

WEST GLENWOOD SPRINGS SANITATION DISTRICT

Financial Statements
And
Independent Auditor's Report
For the Year Ended December 31, 2023

WEST GLENWOOD SPRINGS SANITATION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Supplementary Information	
Schedule of Revenue and Expenses- Actual and Budget (Non-GAAP Budgetary Basis)	18



INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
West Glenwood Springs Sanitation District
Glenwood Springs, CO 81601

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate remaining fund information of the West Glenwood Springs Sanitation District (District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the district's basic 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 business-type activities, and the aggregate remaining fund information of the District, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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

Management is responsible for the preparation and fair presentation of the 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 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 GAAS, and Government 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government 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.

Auditor Reporting Requirements and Other Communication Considerations

- 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado
February 9, 2024

**MANAGEMENT’S DISCUSSION AND ANALYSIS
WEST GLENWOOD SPRINGS SANITATION DISTRICT
FISCAL YEAR 2023**

The management of West Glenwood Springs Sanitation District (the District) offers the readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Financial Highlights

- The District has 186.34 Standby and 1,561.22 EQR’s at the end of 2023.
- Service fees are \$105 per quarter per EQR.
- Total revenue increased \$622,908 from the prior year.
- Operating expense increased \$8,094 from the prior year.
- General and Administrative expenses increased \$626 from the prior year.

Overview of the Financial Statements

Management’s discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The basic financial statements, presented on pages 7-9, are comprised of Financial Statements and pages 10-17, Notes to Financial Statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business type activities – providing sewer utility service to District residents.

The Statement of Net Position presents information on all the District’s assets and liabilities, with the difference being reported in Net Position. Changes in the Net Position may be used to indicate whether the financial position of the District is improving or deteriorating.

The Statement of Revenue, Expenses, and Changes in Net Position present information that reflects how the District’s Net Position changed during the past year. All changes in the Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Consequently, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports the District’s cash flows from operating, capital, and related financing activities, and investing activities.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 9-17 of this report.

The Supplemental Information contained in this report on page 18, provides a schedule of revenues, expenses, and a comparison of budget and actual information showing the variance between the two.

Statement of Net Position

Some notable changes on the Statement of Net Position include the increase in investments of \$1,110,507 from fiscal year ending 2022, and net increase in accounts payable of \$208,204 of which \$211,088 represents capital assets added to system not paid for at year end.

	2023	2022
Current Assets:		
Cash & cash equivalents	\$ 29,174	\$ 67,841
Investments	4,943,577	3,833,070
Accounts receivable	68,114	37,990
Property taxes receivable	-	42,887
Prepaid expenses	21,523	18,380
Total Current Assets	5,062,388	4,000,168
Noncurrent Assets	3,827,170	3,708,224
Total Assets	8,889,558	7,708,392
Current Liabilities:		
Accounts payable	219,224	11,020
Other accrued expenses	40,217	37,074
Prepaid service fees	34,621	29,784
Total Current Liabilities	294,062	77,878
Deferred inflow of resources	-	42,887
Net Position:		
Invested in Capital Assets	3,827,170	3,708,224
Labor Restriction	22,343	22,343
Unrestricted	4,745,983	3,857,060
Net Position	\$ 8,595,496	\$ 7,587,627

Review of Revenue

	2023	2022
Operating Revenue		
Sanitation Service Fees	\$ 691,937	\$ 683,789
Taxes	46,680	48,071
Total operating Revenue	738,617	731,860
Non-Operating Revenue		
Investment Income	232,768	51,073
Miscellaneous Income	564,334	412,215
Contributed Capital		
Plant Investment Fees	322,000	39,660
Total Revenue	\$ 1,857,719	\$ 1,234,808

Service fees were higher in 2023 due to additional taps being sold. Interest was up in 2023 because of the increase in revenue being invested as well as the market was up. Miscellaneous income was up because of an increase in lab fees and septage income.

EXPENSE ANALYSIS

	2023	2022	Change
Operating expenses	\$ 482,207	\$ 422,604	\$ 59,603
General & administrative expenses	201,017	251,897	(50,880)
Depreciation	166,624	166,342	282
Total Expenses	\$ 849,848	\$ 840,843	\$ 9,005

The increase in operating expenses and the decrease in general and administrative expenses is due mainly to reallocation of expenses between the two categories, mainly wages and benefits.

Budgetary Highlights

The District prepares its budget using the accrual basis of accounting by fund to differentiate between general operating activities and the bond expansion activities. State statutes require this budgetary accounting.

The actual revenue of the District was more than the budgeted revenue because of an increase in lab fees and other revenue.

The actual expenditures of the District were less than the budgeted expenses due to efficiencies in operations.

Capital Assets Activity

The activity related to capital assets during 2023 is as follows:

	Balance January 1, 2023	Transfers Additions	Transfers Deletions	Balance December 31, 2023
Plant	\$ 4,852,983	\$ 28,505	\$ -	\$ 4,881,488
System Lines	1,060,784	252,023	-	1,312,807
Land application Storage	75,000	-	-	75,000
Equipment	438,481	5,042	-	443,523
Total	6,427,248	285,570	-	6,712,818
Less Accum. Deprec.	(2,958,537)	(166,624)	-	(3,125,161)
Net Depreciable Assets	3,468,711	118,946	-	3,587,657
Land	236,513	-	-	236,513
Right-of-Ways	3,000	-	-	3,000
Net	\$ 3,708,224	\$ 118,946	\$ -	\$ 3,827,170

The 2023 activity relating to capital assets reflects new equipment, slip line project, fencing, and new line extension.

Economic Factors and Next Year's Budgets and Rates

The District will increase its current customer when the “currently under construction” Mountain Valey Flats Apartments” come online this summer with 42 EQR’s. RFTA is also in the process of converting the od Rodeway Inn on Highway 6 into employee housing. When this property comes online later in 2024, it will add 43 EQR’s to the customer base. Should the developer of 214 Center Dr. move forward with the office/warehouse project, it would potentially add an additional 50 EQR’s

The real estate market is leveling off, but the District maintains its growth with infill projects. Staff continue to review all District users to verify that they have the correct EQR values. A mixed-use building on Highway 6 is currently under review.

The District plans to continue decreasing its plant expenses by land applying sludge instead of dumping it in the City landfill. It also plans to continue increasing revenues by accepting septage and performing lab work for other plants.

Request for Information

This report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to West Glenwood Springs Sanitation District, c/o Kelly Mullane, District Administrator, (970) 618-5147, wgssanitation@gmail.com, 51 Riverine Road, Glenwood Springs, Colorado, 81601.

WEST GLENWOOD SPRINGS SANITATION DISTRICT

Statement of Net Position

December 31, 2023

ASSETS

Current Assets

Cash on hand and in banks	\$	29,174	
Investment		4,943,577	
Cash with County		202	
Accounts receivable		67,912	
Prepaid expense		21,523	
Total Current Assets			\$ 5,062,388

Noncurrent Assets

Capital assets		3,827,170	
Total Noncurrent Assets			3,827,170
Total Assets			\$ 8,889,558

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$	219,224	
Other accrued liabilities		40,217	
Prepaid fees		34,621	
Total Current Liabilities			\$ 294,062

Total Liabilities			294,062
--------------------------	--	--	----------------

Net Position

Invested in capital assets		3,827,170	
Restricted for TABOR Emergency		22,343	
Unrestricted		4,745,983	
Total Net Position			8,595,496

Total Liabilities, and Net Position			\$ 8,889,558
--	--	--	---------------------

The notes to the financial statement are an integral part of this statement.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
Statement of Revenue , Expenses and Changes in Net Position
For the year ended December 31, 2023

Revenues	
Sanitation service charges	\$ 682,506
Lift station surcharge	9,431
Total Revenues	<u>691,937</u>
Expenses	
General and Administrative	201,017
Depreciation	166,624
Operating expenses	482,207
Total Expenses	<u>849,848</u>
Income (Loss) From Operations	<u>(157,911)</u>
Other Income (Expense)	
Interest income	232,768
Septage income	390,152
General property taxes	43,827
Specific ownership tax	2,853
Grant Income	3,925
Miscellaneous income	94,739
Lab income	75,518
Total Other Income (Expense)	<u>843,782</u>
Net Income (Loss) Before Contributions	<u>685,871</u>
Plant Investment Fees	<u>322,000</u>
Increase in Net Position	1,007,871
Total Net Position, Beginning	7,587,625
Total Net Position, Ending	<u><u>\$ 8,595,496</u></u>

The notes to the financial statement are an integral part of this statement.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
Statement of Cash Flows
For the year ended December 31, 2023

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from customers	\$ 654,052
Cash payments to ,or on behalf of employees	(421,567)
Cash payments to suppliers	(40,854)
Net cash provided by operating activities	191,631

Cash Flows From Non-Capital Financing Activities:

Lab fees	75,518
Property taxes	46,735
Other non-operating revenue	488,803
Net Cash Flows From Non-Capital Financing Activities	611,056

Cash Flows From Capital and Related Financing Activities

Acquisition of capital assets	(285,569)
Plant investment fees collected	322,000
Net cash provided (used) by Capital and Related Financing Activities	36,431

Cash flows from investing activities:

Increase in investments	(1,110,507)
Interest income	232,722
Net cash provided (used) by investing activities	(877,785)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,667)

Cash and cash equivalents, beginning of year

67,841

Cash and cash equivalents, end of year

\$ 29,174

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Net Income (Loss)	\$ (157,911)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	166,624
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(30,179)
(Increase) decrease in receivable from County treasurer	55
(Increase) decrease in prepaid expense	(3,143)
Increase (decrease) in accounts payable	208,203
Increase (decrease) in accrued expenses	3,145
Increase (decrease) in prepaid fees	4,837
Total Adjustments	349,542
Net Cash Provided (Used) by operating activities	\$ 191,631

Noncash transactions:

Market Value Adjustment-Investment-(loss)	\$ 45
Capital assets purchases in accounts payable	\$ 211,088

The notes to these financial statements are an integral part of this statement.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note A – Financial Reporting Entity

The West Glenwood Sanitation District (the District) was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the district consists of a five-member Board of Directors which is elected by the registered voters within the District. The purpose of the District is to provide wastewater treatment services to the West Glenwood area. The Board is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. 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 can appoint a voting majority of an organization governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the district. Consideration is also given to other organizations that 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 discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

Note B – Summary of Significant Accounting Policies

Basis of Presentation – Fund Accounting

The operations of the District are accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Basis of Accounting

The District uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Operating revenues (usually received within 60 days after the end of year) and expenses generally result from providing services in connection with the District's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District has adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established standards for external financial reporting for all state and local governmental entities, which includes a statement of Net Position, a statement of activities and changes in Net Position, and a statement of cash flows.

It requires the classification of Net Position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note B – Summary of Significant Accounting Policies -continued

Basis of Accounting – continued

Invested in capital assets, net of related debt – This consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of the assets.

Restricted – This consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Consists of Net Position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Capital Assets

Capital assets, which include property, plant, and equipment recorded by the District are at cost or, if cost is not available, estimated fair market value at the time of capitalization. The District uses the straight-line method of depreciation over the estimated useful life of the asset. The District has set \$5,000 as a capitalization policy.

Plant and system lines	25-50 years
Equipment	5-7 years

Repairs and maintenance costs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in non-operating income.

Budgetary Basis of Accounting

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado Financial Management Manual. The budget is submitted to Garfield County and the District adopts an appropriation resolution for the next fiscal year before December 31. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances.

The budget basis of accounting differs from the generally accepted accounting principles (GAAP) basis in that contributed capital (plant investment fees) is included as revenue, outlays for debt retirement and acquisition of fixed assets are included as expenses.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The District allows employees to carryover accrued Personal Time off (PTO) over from year to year up to a maximum of 240 hours. Employees will be, upon termination of employment, paid their unused PTO. The accrual for the year 2023 is \$29,164.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note B – Summary of Significant Accounting Policies –Continued

Revenue Recognition

The District distinguishes operating revenue and expenses from non-operating items. Operating revenue and expense result from providing services in connection with the ongoing operations of the District. All revenue and expenses not meeting this definition are reported as non-operating revenue and expense.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. To cover these losses the District is insured through the Colorado Special Districts Property and Liability Pool. This “Pool” is made up of Special Districts within the State of Colorado. The coverage, management feels is adequate to cover the needs of the District. The District also maintains its workers compensation insurance through the Colorado Special District Property and Liability Pool.

Customer Accounts Receivable

The District considers customers’ accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required.

Cash and Cash Equivalents

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

Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

Accrued Liabilities and Long-term Obligations

In general, payables and accrued liabilities are paid in a timely manner and in full, from current financial resources and are reported as current obligations for the fund. Long-term bond obligations are accrued as a long-term liability on the financial statements.

Restricted Assets/Reservation of Net Position

Assets are reported as restricted when limitation on their use changes the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Reservations of net position arise from certain Board designations of net position, as well as the aforementioned constraints. It is the District’s policy to use restricted funds first, for expenditures which both restricted and unrestricted funds are available.

Note C - Deposits and Investments

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 more than 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note C - Deposits and Investments –Continued

The District also has invested \$4,928,189 in the Colorado Government Liquid Asset Trust Plus (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool Surplus funds. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investment, which approximates fair value. COLOTRUST investments do not have any unfunded commitments, redemption restrictions or redemptions notice periods.

The District also invested \$15,388 in COLOTRUST-EDGE. EDGE is a weekly liquidity investment option designed for COLOTRUST participants that are seeking to generate a higher yield while complementing the daily liquidity offered by the PRIME and PLUS+ funds for Colorado governmental entities. EDGE is suited for medium-term investment and strategic reserves. EDGE has a rating from Fitch of AAAF/S1. EDGE is a variable NAV fund managed to approximate a \$10.00 transactional share price, calculating, and publishing a fair value NAV on a daily basis.

COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. Both portfolios may invest in U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST financial statements may be obtained at www.colotruster.com.

Cash and investments carrying amount value is as follows:

Uninsured:		
Cash on hand		\$100
Insured:		
Cash in checking		29,074
Investments		
COLOTRUST Operating	4,928,189	
COLOTRUST-EDGE (Capital)	15,388	
Total Investments	4,943,577	
Cash and Cash Equivalents	\$ 4,972,751	

It is the policy of the District to invest public funds in a manner, which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal, state, and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (Federal National Mortgage Association),

GNMA (Government National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note C - Deposits and Investments –Continued

General obligation and revenue bonds of U.S. local government entities, the District of Columbia, the territorial possessions of the U.S. rated in the highest two rating categories by two or more of the nationally recognized rating agencies.

Bankers' acceptances of certain banks

Certain securities lending agreements

Commercial paper

Written repurchase agreements collateralized by certain authorized securities.

Certain money market funds

Guaranteed investment contracts.

Local government investment pools

The investing local government's own securities including certificates of participation and lease obligations.

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposits, and Investment Risk Disclosures*, are included in the notes below.

The concentration of credit risk, or risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified.

The District's policy places no limit on the amount the District may invest in any one issuer; however, the district maintains general guidelines for investments to ensure proper diversification by security type and institution.

All investments are issued or explicitly guaranteed by securities of the U.S. government or insured by the Public Depository Protection Act and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2023, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk on December 31, 2023.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note C - Deposits and Investments-continued

Fair Value

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs for an asset or liability

Note D – Capital Assets

Below are the changes in the Capital assets during 2023.

	Balance January 1, 2023	Transfers Additions	Transfers Deletions	Balance December 31, 2023
Plant	\$ 4,852,983	\$ 28,505	\$ -	\$ 4,881,488
System Lines	1,060,784	252,023	-	1,312,807
Land Application Storage	75,000	-	-	75,000
Equipment	438,481	5,042	-	443,523
Total	6,427,248	285,570	-	6,712,818
Less Accumulated				
Depreciation	(2,958,537)	(166,624)	-	(3,125,161)
Net depreciable assets	3,468,711	118,946	-	3,587,657
Land	236,513	-	-	236,513
Right-of-way	3,000	-	-	3,000
Net	\$ 3,708,224	\$ 118,946	\$ -	\$ 3,827,170

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note E – Capital Contributions

There were Capital Contributions in 2023 amounting to \$322,000 .

Note F – Retirement Plan

The District maintains a tax-sheltered annuity program (TSA) for its full-time employees. The plan allows the employees to contribute a percentage of their wages. The District will match the employees' contribution up to a maximum of 7.65%. The amounts contributed to the TSA Plan meets the Internal Revenue Service limitation. The contribution made by the District to the plan for 2023 was \$26,418 on covered wages of \$346,600.

Note G - Tax, Spending, and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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 more than 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 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The District's management believes it follows 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 will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

Note H – Intergovernmental Agreement

Beginning in 2016 West Glenwood Springs Sanitation District entered into an agreement whereby they would share the cost of the District administrative services with another sanitation district. The agreement calls for West Glenwood Springs Sanitation District to receive a reimbursement of 1/3 of the salary and benefit package of the District Administrator of West Glenwood Springs Sanitation District. For 2023 that amounted to \$36,416.

WEST GLENWOOD SPRINGS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note I – Asset Retirement Obligation

The District began evaluating what affects GASB 83 “Certain Asset Retirement Obligations”, (ARO), may have on its assets. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset, at some time in the future. The District has not had an event that would trigger recording a liability but is evaluating their assets if such an event would occur.

Note J – Novel Coronavirus Pandemic and Impact to the District

The District is considered a critical government service as defined in the Governor’s Public Health Order 20-24, so the services of the District were not interrupted in 2023. However, the District was not allowed to charge and collect late fees, nor was the District allowed to shut services for nonpayment.

For 2024, the District will continue providing service to its customers, and continue to monitor state and local standards and adjust operation accordingly.

Note K – Subsequent Events

The District, with the preparation of the 2024 budget, decided that they would not assess a mill levy for the 2024 year. The approximate effect on the District is a reduction of \$55,018.

SUPPLEMENTAL INFORMATION

WEST GLENWOOD SPRINGS SANITATION DISTRICT
Schedule of Revenue and Expenses - Budget and Actual (Non-GAAP Budgetary Basis)
For the year ended December 31, 2023

	Actual	Original/Final Budget	Variance Favorable (Unfavorable)
	\$ -	\$ -	\$ -
Fund Balance Carried-forward			
Revenues			
Sanitation service charges	682,506	681,000	1,506
Lift station surcharge	9,431	9,500	(69)
Plant investment fees	322,000	360,000	(38,000)
Interest income	232,768	47,090	185,678
Miscellaneous income	94,739	88,600	6,139
Septage income	390,152	300,000	90,152
Lab fee income	75,518	55,000	20,518
Grant income	3,925	-	3,925
General property taxes	43,827	43,762	65
Specific ownership tax	2,853	3,100	(247)
Total Revenues	<u>1,857,719</u>	<u>1,588,052</u>	<u>269,667</u>
Expenses			
General and Administrative			
Wages	115,226	103,594	(11,632)
Advertising	16	20	4
Auto expense	1,197	3,100	1,903
Director's fees	5,100	6,500	1,400
Dues and subscriptions	4,373	4,500	127
Employee benefits	14,761	15,088	327
Office expense	8,293	10,950	2,657
Insurance	16,961	28,500	11,539
Legal and accounting	29,674	25,850	(3,824)
Payroll taxes	1,843	1,390	(453)
Telephone	2,677	2,700	23
Treasurer's fees	896	875	(21)
Total General and Administrative	<u>201,017</u>	<u>203,067</u>	<u>2,050</u>
Operating Expenses			
Wages	230,106	202,606	(27,500)
Employee benefits	51,764	52,912	1,148
Payroll taxes	4,724	4,309	(415)
Utilities	90,461	96,825	6,364
Engineering	152	15,000	14,848
Equipment rental	527	250	(277)
Permits	1,795	2,250	455
Land application	7,141	6,000	(1,141)
Repairs and maintenance	30,869	80,000	49,131
Seminars	-	1,000	1,000
Sludge handling	31,414	55,000	23,586
Supplies	3,767	8,500	4,733
Lab fees	29,487	27,500	(1,987)
Total Operating Expenses	<u>482,207</u>	<u>552,152</u>	<u>69,945</u>
Total Expenses	<u>683,224</u>	<u>755,219</u>	<u>71,995</u>
Capital Outlays	281,644	830,000	548,356
	<u>281,644</u>	<u>830,000</u>	<u>548,356</u>
REVENUE OVER (UNDER) EXPENSES	892,851	<u>\$ 2,833</u>	<u>\$ 890,018</u>
Adjustments to budgetary basis:			
Add:			
Capital outlay (capitalized)	281,644		
Less:			
Depreciation	(166,624)		
Plant investment fees	(322,000)		
Net income before Contributions	<u>\$ 685,871</u>		