



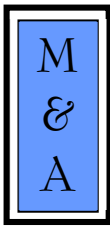
Grand Lake, Colorado

**Financial Statements
December 31, 2023**

**Three Lakes Water and Sanitation District
Financial Report
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Three Lakes Water and Sanitation District, Colorado
Grand Lake, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Three Lakes Water and Sanitation District, Colorado (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Three Lakes Water and Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Three Lakes Water and Sanitation District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Three Lakes Water and Sanitation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Three Lakes Water and Sanitation District
Grand Lake, Colorado

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP require the Management's Discussion and Analysis in section B 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 U.S. GAAS, 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Three Lakes Water and Sanitation District
Grand Lake, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 individual fund budgetary comparison information in section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Lakes Water and Sanitation District

Management's Discussion and Analysis

December 31, 2023

As management of the Three Lakes Water and Sanitation District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

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 basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences 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.

The Statement of Activities presents information showing how the government'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 (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District primarily include administration. The business-type activities of the District are the sewer services. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for each of its funds. Budgetary comparison schedules have been provided as supplementary information to the financial statements.

Proprietary fund: The District maintains an enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the sewer services provided by the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on page F1 of this report to demonstrate compliance with these budgets.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Financial Analysis of the District

Three Lakes Water and Sanitation District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	745,735	782,658	6,578,763	5,397,982	7,324,498	6,180,640
Capital and other assets	-	-	16,330,376	17,109,784	16,330,376	17,109,784
Total Assets	745,735	782,658	22,909,139	22,507,766	23,654,874	23,290,424
Liabilities & Deferred Inflows:						
Current liab & def inflows	274,638	258,376	364,399	348,486	639,037	606,862
Long-term liabilities	-	-	3,835,328	4,010,611	3,835,328	4,010,611
Total Liabilities & Def Inflows	274,638	258,376	4,199,727	4,359,097	4,474,365	4,617,473
Net Position:						
Net investment in capital assets	-	-	12,319,965	12,928,107	12,319,965	12,928,107
Restricted	10,000	10,000	-	-	10,000	10,000
Unrestricted	461,097	514,282	6,389,447	5,220,562	6,850,544	5,734,844
Total Net Position	471,097	524,282	18,709,412	18,148,669	19,180,509	18,672,951

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e. land, buildings, sewer lines, lift stations, treatment plant, vehicles and equipment). At the end of 2023, this accounted for 64% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Financial Analysis of the District (continued)

**Three Lakes Water and Sanitation District's
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	-	-	2,454,353	2,295,724	2,454,353	2,295,724
Capital grants & contributions	-	-	226,525	270,900	226,525	270,900
General revenues:						
Property taxes	257,283	254,542	-	-	257,283	254,542
Other taxes	16,504	16,077	-	-	16,504	16,077
Interest and other revenue	535	583	314,256	93,350	314,791	93,933
Total Revenues	274,322	271,202	2,995,134	2,659,974	3,269,456	2,931,176
Expenses:						
Sewer	-	-	2,434,391	2,345,355	2,434,391	2,345,355
General government	327,507	324,708	-	-	327,507	324,708
Total Expenses	327,507	324,708	2,434,391	2,345,355	2,761,898	2,670,063
Change in Net Position	(53,185)	(53,506)	560,743	314,619	507,558	261,113
Net Position - Beginning	524,282	577,788	18,148,669	17,834,050	18,672,951	18,411,838
Net Position - Ending	471,097	524,282	18,709,412	18,148,669	19,180,509	18,672,951

Governmental activities: Net position of the governmental activities decreased \$53,185 during 2023 after a decrease of \$53,506 during 2022. The District is using property taxes collected for administrative costs.

Business-type activities: Net position of the business-type activities increased \$560,743 during 2023 after an increase of \$314,619 during 2022.

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$471,097. Of this balance, \$10,000 is restricted for emergencies as required by TABOR, and the remaining \$461,097 is unassigned.

Proprietary funds: The District's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The enterprise fund operating revenues of \$2,454,353 exceeded operational expenses of \$2,338,225, resulting in an operating income of \$116,128. Interest income of \$314,256, operating payroll of \$412,027 and unused contingency caused a lesser deficiency in change of net position than budgeted.

As of the end of the current fiscal year, the District's enterprise fund reported an ending net position balance of \$18,709,412 which consisted of \$12,319,965 in net investment in capital assets and the remaining \$6,389,447 being unrestricted for use by the District in future years.

Budget variances: Variances in the general fund were mostly in line with budget and netted positively to \$35 primarily due to a decrease in specific ownership taxes than budgeted netted with overall savings in expenditures. The enterprise fund had mostly positive variances. These positive variances netted to \$977,797. The large overall positive variance was due largely to lower capital outlays, and a positive contingency budget. Details of the variances by fund can be seen on pages E1 through F2 of this report.

Capital assets: The District's total capital assets decreased by \$779,408 as a result of capital outlays less than depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements.

Long-term debts: During 2023 the District continued to make scheduled payments on its long-term debts. Details of the District's long-term obligations are contained in the Notes to the Financial Statements.

Request 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 financial information should be addressed to the Three Lakes Water and Sanitation District, PO Box 899, Grand Lake, CO 80447, phone 970-627-3544.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Three Lakes Water and Sanitation District
Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	471,097	6,218,639	6,689,736
Accounts receivable, net of allowance for uncollectibles	-	78,740	78,740
Taxes receivable - ensuing year	274,638	-	274,638
Inventory	-	35,293	35,293
Other assets	-	246,091	246,091
Capital assets, not being depreciated	-	234,127	234,127
Capital assets, net	-	16,096,249	16,096,249
Total Assets	<u>745,735</u>	<u>22,909,139</u>	<u>23,654,874</u>
Liabilities:			
Accounts payable	-	49,038	49,038
Accrued liabilities	-	96,285	96,285
Accrued interest payable	-	15,046	15,046
Unearned user fees	-	28,947	28,947
Noncurrent liabilities:			
Due within one year	-	175,083	175,083
Due in more than one year	-	3,835,328	3,835,328
Total Liabilities	<u>-</u>	<u>4,199,727</u>	<u>4,199,727</u>
Deferred Inflow of Resources:			
Deferred taxes receivable	274,638	-	274,638
Total Deferred Inflow of Resources	<u>274,638</u>	<u>-</u>	<u>274,638</u>
Net Position:			
Net investment in capital assets	-	12,319,965	12,319,965
Restricted for emergencies	10,000	-	10,000
Unrestricted	461,097	6,389,447	6,850,544
Total Net Position	<u>471,097</u>	<u>18,709,412</u>	<u>19,180,509</u>

The accompanying notes are an integral part of these financial statements.

**Three Lakes Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2023**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental Activities:							
General government	327,507	-	-	-	(327,507)		(327,507)
Total Governmental Activities	<u>327,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,507)</u>		<u>(327,507)</u>
Business-type Activities:							
Sewer	2,434,391	2,454,353	-	226,525		246,487	246,487
Total Business-type Activities	<u>2,434,391</u>	<u>2,454,353</u>	<u>-</u>	<u>226,525</u>		<u>246,487</u>	<u>246,487</u>
General Revenues:							
Taxes:							
Property tax					257,283	-	257,283
Specific ownership tax					16,504	-	16,504
Investment earnings					535	314,256	314,791
Total General Revenues and Transfers					<u>274,322</u>	<u>314,256</u>	<u>588,578</u>
Change in Net Position					(53,185)	560,743	507,558
Net Position - Beginning					<u>524,282</u>	<u>18,148,669</u>	<u>18,672,951</u>
Net Position - Ending					<u>471,097</u>	<u>18,709,412</u>	<u>19,180,509</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Three Lakes Water and Sanitation District
Balance Sheet
General Fund
December 31, 2023**

Assets:

Cash and cash equivalents	471,097
Property tax receivable - ensuing year	<u>274,638</u>
Total Assets	<u><u>745,735</u></u>

**Liabilities, Deferred Inflow of Resources,
and Fund Balances:**

Deferred Inflow of Resources:

Unavailable property tax revenue	<u>274,638</u>
Total Deferred Inflow of Resources	<u>274,638</u>

Fund Balances:

Restricted for TABOR reserve	10,000
Unassigned	<u>461,097</u>
Total Fund Balances	<u>471,097</u>

Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u><u>745,735</u></u>
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Net Position of Governmental Activities	<u><u>471,097</u></u>
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The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2023

Revenues:	
Property taxes	257,283
Specific ownership taxes	16,504
Interest income	535
Total Revenues	274,322
 Expenditures:	
County treasurer's fees	12,881
Salaries and wages	208,078
Car and mileage allowance	1,054
Employee insurance	72,777
Miscellaneous expense	1,247
Office supplies	2,390
Pension Plan - ICMA 401	13,895
Retirement Plan - ICMA 457	15,185
Total Expenditures	327,507
Change in Fund Balances	(53,185)
Fund Balances - Beginning	524,282
Fund Balances - Ending	471,097

The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Statement of Net Position
Enterprise Fund
December 31, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	6,218,639	5,241,542
Accounts receivable, net of allowance for uncollectibles	78,740	47,052
Inventory	35,293	35,293
Other assets	246,091	74,095
Capital assets, not being depreciated	234,127	234,127
Capital assets, net of depreciation	<u>16,096,249</u>	<u>16,875,657</u>
Total Assets	<u>22,909,139</u>	<u>22,507,766</u>
 Liabilities:		
Accounts payable	49,038	64,802
Accrued liabilities	96,285	74,402
Unearned user fees	28,947	22,562
Accrued interest payable	15,046	15,654
Noncurrent liabilities:		
Due within one year	175,083	171,066
Due in more than one year	<u>3,835,328</u>	<u>4,010,611</u>
Total Liabilities	<u>4,199,727</u>	<u>4,359,097</u>
 Net Position:		
Net investment in capital assets	12,319,965	12,928,108
Unrestricted	<u>6,389,447</u>	<u>5,220,561</u>
Total Net Position	<u>18,709,412</u>	<u>18,148,669</u>

The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Revenues:		
Charges for sewer services	2,217,242	2,106,926
Other service revenue	35,210	29,233
Service contract revenue	113,516	108,744
Miscellaneous revenue	88,385	50,821
Total Revenues	2,454,353	2,295,724
Expenses		
Administrative	209,769	174,981
Operating	1,269,344	1,172,965
Depreciation	859,112	897,775
Total Expenses	2,338,225	2,245,721
Operating Income (Loss)	116,128	50,003
Nonoperating Revenues (Expenses)		
Tap fees	226,525	270,900
Interest income	314,256	93,350
Interest expense	(96,166)	(99,634)
Total Nonoperating Revenues (Expenses)	444,615	264,616
Change in Net Position	560,743	314,619
Net Position - Beginning	18,148,669	17,834,050
Net Position - Ending	18,709,412	18,148,669

The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flows from Operating Activities:		
Cash received from customers	2,429,050	2,300,500
Cash paid for goods and services	(1,123,452)	(853,305)
Cash paid to employees	(521,538)	(492,309)
Net Cash Provided by Operating Activities	784,060	954,886
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	226,525	270,900
Loan payments	(171,266)	(167,533)
Interest paid on debt	(96,774)	(100,507)
Acquisition of capital assets	(79,704)	(86,379)
Net Cash Provided (Used) by Capital and Related Financing Activities	(121,219)	(83,519)
Cash Flows from Investing Activities:		
Investment earnings received	314,256	93,350
Net Cash Provided by Investing Activities	314,256	93,350
Net Increase in Cash and Cash Equivalents	977,097	964,717
Cash and Cash Equivalents - Beginning	5,241,542	4,276,825
Cash and Cash Equivalents - Ending	6,218,639	5,241,542
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	116,128	50,003
Adjustments:		
(Increase) decrease in accounts receivable	(31,688)	7,153
(Increase) decrease in inventory	-	10,842
(Increase) decrease in other assets	(171,996)	(56,564)
Increase (decrease) in accounts payable and accrued liabilities	21,883	8,712
Increase (decrease) in unearned user fees	6,385	(2,377)
Depreciation	859,112	897,775
Total Adjustments	667,932	904,883
Net Cash Provided by Operating Activities	784,060	954,886

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

Three Lakes Water and Sanitation District (the "District") was formed in 1971 to provide sanitary services located in the northeastern portion of Grand County, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's administration is classified as governmental activities. The District's sewer operations are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's administration fund. It accounts for property taxes and a portion of the costs of administration of the District.

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

The *Enterprise Fund* accounts for sewer operations and a portion of administration.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds 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 non-operating revenues and expenses.

E. Financial Statement Accounts and Accounting Policies

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value, net asset value, or amortized cost. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

User charges constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by Statute, or certified to the Grand County Treasurer for collection on its tax rolls, as provided by Statute. Therefore, no provision for uncollectible accounts has been made in the financial statements.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies

5. Inventory

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

6. Capital Assets

Capital assets, which include land, water rights, construction in progress, buildings and improvements, sewer lines, lift stations, treatment plant, vehicles and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Buildings and improvements, infrastructure, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Vehicles and equipment	5 to 7 years
Buildings and improvements	15 to 30 years
Lift stations	10 years
Sewer system	30 to 40 years

7. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

8. Compensated Absences

Earned but unused vacation and sick benefits are accrued when incurred in the financial statements. The District accrued \$43,366 for accumulated unpaid vacation pay and \$22,819 for accumulated unpaid sick at December 31, 2023.

9. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied in 2023 for collection in 2024 are reported as deferred inflows of resources.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

12. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority which is the Board of Directors

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

12. Categories and Classification of Fund Balance (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2023.

1. For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District submitted, on or before October 15, 2022, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2022, after a required publication of “Notice of Proposed Budget” and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at varying rates per month until paid.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. For this purpose, the District has set aside \$10,000.

The District believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA.

At December 31, 2023, the District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	1 - 5 years
Petty cash	Not rated	400	400	-
Cash with County Treasurer	Not rated	1,261	1,261	-
Deposits:				
Checking	Not rated	489,989	489,989	-
Escrow	Not rated	10,040	10,040	-
Investment Pools	AAAm	6,188,046	6,188,046	-
	Total	<u>6,689,736</u>	<u>6,689,736</u>	<u>-</u>

At December 31, 2023, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
Colotrust	6,153,890
Investments Measured at Amortized Cost	Total
C-Safe	34,156

The District has invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is a 2a7-like pool. The trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to \$1. Investments of the trust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts. Investments in pools are not categorized since the underlying investments are not specifically identifiable to the District.

Interest Rate Risk. Colorado Revised Statutes limit the District's investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from changes in interest rates. As a result of the limited length of maturities, the District has limited its interest rate risk

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk. The District follows Colorado statutes regarding its investments. Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental 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

B. Capital Assets

Capital asset activity for 2023 was as follows:

	Balance at January 1, 2023	Additions	Deletions and Transfers	Balance at December 31, 2023
Capital assets, not being depreciated				
Land	103,699	-	-	103,699
Rights and easements	101,428	-	-	101,428
Water rights	29,000	-	-	29,000
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	234,127	-	-	234,127
Capital assets being depreciated				
Building and improvements	967,710	-	-	967,710
Sewer system	32,484,372	5,919	-	32,490,291
Plant expansion	10,008,589	-	-	10,008,589
Vehicles and equipment	1,489,144	73,785	-	1,562,929
Furniture and office equipment	30,608	-	-	30,608
CAD maps	194,759	-	-	194,759
Total capital assets being depreciated	45,175,182	79,704	-	45,254,886
Less accumulated depreciation for				
Building improvements	784,550	17,034	-	801,584
Sewer system	21,443,325	539,238	-	21,982,563
Plant expansion	4,950,673	250,214	-	5,200,887
Vehicles and equipment	898,331	52,286	-	950,617
Furniture and office equipment	27,887	340	-	28,227
CAD maps	194,759	-	-	194,759
Total accumulated depreciation	28,299,525	859,112	-	29,158,637
Total capital assets being depreciated, net	16,875,657	(779,408)	-	16,096,249
Capital assets, net	17,109,784	(779,408)	-	16,330,376

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds (continued)

C. Long-Term Obligations

Colorado Water Resources and Power Development Authority (“CWRPDA”) Loan

In 2014, CWRPDA and the District, acting through its enterprise, entered into a \$2,000,000 loan agreement to finance lift station improvements. The loan bears interest at an annual rate of 2%, and requires payments of \$61,971 for principal and interest due on May 1 and November 1, commencing on May 1, 2016 and terminating on May 1, 2035. The District pledges net revenues from enterprise system user fees to repay the loan.

In 2019, CWRPDA and the District, acting through its enterprise, entered into a \$3,000,000 loan agreement to finance a copper removal project. The District draws against the loan as improvement costs are incurred. As of December 31, 2021, the District made draws totaling \$283,692. The loan bears interest at an annual rate of 2.5%, and requires payments of \$72,048 for principal and interest due on May 1 and November 1, commencing on May 1, 2020 and terminating on May 1, 2049. The District pledges net revenues from enterprise system user fees to repay the loan.

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
CWRPDA Loan 2004	1,364,801	-	97,130	1,267,671	99,082
CWRPDA Loan 2019	2,816,876	-	74,136	2,742,740	76,001
	<u>4,181,677</u>	<u>-</u>	<u>171,266</u>	<u>4,010,411</u>	<u>175,083</u>

Annual debt service requirements for the loans are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	175,083	92,957	268,040
2025	178,987	89,053	268,040
2027	187,060	80,980	268,040
2028	191,234	76,806	268,040
2027-2031	1,022,156	340,373	1,362,529
2032-2036	694,575	211,827	906,402
2037-2041	580,084	176,886	756,970
2042-2046	656,812	85,922	742,734
2047-2049	141,442	2,658	144,100
	<u>4,010,411</u>	<u>1,242,524</u>	<u>5,252,935</u>

At December 31, 2023, the District had no authorized but unissued debt.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Other Information

A. Intergovernmental Agreements

The District entered into separate intergovernmental agreements with three other special districts whereby the District serves as the Operator of Record of the three water systems and performs all operational duties. Pursuant to two of these agreements, the District also provides administrative functions. During 2023, the District received \$113,516 for operational and administrative services under these agreements.

B. Deferred Compensation Plan and Trust

All employees of the District participate in a Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with respect to service for State and Local Governments). The Plan is administered by ICMA Retirement Corporation.

The Deferred Compensation Plan is available to all employees of the District. Under the Plan, the District contributes 7.65% of each employee's gross salary on a monthly basis. The employees may elect to defer a portion of their salaries and avoid paying income taxes on the deferred portion. Invested monies are not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency, but does have a loan component.

In accordance with Internal Revenue Code Section 457(b), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended December 31, 2023, there was \$61,131 in benefits remitted to the Trustee. No part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries. The District has no liability for losses under the 457 Deferred Compensation Plan. Accordingly, it is not a part of the District's financial statements.

C. 401(a) Money Purchase Plan and Trust

The District provides a Defined Contribution Plan (401 Plan) under Section 401(a) of the Internal Revenue Code. The 401 Plan is administered by ICMA Retirement Corporation.

The 401 Plan is available to all full time employees of the District. Under the 401 Plan, the District contributes 7% of each full time and salaried employee's gross salary on a monthly basis. This is a "District contribution only" plan. The District's contributions do not vest until after the first six months of employment. After six months of employment, the District's contributions are 100% vested.

In accordance with Internal Revenue Code Section 401(a), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended December 31, 2023, the District remitted \$41,399 in benefits to the Trustee, which represents its cost and required contribution. No part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries. The District has no liability for losses under the 401(a) Money Purchase Plan. Accordingly, it is not a part of the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	2023		Final Budget Variance Positive (Negative)	2022
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	258,376	257,283	(1,093)	254,542
Specific ownership taxes	41,000	16,504	(24,496)	16,077
Investment income	500	535	35	583
Total Taxes	299,876	274,322	(25,554)	271,202
Expenditures:				
County treasurer's fees	17,800	12,881	4,919	12,915
Salaries and wages	217,018	208,078	8,940	202,901
Car and mileage allowance	1,000	1,054	(54)	925
Employee insurance	76,664	72,777	3,887	74,787
Miscellaneous expense	5,500	1,247	4,253	1,479
Office supplies	3,000	2,390	610	1,541
Pension Plan - ICMA 401	15,867	13,895	1,972	14,056
Retirement Plan - ICMA 457	16,247	15,185	1,062	16,104
Total Expenditures	353,096	327,507	25,589	324,708
Net Change in Fund Balance	(53,220)	(53,185)	35	(53,506)
Fund Balance - Beginning	534,465	524,282	(10,183)	577,788
Fund Balance - Ending	481,245	471,097	(10,148)	524,282

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Enterprise Fund
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023		Final Budget Variance Positive (Negative)	2022
	Original and Final Budget	Actual		Actual
Revenues:				
User charges	2,238,108	2,217,242	(20,866)	2,106,926
Other service revenue	32,500	35,210	2,710	29,233
Service contract revenue	117,540	113,516	(4,024)	108,744
Tap fees	210,000	226,525	16,525	270,900
Miscellaneous revenue	12,000	88,385	76,385	50,821
Interest income	100,000	314,256	214,256	93,350
Total Revenues	2,710,148	2,995,134	284,986	2,659,974
Expenditures:				
<i>Administrative:</i>				
Auditor services	12,772	12,500	272	12,100
Accountant services	7,300	7,300	-	7,000
Bank charges	300	(118)	418	408
Business insurance	71,280	67,626	3,654	63,510
Computers/related equipment	10,000	18,921	(8,921)	17,437
Director fees	17,139	10,973	6,166	12,072
Dues and seminars	5,000	1,191	3,809	2,509
Election expense	3,000	24	2,976	79
Equipment/maintenance agreement	5,000	2,635	2,365	2,922
Legal services	50,000	34,805	15,195	24,803
Postage/box rent	6,000	4,181	1,819	5,349
Printing and publications	1,000	1,768	(768)	1,397
Property repair and maintenance	5,000	28,015	(23,015)	6,212
Recording fees	200	120	80	608
Repair and maintenance	5,500	5,166	334	5,424
Telephone and internet	5,127	4,771	356	4,363
Utilities - administration building	7,265	7,891	(626)	6,788
Water rights	2,000	2,000	-	2,000
	213,883	209,769	4,114	174,981
<i>Operating:</i>				
Payroll	452,261	412,027	40,234	374,658
Unemployment tax	1,334	624	710	1,042
Cell phone	1,500	1,382	118	1,422
Computers/related equipment	8,500	9,167	(667)	11,731
Dues/training/publications	7,300	475	6,825	600
Engineering and facilities plan	20,000	1,102	18,898	4,323
Equipment repairs	5,000	187	4,813	248
Fuel	25,000	20,554	4,446	21,393
Employee insurance	117,483	73,982	43,501	73,074

(continued on next page)

The accompanying notes are an integral part of these financial statements.

Three Lakes Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Enterprise Fund (continued)
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023		Final Budget Variance Positive (Negative)	2022
	Original and Final Budget	Actual		Actual
<i>Operating (continued):</i>				
Locates - utility notification center	2,000	1,066	934	1,324
Miscellaneous	1,000	60,000	(59,000)	-
Office supplies	1,000	-	1,000	452
Permits and licenses	10,000	9,015	985	9,766
Pension plan - ICMA 401	31,134	27,504	3,630	25,462
Retirement plan - 457 deferred compensation	34,025	29,908	4,117	27,827
SCADA software	41,000	41,015	(15)	43,316
Shop supplies	4,000	2,067	1,933	2,301
System repair and maintenance	120,000	89,816	30,184	127,776
Tools	5,000	1,347	3,653	1,420
Treatment plant - chemicals	66,000	64,294	1,706	32,091
Treatment plant - repair and maintenance	120,000	18,692	101,308	51,004
Treatment plant - telephone	1,100	380	720	759
Treatment plant - utilities	200,000	217,035	(17,035)	199,229
Truck repair and maintenance	5,000	13,124	(8,124)	3,228
Uniform expense	2,500	271	2,229	2,968
Utilities - lift stations	90,000	81,003	8,997	80,914
Utilities - 2 garages	3,000	2,855	145	2,768
Valves	7,000	5,725	1,275	5,736
Lab - drinking water	10,000	12,802	(2,802)	9,382
Treatment plant - lab	40,000	32,765	7,235	26,489
Treatment plant - sludge hauling	45,000	39,160	5,840	30,262
Contingency	250,000	-	250,000	-
	<u>1,727,137</u>	<u>1,269,344</u>	<u>457,793</u>	<u>1,172,965</u>
<i>Debt service:</i>				
Principal	268,040	171,266	96,774	167,533
Interest	-	96,166	(96,166)	99,634
	<u>268,040</u>	<u>267,432</u>	<u>608</u>	<u>267,167</u>
Capital outlay	310,000	79,704	230,296	86,379
Total Expenditures	<u>2,519,060</u>	<u>1,826,249</u>	<u>692,811</u>	<u>1,701,492</u>
Excess (Deficiency) of Revenues Over Expenditures	191,088	1,168,885	977,797	958,482
Funds Available - Beginning	5,130,543	5,220,562	90,019	4,262,080
Funds Available - Ending	<u>5,321,631</u>	<u>6,389,447</u>	<u>1,067,816</u>	<u>5,220,562</u>
Reconciliation of Budget to GAAP Basis:				
Excess of Revenues over Expenditures		1,168,885		958,482
Loan principal paid		171,266		167,533
Capital outlay		79,704		86,379
Depreciation		(859,112)		(897,775)
Change in Net Position		<u>560,743</u>		<u>314,619</u>

The accompanying notes are an integral part of these financial statements.