

**THUNDERBIRD WATER & SANITATION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023 AND 2022**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thunderbird Water and Sanitation District

Opinions

We have audited the accompanying financial statements of Thunderbird Water and Sanitation District as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Thunderbird Water and Sanitation 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 Thunderbird Water and Sanitation District as of December 31, 2023 and 2022, 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 Thunderbird Water and Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Thunderbird Water and Sanitation 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 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.

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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 Thunderbird Water and Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thunderbird Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 Thunderbird Water and Sanitation 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.



Fort Collins Colorado
July 11, 2024

Management's Discussion and Analysis

Thunderbird Water & Sanitation District Management's Discussion and Analysis

Introduction

The Thunderbird Water & Sanitation District's management discussion and analysis is intended to provide 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.

Because this discussion and analysis is intended to focus on the 2023 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 6.

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 6 through 15. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 16 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 its 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 a status quo.

The **Statement of Revenue, Expenses, and Changes in Net Position** provides information about the components – Operating Revenue, Operating Expenses, Nonoperating Revenue and Expenses, and Capital Contributions – 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, financing, 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** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents	\$ 398,779	\$ 413,357	\$ 433,884
Other current assets	3,736,444	83,204	125,096
	<u>4,135,223</u>	<u>496,561</u>	<u>558,980</u>
Non Current Assets			
Capital assets – net	1,362,460	1,289,959	1,259,005
Total Assets	<u>5,497,683</u>	<u>1,786,520</u>	<u>1,817,985</u>
Current Liabilities	134,096	33,731	48,230
Long Term Liabilities	3,812,045	248,666	297,876
Total Liabilities	<u>3,946,141</u>	<u>282,397</u>	<u>346,106</u>
Deferred Inflows of Resources	<u>283,610</u>	<u>54,966</u>	<u>78,179</u>
Net Position			
Net investment in capital assets	1,160,664	1,028,475	961,129
Restricted	3,595,119	27,747	27,709
Unrestricted	(3,487,851)	392,935	404,862
Total Net Position	<u>\$ 1,267,932</u>	<u>\$ 1,449,157</u>	<u>\$ 1,393,700</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 111,867	\$ 138,929	\$ 146,611
Operating Expenses	240,751	155,786	220,445
Operating Income (Loss)	<u>(128,884)</u>	<u>(16,857)</u>	<u>(73,834)</u>
Non Operating Revenues (Expenses)	<u>(52,341)</u>	72,314	88,710
Change in Net Position	<u>(181,225)</u>	55,457	14,876
Net Position, Beginning of Year	1,449,157	1,393,700	1,378,824
Net Position, End of Year	<u>\$ 1,267,932</u>	<u>\$ 1,449,157</u>	<u>\$ 1,393,700</u>

Statement of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash from (for) Operating Activities	\$ (61,786)	\$ 9,544	\$ (16,523)
Cash from (for) Non Capital Financing Activities	59,238	84,249	101,525
Cash from (for) Capital and Related Financing Activities	3,327,961	(114,746)	(73,778)
Cash from (for) Investing Activities	(3,339,991)	426	218
Increase (Decrease)	<u>(14,578)</u>	<u>(20,527)</u>	11,442
Cash and Cash Equivalents, Beginning of Year	413,357	433,884	422,442
Cash and Cash Equivalents, End of Year	<u>\$ 398,779</u>	<u>\$ 413,357</u>	<u>\$ 433,884</u>

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 6.

Analysis of Financial Position and Operating Results

Net Position decreased from \$1,449,157 in 2022 to \$1,267,932 in 2023, a difference of \$181,225 due to lower water charges and replacement of water meters. For 2023 the District has a net asset reserve for emergencies established by the Board of Directors in the amount of \$1,802. Net capital assets increased \$72,501 in 2023.

The District's Liabilities at December 31, 2023 increased \$3,663,744 from those at December 31, 2022. This decrease was primarily related to the issuance of long-term debt and timing of payments. The District's 2023 operating revenues decreased from 2022.

The District's operating expenses increased in 2023. As a result, the operating loss for the year was \$(128,884). The increase in operating expenses was related to the replacement of water meters. Net 2023 non-operating revenues were (\$52,341).

Cash Flows

Cash and cash equivalents for 2023 decreased \$14,578. Cash and cash equivalents represent approximately 7% of the District's total assets at December 31, 2023. For more information about these changes in Net Position, the operating activities, and cash flows see the accompanying audited financial statements beginning on page 6.

Budgetary Discussion

Actual revenues were \$386,758 more than the 2023 budget relating primarily to proceeds from bonds that were not issued. Actual expenditures were \$2,947,697 less than budgeted relating primarily to lower than expected capital outlay.

Capital Asset and Long-Term Debt Discussion

The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements – *Summary of Significant Accounting Policies – Capital Assets* and Note 4 of Notes to Financial Statements – Capital Assets. The District has various activities in process relating primarily to drilling and connecting of two wells. The District issued \$3,500,000 in general obligation bonds during the year. The only remaining activity in long term debt for the year was the scheduled repayment of debt.

Requests for information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Barry Gager, Treasurer, Thunderbird Water & Sanitation District, P.O. Box 157, Sedalia, CO 80135.

Basic Financial Statements

Thunderbird Water & Sanitation District
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 398,779	\$ 413,357
Investments	3,428,804	-
Accounts receivable	20,190	24,398
Prepaid expenses	3,840	3,840
Property taxes receivable	283,610	54,966
Total Current Assets	4,135,223	496,561
Noncurrent Assets		
Capital Assets		
Nondepreciable	724,630	656,389
Depreciable	1,447,765	1,410,714
Total Capital Assets	2,172,395	2,067,103
Less: Accumulated depreciation	(809,935)	(777,144)
Net Capital Assets	1,362,460	1,289,959
Total Assets	\$ 5,497,683	\$ 1,786,520
Liabilities		
Current Liabilities		
Accounts payable	\$ 48,941	\$ 18,842
Accrued interest	14,979	2,071
Long-term debt, current portion	70,177	12,818
Total Current Liabilities	134,097	33,731
Noncurrent Liabilities		
Long-term debt	3,812,044	248,666
Total Long Term Liabilities	3,812,044	248,666
Total Liabilities	3,946,141	282,397
Deferred Inflows of Resources		
Deferred property taxes	283,610	54,966
Total Deferred Inflows of Resources	283,610	54,966
Net Position		
Net Investment in capital assets	1,160,664	1,028,475
Restricted for emergencies	1,802	2,563
Restricted for capital projects	3,568,040	-
Restricted for debt service	25,277	25,251
Unrestricted	(3,487,851)	392,868
Total Net Position	1,267,932	1,449,157
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,497,683	\$ 1,786,520

The accompanying notes are an integral part of these financial statements

Thunderbird Water & Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for services	\$ 110,667	\$ 137,729
System development charges	1,200	1,200
Total Operating Revenues	111,867	138,929
 Operating Expenses		
Repairs and maintenance	112,676	39,608
Professional fees	29,905	28,855
Insurance	5,718	5,007
Meter readings	11,000	6,000
Other	14,134	7,761
Utilities	28,726	29,386
Operating supplies	5,801	4,130
Depreciation expense	32,791	35,039
Total Operating Expenses	240,751	155,786
Operating Profit (Loss)	(128,884)	(16,857)
 Nonoperating Revenues (Expenses)		
Property taxes - operations	30,679	29,382
Property taxes - debt service	24,287	49,105
Specific ownership taxes	5,097	6,941
Investment income	88,813	426
Bond issuance costs	(119,400)	-
County treasurer fees	(825)	(1,179)
Interest expense	(80,992)	(12,361)
Total Nonoperating Revenues (Expenses)	(52,341)	72,314
 Change in Net Position	(181,225)	55,457
 Net Position, beginning of year	1,449,157	1,393,700
 Net Position, end of year	\$ 1,267,932	\$ 1,449,157

The accompanying notes are an integral part of these financial statements

Thunderbird Water & Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 116,075	\$ 157,608
Cash paid to suppliers	(177,861)	(148,064)
Net cash provided (used) by operating activities	(61,786)	9,544
Cash Flows From Non-Capital Financing Activities		
Property taxes received	54,966	78,487
Specific ownership taxes received	5,097	6,941
County treasurer fees	(825)	(1,179)
Net cash provided (used) by non-capital financing activities	59,238	84,249
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(105,292)	(65,993)
Principal paid on loan	(12,818)	(36,392)
Proceeds from issuance of debt	3,636,281	-
Bond issuance costs	(119,400)	-
Interest paid on loan	(70,810)	(12,361)
Net cash provided (used) in capital and related financing activities	3,327,961	(114,746)
Cash Flows From Investing Activities		
Investment income received	88,813	426
Purchases of investments	(3,428,804)	-
Net cash provided (used) by investing activities	(3,339,991)	426
Net increase (decrease) in cash and cash equivalents	(14,578)	(20,527)
Cash and cash equivalents, beginning of year	413,357	433,884
Cash and cash equivalents, end of year	\$ 398,779	\$ 413,357
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (128,884)	\$ (16,857)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	32,791	35,039
Changes in assets and liabilities		
Accounts receivable	4,208	18,679
Accounts payable	30,099	(27,317)
Net Cash Provided (Used) by Operating Activities	\$ (61,786)	\$ 9,544

The accompanying notes are an integral part of these financial statements

Thunderbird Water and Sanitation District
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies

The Thunderbird Water & Sanitation District (District) is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sanitation services within its jurisdictional boundaries.

The financial statements of the 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 significant accounting policies are described below. The District does not have any employees and all positions are contracted.

Financial Reporting Entity

In accordance with governmental accounting standards, the 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. 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 Accounting

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 long-term debt is 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 sales and service of water. 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 establish 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.

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.

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

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, Plant and Equipment

The District records property, plant and equipment at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. The capitalization threshold for fixed assets is \$5,000. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. All assets are depreciated on a straight-line basis. The estimated useful lives are as follows:

Plant and distribution system	20-50 years
Equipment	3-5 years

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.

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.

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 long-term debt, that are attributable to the acquisition, construction, or improvement of those assets.

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

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 segments of net position that do not meet the definition of “restricted” or “net investment in capital assets.” These items are available for future operations or distributions.

Cash Equivalents

For purposes of the financial statements, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Deferred Inflows of Resources

Deferred property taxes – deferred property taxes include property taxes, which have been certified but not yet collected.

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, 2023, and 2022, the District’s cash deposits had a carrying balance of \$64,281 and \$245,373 and a corresponding bank balance \$94,316 and \$264,506, of which, \$94,316 and \$250,000 were insured by the Federal Deposit Insurance Corporation, respectively.

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. As of December 31, 2023, and 2022 the District had \$0 and \$14,506 collateralized under PDPA, respectively.

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.

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

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 does not have a deposit policy for custodial credit risk. As of December 31, 2023, and 2022, none of the District’s bank deposits were exposed to custodial credit risk.

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.

The District had \$334,498 and \$167,984 invested in a money market account (cash equivalent), \$19,960 and \$0 invested in a certificate of deposit (investments) and \$3,408,844 and \$0 invested in U.S. Treasury Bills (investments) at December 31, 2023 and 2022, respectively. All investments mature in less than one year. The UBS money market account and the certificate of deposit were not rated. A summary of cash and cash equivalents at December 31, 2023 and 2022 is as follows:

	2023	2022
Cash deposits	\$ 64,281	\$ 245,373
Money markets	334,498	167,984
Total cash and cash equivalents	\$ 398,779	\$ 413,357

Note 3 Accounts Receivable

Management has evaluated the collectability of accounts receivable and deemed that all receivables are collectible. Additionally, the District has the right to place a lien on the property for unpaid charges. Accounts receivable balance at December 31, 2023 and 2022, was comprised of the following:

	2023	2022
Charges for services	\$ 19,860	\$ 23,900
Taxes receivable	330	498
Less: Allowance for doubtful accounts	-	-
Total	\$ 20,190	\$ 24,398

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 4 Capital Assets

A summary of changes to capital assets for 2023 is as follows:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Business Type Activities:				
Nondepreciable				
Water rights	\$ 582,563	\$ -	\$ -	\$ 582,563
Easements	65,993	-	-	65,993
Construction in progress	7,833	68,241	-	76,074
Total Nondepreciable	<u>656,389</u>	<u>68,241</u>	<u>-</u>	<u>724,630</u>
Depreciable				
Plant and equipment	1,410,714	37,051	-	1,447,765
Total Depreciable	<u>1,410,714</u>	<u>37,051</u>	<u>-</u>	<u>1,447,765</u>
TOTAL	<u>2,067,103</u>	<u>105,292</u>	<u>-</u>	<u>2,172,395</u>
Less Accumulated Depreciation				
Plant and equipment	(777,144)	(32,791)	-	(809,935)
Total Accumulated Depreciation	<u>(777,144)</u>	<u>(32,791)</u>	<u>-</u>	<u>(809,935)</u>
Net Capital Assets	<u>\$ 1,289,959</u>	<u>\$ 72,501</u>	<u>\$ -</u>	<u>\$ 1,362,460</u>

Depreciation expense for the year ended December 31, 2023 was \$35,039.

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

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Business Type Activities:				
Nondepreciable				
Water rights	\$ 582,563	\$ -	\$ -	\$ 582,563
Easements	-	65,993	-	65,993
Construction in progress	7,833	-	-	7,833
Total Nondepreciable	<u>590,396</u>	<u>65,993</u>	<u>-</u>	<u>656,389</u>
Depreciable				
Plant and equipment	1,410,714	-	-	1,410,714
Total Depreciable	<u>1,410,714</u>	<u>-</u>	<u>-</u>	<u>1,410,714</u>
TOTAL	<u>2,001,110</u>	<u>65,993</u>	<u>-</u>	<u>2,067,103</u>
Less Accumulated Depreciation				
Plant and equipment	(742,105)	(35,039)	-	(777,144)
Total Accumulated Depreciation	<u>(742,105)</u>	<u>(35,039)</u>	<u>-</u>	<u>(777,144)</u>
Net Capital Assets	<u>\$ 1,259,005</u>	<u>\$ 30,954</u>	<u>\$ -</u>	<u>\$ 1,289,959</u>

Depreciation expense for the year ended December 31, 2022 was \$35,039.

Note 5 Long-term Debt

The Colorado Water Resources and Power Development Authority issued the District a revolving loan in 2002 for water system improvements. The loan is being amortized over 20 years with installments of \$12,411 are due semi-annually, including interest at 4.00% per annum. The loan was paid in full as of December 31, 2022.

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 5 Long-term Debt (Continued)

On July 18, 2023 the District issued general obligation bonds in the amount of \$3,500,000 for the construction of well #4. The loan is secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate in an amount sufficient to pay the principal of and interest on the Bonds when due. The interest on the bonds is variable from 4.75% - 5.25% with an effective yield of 3.50% to 4.80% throughout the life of the bonds. Interest on the bonds is payable semi-annually on June 1 and December 1 of each year. Principal payments are due annually on December 1 each year.

On September 8, 2011 the District entered into a general obligation promissory note with State of Colorado in an amount not to exceed \$318,150 for the purchase of water rights. The District completed drawing on the loan in 2017, at which time the amortization of the loan began over a period of 20 years through 2037 at a rate of 4.25%. The loan is secured by all pledged revenues of the District. The loan included \$6,220 of interest that was incurred and rolled into the final balance. A summary of changes in long-term debt for 2023 and 2022 are as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due Within One Year
2023 G.O. Bonds	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000	\$ 50,000
Premium on G.O. Bonds	-	136,281	(2,726)	133,555	6,814
2011 Loan St. of CO	261,484	-	(12,818)	248,666	13,363
Total Long-term Debt	\$ 261,484	\$ 3,636,281	\$ (15,544)	\$ 3,882,221	\$ 70,177

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due Within One Year
2002 Revolving fund loan	\$ 24,096	\$ -	\$ (24,096)	\$ -	\$ -
2011 Loan St. of CO	273,780	-	(12,296)	261,484	12,818
Total Long-term Debt	\$ 297,876	\$ -	\$ (36,392)	\$ 261,484	\$ 12,818

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2024	\$ 63,363	\$ 183,881	\$ 247,244
2025	68,931	180,813	249,744
2026	74,523	177,471	251,994
2027	75,140	173,854	248,994
2028	80,784	170,210	250,994
2029-2033	454,568	789,400	1,243,968
2034-2038	561,357	663,929	1,225,286
2039-2043	610,000	517,488	1,127,488
2044-2048	780,000	347,463	1,127,463
2049-2053	980,000	143,925	1,123,925
Total	\$ 3,748,666	\$ 3,348,434	\$ 7,097,100

Thunderbird Water & Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

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 and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

On November 2, 2010 the voters of the District approved the issuance of debt in the amount of \$875,000 to finance the purchase of ground water, ground water rights, water supply, water distribution and water facilities. The obligations shall not exceed a rate of 6.5% and shall have a maximum repayment cost of \$1,200,000. The voters have approved a property tax increase of \$80,000 per year to fund the repayment of these obligations.

On November 2, 2021 the voters of the District approved the issuance of debt in the amount of \$3,000,000 to finance the acquisition, construction and completion of water supply and distribution improvements and facilities including but not limited to, water wells, pump houses, pipelines and necessary land and easements. The obligations shall not exceed a rate of 5% per annum and shall have a maximum repayment cost of \$5,850,000. The voters have approved a property tax increase of up to \$250,000 per year to fund the repayment of these obligations.

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; and natural disaster. The District has taken steps to mitigate the risk of loss which includes carrying commercial liability insurance. Actual claims have not exceeded commercial coverage in any of the last three years.

Note 8 Restricted Net Position

The District has established an emergency reserve of \$1,802 and \$2,563, to comply with Article X, Section 20 of the Colorado Constitution and \$25,277 and \$25,251 related to the collection of property taxes for the payment of long-term debt as of December 31, 2023 and 2022, respectively. The District had \$3,568,040 and \$0 as of December 31, 2023 and 2022, respectively, restricted for capital projects relating to the issuance of the general obligation bonds.

Note 9 Reclassifications

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

Other Supplemental Information

Thunderbird Water & Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 140,000	\$ 110,667	\$ (29,333)
Interest earnings and FMV adjustments	2,500	88,813	86,313
Property taxes	54,966	54,966	-
Specific ownership taxes	12,000	5,097	(6,903)
System improvement fees	800	1,200	400
Debt proceeds	3,300,000	3,636,281	336,281
Total Revenues	<u>3,510,266</u>	<u>3,897,024</u>	<u>386,758</u>
Expenses			
Accounting	11,000	10,900	100
Director fees	6,400	4,700	1,700
Insurance	5,100	5,718	(618)
Legal, audit and other professional fees	10,000	19,005	(9,005)
Meter reading	6,600	11,000	(4,400)
Miscellaneous	3,500	9,434	(5,934)
Repairs & Maintenance	35,000	111,837	(76,837)
Supplies	6,000	5,801	199
Training	500	-	500
Utilities	33,000	28,726	4,274
Water test fees	2,750	839	1,911
County treasurer fees	1,203	825	378
Capital outlay	3,330,000	105,292	3,224,708
Bond issuance costs	-	119,400	(119,400)
Loan principal	12,818	12,818	-
Loan interest	11,113	80,992	(69,879)
Total Expenditures	<u>3,474,984</u>	<u>527,287</u>	<u>2,947,697</u>
Revenues over (under) Expenditures	<u>\$ 35,282</u>	<u>\$ 3,369,737</u>	<u>\$ 3,334,455</u>
Reconciliation to Net Income			
Add Capital Outlay		105,292	
Add Principal paid on loan		12,818	
Less debt proceeds		(3,636,281)	
Less Depreciation Expense		(32,791)	
Net Income		<u>\$ (181,225)</u>	

See the Independent Auditor's Report