



Grand Lake, Colorado

**Financial Statements
December 31, 2021**

**Three Lakes Water and Sanitation District
Financial Report
December 31, 2021**

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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, 2021, 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, 2021, 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 12, 2022**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Lakes Water and Sanitation District

Management's Discussion and Analysis

December 31, 2021

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, 2021.

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, liabilities, and deferred inflows, 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	837,494	861,028	4,394,696	3,668,346	5,232,190	4,529,374
Capital and other assets	-	-	17,921,180	18,607,372	17,921,180	18,607,372
Total Assets	837,494	861,028	22,315,876	22,275,718	23,153,370	23,136,746
Liabilities & Deferred Inflows:						
Current liab & def inflows	259,706	248,204	300,149	163,882	559,855	412,086
Long-term liabilities	-	-	4,181,677	4,300,939	4,181,677	4,300,939
Total Liabilities & Def Inflows	259,706	248,204	4,481,826	4,464,821	4,741,532	4,713,025
Net Position:						
Net investment in capital assets	-	-	13,571,970	14,377,971	13,571,970	14,377,971
Restricted	10,000	10,000	-	-	10,000	10,000
Unrestricted	567,788	602,824	4,262,080	3,432,927	4,829,868	4,035,751
Total Net Postion	577,788	612,824	17,834,050	17,810,898	18,411,838	18,423,722

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 2021, this accounted for 74% 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	
	2021	2020	2020	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	-	-	2,132,238	2,001,347	2,132,238	2,001,347
Capital grants & contributions	-	-	372,070	231,245	372,070	231,245
General revenues:						
Property taxes	245,818	249,154	-	-	245,818	249,154
Other taxes	19,204	22,494	-	-	19,204	22,494
Interest and other revenue	290	708	4,881	26,233	5,171	26,941
Total Revenues	265,312	272,356	2,509,189	2,258,825	2,774,501	2,531,181
Expenses:						
Sewer	-	-	2,486,037	2,530,851	2,486,037	2,530,851
General government	300,348	308,564	-	-	300,348	308,564
Total Expenses	300,348	308,564	2,486,037	2,530,851	2,786,385	2,839,415
Change in Net Position	(35,036)	(36,208)	23,152	(272,026)	(11,884)	(308,234)
Net Position - Beginning	612,824	649,032	17,810,898	18,082,924	18,423,722	18,731,956
Net Position - Ending	577,788	612,824	17,834,050	17,810,898	18,411,838	18,423,722

Governmental activities: Net position of the governmental activities decreased \$35,036 during 2021 after a decrease of \$36,208 during 2020. The District is using property taxes collected for administrative costs.

Business-type activities: Net position of the business-type activities increased \$23,152 during 2021 after a decrease of \$272,026 during 2020.

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 a combined ending fund balance of \$577,788. Of this balance, \$10,000 is restricted for emergencies as required by TABOR, and the remaining \$567,788 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 \$2,123,238 exceeded by operational expenses of \$2,382,862, resulting in an operating loss of \$250,624. Tap fees of \$337,700, operating payroll of \$344,078 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 \$17,834,050 which consisted of \$13,571,970 in net investment in capital assets and the remaining \$4,262,080 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 negatively to \$19,549, primarily due to a decrease in specific ownership taxes than budgeted. The enterprise fund had mostly positive variances. These positive variances netted to \$793,167. 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 \$686,191 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 2021 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, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	577,788	4,276,825	4,854,613
Accounts receivable, net of allowance for uncollectibles	-	54,205	54,205
Taxes receivable - ensuing year	259,706	-	259,706
Inventory	-	46,135	46,135
Capital assets, not being depreciated	-	234,127	234,127
Capital assets, net	-	17,687,053	17,687,053
Other assets	-	17,531	17,531
Total Assets	<u>837,494</u>	<u>22,315,876</u>	<u>23,153,370</u>
Liabilities:			
Accounts payable	-	25,460	25,460
Accrued liabilities	-	65,690	65,690
Accrued interest payable	-	16,527	16,527
Unearned user fees	-	24,939	24,939
Noncurrent liabilities:			
Due within one year	-	167,533	167,533
Due in more than one year	-	4,181,677	4,181,677
Total Liabilities	<u>-</u>	<u>4,481,826</u>	<u>4,481,826</u>
Deferred Inflow of Resources:			
Deferred taxes receivable	259,706	-	259,706
Total Deferred Inflow of Resources	<u>259,706</u>	<u>-</u>	<u>259,706</u>
Net Position:			
Net investment in capital assets	-	13,571,970	13,571,970
Restricted for emergencies	10,000	-	10,000
Unrestricted	567,788	4,262,080	4,829,868
Total Net Position	<u>577,788</u>	<u>17,834,050</u>	<u>18,411,838</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, 2021**

	<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	300,348	-	-	-	(300,348)		(300,348)
Total Governmental Activities	<u>300,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,348)</u>		<u>(300,348)</u>
Business-type Activities:							
Sewer	2,486,037	2,132,238	-	372,070		18,271	18,271
Total Business-type Activities	<u>2,486,037</u>	<u>2,132,238</u>	<u>-</u>	<u>372,070</u>		<u>18,271</u>	<u>18,271</u>
General Revenues:							
Taxes:							
Property tax					245,818	-	245,818
Specific ownership tax					19,204	-	19,204
Investment earnings					290	4,881	5,171
Total General Revenues and Transfers					<u>265,312</u>	<u>4,881</u>	<u>270,193</u>
Change in Net Position					(35,036)	23,152	(11,884)
Net Position - Beginning					<u>612,824</u>	<u>17,810,898</u>	<u>18,423,722</u>
Net Position - Ending					<u>577,788</u>	<u>17,834,050</u>	<u>18,411,838</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, 2021**

Assets:

Cash and cash equivalents	577,788
Property tax receivable - ensuing year	<u>259,706</u>
Total Assets	<u><u>837,494</u></u>

Liabilities and Fund Balances:

Deferred Inflow of Resources:

Unavailable property tax revenue	<u>259,706</u>
Total Deferred Inflow of Resources	<u>259,706</u>

Fund Balances:

Restricted for TABOR reserve	10,000
Unassigned	<u>567,788</u>
Total Fund Balances	<u>577,788</u>

Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>837,494</u></u>
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Net Position of Governmental Activities	<u><u>577,788</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, 2021

Revenues:	
Property taxes	245,818
Specific ownership taxes	19,204
Interest income	290
Total Revenues	<u>265,312</u>
Expenditures:	
County treasurer's fees	12,323
Salaries and wages	192,601
Car and mileage allowance	1,210
Employee insurance	60,833
Miscellaneous expense	355
Office supplies	2,082
Pension Plan - ICMA 401	16,276
Retirement Plan - ICMA 457	14,668
Total Expenditures	<u>300,348</u>
Change in Fund Balances	(35,036)
Fund Balances - Beginning	<u>612,824</u>
Fund Balances - Ending	<u><u>577,788</u></u>

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, 2021
(With Comparative Totals for 2020)

	2021	2020
Assets:		
Cash	4,276,825	3,556,776
Accounts receivable, net of allowance for uncollectibles	54,205	67,986
Inventory	46,135	34,450
Capital assets, not being depreciated	234,127	3,595,097
Capital assets, net of depreciation	17,687,053	15,012,274
Other assets	17,531	9,135
Total Assets	22,315,876	22,275,718
Liabilities:		
Accounts payable	25,460	121,142
Accrued liabilities	65,690	73,424
Unearned user fees	24,939	23,344
Accrued interest payable	16,527	17,510
Noncurrent liabilities:		
Due within one year	167,533	163,882
Due in more than one year	4,181,677	4,065,518
Total Liabilities	4,481,826	4,464,820
Net Position:		
Net investment in capital assets	13,571,970	14,377,972
Unrestricted	4,262,080	3,432,926
Total Net Position	17,834,050	17,810,898

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, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Revenues:		
Charges for sewer services	1,927,564	1,847,512
Other service revenue	31,450	32,075
Service contract revenue	107,610	108,029
Miscellaneous revenue	65,614	13,731
Total Revenues	<u>2,132,238</u>	<u>2,001,347</u>
Expenses		
Administrative	171,663	171,544
Operating	1,077,213	1,126,298
Depreciation	1,133,986	1,149,028
Total Expenses	<u>2,382,862</u>	<u>2,446,870</u>
Operating Income (Loss)	<u>(250,624)</u>	<u>(445,523)</u>
Nonoperating Revenues (Expenses)		
Tap fees	333,700	231,245
Grants received	38,370	-
Interest income	4,881	26,233
Interest expense	(103,175)	(83,981)
Total Nonoperating Revenues (Expenses)	<u>273,776</u>	<u>173,497</u>
Change in Net Position	23,152	(272,026)
Net Position - Beginning	<u>17,810,898</u>	<u>18,082,924</u>
Net Position - Ending	<u><u>17,834,050</u></u>	<u><u>17,810,898</u></u>

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, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash Flows from Operating Activities:		
Cash received from customers	2,147,614	1,994,604
Cash paid for goods and services	(901,510)	(904,962)
Cash paid to employees	(470,862)	(425,602)
Net Cash Provided by Operating Activities	775,242	664,040
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	333,700	231,245
Loan proceeds	283,694	1,470,540
Loan payments	(163,882)	(131,764)
Interest paid on debt	(104,159)	(76,121)
Acquisition of capital assets	(447,797)	(1,646,958)
Grants received	38,370	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(60,074)	(153,058)
Cash Flows from Investing Activities:		
Investment earnings received	4,881	26,233
Net Cash Provided by Investing Activities	4,881	26,233
Net Increase in Cash and Cash Equivalents	720,049	537,215
Cash and Cash Equivalents - Beginning	3,556,776	3,019,561
Cash and Cash Equivalents - Ending	4,276,825	3,556,776
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	(250,624)	(445,523)
Adjustments:		
(Increase) decrease in accounts receivable	13,781	(12,267)
(Increase) decrease in inventory	(11,685)	72,759
(Increase) decrease in other assets	(8,396)	104
Increase (decrease) in accounts payable and accrued liabilities	(95,683)	(134,344)
Increase (decrease) in unearned user fees	1,595	5,523
Depreciation	1,133,988	1,149,028
Total Adjustments	1,025,866	1,109,563
Net Cash Provided by Operating Activities	775,242	664,040

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, 2021

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, 2021
(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, 2021
(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, 2021
(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 estimated fair 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, 2021
(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 \$29,120 for accumulated unpaid vacation pay and \$20,301 for accumulated unpaid sick at December 31, 2021.

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 position 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 2021 for collection in 2022 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, 2021
(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 2021.

1. For the 2021 budget year, prior to August 25, 2020, 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, 2020, 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, 2021
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2020, 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 2020 were collected in 2021 and taxes certified in 2021 will be collected in 2022. 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, 2021
(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, 2021, the District had the following cash and investments with the following maturities:

			<u>Maturities</u>	
	Standard & Poors Rating	Carrying Amounts	Less than one year	1 - 5 years
Petty cash	Not rated	353	353	-
Cash with County Treasurer	Not rated	2,029	2,029	-
Deposits:				
Checking	Not rated	556,033	556,033	-
Escrow	Not rated	10,002	10,002	-
Investment Pools	AAAm	4,286,196	4,286,196	-
Total		<u>4,854,613</u>	<u>4,854,613</u>	<u>-</u>

At December 31, 2021, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colostrust	4,254,298
<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
C-Safe	31,898

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, 2021
(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 2021 was as follows:

	Beginning Balance	Additions	Deletions and Transfers	Ending Balance
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	3,360,970	416,690	(3,777,660)	-
Total capital assets, not being depreciated	<u>3,595,097</u>	<u>416,690</u>	<u>(3,777,660)</u>	<u>234,127</u>
Capital assets being depreciated				
Building and improvements	967,710	-	-	967,710
Sewer system	28,589,226	31,107	3,777,660	32,397,993
Plant expansion	10,008,589	-	-	10,008,589
Vehicles and equipment	1,489,144	-	-	1,489,144
Furniture and office equipment	30,608	-	-	30,608
CAD maps	194,759	-	-	194,759
Total capital assets being depreciated	<u>41,280,036</u>	<u>31,107</u>	<u>3,777,660</u>	<u>45,088,803</u>
Less accumulated depreciation for				
Building improvements	751,409	15,970	-	767,379
Sewer system	20,076,136	783,825	-	20,859,961
Plant expansion	4,450,243	250,215	-	4,700,458
Vehicles and equipment	769,757	81,889	-	851,646
Furniture and office equipment	25,458	2,089	-	27,547
CAD maps	194,759	-	-	194,759
Total accumulated depreciation	<u>26,267,762</u>	<u>1,133,988</u>	<u>-</u>	<u>27,401,750</u>
Total capital assets being depreciated, net	<u>15,012,274</u>	<u>(1,102,881)</u>	<u>3,777,660</u>	<u>17,687,053</u>
Capital assets, net	<u>18,607,371</u>	<u>(686,191)</u>	<u>-</u>	<u>17,921,180</u>

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
CWRPDA Loan 2014	1,553,357	-	(93,340)	1,460,017	95,216
CWRPDA Loan 2019	2,676,043	283,692	(70,542)	2,889,193	72,317
	<u>4,229,400</u>	<u>283,692</u>	<u>(163,882)</u>	<u>4,349,210</u>	<u>167,533</u>

Annual debt service requirements for the loans (based on \$3 million principal on the 2019 loan) are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	167,533	100,507	268,040
2023	171,266	96,774	268,040
2024	175,083	92,957	268,040
2025	178,987	89,053	268,040
2026	182,978	85,062	268,040
2027-2031	977,994	72,255	1,050,249
2032-2036	904,438	249,850	1,154,288
2037-2041	551,964	210,222	762,186
2042-2046	624,972	123,669	748,641
2047-2049	413,995	31,116	445,111
	<u>4,349,210</u>	<u>1,151,465</u>	<u>5,500,675</u>

At December 31, 2021, the District had no authorized but unissued debt.

Three Lakes Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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 2021, the District received \$107,610 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, 2021, there was \$48,508 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, 2021, the District remitted \$37,128 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, 2021
(With Comparative Actual Amounts for 2020)

	<u>2021</u>		Final Budget Variance Positive (Negative)	<u>2020</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	249,204	245,818	(3,386)	249,154
Specific ownership taxes	50,000	19,204	(30,796)	22,494
Investment income	1,000	290	(710)	708
Total Taxes	<u>300,204</u>	<u>265,312</u>	<u>(34,892)</u>	<u>272,356</u>
Expenditures:				
County treasurer's fees	11,800	12,323	(523)	12,498
Salaries and wages	196,013	192,601	3,412	202,336
Car and mileage allowance	1,500	1,210	290	652
Employee insurance	72,656	60,833	11,823	60,532
Miscellaneous expense	2,500	355	2,145	1,422
Office supplies	3,000	2,082	918	2,643
Pension Plan - ICMA 401	13,485	16,276	(2,791)	14,803
Retirement Plan - ICMA 457	14,737	14,668	69	13,678
Total Expenditures	<u>315,691</u>	<u>300,348</u>	<u>15,343</u>	<u>308,564</u>
Net Change in Fund Balance	(15,487)	(35,036)	(19,549)	(36,208)
Fund Balance - Beginning	<u>417,473</u>	<u>612,824</u>	<u>195,351</u>	<u>649,032</u>
Fund Balance - Ending	<u><u>401,986</u></u>	<u><u>577,788</u></u>	<u><u>175,802</u></u>	<u><u>612,824</u></u>

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, 2021
(With Comparative Totals for 2020)

	<u>2021</u>			<u>2020</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
User charges	1,991,096	1,927,564	(63,532)	1,847,512
Other service revenue	22,750	31,450	8,700	32,075
Service contract revenue	107,496	107,610	114	108,029
Tap fees	94,000	333,700	239,700	231,245
Miscellaneous revenue	10,000	65,614	55,614	13,731
Interest income	26,600	4,881	(21,719)	26,233
Total Revenues	<u>2,251,942</u>	<u>2,470,819</u>	<u>218,877</u>	<u>2,258,825</u>
Expenditures:				
<i>Administrative:</i>				
Auditor services	15,700	12,100	3,600	15,300
Accountant services	6,700	5,290	1,410	5,650
Bank charges	300	407	(107)	339
Business insurance	69,780	58,897	10,883	66,457
Computers/related equipment	8,000	18,934	(10,934)	8,465
Director fees	8,668	7,902	766	8,044
Dues and seminars	5,000	4,148	852	3,025
Election expense	-	-	-	1,930
Equipment/maintenance agreement	10,460	4,508	5,952	6,475
Legal services	50,000	27,326	22,674	23,394
Postage/box rent	4,180	4,033	147	9,410
Printing and publications	1,000	2,159	(1,159)	(675)
Property repair and maintenance	-	8,574	(8,574)	6,023
Recording fees	250	66	184	48
Repair and maintenance	6,000	4,875	1,125	4,270
Telephone and internet	6,465	3,188	3,277	5,500
Utilities - administration building	5,949	7,256	(1,307)	5,889
Water rights	2,000	2,000	-	2,000
	<u>200,452</u>	<u>171,663</u>	<u>28,789</u>	<u>171,544</u>
<i>Operating:</i>				
Payroll	415,717	344,078	71,639	344,463
Unemployment tax	1,224	1,072	152	5,495
Cell phone	1,500	581	919	1,132
Computers/related equipment	4,000	15,243	(11,243)	23,475
Copper compliance - engineering	21,707	-	21,707	-
Dues/training/publications	5,000	5,079	(79)	2,158
Engineering and facilities plan	20,000	1,101	18,899	7,397
Equipment repairs	5,000	714	4,286	685
Fuel	20,000	10,270	9,730	11,721
Employee insurance	95,293	68,509	26,784	60,108

(continued on next page)

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, 2021
(With Comparative Totals for 2020)

	2021			2020
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<i>Operating (continued):</i>				
Locates - utility notification center	1,500	1,897	(397)	1,635
Miscellaneous	1,000	3,000	(2,000)	24
Office supplies	1,000	-	1,000	145
Permits and licenses	10,000	8,689	1,311	7,882
Pension plan - ICMA 401	28,588	24,633	3,955	24,037
Retirement plan - 457 deferred compensation	31,209	25,908	5,301	25,754
SCADA software	40,000	33,071	6,929	39,776
Shop supplies	4,000	2,598	1,402	3,150
System repair and maintenance	100,000	40,638	59,362	194,378
Tools	5,000	544	4,456	585
Treatment plant - chemicals	75,000	23,418	51,582	11,891
Treatment plant - repair and maintenance	120,000	106,119	13,881	41,393
Treatment plant - telephone	2,200	760	1,440	1,626
Treatment plant - utilities	175,000	174,254	746	164,102
Truck repair and maintenance	5,000	5,381	(381)	4,253
Uniform expense	2,500	236	2,264	937
Utilities - lift stations	79,000	77,285	1,715	82,039
Utilities - 2 garages	3,000	2,209	791	2,958
Valves	7,000	12,245	(5,245)	-
Lab - drinking water	10,000	7,846	2,154	8,405
Treatment plant - lab	42,000	38,350	3,650	34,332
Treatment plant - sludge hauling	36,000	41,485	(5,485)	20,362
Contingency	200,000	-	200,000	-
	<u>1,568,438</u>	<u>1,077,213</u>	<u>491,225</u>	<u>1,126,298</u>
<i>Debt service:</i>				
Principal	268,040	163,882	104,158	131,764
Interest	-	103,175	(103,175)	83,981
	<u>268,040</u>	<u>267,057</u>	<u>983</u>	<u>215,745</u>
Capital outlay	501,090	447,797	53,293	1,646,959
Total Expenditures	<u>2,538,020</u>	<u>1,963,730</u>	<u>574,290</u>	<u>3,160,546</u>
Excess (Deficiency) of Revenues Over Expenditures	(286,078)	507,089	793,167	(901,721)
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	283,694	283,694	1,470,540
Grants	-	38,370	38,370	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>322,064</u>	<u>322,064</u>	<u>1,470,540</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(286,078)	829,153	1,115,231	568,819
Funds Available - Beginning	3,226,453	3,432,927	206,474	2,864,108
Funds Available - Ending	<u>2,940,375</u>	<u>4,262,080</u>	<u>1,321,705</u>	<u>3,432,927</u>
Reconciliation of Budget to GAAP Basis:				
Excess of Revenues over Expenditures		829,153		568,819
Loan proceeds		(283,694)		(1,470,540)
Loan principal paid		163,882		131,764
Capital outlay		447,797		1,646,959
Depreciation		(1,133,986)		(1,149,028)
Change in Net Position		<u>23,152</u>		<u>(272,026)</u>

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