancy District on the construction of an additional water storage reservoir to be used to store the District's augmentation water. The District acquired a grant to pay for the feasibility and preliminary engineering studies that commenced at the start of 2021.

The District is participating with multiple partners in a feasibility study to raise the height and storage capacity of the DeWeese Reservoir. Due to the requirement to build our own reservoir to properly operate our augmentation plan, the District withdrew as a stakeholder in this project.

The collection of monitoring well data has been completed and final dry-up negotiations with the Department of Natural Resources took place during the summer of 2021. In October 2022, the Johnson Ranch property was sold, and the proceeds will go towards financing the new reservoir.

The District's undersized and aging water distribution system will need major upsizing and upgrades in the near future. The District also needs an additional 500,000-gallon finished water storage tank to address current and future water supply demands. The projected cost for these upgrades is around \$15,000,000.

Wastewater Enterprise:

The Colorado Department of Public Health and Environment has approved the District's Site Application and Process Design Report for the upgrade of the wastewater treatment plant. However, due to stringent effluent limits imposed on the District, the project cost has recently more than doubled the original projection of \$6 million. \$14 million is far outside the scope of the District's ability to pay without significant State or Federal intervention. The District is aggressively pursuing CDPHE acceptance of an alternative wastewater treatment method that will cost 1/3rd the price of existing solutions. The District established a moratorium on the sale of water and sewer taps as of January 1, 2022, as a solution to limit wastewater discharge to the overloaded treatment system until it is replaced.

REQUESTS FOR INFORMATION

If you have questions, please contact the District Manager, Round Mountain Water and Sanitation District, P. O. Box 86; Westcliffe, Colorado 81252-0086.

Basic Financial Statements

STATEMENTS OF NET POSITION
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and equivalents	\$ 2,327,743	\$ 1,311,904
Receivables		
Accounts receivable	73,291	62,107
Grant	33,834	288,520
Property tax	57,328	52,521
Inventories	84,056	51,724
Prepaid expenses	30,983	7,384
Total Current Assets	<u>2,607,235</u>	<u>1,774,160</u>
Noncurrent Assets		
Escrow - debt proceeds	341,553	1,429,250
Capital assets		
Non-depreciable	1,002,024	1,560,764
Depreciable - net	4,254,597	3,703,837
Total Noncurrent Assets	<u>5,598,174</u>	<u>6,693,851</u>
Total Assets	<u>\$ 8,205,409</u>	<u>\$ 8,468,011</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 51,262	\$ 1,038,246
Long-term obligations - due within one year	65,352	573,355
Total Current Liabilities	<u>116,614</u>	<u>1,611,601</u>
Noncurrent Liabilities		
Customer deposits	312,200	722,500
Warranty development deposits	33,202	66,386
Accrued compensated absences	14,266	11,436
Long-term obligations - due in more than one year	1,244,474	1,309,826
Total Noncurrent Liabilities	<u>1,604,142</u>	<u>2,110,148</u>
Total Liabilities	<u>1,720,756</u>	<u>3,721,749</u>
Deferred Inflows of Resources		
Unavailable revenue - property tax	52,869	52,521
Net Position		
Invested in capital assets, net of related debt	3,946,795	3,849,049
Restricted for emergency	45,400	35,800
Unrestricted	2,439,589	808,892
Total Net Position	<u>\$ 6,431,784</u>	<u>\$ 4,693,741</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

ROUND MOUNTAIN WATER AND SANITATION DISTRICT

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Water charges	\$ 507,611	\$ 446,888
Sewage charges	528,368	475,769
Tap connection fees	6,400	2,200
Other operating income	<u>60,125</u>	<u>32,068</u>
Total Operating Revenues	<u>1,102,504</u>	<u>956,925</u>
Operating Expenses		
Water operating expenses		
Source of supply	155,317	155,436
Water treatment	60,376	43,724
Transmission and distribution	212,683	132,907
Sewage operating expenses		
Collection and transmission	103,824	88,716
Sewage treatment	93,646	75,949
Administrative and general	<u>398,146</u>	<u>376,983</u>
Total Operating Expenses	<u>1,023,992</u>	<u>873,715</u>
Net Operating Income (Loss)	<u>78,512</u>	<u>83,210</u>
Nonoperating Revenue (Expenses)		
General property tax	52,436	47,690
Specific ownership tax	7,463	7,569
Federal and state grants	1,275	468
Gain on sale of assets	824,720	6,304
Interest income	3,636	928
Interest expense	(35,654)	(31,595)
Treasurer's collection fees	<u>(2,643)</u>	<u>(2,388)</u>
Total Nonoperating Revenues (Expenses)	<u>851,233</u>	<u>28,976</u>
Income (Loss) Before Capital Contributions	<u>929,745</u>	<u>112,186</u>
Capital Contributions		
System development fees	337,300	126,601
Capital grants	<u>470,998</u>	<u>516,742</u>
Total Capital Contributions	<u>808,298</u>	<u>643,343</u>
Net Income (Loss)	1,738,043	755,529
Total Net Position - Beginning	<u>4,693,741</u>	<u>3,938,212</u>
Total Net Position - Ending	<u>\$ 6,431,784</u>	<u>\$ 4,693,741</u>

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

STATEMENTS OF CASH FLOWS
ROUND MOUNTAIN WATER AND SANITATION DISTRICT
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,091,320	\$ 959,522
Cash payments to suppliers for goods and services	(431,298)	(336,698)
Cash payments to employees for services	<u>(367,379)</u>	<u>(318,902)</u>
Net Cash Provided by Operating Activities	<u>292,643</u>	<u>303,922</u>
Cash Flows From Noncapital Financing Activities		
Cash received from property tax	55,440	55,259
Cash paid for treasurer's fees	<u>(2,643)</u>	<u>(2,388)</u>
Net Cash Provided by Noncapital Financing Activities	<u>52,797</u>	<u>52,871</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,830,839)	(421,213)
Proceeds from state and federal grants	599,509	228,690
Proceeds from sale of assets	1,383,460	210,761
Proceeds from loans	-	1,429,250
Escrow restricted to capital purchases	1,087,697	(1,429,250)
Customer deposits	(100,300)	722,500
Warranty development deposits	(33,184)	(30,495)
Principal paid on long-term obligations	(432,711)	(230,941)
Interest paid on debt	(34,169)	(32,570)
System development fees collected	<u>27,300</u>	<u>126,601</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>666,763</u>	<u>573,333</u>
Cash Flows From Investing Activities		
Interest income	<u>3,636</u>	<u>928</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,015,839	931,054
Cash and Cash Equivalents - Beginning	<u>1,311,904</u>	<u>380,850</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,327,743</u>	<u>\$ 1,311,904</u>
Supplemental Disclosures of Non-Cash Capital and Related Financing Information		
Taps installed from customer deposits	\$ 310,000	\$ -
State revolving fund loan - forgiven by CWR and PDA	\$ 127,450	\$ -

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

STATEMENTS OF CASH FLOWS (Continued)
 ROUND MOUNTAIN WATER AND SANITATION DISTRICT
 For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income (loss)	\$ 78,512	\$ 83,210
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	251,568	188,371
(Increase) decrease in:		
Accounts receivable	(11,184)	2,597
Inventory	(32,332)	4,773
Prepaid expense	(23,599)	16,234
Increase (decrease) in:		
Accounts payable and accrued expenses	26,848	8,698
Compensated absences	<u>2,830</u>	<u>39</u>
Net Cash Provided by Operations	<u>\$ 292,643</u>	<u>\$ 303,922</u>

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

