

**BERKELEY WATER AND SANITATION DISTRICT
ARVADA, COLORADO**

**FINANCIAL STATEMENTS
December 31, 2023 and 2022**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Berkeley Water and Sanitation District

Opinions

We have audited the accompanying financial statements of Berkeley Water and Sanitation 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 Berkeley 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 Berkeley Water and Sanitation 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 Berkeley 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 Berkeley 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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

PO Box 1576
Fort Collins, CO 80522

Green & Associates • LLC

PHONE (720) 839-6458
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

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 Berkeley 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 Berkeley 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 Berkeley 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
September 12, 2024

Management's Discussion and Analysis

Berkeley Water & Sanitation District

Management's Discussion and Analysis

Introduction:

The Berkeley Water & Sanitation 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 7.

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 and the Supplementary Information, 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 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 the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses and Non-Operating Revenues and Expenses – 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 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 of Revenues and Expenditures provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include 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>Change</u> |
|----------------------------------|---------------------|---------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 1,145,553 | \$ 1,362,212 | \$ (216,659) |
| Other current assets | 1,469,140 | 1,187,716 | 281,424 |
| | <u>2,614,693</u> | <u>2,549,928</u> | <u>64,765</u> |
| Non Current Assets | | | |
| Capital assets – net | \$ 4,880,883 | \$ 4,699,455 | \$ 181,428 |
| Total Assets | <u>7,495,576</u> | <u>7,249,383</u> | <u>246,193</u> |
| Current Liabilities | 58,742 | 51,661 | 7,081 |
| Total Liabilities | <u>58,742</u> | <u>51,661</u> | <u>7,081</u> |
| Deferred Inflows of Resources | <u>365,965</u> | <u>345,702</u> | <u>20,263</u> |
| Net Position | | | |
| Net investment in capital assets | 4,880,883 | 4,699,455 | 181,428 |
| Restricted | 11,078 | 10,437 | 641 |
| Unrestricted | 2,178,908 | 2,142,128 | 36,780 |
| Total Net Position | <u>\$ 7,070,869</u> | <u>\$ 6,852,020</u> | <u>\$ 218,849</u> |

Statement of Revenues, Expenses, and Changes in Net Position

| | <u>2023</u> | <u>2022</u> | <u>Change</u> |
|-----------------------------------|---------------------|---------------------|-------------------|
| Operating Revenues | \$ 904,618 | \$ 865,354 | \$ 39,264 |
| Operating Expenses | 1,150,358 | 1,123,715 | 26,643 |
| Operating Income (Loss) | <u>(245,740)</u> | <u>(258,361)</u> | <u>12,621</u> |
| Non Operating Revenues (Expenses) | <u>464,589</u> | <u>375,483</u> | <u>89,106</u> |
| Change in Net Position | 218,849 | 117,122 | 101,727 |
| Net Position, Beginning of Year | <u>6,852,020</u> | <u>6,734,898</u> | <u>117,122</u> |
| Net Position, End of Year | <u>\$ 7,070,869</u> | <u>\$ 6,852,020</u> | <u>\$ 218,849</u> |

Statement of Cash Flows

| | <u>2023</u> | <u>2022</u> | <u>Change</u> |
|--|---------------------|---------------------|-------------------|
| Cash from (for) Operating Activities | \$ (46,483) | \$ (51,401) | \$ (4,918) |
| Cash from Non Capital Financing Activities | 419,059 | 375,239 | (43,820) |
| Cash from (for) Capital and Related Financing Activities | (394,410) | (42,110) | 352,300 |
| Cash from (for) Investing Activities | <u>(194,825)</u> | <u>(749,756)</u> | <u>(554,931)</u> |
| Increase (Decrease) | (216,659) | (468,028) | (251,369) |
| Cash and Cash Equivalents, Beginning of Year | <u>1,362,212</u> | <u>1,830,240</u> | <u>468,028</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 1,145,553</u> | <u>\$ 1,362,212</u> | <u>\$ 216,659</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 7.

Analysis of Financial Position and Operating Results:

Net position increased in 2023 by \$218,849 to \$7,070,869 which is the result of the operating loss of \$245,740, less net non-operating revenues of \$464,589. Revenues increased due to additional customers and expenses increased due to the cost of sewer treatment. Operating loss for 2022, was \$258,361 a decrease of \$12,621. Net non-operating revenues for 2023 were more than in 2022, due to lower connection fees paid to Metro and higher interest income. For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 7

Unrestricted cash, cash equivalents, and investments of the District at December 31, 2023, totaled \$1,145,553, which represents approximately 44% of the District's total current assets. This was a decrease of \$216,659.

Analysis of Budgetary Comparison Schedule of Revenues and Expenditures:

Actual revenues in 2023 were \$100,941 higher than the original and final budgeted revenues for the District. This is principally due to higher than budgeted service fees. The District's actual expenditures in 2023 were \$116,081 less than the original and final budgeted expenditures. This is principally due to lower than budgeted capital outlay. For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, as listed in the table of contents, in the accompanying audited financial statements.

Capital Asset and Long Term Debt Activity:

The 2023 budget authorized \$550,000 in capital spending. Actual capital spending in 2023 was \$394,410 offset by \$212,982 of depreciation for the year. Capital Assets, net of accumulated depreciation, of the District at December 31, 2023, totaled \$4,880,883. See Note 1 of Notes to Financial Statements – Summary of Significant Accounting Policies – Assets and Liabilities – Capital Assets and Note 4 of Notes to Financial Statements – Capital Assets.

The District did not acquire any new long-term debt.

Facts, Decisions, and Conditions That May Impact Future Financial Condition or Operating Results:

Aging infrastructure is the only known condition that may impact future financial or operating results. Most of the District's water and wastewater mains were installed 40 to 50 years ago. The District's unrestricted cash reserves will not cover the cost of new mains. For more information contact Berkeley Water and Sanitation District, 4455 West 58th Avenue, Arvada, Colorado.

Basic Financial Statements

Berkeley Water and Sanitation District
Statement of Net Position
December 31, 2023 and 2022

| | 2023 | 2022 |
|--------------------------------------|--------------|--------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,145,553 | \$ 1,362,212 |
| Investments | 986,133 | 750,000 |
| Due from County Treasurer | 1,924 | 1,749 |
| Accounts receivable-service charges | 110,896 | 80,624 |
| Accrued interest | 4,222 | - |
| Property taxes receivable | 365,965 | 345,702 |
| Prepaid expenses | - | 9,641 |
| Total Current Assets | 2,614,693 | 2,549,928 |
| Noncurrent Assets | | |
| Capital assets | | |
| Buildings and improvements | 322,796 | 322,796 |
| Sewer lines and equipment | 8,393,701 | 7,999,291 |
| Office furniture and equipment | 53,621 | 53,621 |
| Vehicles | 19,596 | 19,596 |
| Less: Accumulated depreciation | (3,908,831) | (3,695,849) |
| Net Capital Assets | 4,880,883 | 4,699,455 |
| Total Noncurrent Assets | 4,880,883 | 4,699,455 |
| Total Assets | 7,495,576 | 7,249,383 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | 5,120 | 32,647 |
| Unearned revenue | 12,198 | - |
| Due to developers | 23,091 | 1,082 |
| Compensated absences | 6,703 | 6,703 |
| Other accrued liabilities | 11,630 | 11,229 |
| Total Liabilities | 58,742 | 51,661 |
| Deferred Inflows of Resources | | |
| Deferred property taxes | 365,965 | 345,702 |
| Total Deferred Inflows of Resources | 365,965 | 345,702 |
| Net Position | | |
| Net investment in capital assets | 4,880,883 | 4,699,455 |
| Restricted | 11,078 | 10,437 |
| Unrestricted | 2,178,908 | 2,142,128 |
| Total Net Position | \$ 7,070,869 | \$ 6,852,020 |

The accompanying notes are an integral part of these financial statements

Berkeley Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| Operating Revenues | | |
| Service charges | \$ 867,981 | \$ 828,828 |
| Delinquent charges | 33,300 | 36,159 |
| Other revenue | 3,337 | 367 |
| Total Operating Revenues | 904,618 | 865,354 |
| Operating Expenses | | |
| Sewer processing charges | 430,218 | 387,076 |
| Water and wastewater system | 151,665 | 187,910 |
| General and administration | 78,415 | 95,432 |
| Wages and employee benefits | 277,078 | 245,771 |
| Depreciation | 212,982 | 207,526 |
| Total Operating Expenses | 1,150,358 | 1,123,715 |
| Operating Loss | (245,740) | (258,361) |
| Nonoperating Revenues (Expenses) | | |
| Property taxes - operations | 345,109 | 324,819 |
| Specific ownership taxes | 24,158 | 23,073 |
| Investment income | 45,530 | 244 |
| Tap and capital improvement fees | 95,920 | 203,690 |
| Tap fees paid to Metro Wastewater | (40,960) | (171,550) |
| County treasurer fees | (5,168) | (4,793) |
| Total Nonoperating Revenues (Expenses) | 464,589 | 375,483 |
| Change in Net Position | 218,849 | 117,122 |
| Net Position, beginning of year | 6,852,020 | 6,734,898 |
| Net Position, end of year | \$ 7,070,869 | \$ 6,852,020 |

The accompanying notes are an integral part of these financial statements

Berkeley Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|--|--------------|--------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 908,378 | \$ 878,837 |
| Cash paid to suppliers | (732,401) | (735,359) |
| Cash paid to employees | (222,460) | (194,879) |
| Net cash provided (used) by operating activities | (46,483) | (51,401) |
| Cash Flows From Non-Capital Financing Activities | | |
| Property taxes net of treasurer fees | 339,941 | 320,026 |
| Specific ownership taxes | 24,158 | 23,073 |
| Cash received for connection charges, net of payments to Metro Wastewater | 54,960 | 32,140 |
| Net cash provided by non-capital financing activities | 419,059 | 375,239 |
| Cash Flows From Capital And Related Financing Activities | | |
| Acquisitions and construction of capital assets | (394,410) | (42,110) |
| Net cash (used) by capital and related financing activities | (394,410) | (42,110) |
| Cash Flows From Investing Activities | | |
| Investment income received | 41,308 | 244 |
| Purchases of investments | (236,133) | (750,000) |
| Net cash provided by investing activities | (194,825) | (749,756) |
| Net increase (decrease) in cash and cash equivalents | (216,659) | (468,028) |
| Cash and cash equivalents, beginning of year | 1,362,212 | 1,830,240 |
| Cash and cash equivalents, end of year | \$ 1,145,553 | \$ 1,362,212 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Loss | \$ (245,740) | \$ (258,361) |
| Adjustments to reconcile operating loss to cash provided / (used) by operating activities | | |
| Depreciation | 212,982 | 207,526 |
| Changes in assets and liabilities | | |
| Accounts receivable | (30,272) | 20,771 |
| Cash at county treasurer | (175) | 3,602 |
| Prepaid expenses | 9,641 | (6,706) |
| Accounts payable | (27,527) | (3,096) |
| Unearned revenue | 12,198 | (8,737) |
| Developer liabilities | 22,009 | (2,153) |
| Other accrued liabilities | 401 | (4,247) |
| Net Cash Provided (Used) by Operating Activities | \$ (46,483) | \$ (51,401) |

The accompanying notes are an integral part of these financial statements

Berkeley Water and Sanitation District
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies

The Berkeley Water and Sanitation District is 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 Berkeley 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 Berkeley 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 sales and service. 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 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.

Berkeley Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)
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. Revenues are billed monthly for commercial customers and are billed quarterly for residential customers.

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 40 years for wastewater lines, and 3 to 20 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 accrued as compensated absences. The net change in accrued vacation was \$0 and \$0 for the year ended December 31, 2023 and 2022, respectively.

Berkeley Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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 and 2022, the District’s cash deposits had a carrying balance of \$1,098,638 and \$1,362,212 and a corresponding bank balance of \$1,101,344 and \$1,381,914 of which \$250,000 and \$253,742 was insured by the Federal Deposit Insurance Corporation, respectively.

Berkeley Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023 and 2022

Note 2 Cash and Investments (Continued)

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 \$851,344 and \$1,128,172 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.

At December 31, 2023 and 2022 the District had \$46,615 and \$0 invested in a money market account. The money market account was not rated.

| Cash and Cash Equivalents | <u>2023</u> | <u>2022</u> |
|----------------------------------|---------------------|---------------------|
| Deposits with banks | \$ 1,098,638 | \$ 1,362,212 |
| Money market | 46,615 | - |
| Petty cash | <u>300</u> | <u>300</u> |
| Total Cash and equivalents | <u>\$ 1,145,553</u> | <u>\$ 1,362,512</u> |

At December 31, 2023 and 2022, investments consisted of the following:

Berkeley Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023 and 2022

Note 2 Cash and Investments (Continued)

| Investment Type | Weighted Average Maturity (Years) | Fair Value | Percent of total investments |
|----------------------------|---|-------------------|------------------------------------|
| U.S. Government Securities | Less than one year | 986,133 | 100% |
| Total Fair Market Value | | <u>\$ 986,133</u> | <u>100%</u> |

Investments consisted of the following at December 31, 2022:

| Investment Type | Weighted Average Maturity (Years) | Fair Value | Percent of total investments |
|----------------------------|---|-------------------|------------------------------------|
| U.S. Government Securities | Less than one year | 750,000 | 100% |
| Total Fair Market Value | | <u>\$ 750,000</u> | <u>100%</u> |

Note 3 Accounts Receivable

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

| | 2023 | 2022 |
|--------------------------------------|-------------------|------------------|
| Water and sewer charges | \$ 110,896 | \$ 80,624 |
| Less allowance for doubtful accounts | - | - |
| Net Accounts Receivable | <u>\$ 110,896</u> | <u>\$ 80,624</u> |

Note 4 Capital Assets

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

| | Balance at 12/31/2022 | Additions | Deletions | Balance at 12/31/2023 |
|--------------------------------|--------------------------|-------------------|-------------|--------------------------|
| Depreciable | | | | |
| Buildings and improvements | 322,796 | - | - | 322,796 |
| Sewer system and equipment | 7,999,291 | 394,410 | - | 8,393,701 |
| Office furniture and equipment | 53,621 | - | - | 53,621 |
| Vehicles | 19,596 | - | - | 19,596 |
| Total Depreciable | <u>8,395,304</u> | <u>394,410</u> | <u>-</u> | <u>8,789,714</u> |
| TOTAL | <u>8,395,304</u> | <u>394,410</u> | <u>-</u> | <u>8,789,714</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and improvements | (141,224) | (8,070) | - | (149,294) |
| Sewer system and equipment | (3,481,408) | (204,912) | - | (3,686,320) |
| Office furniture and equipment | (53,621) | - | - | (53,621) |
| Vehicles | (19,596) | - | - | (19,596) |
| Total Accumulated Depreciation | <u>(3,695,849)</u> | <u>(212,982)</u> | <u>-</u> | <u>(3,908,831)</u> |
| Net Capital Assets | <u>\$ 4,699,455</u> | <u>\$ 181,428</u> | <u>\$ -</u> | <u>\$ 4,880,883</u> |

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

Berkeley Water and Sanitation District (Continued)
Notes to Financial Statements
December 31, 2023 and 2022

Note 4 Capital Assets (Continued)

| | Balance at 12/31/2021 | Additions | Deletions | Balance at 12/31/2022 |
|--------------------------------|--------------------------|---------------------|-------------|--------------------------|
| Depreciable | | | | |
| Buildings and improvements | 322,796 | - | - | 322,796 |
| Sewer system and equipment | 7,957,181 | 42,110 | - | 7,999,291 |
| Office furniture and equipment | 53,621 | - | - | 53,621 |
| Vehicles | 19,596 | - | - | 19,596 |
| Total Depreciable | <u>8,353,194</u> | <u>42,110</u> | <u>-</u> | <u>8,395,304</u> |
| TOTAL | <u>8,353,194</u> | <u>42,110</u> | <u>-</u> | <u>8,395,304</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and improvements | (133,154) | (8,070) | - | (141,224) |
| Sewer system and equipment | (3,281,952) | (199,456) | - | (3,481,408) |
| Office furniture and equipment | (53,621) | - | - | (53,621) |
| Vehicles | (19,596) | - | - | (19,596) |
| Total Accumulated Depreciation | <u>(3,488,323)</u> | <u>(207,526)</u> | <u>-</u> | <u>(3,695,849)</u> |
| Net Capital Assets | <u>\$ 4,864,871</u> | <u>\$ (165,416)</u> | <u>\$ -</u> | <u>\$ 4,699,455</u> |

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 \$11,078 and \$10,437 as of December 31, 2023 and 2022, respectively, related to TABOR.

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 Reclassifications and Subsequent Events

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

Other Supplementary Information

Berkeley 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 | \$ 830,462 | \$ 867,981 | \$ 37,519 |
| Property taxes - operations | 345,702 | 345,109 | (593) |
| Specific ownership taxes | 17,000 | 24,158 | 7,158 |
| Investment income | 10,500 | 45,530 | 35,030 |
| Connection fees | 85,680 | 95,920 | 10,240 |
| Delinquent charges | 24,000 | 33,300 | 9,300 |
| Other income | 1,050 | 3,337 | 2,287 |
| Total Revenues | <u>1,314,394</u> | <u>1,415,335</u> | <u>\$ 100,941</u> |
| Expenses | | | |
| Sewer processing charges | 465,495 | 430,218 | 35,277 |
| Water and wastewater system | 71,200 | 151,665 | (80,465) |
| General and administration | 64,500 | 78,415 | (13,915) |
| Wages and employee benefits | 334,000 | 277,078 | 56,922 |
| Tap fees paid to Metro Wastewater | - | 40,960 | (40,960) |
| County treasurer fees | 8,800 | 5,168 | 3,632 |
| Capital outlay | 550,000 | 394,410 | 155,590 |
| Total Expenses | <u>1,493,995</u> | <u>1,377,914</u> | <u>116,081</u> |
| Revenues (under) Expenditures | <u>\$ (179,601)</u> | <u>\$ 37,421</u> | <u>\$ 217,022</u> |
| Reconciliation to statement of revenues, expenditures and changes in net position | | | |
| Depreciation expense | | (212,982) | |
| Capital outlay | | 394,410 | |
| Change in net position | | <u>218,849</u> | |