

**BEAR CREEK WATER AND SANITATION DISTRICT
LAKEWOOD, COLORADO**

FINANCIAL STATEMENTS

December 31, 2023

With Comparative Totals at December 31, 2022

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bear Creek Water and Sanitation District

Opinions

We have audited the accompanying financial statements of Bear Creek Water and Sanitation District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Bear Creek Water and Sanitation 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 Bear Creek Water and Sanitation District as of December 31, 2023, 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 Bear Creek Water and Sanitation 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 Bear Creek Water and Sanitation 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 Bear Creek Water and Sanitation 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 Bear Creek Water and Sanitation 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 Bear Creek Water and Sanitation 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.



Fort Collins, Colorado
June 14, 2024

Management's Discussion and Analysis

Bear Creek Water and Sanitation District

Management's Discussion and Analysis of the Annual Audit for Years Ended 2023 and 2022

MISSION STATEMENT

OUR MISSION IS TO PROVIDE PUBLIC WATER AND SANITARY SEWER SERVICES TO THE TAXPAYERS AND RATEPAYERS OF BEAR CREEK WATER AND SANITATION DISTRICT IN A SAFE, EFFICIENT, COST-EFFECTIVE AND SUSTAINABLE MANNER, WHILE MEETING ALL STATUTORY AND REGULATORY REQUIREMENTS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ANNUAL AUDIT FOR YEARS ENDED 2023 AND 2022

Introduction

As management of the Bear Creek Water and Sanitation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2023 and 2022. The District, comprised of roughly 2,600 acres, lies approximately 75 percent within the City of Lakewood and 25 percent in unincorporated Jefferson County. A daytime population of approximately 32,509 is served public water and sanitary sewer services by the District. The public water distribution and sanitary sewer transmission systems are owned, operated, and maintained by the District. The business of providing these services and operating these systems is accounted for in a single proprietary fund.

The District's Management's Discussion and Analysis is intended to provide you, the reader and user of our financial statements, with

- an understanding of the financial issues of the District.
- an overview of the District's financial activities.
- an explanation of the changes in the District's financial position.
- an explanatory analysis of the variations of the annual, approved budget.
- 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 the accompanying audited financial statements and related notes to the financial statements beginning on Page 1.

2023 Financial Highlights

The District is in a good financial position at the end of the reporting period. The District completed general and emergency repairs and maintenance to the water distribution and wastewater collections systems as well as restorative improvements to the systems from funds budgeted for those purposes. The reserves are sufficient to meet most emergency repair or replacement needs. The District maintains an adequate operating account balance to meet payroll, vendor, service and other obligations. Generally, the District's financial position has remained steady from the previous year. However, a decrease in the Metro Water Recovery sewage treatment fees and a significant increase in investment income have been factors in the change in net position of the District from 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial condition. The District's basic financial statements are comprised of three components:

- 1) Management's Discussion and Analysis (Required Supplemental Information),
- 2) Financial Statements, and
- 3) Notes to the financial statements that explain in more detail some of the information in the financial statements.

To demonstrate compliance with state budget law, the District has included supplemental information consisting of a comparison of budgeted to actual revenue and expenses. Also included is a reconciliation of budgetary basis revenues and expenses compared to the statement of revenues, expenses and changes in fund net position.

Required Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the District's overall financial position. The annual audit report includes the following information:

- 1) Statements of Net Position (Page 1)
- 2) Statements of Revenues, Expenses, and Changes in Net Position (Page 2)
- 3) Statements of Cash Flows (Page 3)
- 4) Notes to Financial Statements (Pages 4-11)
- 5) Supplemental Information
 - a. Budget Comparison Schedule and Reconciliation to Statement of Revenues, Expenditures and Changes in Net Position (Page 12)

The statements provide information about the District's financial position as of December 31, 2023 with results of its operations, cash flows, and information comparing actual revenues and expenses with budgeted revenues and expenses for the year. Except for the Other Supplemental Information, these statements are presented with current year and prior year comparison. The schedules are repeated below for further discussion:

1) The Statement of Net Position presents information on all of the District's assets, liabilities and deferred inflows of resources, with the difference reported as net position. This statement provides information about the nature and the amounts of investments in resources owned by the District (assets) and the obligations owed to the District creditors (liabilities). It provides one way to measure the financial health of the District by providing the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. However, other non-financial factors should be considered, such as changes in economic conditions, population, growth, and the effects of new or changed government legislation.

2) The revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement provides information about the components of the District's annual operating activities and how those activities affected the net position.

3) The final, required financial statement is the Statement of Cash Flows. This statement provides an analysis of the sources and uses of District cash during the year and how the operating, financing and investment activities affected the District's cash balances.

4) The Notes to the Financial Statements provide additional 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.

5) Supplemental Information: Though these schedules are not required as part of the basic financial statements, they are added for review as Supplemental Information.

- a) The Budgetary Comparison Schedule and Reconciliation to Statement of Revenues, Expenditures and Changes in Net Position provides a recapitulation of accounting activities that affect the Change in Net Position.

Analysis of Financial Position and Operating Results

2023 Financial Analysis

Cash, cash equivalents and investments of the District increased \$1,699,761 from \$16,691,024 in 2022 to \$18,390,785 at December 31, 2023, representing approximately 54.6 percent of the District's total assets in 2023. This change is due to a variety of factors including investment gains and decreases in MWR sewage treatment charges.

In 2023, the BCWSD spent \$474,067 from reserves to pay for capital improvement projects for the District's water and sanitary sewer systems.

Capital expenses of \$816,337 was added to the District's Fixed Assets as of December 31, 2023 for change net of depreciation of \$323,355.

Property and specific ownership taxes increased by \$56,067 in 2023; from \$918,638 collected in 2022 to \$974,705 collected in 2023. An ad valorem property tax is levied on the assessed valuation of real and personal property within the District. Upon the 2022 assessed valuation of \$222,321,833, a total net mill levy rate of 4.102 mills was certified in 2022 to Jefferson County for collection of \$911,964 in 2023. This levy includes budgeted general property taxes of \$981,773 a temporary revenue reduction of (\$72,255) to protect the District's mill levy of 4.416 and an additional amount of \$2,446 for refunds and abatements. Specific ownership tax collected in 2023 was \$65,263. Property tax and specific ownership tax revenue is classified under General Government for the purposes of TABOR compliance.

Net position increased over the course of the year by \$1,393,503 to a total of \$31,878,306 at December 31, 2023.

The District's capital assets net of accumulated depreciation at December 31, 2023, totaled \$13,435,423 which represents 39.9 percent of the District's total assets.

Total Operating Revenue increased from \$2,384,187 in 2022 to \$2,448,640 in 2023, or by approximately 2.7 percent, This increase is primarily due to an increase in fees, permits and reimbursement revenue.

The District billed \$2,075,369 in sanitary sewer service charges to its customers to cover both annual sewer processing charges of \$1,103,441 and related operations, operational costs of \$432,403 in 2023.

The District collected \$349,112 in 2023 from the water surcharge fee that was added to the Denver Water billing in 2018. This covered all of the water billing costs and related maintenance costs of \$246,594.

Any additional revenue collected will be added to the District's reserves to be used for future capital expenditures in accordance with the District's Master Plan.

Net investment income increased by \$1,181,960 from (\$498,208) in 2022 to \$683,752 in 2023 due to an increase in interest rates.

Tap permit sales increased 31.3 percent from \$54,790 in 2022 to \$71,940 for 2023. Tap permit sales vary from year to year.

Expenses for operation and maintenance of public water and sanitary sewer systems decreased from \$528,074 in 2022 to \$432,403 in 2023. The District has a proactive, predictive, planned and preventative program for operations, maintenance and repair of the public systems. The entire public water system and a third of the public sanitary sewer system are inspected annually. The total expenses for this activity can fluctuate from year to year, due to the age and condition of the public systems and the number of components in each of the program areas in the District.

Salaries, wages, benefits and contract services and associated payroll expenses for 2023 were \$429,391 which is approximately 3.4 percent lower than in 2022 due to changes in staffing. These costs constitute approximately 15.6 percent of the District's \$2,735,901 Total Operating Expenses without depreciation for 2023

2022 Financial Analysis

Cash, cash equivalents and investments of the District decreased \$31,922 from 16,722,946 in 2021 to \$16,691,024 at December 31, 2022, representing approximately 52.8 percent of the District's total assets in 2021. This change is due to a variety of factors including investment losses and increases in MWR sewage treatment fees.

In 2022, the BCWSD spent \$221,121 from reserves to pay for capital improvement projects for the District's water and sanitary sewer systems.

Capital expenses of \$33,493 was added to the District's Fixed Assets as of December 31, 2022.

Property and specific ownership taxes increased by \$44,547 in 2022; from \$874,091 collected in 2021 to \$918,638 collected in 2022. An ad valorem property tax is levied on the assessed valuation of real and personal property within the District. Upon the 2021 assessed valuation of \$225,851,961, a total net mill levy rate of 3.823 mills was certified in 2021 to Jefferson County for collection of \$863,432 in 2022. This levy includes budgeted general property taxes of \$997,362 a temporary revenue reduction of (\$138,221) to protect the District's mill levy of 4.416 and an additional amount of \$4,291 for refunds and abatements. Specific ownership tax collected in 2022 was \$59,272. Property tax and specific ownership tax revenue is classified under General Government for the purposes of TABOR compliance.

Net position decreased over the course of the year by (\$415,174) to a total of \$30,484,803 at December 31, 2022.

The District's capital assets net of accumulated depreciation at December 31, 2022, totaled \$13,112,068 which represents 41.5 percent of the District's total assets.

Total Operating Revenue decreased from \$2,387,956 in 2021 to \$2,384,187 in 2022, or by approximately .158 percent, This decrease is primarily due to a decrease in fees, permits and reimbursement revenue.

The District billed \$2,062,541 in sanitary sewer use fees to its customers to cover both annual sewage treatment charges of \$1,442,951, related operations, maintenance costs of \$158,830 and billing costs of \$18,619 in 2022.

The District collected \$298,389 in 2022 from the water surcharge fee that was added to the Denver Water billing in 2018. This covered about 77% of the 2022 water billing costs of \$8,392 and related maintenance costs of \$378,834.

Any additional revenue collected will be added to the District's reserves to be used for future capital expenditures in accordance with the District's Master Plan.

Net investment income (loss) decreased by (\$493,529) from (\$4,679) in 2021 to (\$498,208) in 2022 due to significant unrealized losses of (\$698,599) which were offset by an increase in interest rates.

Tap permit sales decreased 52.17 percent from \$65,320 in 2021 to \$31,420 for 2022. Tap permit sales vary from year to year.

Expenses for operation and maintenance of public water and sanitary sewer systems decreased from \$614,596 in 2021 to \$537,664 in 2022. The District had repaired additional valves and repaired multiple water main breaks in 2021. The District has a proactive, predictive, planned and preventative program for operations, maintenance and repair of the public systems. The entire public water system and a third of the public sanitary sewer system are inspected annually. The total expenses for this activity can fluctuate from year to year, due to the age and condition of the public systems and the number of components in each of the program areas in the District.

Salaries, wages and contract services and associated payroll expenses for 2022 were \$438,308 which is approximately 4.49 percent higher than in 2021 due to cost of living/merit pay increases for District staff. These costs constitute approximately 15.95 percent of the District's \$2,747,955 Total Operating Expenses without depreciation for 2022.

For more information about the changes in net position and the operating activities, please review the accompanying audited financial statements beginning on Page 1

Budgetary Comparison Schedule and Reconciliation of Revenues, Expenditures and Changes to Net Position— for Year Ended December 31, 2023 (Page 12)

Anticipated expenditures of **\$3,996,880** were budgeted for 2023. In addition to the anticipated revenue of \$3,699,802, use of reserves in the amount of (\$297,078) was planned to realize budgeted expenses. Actual revenues of \$4,179,037 were over budget by \$479,235 and actual expenditures of \$3,108,889 were under budget by \$887,991. At December 31, 2023, the District realized revenues over expenditures to transfer to reserves in the amount of \$1,070,148.

An amount of \$816,337 was used for 2023 capital water and sanitary sewer projects in accordance with the District's Master Plan. Capital funds are collected and reserved over time by the Water and Wastewater Activity Enterprise for replacement of capital water and sanitary sewer lines and other capital projects.

Approximately \$888,000 of operating and capital expense budgets were not spent in 2023. There are several capital projects that are scheduled to be done when determined necessary, upon receipt of easements, or when the projects can be coordinated with other governmental entities. These projects are included in the capital budget each year in the event they can be accomplished. Since 1986, property owners in the KEMO Country Area (KEMO) have approached the District for public water and sanitary sewer services. Many of the properties in KEMO have been included in the District's official boundaries and have connected to the water system. Since there is no developer responsible for KEMO properties, property owners would be required to include each lot in the District, provide necessary easements, deposit full funding for any public line extensions, and sign a Supplemental Inclusion Agreement before public water or sanitary sewer service could be provided.

Anticipated tap permit fee income was based on the sale of ten water and ten sanitary sewer tap permits. The District has used this conservative estimate for many years as tap sales had not been significant since 2009 due to slow growth of construction within the District's boundaries. Tap fee revenue collected in 2023 was lower than expected with \$71,940 collected vs \$114,700 that was budgeted.

Public water and sanitary sewer lines serving properties in the District are generally constructed by developers and contributed to the District. The District takes ownership upon acceptable completion of construction and inspection, followed by a warranty. There were no developer contributions for 2023.

Net Investment Income of \$683,752 was significantly higher than the budgeted amount of \$178,700 in 2023 due to changes in interest rates. Increases and/or decreases from year-to-year result from the condition of the fixed markets and investment securities being placed for maturity for different periods of time.

2023 Capital Asset Analysis

The District's inventory of public water and sanitary sewer systems and its Master Plan are in effect for projecting the time and costs for replacement of its infrastructure. In 2023 \$816,337 was spent for capital improvements to the existing public water and sanitary sewer systems and appurtenances thereto.

Depreciation of Assets

The District depreciates capital assets, excluding land, land improvements and construction in progress, using the straight-line method over various estimated useful lives. Please refer to the Notes to Financial Statements—Summary of Significant Accounting Policies-Capital Assets (Note 1, Page 6).

Long Term Debt

The District has no long-term debt as of December 31, 2023.

Known Present and Future Effects on District's Financial Condition

In 2024, the District is budgeting \$1.122 million for capital improvements for the District owned water and sanitary sewer systems. District Engineers have performed an analysis and study of the District's 16"/18" transmission mains. District Engineers will develop a priority list to determine what sections of pipes need to be identified for future replacement. The Board suggested that District Engineers do a study to see if more areas with sewer lines over 50 years need additional CIPP lining. District Engineers will look at different segments of 50+ year old sewer pipe inspections over a 10-year period to see if there is additional sewer pipe to be lined.

Notification was received in 2023 that the annual sewage treatment charges to be billed by Metro Water Recovery (formerly Metro Wastewater Reclamation District) for 2024 were to be \$1,131,194 which represents an 3.1% increase from the 2023 sewage treatment charges of \$1,096,444. This amount does not include credits or charges from certified and revised estimates that will be calculated in 2024. Sewer treatment charges fluctuate from year to year due to the 3-year cycle methodology followed by Metro Water Recovery (MWR). Bear Creek Water and Sanitation District tracks these charges on an annual basis and smooths and adjusts anticipated rates for sewer fees accordingly.

The Board of Directors has identified and engaged in a deliberative process to prepare the budget annually and considers the following factors in the process of setting appropriate water and sanitary sewer rates:

- The District engaged an external consultant to perform the 2019 Rate Study Update, provided by Raftelis Financial Consultants. The District implemented a financial planning tool in 2020, developed by Gemsbok Consulting.
- Operations and Maintenance needs of the District-owned water and sanitary sewer systems which includes such projects as replacement or relining of sanitary sewer lines and the major repair or replacement of water distribution lines.
- The District's Master Plan which was updated in 2018.
- Capital Improvement Projects and Long-Term Planning
- Historical considerations

Following notification of the Metro Water Recovery (MWR) annual charges for 2024, the Board of Directors decided at the November 13, 2023 Board of Directors meeting not to increase the sanitary sewer rate for sewer utility fees over the 2023 sanitary sewer rate. It was determined that sewer billing rate is sufficient to recover 2024 MWR sewage treatment charges, costs associated with billing, operations and maintenance expenses and planned capital improvement projects. Any additional revenue collected will be added to the District's reserves to be used for future capital expenditures in accordance with the District's Master Plan.

On November 14, 2022, the Bear Creek Water and Sanitation District Board of Directors voted unanimously to increase the \$6.00 water surcharge to \$7.00 per single family residential equivalent (SFRE) water surcharge to the Denver Water monthly billing beginning on January 1, 2023 to contribute towards the Operations and Maintenance (O&M) of the water distribution lines owned by the District. This was the first increase to the water surcharge since 2018 due to the rising costs of the operations and maintenance of the water system.

The District will continue to review the sewer rates and the water surcharge amount each year to determine if a rate increase is necessary. Due to the rising costs of services and materials, the District may be considering increases in water and sewer fees as they prepare the 2024 budget.

Each year, an ad valorem property tax is levied on the assessed valuation of real and personal property within the District. Upon the 2023 assessed valuation of \$258,508,927, a total net mill levy rate of 3.746 mills was certified in 2023 to Jefferson County for collection of \$968,374 in 2024. This levy includes general property taxes of \$1,141,575, a temporary revenue reduction of (-\$178,630) and an additional amount of \$5,429 for refunds and abatements. The most restrictive TABOR limit on 2023 property taxes was the statutory 5.5% limit which changes the rate and revenue based on a growth and consumer price index from the previous year.

General Property taxes are subject to a 5.5 percent statutory limit under Colorado Revised Statutes §29-1-301, as well as revenue and mill levy rate limitations under Article X, Section 20 of the Colorado State Constitution, known as the Taxpayers' Bill of Rights (TABOR) Amendment. The most restrictive of those three limitations is applicable to property tax and General Government spending. TABOR also limits administrative expenses and the amount of local, state and federal grants received by enterprises.

Upon the passage of TABOR and under the enterprise provisions of TABOR and Colorado Revised Statutes §37-45.1 (aka, Senate Bill 93-130), the Board of Directors declared a Water and Wastewater Activity Enterprise as one of two classes of TABOR accounts in the District's single fund accounting system. The Water and Wastewater Enterprise class is generally exempt from TABOR.

The TABOR Amendment has affected a slow but steady spiraling down of the increases needed in general property taxes and has impacted the District's need to increase its fees and charges for the operations and maintenance of its water and sanitary sewer systems.

Request for Information

This financial report is designed to provide a general overview of the Bear Creek Water and Sanitation District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the attention of Jan C. Walker, District Manager, Bear Creek Water and Sanitation District at 2517 South Flower Street, Lakewood, CO 80227-2912 or bearcreekwater@bearcreekwater.org General information about the District is available at the Bear Creek Water and Sanitation District Website www.bearcreekwater.org

Prepared by: **Jan C. Walker, District Manager and Secretary, Board of Directors**
 Bear Creek Water and Sanitation District
 2517 South Flower Street
 Lakewood, CO 80227
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Basic Financial Statements

Bear Creek Water and Sanitation District
Statement of Net Position
December 31, 2023
With Comparative Totals at December 31, 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,831,260	\$ 3,992,313
Investments	13,559,525	12,698,711
Accrued interest	48,793	27,423
Due from County Treasurer	4,045	3,808
Accounts receivable	588,684	631,195
Property taxes receivable	968,374	911,964
Prepaid expenses	75	1,093
Total Current Assets	20,000,756	18,266,507
Noncurrent Assets		
Prepaid conduit charges	209,152	208,511
Capital assets		
Non depreciable	474,067	221,121
Depreciable	25,660,095	25,096,704
Less: Accumulated depreciation	(12,698,739)	(12,205,757)
Net Capital Assets	13,435,423	13,112,068
Total Noncurrent Assets	13,644,575	13,320,579
Total Assets	33,645,331	31,587,086
Liabilities		
Current Liabilities		
Accounts payable	214,092	59,960
Accrued wages	9,791	13,485
Due to Metro Water Recovery	455,270	-
Imprest and KEMO projects deposits	119,498	116,874
Total Liabilities	798,651	190,319
Deferred Inflows of Resources		
Deferred property taxes	968,374	911,964
Total Deferred Inflows of Resources	968,374	911,964
Net Position		
Net investment in capital assets	13,435,423	13,112,068
Restricted	29,241	35,240
Unrestricted	18,413,642	17,337,495
Total Net Position	\$ 31,878,306	\$ 30,484,803

The accompanying notes are an integral part of these financial statements

Bear Creek Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023	2022
Operating Revenues		
Service charges	\$ 2,075,369	\$ 2,062,541
Water surcharge fees	349,112	298,389
Fees and permits	19,229	5,700
Other revenue	4,930	17,557
Total Operating Revenues	2,448,640	2,384,187
Operating Expenses		
Sewer processing charges	1,103,441	1,442,951
Operations	432,403	528,074
General and administration	277,684	332,422
Wages and employee benefits	429,391	444,508
Depreciation	492,982	490,020
Total Operating Expenses	2,735,901	3,237,975
Operating Loss	(287,261)	(853,788)
Nonoperating Revenues (Expenses)		
Property taxes - operations	909,442	859,366
Specific ownership taxes	65,263	59,272
Net investment income (loss)	683,752	(498,208)
Tap and capital improvement fees	71,940	54,790
Tap fees paid to Metro Wastewater	(35,840)	(23,550)
County treasurer fees	(13,793)	(13,056)
Total Nonoperating Revenues (Expenses)	1,680,764	438,614
Change in Net Position	1,393,503	(415,174)
Net Position, beginning of year	30,484,803	30,899,977
Net Position, end of year	\$ 31,878,306	\$ 30,484,803

The accompanying notes are an integral part of these financial statements

Bear Creek Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,493,538	\$ 2,342,940
Cash paid to suppliers	(1,324,130)	(2,341,096)
Cash paid to employees	(312,063)	(431,008)
Net cash provided (used) by operating activities	857,345	(429,164)
Cash Flows From Non-Capital Financing Activities		
Property and specific ownership taxes net of treasurer fees	960,912	905,672
Cash received for connection charges, net of payments to Metro Wastewater	36,100	31,240
Net cash provided by non-capital financing activities	997,012	936,912
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(816,337)	(33,496)
Prepaid conduit participation fees	(641)	4,210
Developer contributions (repayments)	-	(749)
Net cash (used) by capital and related financing activities	(816,978)	(30,035)
Cash Flows From Investing Activities		
Investment income received	345,105	193,700
Purchases of investments	(2,320,000)	(3,477,953)
Sales of investments	1,776,463	1,819,000
Net cash provided by investing activities	(198,432)	(1,465,253)
Net increase (decrease) in cash and cash equivalents	838,947	(987,540)
Cash and cash equivalents, beginning of year	3,992,313	4,979,853
Cash and cash equivalents, end of year	\$ 4,831,260	\$ 3,992,313
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (287,261)	\$ (853,788)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	492,982	490,020
Changes in assets and liabilities		
Accounts receivable	42,511	(41,247)
Cash at county treasurer	(237)	-
Prepaid expenses	1,018	5,331
Accounts payable	154,132	(29,480)
Due to Metro Wastewater	455,270	-
Accrued wages	(3,694)	-
Deposit accounts	2,624	-
Net Cash Provided (Used) by Operating Activities	\$ 857,345	\$ (429,164)

The accompanying notes are an integral part of these financial statements

Bear Creek Water and Sanitation District
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 1 Summary of Significant Accounting Policies

The Bear Creek Water and Sanitation District was formed on August 2, 1962 as a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sanitation services within its jurisdictional boundaries.

The financial statements of the Bear Creek Water and Sanitation District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District follows all pronouncement issued by the Governmental Accounting Standards Board (GASB) which is the authoritative body. The significant accounting policies are described below.

Financial Reporting Entity

In accordance with governmental accounting standards, the Bear Creek Water and Sanitation District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

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. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* 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 water and sewer usage. 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 nonoperating revenues and expenses.

The totals from the year ending December 31, 2022 have been presented for comparative purposes only and do not contain sufficient detail to be presented in accordance with Generally Accepted Accounting Principles (GAAP). These statements should be read in conjunction with the entity's audited financial statements for the year ending December 31, 2022.

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 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 establishes 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.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Allowance of Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners of the District, and the District has the ability to place liens on the property.

Revenue Recognition

Revenues are recognized when earned and are billed quarterly.

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

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 - assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The estimated useful lives are 50-80 years for water and wastewater systems, 10-50 years for information management systems, 20-40 years for buildings and improvements, and 5-10 years for operating and office equipment.

Accrued vacation and sick pay - district employees accrue vacation and sick pay benefits based on tenure. The District recognizes the expense as they are incurred. Any vacation time that is not used by the end of the year is forfeited therefore no accrual for vacation has been made.

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 does not meet the definition of “restricted” or net investment in capital assets.” These net position are available for future operations or distributions.

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, 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).

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.

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

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

As of December 31, 2023, the District's cash deposits had a carrying balance of \$2,094,923 and a corresponding bank balance of \$2,094,960 of which \$250,000 was insured by the Federal Deposit Insurance Corporation, respectively.

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. The District had \$1,844,960 of assets collateralized under PDPA at December 31, 2023 or 2022, respectively.

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, none of the District's bank deposits were exposed to custodial credit risk.

Investments

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

- Obligations of the World Bank, 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.

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 2 Cash and Investments (Continued)

At December 31, 2023, the District had \$1,204,114 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), established for Colorado local governments surplus fund pooling. The pool is regulated by the Colorado Securities Commissioner. 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. C-SAFE is a 2a7-like investment pool and is rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. CSAFE is valued at amortized cost. There are no limitations on withdrawals. The redemption frequency is daily and there is no redemption notice period for. At December 31, 2023 the District had \$1,532,223 invested in CSAFE.

As of December 31, 2023, the Board had not adopted a formal investment policy. The District had \$2,483,140 invested in certificates of deposit, which were not rated and the investments as listed below.

Investment Type	Maturity			Fair Value	Percent of total investments
	Less than one year	1-3 years	3-5 years		
U.S. Government Securities	736,794	1,411,066	-	2,147,860	19%
Federal Home Loan Bank	485,794	4,896,754	1,821,216	7,203,764	65%
Fannie Mae	245,283	239,546	-	484,829	4%
Freddie Mac	726,686	237,132	276,114	1,239,932	11%
Total Fair Market Value	\$ 2,194,557	\$ 6,784,498	\$ 2,097,330	\$ 11,076,385	100%

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 3 Accounts Receivable

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

Water and sewer charges	<u>\$ 588,684</u>
Less allowance for doubtful accounts	<u>-</u>
Net Accounts Receivable	<u><u>\$ 588,684</u></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 easements and water rights	\$ 156,578	\$ 252,946	\$ -	\$ 409,524
Construction in progress	64,543	-	-	64,543
Total Nondepreciable	<u>221,121</u>	<u>252,946</u>	<u>-</u>	<u>474,067</u>
Depreciable				
Buildings and improvements	14,004,583	-	-	14,004,583
Sewer system and equipment	9,761,801	541,831	-	10,303,632
Water system and equipment	678,050	21,560	-	699,610
Office furniture and equipment	114,372	-	-	114,372
Information management systems	537,898	-	-	537,898
Total Depreciable	<u>25,096,704</u>	<u>563,391</u>	<u>-</u>	<u>25,660,095</u>
TOTAL	<u>25,317,825</u>	<u>816,337</u>	<u>-</u>	<u>26,134,162</u>
Less Accumulated Depreciation				
Buildings and improvements	(7,244,663)	(16,287)	-	(7,260,950)
Sewer system and equipment	(4,320,334)	(190,606)	-	(4,510,940)
Water system and equipment	(297,226)	(275,080)	-	(572,306)
Office furniture and equipment	(101,330)	(3,304)	-	(104,634)
Information management systems	(242,204)	(7,705)	-	(249,909)
Total Accumulated Depreciation	<u>(12,205,757)</u>	<u>(492,982)</u>	<u>-</u>	<u>(12,698,739)</u>
Net Capital Assets	<u><u>\$ 13,112,068</u></u>	<u><u>\$ 323,355</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,435,423</u></u>

Note 5 Retirement Plan

The District participates in the Colorado Retirement Association's (CRA) retirement plans which consist of a 401(a) defined contribution plan and a 457 deferred compensation plan. For both plans all employees are qualified unless the employee customarily works less than 24 hours per week or less than five months per calendar year. Employees are eligible to participate at date of hire.

The 401(a) plan is a defined contribution money purchase pension plan which requires that each employee contribute 6% of compensation. The District is required to match that contribution each year. Employee contributions are 100% vested while the District's contributions are vested 20%

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 5 Retirement Plan (Continued)

for each twelve months of participation in the plan. District contributions and earnings are forfeited by employees who leave employment prior vesting.

Voluntary after-tax contributions by the employee are allowed up to a maximum of 100% of compensation, subject to the annual 401a limit. During the years ended December 31, 2023 and 2022 the District contributed \$16,993 and \$17,666, respectively.

The 457 plan is an employer-sponsored retirement plan that allows employees to defer receiving a portion of their current compensation until retirement or separation from service. Employees may defer a portion of their gross compensation. The District currently matches employees contributions up to 3%. Employees are immediately vested in both the District's contributions as well as their own. At December 31, 2023 and 2022 the District had five employees participating in the plan. During the year ended December 31, 2023 and 2022 the District contributed \$6,417 and \$8,202, 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 and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. The District has established an emergency reserve of \$29,241 as of December 31, 2023 to comply with 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 coverages, 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. The District's settled claims have not exceeded its insurance coverage in any of the last three years.

Note 8 Intergovernmental Agreements

Service Contract – Denver Board of Water Commissioners (DBWC)

The District has a water service agreement with DBWC. Under this agreement, DBWC provides water services to the District's citizens. Water services include meter reading, billing, and collections. These amounts are not reflected in the financial statements for the

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 8 Intergovernmental Agreements (Continued)

years ended December 31, 2023 and 2022. The District retains title and responsibility for the maintenance and future construction costs of all public water distribution lines in the District. Also, the District has reserved capacity in lines owned by DBWC, either purchased from or constructed and contributed to DBWC by the District.

On November 13, 2017, the Bear Creek Water and Sanitation District Board of Directors voted unanimously to add a \$6.00 per single family residential equivalent (SFRE) water surcharge to the Denver Water monthly billing to pay for capital improvement projects and the operations and maintenance of the water system which is owned by the District. An Intergovernmental Agreement (IGA) was signed with Denver Water to collect the surcharge on behalf of Bear Creek Water and Sanitation District. This IGA was approved on December 13, 2017 by the Denver Board of Water Commissioners. For the years ended December 31, 2022 and 2021, the amounts earned under this agreement were \$298,389 and \$298,121, respectively. This revenue is included in water surcharge fees in the Statement of Revenues, Expenses and Changes in Net Position.

Green Mountain Water and Sanitation District

The District entered into agreements with Green Mountain Water and Sanitation District (Green Mountain) dated April 9, 1973 and June 12, 1989, related to the construction and maintenance of certain outfall sewer lines and the sale of outflow capacity. Under the terms of the agreements, the District was granted the right to purchase flow capacity and ownership of certain outflow sewer lines constructed by Green Mountain. Green Mountain is responsible for the ongoing maintenance of these lines, the costs for which are shared with the District in accordance with the respective flow capacity ownership percentages.

Bancroft-Clover Water and Sanitation District

The District has a formal agreement with Bancroft-Clover Water and Sanitation District (Bancroft-Clover) dated April 11, 2011 for the shared use of a District sewer line. Based on the agreement, Bancroft-Clover is to reimburse the District for a pro-rata share of the District's fees charged by MWR together with the pro-rata share of the costs of operations and maintenance attributable to the provision of sanitary sewer services.

Metro Water Recovery (MWR)

The District has an agreement with MWR For the treatment and disposal of the District's sewage. The agreement provides for estimated charges that are assessed through a predetermined formula. MWR bills based off estimated charges and then updates the estimates twice during the year, a final adjustment for the second preceding year and a preliminary adjustment for the preceding year. These updates are reflected as an increase or decrease to the estimated flows in the subsequent year's charges. The District records a receivable or a payable for each of the adjustments presented during the current year to help smooth the sewer charges over time.

Bear Creek Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023
With Comparative Totals at December 31, 2022

Note 9 Prepaid Water Participation Fees.

During 2001, the District paid \$418,600 to Denver Water for participation charges as provided by a Conduit Participation Agreement. Prepayment of the participation charges secured an additional 700 single family residential equivalent water tap capacity without having to participate in construction of additional facilities. As of December 31, 2023 the balance of the prepaid participation fees remaining was \$209,152.

Note 10 Reclassifications

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

Other Supplementary Information

**Bear Creek Water and Sanitation District
Budgetary Comparison Schedule - Non GAAP Basis
For the Year Ended December 31, 2023**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service fees	\$ 2,411,938	\$ 2,424,481	\$ 12,543
Property taxes	911,964	909,442	(2,522)
Specific ownership taxes	60,000	65,263	5,263
Investment income	178,700	683,752	505,052
Connection fees	114,700	71,940	(42,760)
Fees and permits	18,500	19,229	729
Other income	4,000	4,930	930
Total Revenues	<u>3,699,802</u>	<u>4,179,037</u>	<u>\$ 479,235</u>
Expenses			
Sewer processing charges	672,171	1,103,441	(431,270)
Operations	898,200	432,403	465,797
General and administration	187,925	277,684	(89,759)
Wages and employee benefits	530,884	429,391	101,493
Tap fees paid to Metro Wastewater	-	35,840	(35,840)
County treasurer fees	14,500	13,793	707
Capital outlay	1,693,200	816,337	876,863
Total Expenses	<u>3,996,880</u>	<u>3,108,889</u>	<u>887,991</u>
Revenues (under) Expenditures	<u>\$ (297,078)</u>	<u>\$ 1,070,148</u>	<u>\$ 1,367,226</u>
Reconciliation to statement of revenues, expenditures and changes in net position			
Depreciation expense		(492,982)	
Capital outlay		816,337	
Change in net position		<u>1,393,503</u>	