

Clear Creek Valley Water and Sanitation District

Financial Statements and Supplementary Information

December 31, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Clear Creek Valley Water and Sanitation District

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Clear Creek Valley Water and Sanitation District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of December 31, 2023, and, the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of net pension liability and related ratios, and schedule of pension contributions 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 US GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to

our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues and expenditures with budget comparison 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 US GAAS. In our opinion, the schedule of revenues and expenditures with budget comparison is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

The financial statements of the District as of December 31, 2022 were audited by other auditors, whose report dated September 28, 2023, expressed an unmodified opinion on those statements.

Logan, Thomas & Johnson, LLC

Castle Rock, Colorado
June 4, 2025

Clear Creek Valley Water and Sanitation District Management Discussion and Analysis

As management of the Clear Creek Valley Water and Sanitation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2023, and 2022.

Financial Highlights

- As of the close of the current fiscal year, the District's net position was \$17,514,935
- Net position increased by \$866,013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of business-type activities financial statements, fiduciary fund statements and notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Business-Type Activities Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The business-type activities financial statements identify the functions of the District that are principally supported by service charges. The activities of the District include the financing, construction of, and maintenance of governmental infrastructure including a sanitation system and facilities constructed or acquired by the District.

The financial statements can be found on pages 1, 2 and 3 of this report.

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the business-type activities financial statements because the resources of those funds are not available to support the programs of the District. The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position are included in the basic financial statement section of this report and can be found on pages 4 and 5.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the business-type activities and fiduciary fund financial statements. The notes to financial statements can be found on pages 6-17 of this report.

Required Supplementary Information (RSI)

RSI provides the detail in support of the changes in the net pension liability and information pertaining to the District's actuarially determined contributions to the pension plan and other postemployment benefits (OPEB).

Other Supplementary Information

A budgetary comparison statement has been provided in this section to demonstrate compliance with State budget law. The budget statements are found after the basic financial statements on page 20 of this report.

Business-type Activities Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$17,514,935 at the close of the most recent fiscal year.

	Net Position	
	<u>2023</u>	<u>2022</u>
Current Assets	\$ 16,777,599	\$ 15,810,142
Capital Assets, net	<u>2,072,381</u>	<u>2,079,068</u>
Total Assets	18,849,980	17,889,210
Deferred Outflows of Resources	<u>192,550</u>	<u>121,597</u>
Current Liabilities	486,059	469,595
Non-Current Liabilities	<u>377,498</u>	<u>361,393</u>
Total Liabilities	<u>863,557</u>	<u>830,988</u>
Deferred Inflows of Resources	<u>664,038</u>	<u>530,897</u>
Net Investment in Capital Assets	2,072,381	2,079,068
Restricted - TABOR reserve	47,049	33,866
Unrestricted	<u>15,395,505</u>	<u>14,535,988</u>
Total Net Position	<u>\$ 17,514,935</u>	<u>\$ 16,648,922</u>

Change in Net Position

	<u>2023</u>	<u>2022</u>
Sewer Service Charges	\$ 1,150,913	\$ 1,108,715
Property and Specific Ownership Taxes	543,701	508,492
Net Investment Income	578,023	202,476
Other Income	<u>52,494</u>	<u>20,154</u>
Total Revenues	2,325,131	1,839,837
Personnel and Related Expenses	286,125	251,468
By-Pass Charges	918,516	936,276
Other Services and Expenses	231,516	193,621
Depreciation Expense	124,602	125,623
County Treasurer's Fee	<u>7,555</u>	<u>7,160</u>
Total Expenses	1,568,314	1,514,148
Income Before Capital Contributions	756,817	325,689
Capital Contributions	<u>109,196</u>	<u>192,776</u>
Increase in Net Position	866,013	518,465
Net Position- Beginning of Year	<u>16,648,922</u>	<u>16,130,457</u>
Net Position - End of Year	<u>\$ 17,514,935</u>	<u>\$ 16,648,922</u>

Revenue and Expense Highlights

Revenue (including capital contributions) increased by \$401,714, in large part to an increase in net investment income of \$375,547. This increase was due to an increase in the interest rate earned on the investment balance. The annual sewer service charged to customers remained at the same rate in 2023 as it was in 2022, \$180 annual per single family equivalent (SFE).

Expenses increased by approximately \$54,000 due to an increase in payroll related expenses and vendor expenses for the replacement of sewer line.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay in addition to operations and nonoperating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available". This budgetary accounting is required by State statutes.

Actual revenue of the District was \$939,276 less than budgeted, primarily due to less funds being transferred in from savings.

Actual expenditures of the District were \$1,808,123 less than the appropriation mainly because capital projects performed were less than budgeted.

Capital Assets Activity

Capital assets balances as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Construction in Progress	\$ 246,248	\$ 155,075
Buildings and System	5,093,223	5,066,481
Equipment and Furniture	<u>375,143</u>	<u>375,143</u>
	5,714,614	5,596,699
Accumulated Depreciation	<u>(3,642,233)</u>	<u>(3,517,631)</u>
Net Property Plant & Equipment	<u>\$ 2,072,381</u>	<u>\$ 2,079,068</u>

Capital Assets Highlights

Capital additions during the year included \$91,173 for engineering fees for the sewer line replacement to be constructed in 2024 as well as \$26,742 for new manhole covers in sections of the district.

Additional information on the District's capital assets can be found in Notes 2d and 4 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District expects to maintain a customer base of 6,218 service units. The District's 2024 service fees will remain at \$90 semi-annually per service unit. The District will continue to monitor rates on an annual basis to ensure proper fees are charged for this service.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Office of the Clear Creek Valley Water and Sanitation District
5420 Harlan St.
P.O. Box 156
Arvada, Colorado 80001

Basic Financial Statements

Clear Creek Valley Water and Sanitation District

Statement of Net Position

December 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$	1,111,926
Investments		14,812,358
Receivables		
Accounts Receivable		177,999
County Treasurer		1,827
Property Taxes		652,817
Prepaid Expense		20,672
Total Current Assets		<u>16,777,599</u>

Non-Current Assets

Capital Assets, Net of Accumulated Depreciation		<u>2,072,381</u>
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Total Assets		<u>18,849,980</u>
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Deferred Outflows of Resources

Deferred outflows related to pension		<u>192,550</u>
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Total Deferred Outflows of Resources		<u>192,550</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities

Accounts Payable and Accrued Expenses		<u>486,059</u>
Total Current Liabilities		<u>486,059</u>

Non-Current Liabilities

Net Pension Liability		<u>377,498</u>
Total Non-Current Liabilities		<u>377,498</u>

Total Liabilities		<u>863,557</u>
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Deferred Inflows of Resources

Property Tax Revenue		652,817
Deferred Inflows Related to Pension		<u>11,221</u>
Total Deferred Inflows of Resources		<u>664,038</u>

Net Position

Net Investment in Capital Assets		2,072,381
Restricted - TABOR reserve (Note 9)		47,049
Unrestricted		<u>15,395,505</u>
Total Net Position	\$	<u><u>17,514,935</u></u>

The accompanying notes are an integral part of this statement.

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

Operating Revenues	
Sewer service charges	\$ 1,150,913
Other income	<u>52,494</u>
Total Operating Revenues	<u>1,203,407</u>
Operating Expenses	
Personnel and related expenses	286,125
By-pass charges	918,516
Other services and expenses	231,516
Depreciation	<u>124,602</u>
Total operating expenses	<u>1,560,759</u>
Operating loss	<u>(357,352)</u>
Non-Operating Revenue (Expense)	
Taxes - general property	505,357
Taxes - specific ownership	38,344
Net investment income	578,023
County treasurer's fee	<u>(7,555)</u>
Total non-operating revenue (expense)	<u>1,114,169</u>
Income Before Contributions	756,817
Capital Contributions (connection and inclusion fees)	<u>109,196</u>
Change in Net Position	866,013
Net position - beginning of the year	<u>16,648,922</u>
Net position - end of year	<u><u>\$ 17,514,935</u></u>

The accompanying notes are an integral part of this statement.

Clear Creek Valley Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities

Cash received from customers	\$ 1,274,867
Cash payments to suppliers and others	(1,153,002)
Cash paid to employees for services	<u>(352,196)</u>
Net cash used in operating activities	<u>(230,331)</u>

Cash flows from non-capital financing activities

Property and specific-ownership taxes received	544,094
Treasurer's fees paid	<u>(7,555)</u>
Net cash provided in non-capital financing activities	<u>536,539</u>

Cash flows from capital and related financing activities

Purchases and construction of property and equipment	(117,915)
Connection and inclusion fees	<u>109,196</u>
Net cash used in capital financing activities	<u>(8,719)</u>

Cash flows from investing activities

Net sale of investments	<u>478</u>
Net cash provided by investing activities	<u>478</u>
Net Change in Cash and Cash Equivalents	297,967
Cash and cash equivalents, beginning of year	<u>813,959</u>
Cash and cash equivalents, end of year	<u>\$ 1,111,926</u>

Reconciliation of operating loss to net cash from operating activities:

Operating loss	\$ (357,352)
Adjustments to reconcile operating loss net cash used in operating activities:	
Depreciation	124,602
Changes in assets and liabilities:	
Increase in pension balances	(70,953)
Decrease in A/R	71,460
Increase in prepaid expenses	(19,434)
Increase in accounts payable and accrued expenses	16,464
Increase in net pension liability	<u>4,882</u>
Net cash from operating activities	<u><u>\$ (230,331)</u></u>

The accompanying notes are an integral part of this statement.

Clear Creek Valley Water and Sanitation District
Statement of Fiduciary Net Position
Pension Trust Fund
December 31, 2023

ASSETS

Cash	\$	10,964
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value		<u>410,522</u>
Total Assets		<u>421,486</u>

NET POSITION

NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$	<u><u>421,486</u></u>
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The accompanying notes are an integral part of this statement.

Clear Creek Valley Water and Sanitation District
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended December 31, 2023

ADDITIONS	
Employee Contribution	\$ 2,312
Employer Contribution	121,824
Net Change in Portfolio	17,402
Dividends and Interest	<u>10,199</u>
 Total Additions	 <u>151,737</u>
DEDUCTIONS	
Benefit Payments	42,445
Administrative Expenses	<u>3,992</u>
 Total Deductions	 <u>46,437</u>
 Change in Plan Net Pension	 105,300
 Plan net position - beginning of year	 <u>316,186</u>
 Plan net position - end of year	 <u><u>\$ 421,486</u></u>

The accompanying notes are an integral part of this statement.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements

December 31, 2023

1. Organization

Definition of Reporting Entity – Clear Creek Valley Water and Sanitation District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sanitation services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organization and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District sponsors a trustee, single employer defined benefit pension plan (the Plan). The District contributes to the Plan based on actuarial analysis and has fiduciary responsibility for the Plan. The Plan financial statements are included in the accompanying financial statements as a fiduciary fund of the District. Complete financial statements of the Plan can be obtained from the District.

The more significant accounting policies of the District are described as follows:

- a) **Measurement Focus and Basis of Accounting** - The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in total assets.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

- b) **Budgets** - In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can be modified only upon completion of notice and hearing requirements.
- c) **Receivables**
Receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2023. Property taxes levied on December 31, 2023, are identified as property taxes receivable and deferred inflows of resources.
- d) **Capital Assets** – Capital Assets are recorded at cost except for those assets that have been contributed which are stated at estimated fair market value at the date of contribution or at developers' cost. These assets are being depreciated over their estimated useful lives of 7 to 40 years on a straight-line basis.
- e) **Deferred Outflows/Inflows of Resource**
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, deferred outflows of resources related to pension. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category, deferred property taxes and deferred inflows related to pension. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

- f) **Property taxes** - Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set before December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December 31 of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectable taxes are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

- g) **Compensated Absences** - The District's financial statements include a provision for vacations earned but not taken by District employees, included in Accounts Payable and Accrued Expenses.
- h) **Cash and Cash Equivalents** - The District considers cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.
- i) **Contributed Capital** - Tap fees are recorded as contributed capital when received. Lines contributed to the District by developers are recorded as contributed capital and additions to the systems at the developer's cost.

j) **Net Position**

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- **Restricted** – This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- **Unrestricted** – The component of net position that does not meet the definition above.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

k) **Operating Revenues and Expenses**

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

l) **Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

3. Cash and Investments

Cash

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

3. Cash and Investments (continued)

The District had cash on hand of \$1,130 and cash balances on deposit with original maturities of less than three months stated at cost, which approximates market, as follows:

December 31, 2023	<u>Carrying</u>	<u>Bank</u>
Composition of cash balances:		
Cash in checking	<u>\$ 1,110,796</u>	<u>\$ 1,158,349</u>

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District's bank balance was not exposed to custodial credit risk. Of the bank balances, \$250,000 was covered by federal depository insurance for the year ended December 31, 2023.

As of December 31, 2023, \$908,349 was collateralized by PDPA. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria that local governments may invest in, which include:

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

Interest Rate Risk – Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Credit Risk - The District has not adopted a formal investment policy, however the District follows State statutes regarding investments.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

3. Cash and Investments (continued)

Local Government Investment Pools - As of December 31, 2023, the District had \$9,665,210 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colotrust is rated AAAM by Standard and Poor's. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in three portfolios, Colotrust Prime, Colotrust Plus+ and Colotrust EDGE. The District funds are only invested in Colotrust Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. Colotrust records its investments at fair value and the District records its investments in Colotrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice paid.

At December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Rating</u>	Investment Maturities		
		(in Years)		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Total</u>
Certificates of Deposit	N/A	\$ 3,258,919	\$ -	\$ 3,258,919
Money Market and Investment Pools		11,553,439	-	11,553,439
		<u>\$14,812,358</u>	<u>\$ -</u>	<u>\$ 14,812,358</u>

Fair Value Measurement and Application – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District's investments, except those that are held in local government investment pools, are measured at fair value using Level 1 inputs.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

4. Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Construction in progress	\$ 155,075	\$ 91,173	\$ -	\$ 246,248
Total capital assets, not being depreciated	\$ 155,075	\$ 91,173	\$ -	\$ 246,248
Capital assets, being depreciated:				
Buildings and systems	\$ 5,066,481	\$ 26,742	\$ -	\$ 5,093,223
Equipment and furniture	375,143	-	-	375,143
Total capital assets, being depreciated	5,441,624	26,742	-	5,468,366
Accumulated depreciation	(3,517,631)	(124,602)	-	(3,642,233)
Total capital assets, net	\$ 2,079,068	\$ (6,687)	\$ -	\$ 2,072,381

5. Non-Current Liabilities

Non-current liability activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Net Pension Liability	\$ 365,421	\$ 118,609	\$ (103,343)	\$ 380,687

6. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damages to and destruction of assets; error or omissions; injuries to employees, or acts of God.

The District maintains insurance through a public entity risk pool, more fully described in Note 7, for all significant risks of loss. Settled claims have not exceeded the District's coverage in any of the past five years.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

7. Public Entity Risk Pool

The District is a member and obtains insurance coverage from the Colorado Special Districts Property and Liability Pool. The Pool is sponsored by the Special District Association of Colorado. Districts joining the Pool are required to make a surplus contribution in addition to normal premiums. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from the Pool members.

8. Retirement Plan

The District provides retirement for its employees through the Clear Creek Valley Water and Sanitation District Defined Benefit Pension Plan and Trust, a single-employer defined benefit pension plan. The Plan is funded by the District to provide retirement benefits as well as death and disability benefits. The plan is administered through Cetera Advisor Networks, LLC. The plan is financed on a pay-as-you-go basis.

The Plan does not issue a stand-alone financial report and the Plan is not included in the report of a Public Employee Retirement System or another entity.

Employees are eligible to participate in the plan upon attaining age 20½ and upon completion of 6 months of service. The employee vesting schedule is as follows:

Years of Service	Vested Percentage
1-2	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

Employee normal retirement is at age 65 years. The retirement benefit is 2% of average monthly compensation for each year of participation to a maximum of 30 years.

Total covered payroll for this plan for 2023 was \$197,735. In 2023, the District contributions were \$121,824.

An actuarial valuation is performed every year to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2022.

Clear Creek Valley Water and Sanitation District

Notes to Basic Financial Statements (continued)

December 31, 2023

8. Retirement Plan (continued)

The measurement date was December 31, 2022. The following assumptions were used in computing the pension benefit obligation for this plan:

- i. Actuarial Method: Entry Age Normal
- ii. Investment Return: 6% pre-retirement and 5% post-retirement
- iii. Mortality: For Expense (BOY): 1971 GAM mortality (post-retirement only)
- iv. Mortality: For Obligation (EOY): 1971 GAM mortality (post-retirement only)
- v. Projected earnings increases for all ages due to inflation: 2.00%
- vi. Turnover: None
- vii. Retirement Age: All employees are assumed to retire at normal retirement age

Plan membership as of January 1, 2022 was as follows:

Active members	3
Terminated vested member	1
Retirees	<u>2</u>
Total	6

At December 31, 2023 the District reported pension liability in the amount of \$380,687. The net pension liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022. The pension plan expense for 2023 was \$55,753.

The net pension liability is impacted by a change in the discount rate as follows:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
Net pension liability	\$389,849	\$380,687	\$365,742

Clear Creek Valley Water and Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2023

8. Retirement Plan (continued)

Changes in the Net Pension Liability:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balance at December 31, 2021	\$ 660,611	\$ 295,190	\$ 365,421
Changes for the year:			
Service cost	25,355	-	25,355
Interest	38,364	-	38,364
Difference between expected and actual experience	14,988	-	14,988
Contributions - employer		100,000	(100,000)
Contributions - employee		3,343	(3,343)
Net investment income		(36,396)	36,396
Benefit payments	(42,445)	(42,445)	-
Administrative expense		(3,506)	3,506
Net changes	<u>36,262</u>	<u>20,996</u>	<u>15,266</u>
Balance at December 31, 2022	<u>\$ 696,873</u>	<u>\$ 316,186</u>	<u>\$ 380,687</u>

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,053	\$ 11,221
Net difference between projected and actual investment earnings	54,673	-
Contributions subsequent to measurement date	121,824	-
Total	<u>\$ 192,550</u>	<u>\$ 11,221</u>

\$121,824 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Clear Creek Valley Water and Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2023

8. Retirement Plan (continued)

Year ending December 31,	
2024	\$ 12,099
2025	18,397
2026	17,516
2027	11,493

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of the valuation date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Equities	20%	8.0% - 10.0%
Fixed Income	77%	4.0% - 5.0%
Cash	3%	2.0% - 3.00%
Total	100%	

9. Tax Spending and Debt Limitation

In 1992, Colorado voters approved Amendment 1, commonly known as the Taxpayer Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Enterprises, defined by TABOR as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

Clear Creek Valley Water and Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2023

9. Tax Spending and Debt Limitation (continued)

TABOR establishes 1992 as the initial base for spending and revenue limits. Future spending and revenue limits can be adjusted for inflation and local growth without voter approval. TABOR requires the establishment of Emergency Reserves that must be at least 3% of spending (excluding bonded debt service). Excess funds within the spending and revenue limits can be reserved for general use and, when spent in subsequent years, are not subject to the spending limits mentioned above. The District's TABOR reserve at December 31, 2023 is \$47,049.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple fiscal year debt requires voter approval, except for bond refinancing at lower interest rates or adding employees to existing pension plans.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors and qualifications as an Enterprise, will require judicial interpretation.

Required Supplementary Information

Clear Creek Valley Water and Sanitation District
Required Supplementary Information
Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
For the Years End December 31,

Measurement period ended - December 31.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 25,355	\$ 19,722	\$ 17,677	\$ 11,883
Interest on total pension liability	38,364	36,749	38,700	38,141
Difference between actual and expected experience	14,988	14,434	(44,890)	
Benefit payments	<u>(42,445)</u>	<u>(45,549)</u>	<u>(42,445)</u>	<u>(38,979)</u>
Net change in total pension liability	36,262	25,356	(30,958)	11,045
Total pension liability - Beginning	660,611	635,255	666,213	655,168
Total pension liability - Ended (a)	696,873	660,611	635,255	666,213
Plan fiduciary net position				
Employer contributions	100,000	100,000	2,603	100,000
Employee contributions	3,343	2,706		2,991
Net investment income	(36,396)	5,683	11,455	19,119
Benefit payments	(42,445)	(42,878)	(42,445)	(42,083)
Administrative expense	<u>(3,506)</u>	<u>(2,858)</u>	<u>(3,376)</u>	<u>(1,791)</u>
Net change in plan fiduciary net position	20,996	62,653	(31,763)	78,236
Plan fiduciary net position - beginning	295,190	232,537	264,300	186,064
Plan fiduciary net position - end (b)	316,186	295,190	232,537	264,300
District's net pension liability - ending (a) - (b)	380,687	365,421	402,718	401,913
Plan fiduciary net position as a percentage of the total pension liability	83.06%	80.78%	57.74%	65.76%
Covered payroll	\$ 165,966	\$ 131,474	\$ 171,456	\$ 183,799
Net pension liability as a percentage of covered payroll	229.38%	277.94%	234.88%	218.67%

Note 1: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.

**Clear Creek Valley Water and Sanitation District
Retirement Plan Supplementary Information
For the Years Ended December 31,**

Schedule of Contributions - Pension

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as % of Covered Payroll</u>
2017	\$ 57,262	\$ 73,803	\$ 16,541	\$ 194,270	37.99%
2018	\$ 45,367	\$ 73,803	\$ 28,436	\$ 204,840	36.03%
2019	\$ 107,977	\$ 100,000	\$ (2,545)	\$ 183,799	57.36%
2020	\$ 77,572	\$ 2,603	\$ (74,969)	\$ 171,456	1.52%
2021	\$ 104,242	\$ 100,000	\$ (4,242)	\$ 131,474	76.06%
2022	\$ 118,933	\$ 100,000	\$ (18,933)	\$ 165,966	60.25%
2023	\$ 137,676	\$ 121,824	\$ (15,852)	\$ 197,735	61.61%

Note: This schedule is intended to show information for 10 years. Additional years will be added prospectively.

Methods and assumptions used to determine contribution rates:

- Actuarial Method: Entry Age Normal
- Investment Return: 6% pre-retirement and 5% post-retirement
- Mortality: For Expense (BOY): 1971 GAM mortality (post-retirement only)
- Mortality: For Obligation (EOY): 1971 GAM mortality (post-retirement only)
- Projected earnings increases for all ages due to inflation: 2.00%
- Turnover: None
- Retirement Age: All employees are assumed to retire at normal retirement age

Supplementary Information

Clear Creek Valley Water and Sanitation District
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN AVAILABLE FUNDS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Enterprise Activities:			
Revenues			
Sewer service charges	\$ 1,065,150	\$ 1,150,913	\$ 85,763
Inclusion and tap fees	101,000	109,196	8,196
Investment income	25,000	578,023	553,023
Taxes - general property	508,453	505,357	(3,096)
Taxes - specific ownership	30,000	38,344	8,344
Other	29,000	52,494	23,494
Transfer in from savings	1,615,000	-	(1,615,000)
	<u>3,373,603</u>	<u>2,434,327</u>	<u>(939,276)</u>
Total Operating Revenues			
Expenditures - Operating and capital outlay			
Audit fees	\$ 6,700	\$ 9,950	\$ (3,250)
Director fees	6,000	5,200	800
By-pass charges	1,200,000	918,516	281,484
Employee pension plan	100,000	55,753	44,247
Engineering fees	15,000	32,597	(17,597)
Insurance - employees medical	55,550	74,957	(19,407)
Insurance - other	27,000	18,714	8,286
Legal fees	35,000	9,990	25,010
Maintenance - plant and line	150,000	30,186	119,814
Maintenance - trucks	12,000	-	12,000
Miscellaneous	3,000	1,386	1,614
Salaries and wages	200,000	216,400	(16,400)
Payroll taxes	15,000	17,688	(2,688)
Office expenses	7,500	19,660	(12,160)
Property tax collection fees	8,000	7,555	445
Telephone	4,500	4,317	183
Utilities	10,000	7,624	2,376
Office Manager/Accountant	9,500	8,775	725
Postage	5,000	4,444	556
Capital outlay	1,500,000	117,915	1,382,085
	<u>3,369,750</u>	<u>1,561,627</u>	<u>1,808,123</u>
Total expenditures			
Excess of revenues over expenditures (enterprise)	\$ <u>3,853</u>	\$ <u>872,700</u>	\$ <u>868,847</u>
Beginning funds available	<u>15,843,633</u>		
Ending funds available	\$ <u><u>15,847,486</u></u>		
Reconciling difference between budgetary basis and generally accepted accounting principles (GAAP)			
Excess of revenues over expenditures, budgetary basis		\$ 872,700	
Adjustments			
Expenses which are not expenditures for budgetary purposes			
Depreciation		(124,602)	
Pension expense			
Expenditures for budgetary purposes			
Capital outlay		<u>117,915</u>	
Change in Net Position (GAAP basis)		\$ <u><u>866,013</u></u>	