

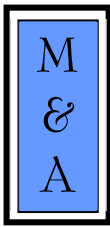
**East Dillon Water District
Dillon, Colorado**

**Financial Statements
December 31, 2023**

**East Dillon Water District
Financial Statements
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
East Dillon Water District**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of East Dillon Water District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise East Dillon Water District basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
East Dillon Water District

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
East Dillon Water District**

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 in section E is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
June 11, 2024**

MANAGEMENT'S DISCUSSION AND ANALYSIS

East Dillon Water District

Management's Discussion and Analysis
December 31, 2023

We, the financial managers of the East Dillon Water District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

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

The Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows how the government's net position changed during the most recent fiscal year by listing the revenues earned and expenses incurred. Revenues and expenses are recorded on the accrual basis. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., incurred but unpaid interest expense).

The Statement of Cash Flows shows the District's sources of cash inflows and outflows during the most recent fiscal year. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The business-type activity of the District relates to water services. There are currently no governmental-type activities occurring at the District.

The District's basic financial statements can be found in Section C of this report.

Proprietary Fund: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its water services.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report includes supplementary information. The Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with Generally Accepted Accounting Principles ("GAAP"), this schedule is presented on a non-GAAP basis and is reconciled to GAAP basis. Supplementary information can be found in Section E of this report.

Financial Analysis of the District

The following table shows the District's assets, liabilities, and net position at the end of 2023 and 2022:

East Dillon Water District's Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 1,313,571	\$ 1,293,638
Capital assets, net	6,183,018	6,356,594
Total Assets	<u>7,496,589</u>	<u>7,650,232</u>
Liabilities:		
Current liabilities	374,445	367,027
Non-current liabilities	1,555,305	1,689,009
Total Liabilities	<u>1,929,750</u>	<u>2,056,036</u>
Net Position:		
Net investment in capital assets	4,493,990	4,538,397
Unrestricted	1,072,849	1,055,799
Total Net Position	<u>\$ 5,566,839</u>	<u>\$ 5,594,196</u>

Traditionally, the largest portion of the district's net position is its investment in capital assets used to deliver or provide services to its residents and visitors, less any related debt. The District's capital assets include land, water rights, medians, the master plan, water lines, pump stations, storage tanks, equipment, and water meters. The District's net investment in capital assets accounted for approximately 81% of its total net position at the end of 2023. This category of net position is not available for future spending. This results in an unrestricted net position balance of \$1,072,849.

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Financial Analysis of the District (continued):

The following table summarizes information relating to the District's Statement of Revenues, Expenses and Changes in Fund Net Position:

East Dillon Water District's Change in Net Position

	2023	2022
Revenues:		
Taxes	\$ 207,883	\$ 207,254
Water fees	634,256	481,137
Finance charges	16,745	10,624
Interest income	46,787	14,450
Miscellaneous	8,800	12,925
Tap fees	30,000	66,000
Total Revenues	<u>944,471</u>	<u>792,390</u>
Expenses:		
Water service	311,218	238,447
Administration	402,961	377,286
Depreciation	194,666	199,653
Interest expense	62,983	67,347
Total Expenses	<u>971,828</u>	<u>882,733</u>
Change in Net Position	(27,357)	(90,343)
Net Position - Beginning of Year	<u>5,594,196</u>	<u>5,684,539</u>
Net Position - End of Year	<u>\$ 5,566,839</u>	<u>\$ 5,594,196</u>

Revenues increased \$152,081 during the past fiscal year. Most of the increase was due to a increase in water fees and interest income during 2023.

Water fees were the most significant sources of revenue in 2023, accounting for 67% of operating revenues. In 2022, water fees accounted for 61% of operating revenues.

When compared to 2022, District expenses increased by \$89,095 in fiscal year 2023. This is primarily due to unanticipated repairs and maintenance and system upgrades.

Administrative costs, which includes the operations contract, the accounting and administration contract, legal fees and insurance expense, comprised the highest percentage of the District's costs at 41% (43% in 2022). Water expenses accounted for 32% of 2023 expenses (27% in 2022).

Capital Asset and Debt Administration

Capital Assets: The District's capital assets decreased by \$173,576 during 2023, as capital asset additions were \$21,092 and depreciation expense was \$194,666.

Additional information, as well as a detailed classification of the District's capital assets, can be found in the Notes to the Financial Statements on page D7.

Long Term Debt: During 2018, the District issued \$1,507,319 of general obligation bonds dated March 8, 2018 to refund the District's 2002 Colorado Water Conservation Board Note (Series 2002) for the purpose of reducing interest costs. The District paid \$92,054 in principal on its Series 2018 debt, reducing the balance due on the bonds from \$1,077,465 to \$985,411.

Also during 2018, the District entered into a lease purchase agreement in the amount of \$900,000 to provide for the financing of certain site improvements within the District. The District paid \$37,115 in principal on its lease purchase agreement, reducing the balance due on the loan from \$740,732 to \$703,617.

Additional information on long term debt can be found on page D7-D9.

Next Year's Budget and Rates

The 2024 budget anticipates revenues of \$951,385 and expenditures of \$1,526,674. The District plans to use reserves to fund the deficit.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tom Oberheide, District Administrator, East Dillon Water District, 0058 Grey Fox Lane, Dillon, CO 80435.

BASIC FINANCIAL STATEMENTS

**East Dillon Water District
Statement of Net Position
December 31, 2023**

Assets:

Current Assets:

Cash and investments	928,793
Accounts receivable, customer	186,164
Property taxes receivable	198,614
Total Current Assets	1,313,571

Non-current Assets:

Capital assets, net	6,183,018
Total Non-current Assets	6,183,018

Total Assets	7,496,589
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Liabilities:

Current Liabilities:

Accounts payable	47,569
Current portion long-term debt	133,723
Accrued interest payable	2,833
Unearned revenue	11,963
Total Current Liabilities	196,088

Non-current Liabilities:

Non-current portion long-term debt	1,555,305
Total Non-current Liabilities	1,555,305

Total Liabilities	1,751,393
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Deferred Inflows of Resources:

Deferred property taxes	178,357
Total Deferred Inflows of Resources	178,357

Total Liabilities and Deferred Inflows of Resources	1,929,750
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Net Position:

Net investment in capital assets	4,493,990
Unrestricted	1,072,849
Total Net Position	5,566,839

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

East Dillon Water District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2023

Operating Revenues:	
Water fees	634,256
Finance charges	16,745
Miscellaneous	8,800
Total Operating Revenues	659,801
Operating Expenses:	
Water service	311,218
Administration	402,961
Depreciation	194,666
Total Operating Expenses	908,845
Operating Income (Loss)	(249,044)
Non-operating Revenues (Expenses):	
Property taxes	197,445
Specific ownership taxes	10,438
Interest income	46,787
Interest expense	(62,983)
Total Non-operating Revenues (Expenses)	191,687
Income Before Capital Contributions	(57,357)
Capital Contributions - Tap Fees	30,000
Change in Net Position	(27,357)
Net position, beginning of year	5,594,196
Net position, end of year	5,566,839

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

East Dillon Water District
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities:	
Cash received from customers and others	610,918
Cash payments for goods and services	<u>(679,710)</u>
Net Cash Provided by Operating Activities	<u>(68,792)</u>
Cash Flows From Non-Capital Financing Activities:	
Cash received from property and specific ownership taxes	<u>188,324</u>
Net Cash Provided by Non-Capital Financing Activities	<u>188,324</u>
Cash Flows from Capital and Related Financing Activities:	
Tap fees received	30,000
Cash paid for principal on loans	(129,169)
Cash paid for interest on loans	(63,248)
Cash paid for construction and acquisition of capital assets	<u>(21,092)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(183,509)</u>
Cash Flows from Investing Activities:	
Interest income received	<u>46,787</u>
Net Cash Provided by Investing Activities	<u>46,787</u>
Net increase (decrease) in cash	(17,190)
Cash and Cash Equivalents - Beginning	<u>945,983</u>
Cash and Cash Equivalents - Ending	<u><u>928,793</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:	
Net (loss) from operations	<u>(249,044)</u>
Adjustments:	
Depreciation expense	194,666
(Increase) decrease in prepaid expenses	19,138
(Increase) decrease in accounts receivable	(56,094)
Increase (decrease) in accounts payable	15,331
Increase (decrease) in deferred revenue	<u>7,211</u>
Total Adjustments	<u>180,252</u>
 Net Cash Provided by Operating Activities	 <u><u>(68,792)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

East Dillon Water District
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

East Dillon Water District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in Section 32-1-101 of the C.R.S. The District was organized on January 1, 1966 and is governed by a five-member elected Board of Directors. The District, comprising a section of Summit County, Colorado, was established to provide water services within its boundaries.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

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

B. Accounting Policies

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its activities of providing water services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which 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 and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 purposes.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

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

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

1. Measurement Focus and Basis of Accounting

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

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for services. Operating expenses for the enterprise funds include the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

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

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligation and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

3. Property Taxes

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

4. Capital Assets

Capital assets, which include land, water rights, medians, the master plan, water lines, pump stations, storage tanks, equipment, and water meters, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed, if applicable.

Capital assets, with the exception of: land, medians, the master plan, and water rights, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water lines	10 - 40
Water pump stations	10 - 40
Water storage tanks	10 - 40
Equipment	5 - 15
Meters	15

5. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period the amounts become available and earned.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Use of Estimates

The preparation of financial statements to conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Restricted Assets

When both restricted and unrestricted assets are available for expenditure, it is the District's policy to first use restricted assets and then use unrestricted assets as necessary.

II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the proprietary fund is adopted on a non-GAAP basis and is reconciled to GAAP basis in the financial statements.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the following timetable in preparing, approving and enacting a budget for 2023:

- (1) For the 2023 budget, prior to August 25, 2022, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2022 only once by a single notification to the District.
- (2) The Manager of the District submitted, on or before October 15, 2022, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) Prior to December 15, 2022, after a required publication of "Notice of proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the District may make the following changes: (a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget, however, no supplemental appropriations were made during 2023; (b) approve emergency appropriations, and; (c) reduce appropriations for which originally estimated revenues are insufficient.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at a rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The District's voters approved the following TABOR ballot question on May 7, 2002:

Shall the East Dillon Water District debt be increased \$2,550,000 without a repayment cost of not more than \$5,856,550 and shall East Dillon Water District taxes be increased \$197,825 annually or such lesser annual amount as may be necessary to pay District debt to purchase water rights and wells; such debt to consist of bonds, notes or other obligations bearing interest at the rate of 6.50% per annum or as determined by the District as payable in annual installments or as may be determined by the District by the over not more than thirty (30) years after issuance from the levy of property taxes not to exceed the District's current levy of 4.131 mills and any other revenues of the District; and shall the District be permitted to collect and spend such taxes and investment income thereon as a voter approved revenue change and exception to the limits under Article X, Section 20 of the Colorado Constitution?

The District's voters approved the following TABOR ballot question on November 6, 2018:

Without raising tax rates or imposing any new tax, shall East Dillon Water District be authorized to use all or part of the District's current voter authorized debt service mill levy to fund capital improvements in all future years; provided that part of the mill levy will be used to pay the District's outstanding debt until paid in full; and shall all District revenues be collected, retained and spent notwithstanding any limits provided by law?

TABOR exempts an entity from its requirements if the entity qualifies as a TABOR defined enterprise. Based on the TABOR's definition, the District believes that it qualifies as an enterprise and is therefore exempt from TABOR.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on the Fund

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

The Investment Pool represents investments in COLOTRUST (the "Trust"). The Trust is 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 operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The District has no regulatory oversight for the pool. At December 31, 2023, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2023, the District held no such investments.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on the Fund (continued)

A. Deposits and Investments (continued)

At December 31, 2023, the District had no unrealized gains or losses. The District had the following cash and investments with the following maturities:

	Standard & Poor's Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Checking	Not rated	60,391	60,391	-
<i>Investments:</i>				
Colostrust	AAAm	868,402	868,402	-
Total		928,793	928,793	-

Financial Statement Captions:

Cash and investments	928,793
	928,793

(Remainder of page is intentionally left blank)

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on the Fund (continued)

B. Capital Assets

Capital asset activity for 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	43,026	21,092	-	64,118
Land	39,916	-	-	39,916
Medians	220,065	-	-	220,065
Master plan	21,334	-	-	21,334
Water rights	3,470,307	-	-	3,470,307
Total capital assets, not being depreciated	<u>3,794,648</u>	<u>21,092</u>	<u>-</u>	<u>3,815,740</u>
Capital assets, being depreciated:				
Water lines	2,292,502	-	-	2,292,502
Water pump stations	2,411,294	-	-	2,411,294
Water storage tanks	2,837,563	-	-	2,837,563
Equipment	653,373	-	-	653,373
Meters	497,089	-	-	497,089
Total capital assets, being depreciated	<u>8,691,821</u>	<u>-</u>	<u>-</u>	<u>8,691,821</u>
Less accumulated depreciation:				
Water lines	(1,826,743)	(42,229)	-	(1,868,972)
Water pump stations	(1,405,090)	(47,037)	-	(1,452,127)
Water storage tanks	(1,784,697)	(127,754)	-	(1,912,451)
Equipment	(679,828)	55,493	-	(624,335)
Meters	(433,519)	(33,139)	-	(466,658)
Total accumulated depreciation	<u>(6,129,877)</u>	<u>(194,666)</u>	<u>-</u>	<u>(6,324,543)</u>
Total capital assets, being depreciated, net	<u>2,561,944</u>	<u>(194,666)</u>	<u>-</u>	<u>2,367,278</u>
Total Capital Assets, Net	<u>6,356,592</u>	<u>(173,574)</u>	<u>-</u>	<u>6,183,018</u>

C. Long Term Debt

In 2002, the District acquired 86 acre-feet of senior water rights from the Vidler Water Company including the rights to five acre-feet of storage water in the Dillon Reservoir, and ten wells located in the Soda Creek alluvium. The District had acquired 20 acre-feet of senior water rights from the City of Golden in 2001. These rights were acquired with financing provided by a loan and a Revenue note.

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on the Fund (continued)

C. Long Term Debt (continued)

Series 2002 - On November 10, 2002 the District executed a loan in the principal amount of \$2,550,000 with the State of Colorado, Department of Natural Resources, and the Colorado Water Conservation Board as authorized by the voters in the District at a May 7, 2002 election. The note bore an interest rate of 4.25%, payable in yearly installments of \$151,976 for a period of thirty years. The District pledged to repay the note from general revenues from taxes received each year as authorized by the District's election and resolution dated May 7, 2002. The loan was repaid with the proceeds of the 2018 Refunding Bonds.

Refunding Bonds: Series 2018 - The District issued \$1,507,319 of general obligation bonds dated March 8, 2018 to refund the District's 2002 Colorado Water Conservation Board Note (Series 2002 above). The Series 2018 bonds bear interest at a rate of 3.45% per annum. Principal and interest in the amount of \$129,227 are due November 30 of each year, commencing November 30, 2018 with a maturity date of November 30, 2032. The total cash flows under the 2002 Loan exceeded the total cash flows under the Series 2018 Bonds; however, the District was unable to obtain or calculate the amount of net present value savings on the refunding.

Finance Purchase – On March 8, 2018, the District entered into a finance purchase agreement with Alpine Bank in the amount of \$900,000 to provide for the financing of certain site improvements within the District. The site improvements are required by the Colorado Department of Public Health and Environment and include upgrades to the water filtration system. Payments in the amount of \$5,266 are due in monthly installments, including interest at 3.6% through March 5, 2038.

An estimated schedule of debt service to maturity is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	133,723	58,696	192,419
2025	138,418	54,001	192,419
2026	143,276	49,143	192,419
2027	148,306	44,113	192,419
2028	153,514	38,905	192,419
2029 - 2033	723,072	107,796	830,868
2034 - 2038	248,719	19,885	268,604
	<u>1,689,028</u>	<u>372,539</u>	<u>2,061,567</u>

East Dillon Water District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on the Fund (continued)

C. Long Term Debt (continued)

A schedule of changes in long term debt is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Limited Tax Refunding Bond	1,077,465	-	(92,054)	985,411	95,231
Finance Purchase	<u>740,732</u>	<u>-</u>	<u>(37,115)</u>	<u>703,617</u>	<u>38,492</u>
	<u>1,818,197</u>	<u>-</u>	<u>(129,169)</u>	<u>1,689,028</u>	<u>133,723</u>

IV. Other Information

A. Management Agreements

The District has an agreement with Water Works West, LLC to provide general operation and maintenance of the water plant for the District. The District paid \$209,970 to Water Works West, LLC for these services during 2023.

The District has an agreement with T Services, LLC to provide administrative and financial management of all aspects of the District. The term of the agreement is from January 1, 2020 to December 31, 2020 and will be automatically renewed for successive one year periods. In 2023, the District incurred expenses of \$114,665 for these services.

B. Election Compliance

On November 6, 2018, voters approved the ballot question as noted in Note 2.B. As a result, the following schedule has been created to demonstrate compliance with the election:

Beginning available resources	(91,588)
<i>Add:</i>	
Property taxes	197,445
Specific ownership taxes	10,438
<i>Less:</i>	
Debt service	192,152
Treasury fees	9,886
Capital Outlay	21,092
Ending available resources	<u>\$ (106,835)</u>

SUPPLEMENTARY INFORMATION

East Dillon Water District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	2023			Variance Favorable (Unfavorable)	2022
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Water fees	627,000	627,000	634,256	7,256	481,137
Tap fees	-	-	30,000	30,000	66,000
Property taxes	197,825	197,825	197,445	(380)	197,823
Specific ownership taxes	10,000	10,000	10,438	438	9,431
Finance charges	-	-	16,745	16,745	10,624
Interest income	5,000	5,000	46,787	41,787	14,450
Miscellaneous	8,000	8,000	8,800	800	12,925
Total Revenues	847,825	847,825	944,471	96,646	792,390
Expenditures:					
Water service:					
Repair and maintenance	250,000	250,000	233,973	16,027	164,457
Supplies and tests	30,000	30,000	38,600	(8,600)	30,322
Utilities - water pumping	45,000	45,000	38,646	6,354	37,077
Total Water service	325,000	325,000	311,219	13,781	231,856
Administration:					
Audit	8,000	8,000	7,900	100	7,300
Administration and accounting	114,665	114,665	114,665	-	106,467
Directors fees	2,500	2,500	1,700	800	1,800
Engineering	10,000	10,000	-	10,000	4,399
Insurance and bonds	17,000	17,000	19,582	(2,582)	16,519
Legal fees	5,000	5,000	5,229	(229)	1,906
Office supplies	31,500	31,500	27,626	3,874	27,109
Dues and subscriptions	2,750	2,750	1,415	1,335	2,295
Operations contract	209,970	209,970	209,970	-	194,958
Telephone	6,500	6,500	4,987	1,513	4,655
County Treasurer	9,891	9,891	9,886	5	9,877
Miscellaneous	1,000	1,000	-	1,000	-
Total Administration	418,776	418,776	402,960	15,816	377,285
Debt service:					
Principal	37,133	37,133	129,169	(92,036)	124,817
Interest	63,231	63,231	62,983	248	67,347
Refunding payment to bond escrow agent	-	92,055	-	92,055	-
Total Debt service	100,364	192,419	192,152	267	192,164
Capital outlay:					
Capital Outlay	713,000	713,000	21,092	691,908	50,181
Total Expenditures	1,557,140	1,649,195	927,423	721,772	851,486
Change in Net Position - Non-GAAP Basis	(709,315)	(801,370)	17,048	818,418	(59,096)
Reconciliation to GAAP Basis:					
Depreciation expense			(194,666)		(199,653)
Capital outlay			21,092		50,181
Principal payments			129,169		124,817
Change in Net Position - GAAP Basis			(27,357)		(83,751)

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