

**GOLDSMITH GULCH SANITATION DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022

**GOLDSMITH GULCH SANITATION DISTRICT
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Independent Auditor's Report

Board of Directors
Goldsmith Gulch Sanitation District
Arapahoe County, Colorado

Opinions

We have audited the financial statements of the Goldsmith Gulch Sanitation District (District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Goldsmith Gulch Sanitation District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 12, 2024

BASIC FINANCIAL STATEMENTS

**GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Investments	\$ 3,396,332	\$ 3,119,022
Cash and Investments - Restricted	13,600	12,400
Accounts Receivable	24,721	37,284
Accounts Receivable - Castlewood	39,943	-
Receivable - County Treasurer	1,801	1,837
Prepaid Expenses	-	450
Property Tax Receivable	443,624	424,450
Total Current Assets	3,920,021	3,595,443
CAPITAL ASSETS, NET	4,646,774	4,653,842
Total Assets	8,566,795	8,249,285
LIABILITIES		
Accounts Payable	125,625	77,345
Retainage Payable	-	12,401
Deposit - Imprest Stonebridge	2,411	2,411
Deposits - Customers	9,912	9,912
Unearned Income	20,062	13,801
Total Liabilities	158,010	115,870
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	443,624	424,450
Total Deferred Inflows of Resources	443,624	424,450
NET POSITION		
Investment in Capital Assets	4,646,774	4,653,842
Restricted	13,600	12,400
Unrestricted	3,304,787	3,042,723
Total Net Position	\$ 7,965,161	\$ 7,708,965

See accompanying Notes to Basic Financial Statements.

**GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
SEWER OPERATIONS		
Sewer Service Fees	\$ 722,819	\$ 641,074
Castlewood Connection Fees	24,302	20,672
Direct Sewer Expenses	(868,938)	(527,771)
Depreciation	(126,200)	(122,248)
Gross (Loss) from Sewer Operations	(248,017)	11,727
GENERAL AND ADMINISTRATIVE EXPENSES	(158,289)	(194,662)
NET OPERATING LOSS	(406,306)	(182,935)
NONOPERATING REVENUES		
Property Taxes	423,473	383,698
Specific Ownership Taxes	29,319	26,275
Net Investment Income	172,841	55,071
Reimbursed Expenditures	41,349	1,225
Miscellaneous Income	1,898	-
Total Nonoperating Revenues	668,880	466,269
NONOPERATING EXPENSES		
County Treasurer's Fees	(6,378)	(5,778)
Total Nonoperating Expenses	(6,378)	(5,778)
CHANGE IN NET POSITION	256,196	277,556
Total Net Position - Beginning of Year	7,708,965	7,431,409
TOTAL NET POSITION - END OF YEAR	\$ 7,965,161	\$ 7,708,965

See accompanying Notes to Basic Financial Statements.

**GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 765,945	\$ 627,183
Payments to Suppliers	(976,638)	(726,137)
Net Cash Used by Operating Activities	(210,693)	(98,954)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Tax Collections for Operations	423,509	383,797
Specific Ownership Taxes	29,319	26,275
County Treasurer's Fees	(6,378)	(5,778)
Reimbursed Expenditures	1,406	1,225
Miscellaneous Income	1,898	-
Net Cash Provided by Noncapital Financing Activities	449,754	405,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(133,392)	(275,726)
Net Cash Used by Capital and Related Financing Activities	(133,392)	(275,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	172,841	55,071
Net Cash Provided by Investing Activities	172,841	55,071
NET INCREASE IN CASH AND CASH EQUIVALENTS	278,510	85,910
Cash and Cash Equivalents - Beginning of Year	3,131,422	3,045,512
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,409,932	\$ 3,131,422
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Net Operating Loss	\$ (406,306)	\$ (182,935)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	126,200	122,248
(Increase) Decrease in:		
Accounts Receivable	12,563	(28,672)
Prepaid Expense	450	-
Increase (Decrease) in:		
Accounts Payable	50,139	(1,956)
Imprest Account	-	(1,748)
Unearned Income	6,261	(5,891)
Net Cash Used by Operating Activities	\$ (210,693)	\$ (98,954)

See accompanying Notes to Basic Financial Statements.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Goldsmith Gulch Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of Arapahoe County, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Arapahoe County, Colorado. The District was established to provide sanitation services. The District contracts with the Metro Water Recovery for sanitary treatment services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reports of the District. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The more significant accounting policies of the District are described as follows:

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. For financial statement reporting purposes, the District is reported as a single Enterprise Fund. For budgetary purposes, the District separately budgets for a General Fund and an Enterprise Fund.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Cash Equivalents

For purposes of the statements of cash flows, the District considers cash deposits, certificates of deposit, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets reported by the District include collection systems, and buildings and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Sewer System	20 to 50 Years
Buildings and Equipment	50 Years

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Comparative Data

Comparative total data for the prior year has been prescribed in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 and 2022 are classified in the accompanying financial statements as follows:

	2023	2022
Statement of Net Position:		
Cash and Investments	\$ 3,396,332	\$ 3,119,022
Cash and Investments - Restricted	13,600	12,400
Total Cash and Investments	\$ 3,409,932	\$ 3,131,422
Statement of Cash Flows:		
Cash and Cash Equivalents	\$ 3,409,932	\$ 3,131,422
Total Cash and Investments	\$ 3,409,932	\$ 3,131,422

Cash and investments as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Cash and Deposits with Financial Institutions	\$ 85,831	\$ 60,378
Investments	3,324,101	3,071,044
Total Cash and Investments	\$ 3,409,932	\$ 3,131,422

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023 and 2022, the District's cash deposits had a bank and carrying balance of \$85,831 and \$60,378, respectively.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest include:

- * Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by bank trust departments in their role as paying agent or trustee), CSAFE (recorded at amortized cost), and COLOTRUST (recorded at net asset value).

As of December 31, 2023 and 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2023</u>	<u>2022</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	\$ 3,324,101	\$ 3,071,044
Total		<u>\$ 3,324,101</u>	<u>\$ 3,071,044</u>

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2023 and 2022 follows:

	2023			Balance at December 31, 2023
	Balance at December 31, 2022	Additions	Deletions	
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 119,132	\$ -	\$ 119,132
Total Capital Assets, Not Being Depreciated	-	119,132	-	119,132
Capital Assets, Being Depreciated:				
Sewer System	\$ 5,307,483	\$ -	\$ -	\$ 5,307,483
Buildings and Equipment	1,856,534	-	-	1,856,534
Total Capital Assets, Being Depreciated	7,164,017	-	-	7,164,017
Less Accumulated Depreciation for:				
Sewer System	(2,265,877)	(90,219)	-	(2,356,096)
Buildings and Equipment	(244,298)	(35,981)	-	(280,279)
Total Accumulated Depreciation	(2,510,175)	(126,200)	-	(2,636,375)
Total Capital Assets, Being Depreciated, Net	4,653,842	(126,200)	-	4,527,642
Capital Assets, Net	<u>\$ 4,653,842</u>	<u>\$ (7,068)</u>	<u>\$ -</u>	<u>\$ 4,646,774</u>
	2022			
	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Capital Assets, Being Depreciated:				
Sewer System	\$ 5,059,473	\$ 248,010	\$ -	\$ 5,307,483
Buildings and Equipment	1,835,191	21,343	-	1,856,534
Total Capital Assets, Being Depreciated	6,894,664	269,353	-	7,164,017
Less Accumulated Depreciation for:				
Sewer System	(2,179,377)	(86,500)	-	(2,265,877)
Buildings and Equipment	(208,550)	(35,748)	-	(244,298)
Total Accumulated Depreciation	(2,387,927)	(122,248)	-	(2,510,175)
Total Capital Assets, Being Depreciated, Net	4,506,737	147,105	-	4,653,842
Capital Assets, Net	<u>\$ 4,506,737</u>	<u>\$ 147,105</u>	<u>\$ -</u>	<u>\$ 4,653,842</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was charged to sewer operations in the amounts of \$126,200 and \$122,248, respectively.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 AGREEMENTS

Sewage Treatment Contract

The District is a “special connector” by agreement with Metro Water Recovery (Metro), which provides the treatment of sewage collected within the District. The standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system. The composition of the charges for 2023 and 2022 are as follows:

	2023	2022
Estimate for Current Year	\$ 483,745	\$ 419,547
Adjustment of Second Preceding Year Estimate to Actual Final	40,216	(75,136)
Preliminary Adjustment of Preceding Year Estimate	43,409	(73,596)
Total Annual Charges	\$ 567,370	\$ 270,815

The 2024 sewer treatment estimate is \$536,043. The total annual charge is expected to be \$586,875, which includes an unfavorable 2022 final adjustment of \$26,280 and an unfavorable 2023 preliminary adjustment of \$24,552.

Sanitary Sewage Interconnection Agreement

On December 19, 2011, the District entered into an agreement with Castlewood Water and Sanitation District (Castlewood) to service a select area within Castlewood. The service area includes 81 single family residences (the Properties). Castlewood will connect its wastewater collection system into the District’s wastewater system in order to serve the Properties. Castlewood will pay all costs associated with the connection of the wastewater systems. On October 17, 2022, this agreement was amended and restated with an effective date of November 1, 2022. The amended and restated agreement has an initial term of ten years.

Fees for the services provided by the District will consist of: 1) an annual service fee of \$120 for 2022 and \$151 for 2023 for Castlewood’s 81 SFEs (Service Fee) or the amount regularly charged to District residents for the year in question, plus costs of actual electrical usage, 2) an annual amount equal to the District’s most recently certified property tax mill levy multiplied by the aggregate assessed value of the Properties, and 3) a processing fee of \$100 per invoice as adjusted each November 1 by no more than the percentage increase in the Price Index.

The District is responsible for routine maintenance of that portion of the District’s wastewater collection system utilized by Castlewood, per the amended and restated agreement. Any and all costs incurred by the District that are not deemed routine, as defined by the amended and restated agreement, shall be shared proportionately between the District and Castlewood.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 NET POSITION

The District has net position consisting of three components - investment in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023 and 2022, the District had investment in capital assets of \$4,646,247 and \$4,653,842, respectively.

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. The District's restricted net position as of December 31, 2023 and 2022 was \$13,600 and \$12,400, respectively and comprised of the 3% TABOR reserve.

The District's unrestricted net position as of December 31, 2023 and 2022 is \$3,304,787 and \$3,042,723, respectively.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for workers' compensation, liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

**GOLDSMITH GULCH SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation. Internally, the District maintains its records in two funds – the General Fund and the Enterprise Fund.

SUPPLEMENTARY INFORMATION

**GOLDSMITH GULCH SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance- Positive (Negative)
SEWER OPERATING INCOME			
Sewer Service Fees	\$ 700,000	\$ 722,819	\$ 22,819
Castlewood Connection Fees	23,500	24,302	802
Total Sewer Operating Income	<u>723,500</u>	<u>747,121</u>	<u>23,621</u>
SEWER OPERATING EXPENDITURES			
Direct Sewer Expenditures	939,345	868,938	70,407
Total Sewer Operating Expenditures	<u>939,345</u>	<u>868,938</u>	<u>70,407</u>
GROSS LOSS FROM SEWER OPERATIONS	(215,845)	(121,817)	94,028
GENERAL AND ADMINISTRATIVE EXPENDITURES	<u>340,288</u>	<u>158,289</u>	<u>181,999</u>
OPERATING INCOME (LOSS)	(556,133)	(280,106)	276,027
NONOPERATING REVENUES			
Property Taxes	424,450	423,473	(977)
Specific Ownership Taxes	25,467	29,319	3,852
Net Investment Income	19,900	172,841	152,941
Reimbursed Expenditures	2,000	41,349	39,349
Miscellaneous	2,000	1,898	(102)
Total Nonoperating Revenues	<u>473,817</u>	<u>668,880</u>	<u>195,063</u>
NONOPERATING EXPENDITURES			
County Treasurer's Fees	6,367	6,378	(11)
Total Nonoperating Expenditures	<u>6,367</u>	<u>6,378</u>	<u>(11)</u>
CAPITAL OUTLAY			
Capital Outlay	<u>565,000</u>	<u>119,132</u>	<u>445,868</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(653,683)	263,264	916,947
Funds Available - Beginning of Year	<u>2,940,353</u>	<u>3,055,123</u>	<u>114,770</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 2,286,670</u>	<u>\$ 3,318,387</u>	<u>\$ 1,031,717</u>

**GOLDSMITH GULCH SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)
TO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	Actual
Funds Available are Defined as Follows:	
Current Assets	\$ 3,920,021
Less: Current Liabilities	(158,010)
Less: Deferred Inflows of Resources	(443,624)
Funds Available	\$ 3,318,387
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses, and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 1,416,001
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	1,416,001
Expenditures (Budgetary Basis)	1,152,737
Depreciation	126,200
Capital Outlay	(119,132)
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	1,159,805
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	\$ 256,196

**GOLDSMITH GULCH SANITATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
DIRECT SEWER EXPENSES		
Sewer Treatment	\$ 567,370	\$ 270,815
Billing Expense	42,461	30,342
Maintenance and Engineering	251,895	219,522
Utilities	7,212	7,092
Total Direct Sewer Expenses	\$ 868,938	\$ 527,771
 GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting	\$ 50,715	\$ 40,646
Audit	4,800	4,800
Directors' Fees	2,200	3,000
District Management Fees	32,306	63,834
Election Expense	2,581	1,672
Insurance	22,940	22,622
Legal	27,078	41,194
Payroll Tax	168	230
SDA	2,221	1,967
Miscellaneous	7,030	8,297
GIS	6,250	6,400
Total General and Administrative Expenses	\$ 158,289	\$ 194,662

OTHER INFORMATION

**GOLDSMITH GULCH SANITATION DISTRICT
 FIVE YEAR SUMMARY OF ASSESSED VALUATION,
 MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 245,832,517	1.363	\$ 335,069	\$ 333,959	99.70 %
2020	270,223,611	1.302	351,831	350,456	99.60
2021	270,287,637	1.365	368,942	368,514	99.90
2022	281,819,872	1.398	393,984	383,698	97.40
2023	278,328,024	1.525	424,450	423,473	99.80
Estimated for Calendar Year Ending December 31, 2024	\$ 313,515,140	1.415	\$ 443,624	N/A	

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.