

**WHEAT RIDGE WATER DISTRICT
FINANCIAL STATEMENTS
With
Independent Auditor's Report
December 31, 2023 and 2022**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wheat Ridge Water District

Opinions

We have audited the accompanying financial statements of Wheat Ridge Water District as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Wheat Ridge Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Wheat Ridge Water District as of December 31, 2023 and 2022, and the respective 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.

Basis for Opinions

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 Wheat Ridge Water 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.

Responsibilities 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; this includes 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 Wheat Ridge Water 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 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 opinion. 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, including omissions, 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.

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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 of 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 Wheat Ridge Water 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 Wheat Ridge Water 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, as listed in the table of contents, 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 Wheat Ridge Water District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is 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 our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



June 11, 2024
Fort Collins, Colorado

Management's Discussion and Analysis

Wheat Ridge Water District

The Wheat Ridge Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2023 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

Overview of the Financial Statements of the District

The audited financial statements of the District are: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements. These statements are on pages 6 through 15. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 16 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

**Condensed Comparative Financial Information:
Statement of Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents	\$ 5,212,016	\$ 4,734,770	\$ 5,587,679
Other current assets	716,104	1,245,020	1,330,504
	<u>5,928,120</u>	<u>5,979,790</u>	<u>6,918,183</u>
Non Current Assets			
Capital assets – net	\$ 6,759,250	\$ 6,545,228	\$ 6,156,061
Total Assets	<u>12,687,370</u>	<u>12,525,018</u>	<u>13,074,244</u>
Current Liabilities	<u>260,456</u>	<u>369,196</u>	<u>235,020</u>
Total Liabilities	<u>260,456</u>	<u>369,196</u>	<u>235,020</u>
Net Position			
Net Investment in capital assets	6,759,250	6,545,228	6,156,061
Unrestricted	5,667,664	5,610,594	6,683,163
Total Net Position	<u>\$ 12,426,914</u>	<u>\$ 12,155,822</u>	<u>\$ 12,839,224</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 4,870,095	\$ 5,257,317	\$ 4,886,522
Operating Expenses	4,985,336	6,144,755	5,219,003
Operating Income (Loss)	<u>(115,241)</u>	<u>(887,438)</u>	<u>(332,481)</u>
Non Operating Revenues (Expenses)	<u>386,333</u>	<u>204,036</u>	<u>525,627</u>
Change in Net Position	<u>271,092</u>	<u>(683,402)</u>	<u>193,146</u>
Net Position, Beginning of Year	<u>12,155,822</u>	<u>12,839,224</u>	<u>12,646,078</u>
Net Position, End of Year	<u>\$ 12,426,914</u>	<u>\$ 12,155,822</u>	<u>\$ 12,839,224</u>

Statement of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash from (for) Operating Activities	\$ 169,853	\$ (273,625)	\$ (57,667)
Cash from Non Capital Financing Activities	120,800	120,552	515,000
Cash from (for) Capital and Related Financing Activities	(585,511)	(782,541)	1,000
Cash from (for) Investing Activities	772,104	82,705	512,358
Increase (Decrease)	<u>477,246</u>	<u>(852,909)</u>	<u>970,691</u>
Cash and Cash Equivalents, Beginning of Year	4,734,770	5,587,679	4,616,988
Cash and Cash Equivalents, End of Year	<u>\$ 5,212,016</u>	<u>\$ 4,734,770</u>	<u>\$ 5,587,679</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

Analysis of Financial Position and Operating Results:

The total Net Position increased to \$12,426,914 in 2023, a difference of \$271,092 (change in net position). Cash and cash equivalents for 2023 increased by \$477,246 primarily due to lower water costs. Cash and cash equivalents represent approximately 41% of the District's total assets.

The District Liabilities decreased by \$108,740 for 2023. This change is attributable to the timing of payments. Operating revenues decreased \$387,222 due to a decrease of water usage. Operating expenses decreased by \$1,159,419 due to decreased water purchases. The net income from operations for the year was \$772,197 more than in 2022. Non-operating revenues were \$386,333 in 2023. The change relates primarily to the increase in investment earnings.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

Budgetary Discussion:

Actual revenues were \$31,592 less than the budget primarily due to lower service charges. Actual expenses were \$6,046,928 less than budgeted because contingency expense was not needed.

Capital Assets:

Net capital assets increased by \$214,039 relating to depreciation expense which was offset by additions. See Note 4 of the Notes to Financial Statements on page 14.

See Note 1 of Notes to Financial Statements- *Organization and Summary of Significant Accounting Policies-Capital Assets* on page 11 and Note 4 of Notes to Financial Statements – *Capital Assets* on page 14.

Long-Term Debt:

The District has no long-term debt.

Other:

There are no currently known facts, decisions, or conditions, which are expected to or may likely have a significant effect on the financial condition and results of operation in subsequent reporting periods.

Questions concerning any of the information provided in the report or for additional information should be addressed to Wheat Ridge Water District, PO Box 637, Wheat Ridge, CO 80034.

Basic Financial Statements

**Wheat Ridge Water District
Statements of Net Position
December 31, 2023 and 2022**

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,212,016	\$ 4,734,770
Investments	-	536,571
Prepaid expenses	78,685	74,096
Accounts receivable-service charges	618,475	580,629
Inventory	18,944	53,724
Total Current Assets	5,928,120	5,979,790
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Land	15,395	15,395
Construction in progress	1,286,052	782,541
Depreciable		
Water distribution system	14,245,774	14,245,774
Buildings and improvements	409,755	409,755
Furniture and Fixtures	60,900	60,900
Equipment	567,807	505,293
Total Capital Assets	16,585,683	16,019,658
Less: Accumulated depreciation	(9,826,433)	(9,474,430)
Net Capital Assets	6,759,250	6,545,228
Total Noncurrent Assets	6,759,250	6,545,228
Total Assets	12,687,370	12,525,018
Liabilities		
Current Liabilities		
Accounts payable	230,831	320,715
Accrued expenses	29,625	48,481
Total Current Liabilities	260,456	369,196
Net Position		
Net Investment in capital assets	6,759,250	6,545,228
Unrestricted	5,667,664	5,610,594
Total Net Position	\$ 12,426,914	\$ 12,155,822

The accompanying notes are an integral part of these financial statements

Wheat Ridge Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Water sales	\$ 4,844,964	\$ 5,230,461
Miscellaneous	25,131	26,856
Total Operating Revenues	4,870,095	5,257,317
Operating Expenses		
Water purchases	3,092,227	4,249,837
Employee salaries and benefits	700,817	738,966
Water operations	498,655	582,071
General and administration	292,148	180,507
Depreciation expense	401,489	393,374
Total Operating Expenses	4,985,336	6,144,755
Operating Gain (Loss)	(115,241)	(887,438)
Nonoperating Revenues (Expenses)		
Investment income	235,533	83,484
Connection fees	120,800	120,552
Gain on sale of assets	30,000	-
Total Nonoperating Revenues	386,333	204,036
Change in Net Position	271,092	(683,402)
Net Position, beginning of year	12,155,822	12,839,224
Net Position, end of year	\$ 12,426,914	\$ 12,155,822

The accompanying notes are an integral part of these financial statements

Wheat Ridge Water District
Statements of Cash Flows
For the Year Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 4,832,249	\$ 5,299,767
Cash paid to suppliers	(4,131,055)	(5,013,158)
Cash paid to employees	(531,341)	(560,234)
Net cash provided (used) by operating activities	169,853	(273,625)
Cash Flows From Non-Capital Financing Activities		
Cash received for connection charges	120,800	120,552
Net cash provided (used) by non-capital financing activities	120,800	120,552
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(615,511)	(782,541)
Proceeds from sales of assets	30,000	-
Net cash provided (used) in capital and related financing activities	(585,511)	(782,541)
Cash Flows From Investing Activities		
Investment income received	235,533	83,484
Net (purchase) / sale of investments	536,571	(779)
Net cash provided (used) by investing activities	772,104	82,705
Net increase (decrease) in cash and cash equivalents	477,246	(852,909)
Cash and cash equivalents, beginning of year	4,734,770	5,587,679
Cash and cash equivalents, end of year	\$ 5,212,016	\$ 4,734,770
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Gain / (Loss)	\$ (115,241)	\$ (887,438)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	401,489	393,374
Changes in assets and liabilities		
Accounts receivable	(37,846)	42,450
Prepaid expenses	(4,589)	(5,620)
Inventory	34,780	49,433
Accounts payable	(89,884)	111,436
Other accrued liabilities	(18,856)	22,740
Net Cash Provided (Used) by Operating Activities	\$ 169,853	\$ (273,625)

The accompanying notes are an integral part of these financial statements

**Wheat Ridge Water District
Notes to Financial Statements
December 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies

Wheat Ridge Water District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services within its geographical area. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are:

Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. The District applies all Governmental Accounting Standards Board (GASB) pronouncements in the financial statements, which is the authoritative body. 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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Presentation

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service of water. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63) and the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result, in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Budgets and Budgetary Accounting

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2023.

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed according to their respective cycles.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is \$5,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Water lines and pump station	40 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years
Vehicle	10 years

Accrued vacation and sick pay – The District's personnel policy allows employees to accrue vacation days based on length of service. In accordance with the policy the District has accrued a liability for vacation pay that has been earned but not used by District employees.

Net Position

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – 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 those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." Unrestricted net position is available for future operations or distributions.

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement of cash flows and the statement of net position, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 equal to 102% of the uninsured deposits. The Colorado Divisions of Banking 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 had \$128,028 and \$0 collateralized under PDPA and \$250,000 and \$154,254 insured by the FDIC, respectively. The deposits had a carrying balance of \$392,383 and \$154,254, respectively. All of the District deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA and were not exposed to credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

**Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 2 Cash and Investments (Continued)

At December 31, 2023 and 2022, the District had \$3,096,120 and \$2,229,570 invested in COLOTRUST, and \$1,723,213 and \$2,350,646, respectively, invested in CSAFE (the Trusts) which are 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 and each share is equal in value to \$1.00.

Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. ColoTrust Plus and C-SAFE are 2a7-like investment pools and are both rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. Colotrult is valued at net asset value and CSAFE is valued at amortized cost. There are no limitations on withdrawals for either pool. The redemption frequency is daily and there is no redemption notice period for ColoTrust or CSAFE.

Investments consisted of Certificates of deposit that mature in more than 90 days or more from the date of purchase. At December 31, 2023 and 2022 the District had \$536,571 and \$535,792 invested in long term certificates of deposit. The certificates of deposit were not rated.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, and 2022, none of the District's bank deposits were exposed to custodial credit risk.

A summary of cash and cash equivalents at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 300	\$ 300
Cash deposits	392,383	154,254
CSAFE	3,096,120	2,350,646
COLOTRUST	1,723,213	2,229,570
Total cash and cash equivalents	<u>\$ 5,212,016</u>	<u>\$ 4,734,770</u>

**Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 3 Accounts Receivable

Accounts receivable at December 31, 2023 and 2022, was comprised of the following:

	<u>2023</u>	<u>2022</u>
Water customers	\$ 618,475	\$ 580,629
Construction damages receivable	-	-
Less: Allowance for doubtful accounts	-	-
Net receivables	<u>\$ 618,475</u>	<u>\$ 580,629</u>
Accounts receivable - service charges	618,475	580,629
Accounts receivable - other	-	-
Net receivables per statement of net position	<u>\$ 618,475</u>	<u>\$ 580,629</u>

Note 4 Capital Assets

A summary of changes to capital assets for 2023 and 2022 is as follows:

	<u>Balance at 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2023</u>
Nondepreciable				
Land	\$ 15,395	\$ -	\$ -	\$ 15,395
Construction in progress	782,541	503,511	-	1,286,052
Total Nondepreciable	<u>797,936</u>	<u>503,511</u>	<u>-</u>	<u>1,301,447</u>
Depreciable				
Water distribution system	14,245,774	-	-	14,245,774
Buildings	409,755	-	-	409,755
Furniture and fixtures	60,900	-	-	60,900
Equipment	505,293	112,000	(49,486)	567,807
Total Depreciable	<u>15,221,722</u>	<u>112,000</u>	<u>(49,486)</u>	<u>15,284,236</u>
TOTAL	<u>16,019,658</u>	<u>615,511</u>	<u>(49,486)</u>	<u>16,585,683</u>
Less Accumulated Depreciation	<u>(9,474,430)</u>	<u>(401,489)</u>	<u>49,486</u>	<u>(9,826,433)</u>
Net Capital Assets	<u>\$ 6,545,228</u>	<u>\$ 214,022</u>	<u>\$ -</u>	<u>\$ 6,759,250</u>

	<u>Balance at 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2022</u>
Nondepreciable				
Land	\$ 15,395	\$ -	\$ -	\$ 15,395
Construction in progress	-	782,541	-	782,541
Total Nondepreciable	<u>15,395</u>	<u>782,541</u>	<u>-</u>	<u>797,936</u>
Depreciable				
Water distribution system	14,245,774	-	-	14,245,774
Buildings	409,755	-	-	409,755
Furniture and fixtures	60,900	-	-	60,900
Equipment	505,293	-	-	505,293
Total Depreciable	<u>15,221,722</u>	<u>-</u>	<u>-</u>	<u>15,221,722</u>
TOTAL	<u>15,237,117</u>	<u>782,541</u>	<u>-</u>	<u>16,019,658</u>
Less Accumulated Depreciation	<u>(9,081,056)</u>	<u>(393,374)</u>	<u>-</u>	<u>(9,474,430)</u>
Net Capital Assets	<u>\$ 6,156,061</u>	<u>\$ 389,167</u>	<u>\$ -</u>	<u>\$ 6,545,228</u>

Wheat Ridge Water District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 5 Retirement Plan

The District has entered into an agreement with the ICMA Retirement Corporation to establish a Money Purchase Plan for District employees in accordance with the Internal Revenue Code Section 401. Participation in the plan is mandatory for all District employees. Employees contribute 5% to the plan and the District contributes 8%. Employees are fully vested after 7 complete years of service. Financial activity of the plan is not included in the District's financial statements. Employer contributions to the plan were \$40,918, \$41,048 and \$29,803 for the years ending December 31, 2023, 2022 and 2021, respectively.

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

Note 8 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

Other Supplementary Information

Wheat Ridge Water District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service charges	\$ 5,068,220	\$ 4,795,454	\$ (272,766)
Penalties / late charges	18,000	16,335	(1,665)
Hydrant sales	20,000	17,400	(2,600)
Fees and other charges	27,800	15,775	(12,025)
Meter sales and parts	10,000	5,825	(4,175)
Connection fees	100,000	120,800	20,800
Interest	30,000	235,533	205,533
Grant income	1,000	1,970	970
Miscellaneous income	13,000	17,336	4,336
Gain on sale of asset	-	30,000	30,000
Total Revenues	<u>5,288,020</u>	<u>5,256,428</u>	<u>(31,592)</u>
Expenses			
Personnel expenses	866,613	700,817	165,796
Water purchases	4,025,324	3,092,227	933,097
Water operations	428,500	498,655	(70,155)
General and administrative	308,061	292,148	15,913
Capital outlay	2,353,522	615,511	1,738,011
Contingency	3,264,266	-	3,264,266
Total Expenses	<u>11,246,286</u>	<u>5,199,358</u>	<u>6,046,928</u>
Revenues over (under) Expenditures	<u>\$ (5,958,266)</u>	<u>\$ 57,070</u>	<u>\$ 6,015,336</u>
Reconciliation to Net Income			
Add Capital Outlay		615,511	
Less Depreciation Expense		<u>(401,489)</u>	
Change in Net Position		<u>\$ 271,092</u>	

See the Independent Auditor's Report