

**GLACIER VIEW MEADOWS
WATER & SEWER ASSOCIATION**

FINANCIAL STATEMENTS

Year Ended September 30, 2021

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Independent Accountants' Compilation Report

Board of Directors
Glacier View Meadows Water and Sewer
Association
Livermore, Colorado

Management is responsible for the accompanying financial statements of the Glacier View Meadows Water and Sewer Association which comprise the balance sheet as of September 30, 2021 and the related statements of revenues and expenses, changes in members' equity and cash flows for the year then ended and the related notes to the financial statements in accordance with generally accepted accounting principles in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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 compiled the required supplementary information without audit or review and, accordingly, we do not express an opinion or provide any form of assurance on it.

Valor CPAs LLC

Julian Tolliver, CPA

Fort Collins, CO
February 7, 2022

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

BALANCE SHEETS

September 30	2021
ASSETS	
Current Assets:	
Cash	\$ 374,169
Dues and accounts receivable, net of allowance	2,382
Prepaid expenses	7,214
Inventory	762
Total Current Assets	384,527
Cash - designated for repairs and replacements	148,879
Property and Equipment, net	389,593
TOTAL ASSETS	\$ 922,999
LIABILITIES	
Current Liabilities:	
Accrued expenses	\$ 13,534
Prepaid dues	163,057
Deferred income	718
Total Liabilities	177,309
MEMBERS' EQUITY	
Restricted for subdivision improvement	43,894
Unrestricted:	
Undesignated	552,917
Designated for repairs and replacements	148,879
TOTAL MEMBERS' EQUITY	745,690
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 922,999

See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

STATEMENTS OF REVENUES AND EXPENSES

Years Ended September 30	2021
Revenue:	
Membership dues and assessments	\$ 314,023
Member services and assessed fees	26,228
Interest earned	115
Miscellaneous	29,150
Total Revenue	369,516
Expenses:	
Salaries	176,399
Payroll taxes	15,153
Employee benefits	16,807
Insurance	14,317
Office expense	16,252
Cost of providing member services	12,580
Professional services	17,142
Utilities	17,951
System operations and maintenance	45,871
Bad debts	1,639
Depreciation	70,723
Total Expenses	404,834
Revenue Over (Under) Expenses	\$ (35,318)

See Accompanying Notes to Financial Statements and
Independent Accountants' Compilation Report.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Year Ended September 30, 2021	Restricted for Subdivision Improvement Agreement	Designated for Repairs and Replacement	Undesignated	Total
Designated for Repairs and Balance, September 30, 2020	\$ 43,845	\$ 148,844	\$ 588,270	\$ 781,008
Revenue under expenses for the year ended September 30, 2021	-	-	(35,318)	(35,318)
Interest	-	-	-	-
Transfers from operating funds	-	103,586	(103,586)	-
Major repairs and replacements	(49)	(103,551)	103,551	-
Revenue and expense for subdivision	-	-	-	-
Balance, September 30, 2021	\$ 43,894	\$ 148,879	\$ 552,917	\$ 745,690

See Accompanying Notes to Financial Statements and
Independent Accountants' Compilation Report.

STATEMENTS OF CASH FLOWS

Years Ended September 30	2021
Cash Flows from Operating Activities:	
Dues and fees received	\$ 347,009
Amounts paid to employees and vendors	(274,469)
Net Cash Provided by Operating Activities	72,540
Cash Flow from Investing Activities:	
Capital purchases	(110,335)
Net Cash Used by Investing Activities	(110,335)
Cash Flow from Financing Activities:	
Net Cash Provided by Financing Activities	-
Net Increase (Decrease) in Cash	(37,795)
Cash, Beginning of Year	587,422
Cash, End of Year	\$ 549,627

Reconciliation of Change in Members' Equity to Net Cash from Operating Activities:

Excess (deficit) of revenue over expenses	\$ (35,318)
Adjustments:	
Depreciation expense	70,723
(Increase) decrease in operating assets:	
Dues and accounts receivable	(26,975)
Prepaid expenses	4,130
Inventory	646
Increase (decrease) in operating liabilities:	
Accrued expenses	(415)
Prepaid dues and assessments	718
Net Cash Provided by Operating Activities	\$ 13,509

See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of Glacier View Meadows Water and Sewer Association (the Association) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Association's financial statements.

Organization:

Glacier View Meadows Water and Sewer Association (the Association) is organized as a not for profit corporation in the state of Colorado for the purpose of promoting the general well-being of property owners in Glacier View Development and the enforcement of provisions of the Associations' Colorado State Division I augmentation Plan. Located near Livermore, Colorado, the Association's membership consists of property owners with diverse backgrounds from various regions across the United States. The significant activities of the Association include the acquisition of water rights and the operation and maintenance of water and sewer facilities for certain property owners in the development. Financing for the Association's activities is derived primarily through membership assessments and fees from member services.

Basis of Presentation:

The Association maintains its accounting records on the accrual basis of accounting as required under generally accepted accounting principles in the United States.

Cash and Cash Equivalents:

The Association considers all demand bank deposits and highly-liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents for purposes of the cash flow statement.

Concentrations of Credit Risk:

The Association's cash accounts are held at financial institutions and at times deposits may be over the amounts insured by the Federal Deposit Insurance Corporation (FDIC). No losses on these accounts have been incurred.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Common Property:

The Association owns various common properties. The properties directly associated with the lots, primarily greenbelts, are not reported on the accompanying financial statements according to generally accepted accounting principles.

Properties not associated with the lots are reported at cost less depreciation. These properties include a maintenance shop, office building, and equipment.

The Association is responsible for the repair and maintenance of the common property. Funding the maintenance is provided by member assessments.

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the accountants' compilation report.

Income Taxes:

The Association may elect to be taxed as a homeowners association under the provisions of the Internal Revenue Code or as a regular corporation. Generally this does not result in a significant difference. The Association generally makes the homeowner election only in the years in which it would create a tax savings. For the year ended September 30, 2021, the Association filed as a regular corporation and paid an immaterial amount of tax.

In any year the election is made to be taxed as a homeowners association, membership dues and general operating expenses are not taxable or deductible. Only income for special services received from members and nonmembers, gains on the sale of assets, the expenses related to providing these services, and cost of assets sold are considered in computing taxable income.

Use of Estimates:

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

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTE 2 – Owners’ Assessments:

Association members are subject to annual assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. Dues and accounts receivable at the balance sheet date represent fees due from owners. Any excess assessments at year-end are retained by the Association for use in the succeeding years.

The Association has adopted the reserve method of accounting for uncollectible receivables. When membership dues become delinquent for a substantial period of time, it has been the Association’s policy to file liens on the property owner’s real estate located in the development. Effective January 1, 1994, Colorado statutes have made homeowner association dues an automatic lien against the property with no formal filing required by the Association. Collection efforts may be hindered by bankruptcy proceedings, by security interests subordinated to those of other creditors, and by the relative expense of collection procedures. Allowances for doubtful accounts are based on a review of the status of existing accounts coupled with past collection experience and are \$8,397 at September 30, 2021, respectively.

Billings for annual assessments cover the period from October 1 through September 30. Such billings are recorded as receivables and revenue on October 1 of each operating year. Amounts collected prior to the assessment date are recorded as a liability in the account titled “Prepaid Dues” on the balance sheets of the Association.

NOTE 3 – Reserve Fund:

The Association’s governing documents do not require the accumulation of funds to finance future major repairs and replacements. The Board of Directors has designated amounts to be accumulated for the estimated costs of future major repairs and replacements, required projects and for the expansion of existing common property. At September 30, 2021, there was \$148,844, respectively, designated for capital replacement funds.

The Association’s management conducts an ongoing study to estimate the remaining useful lives and the replacement costs of the components of common property. The Association will fund for such major repairs and replacements over the estimated useful lives of the components based on the study’s estimate of future replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures may vary from the estimated amounts and variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTE 4 – Related Party Transactions:

Glacier View Meadows Water and Sewer Association and Glacier View Road and Recreation Association are organizations that consist primarily, but not exclusively, of the Glacier View property owners. The Associations share certain administrative, employee and operating costs. The two associations share joint ownership of several greenbelt areas, with Glacier View developments. There were no related party balances at September 30, 2021

NOTE 5 – Property and Equipment:

September 30	2021
Land and Improvements	\$ 1,883,852
Water Rights	15,360
Buildings and Improvements	79,959
Vehicles	106,849
Office Furniture and Equipment	12,336
Machinery and Equipment	45,791
Less: Accumulated depreciation	(1,779,561)
	389,593
<u>Depreciation expense</u>	<u>\$ 70,723</u>

NOTE 6 – Employee Benefit Plans:

The Glacier View Meadows Water and Sewer Association employs certain personnel jointly with the Glacier View Road and Recreation Association. The following is a summary of employee benefit plans currently in effect:

Vacation leave – The Association presently has a policy that allows full-time employees ten days annual vacation after one full year of service. After five years of service, employees earn fifteen vacation days annually and vacation pay is a vested benefit. Employees may accrue a maximum of one year of vacation days based on their years of service. At September 30, 2021, \$10,033 was accrued as unpaid vacation days.

Flex days – Full-time employees may accumulate six days of compensated flextime per year of service to the Association. Employees may accumulate a maximum of twenty- five days of unused flextime and flextime is a vested benefit.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTE 6 – Employee Benefit Plans – Continued:

Deferred compensation – All regular full-time employees are eligible to participate in a Simple IRA deferred compensation retirement plan. The Association contributes two percent (2%) of salary for those employees making tax deferred contributions of compensation to the retirement plan. For the year ended September 30, 2021, the Association contributed \$3,192 to the employees deferred compensation retirement plan.

NOTE 7 – Regulatory Compliance:

In March of 2013, Glacier View Meadows Water & Sewer Association (GVM) was notified of a possible violation related to the 12th Filing water treatment plant. During a scheduled sanitary survey inspection, the Colorado Department of Public Health and Environment (CDPHE) inspector noted an issue with the ion exchange treatment process used to remove radium from the drinking water. While GVM is in compliance for the drinking water standard, the issue is with the disposal of the regeneration (backwash) water from the ion exchange equipment. GVM was asked to apply for a discharge permit through CDPHE and have an engineer assess GVM's options. After much analysis, it was decided that point-of-use treatment at the residence level was not feasible. GVM hired a water engineer to assess the preliminary design requirements and cost for evaporation ponds which might be suitable for treating the disposed regeneration water.

At September 30, 2021 the GVM Water and Sewer Association has financial exposure of an unknown amount with respect to reaching compliance with the radium removal system and discharge permit. New developments in possible solutions are under evaluation which would preclude the need for ion exchange processing, thus eliminating the need for regeneration and discharge of contaminated water. The new system under investigation by Filter Tech Corp. involves capturing the radium from the well water with a radium specific media which is self-contained and requires no regeneration. While cost for ion exchange would reduce, this solution introduces new costs for removal and disposal of spent media. The Association is currently working with its engineer and FilterTech Corp. on possible designs and cost estimates.

The Colorado Department of Public Health interested parties are aware of the Association's work and have not issued an enforcement order.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

NOTE 8 – Restricted Members’ Equity:

Subdivision Improvement Agreement

The developer entered into an agreement with Larimer County whereby the developer pledged certain lots in the Glacier View Meadows subdivision filings to secure obligations for subdivision improvements. The developer defaulted on this agreement.

Glacier View Road and Recreation Association and Glacier View Meadows Water and Sewer Association entered into an agreement with Larimer County and the developer. This agreement transferred title to several properties that were pledged to the County under the previous agreement. The associations were responsible for completion of the improvements after the sale of the properties to the extent funds are available from the sales.

As the County sells properties, the proceeds are applied as follows:

1. Reimbursements for selling and closing costs.
2. Remaining proceeds are allocated towards the completion of water & sewer infrastructure first, and residual amounts will be re-allocated to undeveloped road and recreation infrastructure. For the years ended September 30, 2019 and 2018, the Association received \$-0- and \$-0-, respectively.

In the fiscal year ended September 30, 2000, the membership assessed a special assessment (tap fee) for the 12th Filing to help fund subdivision improvements, of \$5,305 per lot. Of this amount, \$1,501 is restricted to approved projects as determined by the County appointed management group of the Subdivision Improvement Agreement. The balances of these restricted funds at September 30, 2021 was \$43,845.

GLACIER VIEW MEADOWS WATER AND SEWER ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS

The Association's management conducts an ongoing study to estimate the remaining useful lives and the replacement costs of the components of common property. The latest study was conducted in March 2020 as part of the annual budget process. The Association will fund for such major repairs and replacements over the estimated useful lives of the components based on the study's estimate of future replacement costs, considering amounts previously accumulated in the replacement fund.

The following is a table based on the study and presents significant information about the components of common property. The amounts listed for vehicles are each Association's share of the vehicle, which are shared by both associations:

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost Net of Trade Value	2021 Funding Requirement	Components of Members' Equity at September 30, 2021
Management:				
Office Equipment	1	\$ 6,000	\$ 5,000	\$ 5,035
2014 GMC	6	10,500	6,300	6,310
Maint. Build./Yard	--	--	--	7,750
2013 Ford F350	6	10,500	6,300	4,629
2007 Backhoe	6	17,500	12,250	13,801
2015 F250	0	10,500	10,500	(1,476)
2011 Dodge	2	10,500	9,100	7,346
Contingency/Interest	--	--	--	24,794
Community System:				
Wastewater plant	--	30,000	30,000	8,395
Pumphouses/Wells	--	195,000	195,000	97,683
Contingency/Interest	--	--	--	1,499
12th Filing System:				
Leachfield	--	10,000	10,000	10,000
Pumphouses/Well	--	90,000	60,000	52,595
Contingency/Interest	--	--	--	3,200
		\$ 390,500	\$ 204,450	\$ 189,250