

**EAST CHERRY CREEK VALLEY
WATER AND SANITATION DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Cherry Creek Valley Water and Sanitation District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of East Cherry Creek Valley Water and Sanitation District (the District), as of and for the years ended December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 (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.

I

Fiscal Focus Partners, LLC

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 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 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 on pages IV through IX 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 the District's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and legal compliance 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information (continuing disclosure annual financial information). Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Fiscal Focus Partners LLC

Arvada, Colorado
June 5, 2024

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

The management of East Cherry Creek Valley Water and Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023.

Financial Highlights

- Net position increased \$5.8 million in 2023 (1.3%).
- Operating loss increased from \$10.5 million in 2022 to \$16.7 million in 2023, due to an increase in operating and general and administrative expenses in 2023.
- Operating revenue decreased \$2.0 million (6.1%) from the prior year. Water consumption decreased by 15%.
- Total operating expenses, exclusive of depreciation, increased \$3.0 million (10.6%) from 2022 to 2023. Selected individual expense items changed as follows: repairs and maintenance increased \$1.9 million (21.4%), legal expense increased \$0.3 million (41.7%) and water operating expenses increased \$1.1 million (42.6%) in 2023. These increases were partially offset by decreases in utilities of \$0.4 million (10.4%) and engineering and plan review expenses of \$0.4 million (20.8%) for the year ended December 31, 2023.
- Single family equivalents (SFEs) online for water service at year-end increased by 264 (1.2%) to 22,681 at year-end.
- Funds available (current assets, less deferred inflow of resources, less current liabilities exclusive of the current portion of long-term obligations and unspent loan proceeds) decreased from \$62.4 million to \$59.0 million at December 31, 2023, a decrease of \$3.4 million (5.4%).

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of Financial Statements and Notes to Basic Financial Statements. This report also contains other supplementary information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services. They include the legally separate East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise) as blended into the District's financial information since it is a component unit of the District.

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

The statements of revenues, expenses, and changes in net position present information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows report the District's cash flows from operating, noncapital financing, capital, and investing activities.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Overview of the Financial Statements (Continued)

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The supplementary information contained in this report provides a schedule of expenses, budget and actual information, debt service requirements and assessed valuation, mill levy and property tax information.

The continuing disclosure annual financial information is information required by the covenants of the Series 2015 bonds, the Series 2019A bonds, and the Series 2020 bonds, including a bond debt coverage calculation and annual operating data.

	December 31,		
	2023	2022	2021
	(In thousands)		
Current Assets	\$ 69,286	\$ 71,778	\$ 69,456
Capital Assets	469,129	466,470	469,786
Other Assets	-	-	1
Deferred Outflows of Resources	433	497	583
Total Assets and Deferred Outflows of Resources	538,848	538,745	539,826
Current Liabilities	11,256	10,552	11,806
Long-Term Obligations	80,293	86,993	91,291
Deferred Inflows of Resources	4,416	4,109	3,747
Total Liabilities and Deferred Inflows of Resources	95,965	101,654	106,844
Net Position:			
Net Investment in Capital Assets	383,859	374,894	372,667
Restricted	3,345	4,350	3,842
Unrestricted	55,679	57,847	56,473
Total Net Position	\$ 442,883	\$ 437,091	\$ 432,982

The District's net position increased by \$5.8 million during 2023 and by \$4.1 million during 2022. Capital assets increased by \$2.7 million during 2023 and decreased by \$3.3 million during 2022. The decrease in 2022 is due to depreciation of capital assets being greater than that year's infrastructure costs. Current liabilities increased by \$0.7 million during 2023 and decreased by \$1.3 million during 2022. Current assets net of current liabilities decreased by \$3.2 million in 2023 and increased by \$3.7 million in 2022. The "Funds Available" (current assets, less deferred inflow of resources, less current liabilities, exclusive of the current portion of long-term obligations and unspent loan proceeds) calculates to an amount of \$59.0 million and \$62.4 million for 2023 and 2022, respectively. The funds available of \$59.0 million at December 31, 2023 are primarily available for future operations and capital outlay.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Overview of the Financial Statements (Continued)

	December 31,		
	2023	2022 (In thousands)	2021
Revenues			
Operating Revenue			
Water Services	\$ 19,040	\$ 21,970	\$ 20,017
Sewer Services	11,547	10,619	9,801
Total Operating Revenues	<u>30,587</u>	<u>32,589</u>	<u>29,818</u>
Nonoperating Revenues			
Tax Revenue	4,377	3,977	3,686
Investment Income	2,482	540	22
Other	311	197	557
Contributions			
Northern Project Construction Fund Charges	7,467	7,175	6,956
Tap Fees and Storm Drainage Fees	4,118	4,117	10,410
Cash Contributions for Capital	1,382	770	588
Contributed Facilities from Developers	5,046	669	1,948
Total Revenues	<u>55,770</u>	<u>50,034</u>	<u>53,985</u>
Expenses			
Operating Expenses			
Water	21,689	19,272	16,977
Sewer	9,446	8,870	8,045
Storm Drainage	6	79	63
	<u>31,141</u>	<u>28,221</u>	<u>25,085</u>
General and Administrative	3,722	3,389	2,879
Depreciation and Amortization	12,392	11,472	10,619
Total Operating Expenses	<u>47,255</u>	<u>43,082</u>	<u>38,583</u>
Nonoperating Expense	<u>2,723</u>	<u>2,843</u>	<u>3,254</u>
Total Expenses	<u>49,978</u>	<u>45,925</u>	<u>41,837</u>
Changes in Net Position	5,792	4,109	12,148
Net Position - Beginning of Year	<u>437,091</u>	<u>432,982</u>	<u>420,834</u>
Net Position - End of Year	<u>\$ 442,883</u>	<u>\$ 437,091</u>	<u>\$ 432,982</u>

Operating revenues from the operation of the water and sewer utilities decreased by \$2.0 million in 2023 and increased by \$2.8 million in 2022. The 2023 decrease was due to a decrease in water consumption and the 2022 increase was due to an increase in water consumption. Investment income increased by \$1.9 million in 2023 and by \$0.5 million in 2022. The increase in 2023 was due to greater amount of cash on hand and the increase in 2022 was due to higher interest rates. Tap fee revenues in 2023 were consistent with the prior year and decreased by \$6.3 million in 2022.

Water operating expenses increased \$2.4 million (12.5%) in 2023, primarily due to increases in legal, operating expenses, and repairs and maintenance. This increase in 2023 was partially offset by decreases in utilities, engineering, and plan review expenses. Water operating expenses increased \$2.3 million (13.5%) in 2022, primarily due to increases in repairs and maintenance, utilities, and operating expenses.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Overview of the Financial Statements (Continued)

Sewer operating costs increased \$0.6 million (6.5%) in 2023 compared to 2022, due to increased repairs and maintenance and sewage treatment costs. Sewer operating costs increased \$0.8 million (10.3%) in 2022 compared to 2021, due to increased repairs and maintenance and sewage treatment.

General and administrative expenses increased \$0.3 million (9.9%) in 2023 and increased \$0.5 million (17.7%) in 2022. Depreciation and amortization increased \$0.9 million in 2023 and 2022. Nonoperating expenses decreased \$0.2 million in 2023 and \$0.4 million in 2022.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as 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". State statutes require this budgetary accounting. Additionally, the budget includes the separation of the District from the Enterprise, under the joint resolution.

Capital Assets

The activity related to capital assets during 2023, 2022 and 2021 is as follows:

	December 31, 2022	Net Changes (In thousands)	December 31, 2023
Land and Easements	\$ 14,523	\$ -	\$ 14,523
Projects in Progress	9,817	(535)	9,282
Water System:			
Water Rights	117,380	1,229	118,609
Water Facilities	407,837	11,963	419,800
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	64,684	1,993	66,677
Storm Drainage System	19,605	21	19,626
Office Building	12,190	228	12,418
Equipment	2,194	151	2,345
Total Assets	649,613	15,050	664,663
Accumulated Depreciation	(183,143)	(12,391)	(195,534)
Net Capital Assets	<u>\$ 466,470</u>	<u>\$ 2,659</u>	<u>\$ 469,129</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Capital Assets (Continued)

	December 31, 2021	Net Changes (In thousands)	December 31, 2022
Land and Easements	\$ 14,523	\$ -	\$ 14,523
Projects in Progress	81,607	(71,790)	9,817
Water System:			
Water Rights	116,882	498	117,380
Water Facilities	339,635	68,202	407,837
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	62,777	1,907	64,684
Storm Drainage System	18,861	744	19,605
Office Building	3,678	8,512	12,190
Equipment	2,141	53	2,194
Total Assets	<u>641,487</u>	<u>8,126</u>	<u>649,613</u>
Accumulated Depreciation	<u>(171,702)</u>	<u>(11,441)</u>	<u>(183,143)</u>
Net Capital Assets	<u>\$ 469,785</u>	<u>\$ (3,315)</u>	<u>\$ 466,470</u>

	December 31, 2020	Net Changes (In thousands)	December 31, 2021
Land and Easements	\$ 14,523	\$ -	\$ 14,523
Projects in Progress	74,088	7,519	81,607
Water System:			
Water Rights	116,514	368	116,882
Water Facilities	338,649	986	339,635
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	61,815	962	62,777
Storm Drainage System	18,861	-	18,861
Office Building	3,678	-	3,678
Equipment	2,089	52	2,141
Total Assets	<u>631,600</u>	<u>9,887</u>	<u>641,487</u>
Accumulated Depreciation	<u>(161,351)</u>	<u>(10,351)</u>	<u>(171,702)</u>
Net Capital Assets	<u>\$ 470,249</u>	<u>\$ (464)</u>	<u>\$ 469,785</u>

In 2023, the District spent \$1.9 million for well rehabilitation projects and \$5.7 million on additional capital water projects.

Projects in process completed in 2023 include \$1.2 million related to the Northern Treatment Plant, \$1.0 million related to booster pump stations, \$1.5 million in other water projects, \$6.0 million in well rehabilitation projects, \$0.3 million in sewer system projects, \$0.02 million in storm drainage projects, and \$0.2 million related to the office building expansion.

In 2022, the District spent \$2.9 million for well rehabilitation projects and \$2.9 million on additional capital water projects.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Capital Assets (Continued)

Additional information on the District's capital assets can be found in Note 4 of this report.

Debt Administration

All scheduled debt service payments were made timely during 2023, 2022, and 2021.

Additional detail on the District's debt is in Note 5 of this report.

Economic and Other Factors

The District continues to emphasize conservation by maintaining mandatory watering schedules for its customers. Water consumption in 2023 decreased by approximately 531 million gallons (15%). Total water consumption was approximately 2,948 million gallons.

Request for Information

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

East Cherry Creek Valley Water and Sanitation District
6201 South Gun Club Road
Aurora, Colorado 80016

BASIC FINANCIAL STATEMENTS

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 56,086,151	\$ 57,868,400
Accounts Receivable	4,618,839	4,874,992
Property Taxes Receivable	4,415,720	4,108,524
Prepaid Expenses	364,409	309,508
Inventories	456,475	266,259
Total Current Assets	65,941,594	67,427,683
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents	3,344,882	4,349,764
Total Restricted Current Assets	3,344,882	4,349,764
CAPITAL ASSETS, NET	469,128,866	466,470,192
OTHER ASSETS		
Special Projects and Planning (Net of Accumulated Amortization of \$5,175,538 and \$5,175,046 in 2023 and 2022, Respectively)	-	493
Total Other Assets	-	493
DEFERRED OUTFLOWS OF RESOURCES		
Cost of Debt Refunding, Net	432,927	497,021
Total Deferred Outflows of Resources	432,927	497,021
 Total Assets and Deferred Outflows of Resources	 \$ 538,848,269	 \$ 538,745,153

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2023	2022
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 4,623,994	\$ 4,096,478
Deposits and Escrows	65,650	93,683
Accrued Interest Payable	431,575	443,749
Current Portion of Long-Term Obligations	5,409,374	5,290,005
Total Current Liabilities	10,530,593	9,923,915
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
ACWWA Escrow	707,240	608,772
Accrued Interest Payable	18,453	19,713
Total Current Liabilities Payable from Restricted Assets	725,693	628,485
LONG-TERM OBLIGATIONS	80,293,524	86,992,874
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	4,415,720	4,108,524
Total Deferred Inflows of Resources	4,415,720	4,108,524
NET POSITION		
Net Investment in Capital Assets	383,858,895	374,894,157
Restricted	3,344,882	4,349,764
Unrestricted	55,678,962	57,847,434
Total Net Position	442,882,739	437,091,355
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 538,848,269	\$ 538,745,153

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
WATER OPERATIONS		
Water Income	\$ 19,039,623	\$ 21,969,861
Direct Water Expenses	(21,689,349)	(19,272,417)
Depreciation	(9,798,185)	(9,078,510)
Gross Loss from Water Operations	(12,447,911)	(6,381,066)
SEWER OPERATIONS		
Sewer Income	11,547,049	10,618,902
Direct Sewer Expenses	(9,445,617)	(8,869,833)
Depreciation	(1,425,698)	(1,424,503)
Gross Income from Sewer Operations	675,734	324,566
DIRECT STORM DRAINAGE EXPENSES		
Direct Storm Drainage Expenses	(6,385)	(79,273)
Depreciation	(372,392)	(384,150)
Gross Loss from Direct Storm Drainage Expenses	(378,777)	(463,423)
TOTAL GROSS LOSS FROM OPERATIONS	(12,150,954)	(6,519,923)
GENERAL AND ADMINISTRATIVE EXPENSES	4,519,261	3,974,035
OPERATING LOSS	(16,670,215)	(10,493,958)
NONOPERATING REVENUES		
Property Taxes	4,106,073	3,738,230
Specific Ownership Taxes	271,171	238,470
Net Investment Income	2,481,921	539,929
Miscellaneous Income	311,083	197,358
Total Nonoperating Revenues	7,170,248	4,713,987
NONOPERATING EXPENSES		
Interest Expense	3,580,814	3,705,459
County Treasurer's Fees	61,661	56,137
Paying Agent Fees and Other Debt Related Expenses	1,750	3,600
Amortization of Debt Related Costs	(921,545)	(924,325)
Total Nonoperating Expenses	2,722,680	2,840,871
LOSS BEFORE CONTRIBUTIONS	(12,222,647)	(8,620,842)

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CAPITAL CONTRIBUTIONS		
Northern Project Construction Fund Charges	\$ 7,467,277	\$ 7,175,302
Water Tap Fees	3,041,599	3,144,829
Sewer Tap Fees	612,574	540,472
Storm Drainage Fees	464,202	431,590
Grant	125,000	-
Contributed Facilities from Developers	5,046,255	668,601
Contributions for Capital Outlay	1,257,124	769,560
Total Capital Contributions	18,014,031	12,730,354
CHANGE IN NET POSITION	5,791,384	4,109,512
Net Position - Beginning of Year	437,091,355	432,981,843
NET POSITION - END OF YEAR	\$ 442,882,739	\$ 437,091,355

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 39,817,458	\$ 31,824,627
Payments to Suppliers	(36,530,177)	(22,511,527)
Payments to Employees and Related Expenses	(7,070,816)	(6,490,638)
Other Receipts (Payments)	212,578	(31,008)
Net Cash Provided (Used) by Operating Activities	(3,570,957)	2,791,454
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Tax Collections for Operations	4,106,073	3,738,230
Specific Ownership Taxes	271,171	240,982
Miscellaneous Income	311,083	139,621
County Treasurer's Fees	(61,661)	(56,137)
Net Cash Provided by Noncapital Financing Activities	4,626,666	4,062,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Water Tap Fees	3,041,599	3,144,829
Sewer Tap Fees	612,574	540,472
Storm Drainage Fees	464,202	431,590
Sustainable Water Assurance Fee	7,467,277	7,175,302
Abandonment of Capital Assets	-	(30,070)
Acquisition of Property, Plant, and Equipment, Net of Contributed Lines of \$5,046,255 and \$668,601 in 2023 and 2022, Respectively	(10,393,902)	(10,861,531)
Cash Contributions for Capital	1,382,124	723,843
Lease proceeds	-	1,363,959
Interest on Debt	(3,303,040)	(3,723,688)
Debt Principal Reduction	(5,593,845)	(5,979,215)
Paying Agent Fees and Other Expenses	(1,750)	(3,600)
Net Cash Used by Capital and Related Financing Activities	(6,324,761)	(7,218,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,481,921	539,929
Net Cash Provided by Investing Activities	2,481,921	539,929
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,787,131)	175,970
Cash and Cash Equivalents - Beginning of Year	62,218,164	62,042,194
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 59,431,033	\$ 62,218,164

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (16,670,215)	\$ (10,493,958)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	12,391,803	11,441,165
(Increase) Decrease in:		
Accounts Receivable	256,153	160,123
Prepaid Expenses	(54,901)	(300,137)
Inventories	(190,216)	(153,310)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	724,452	2,154,888
Deposits	(28,033)	(17,317)
Net Cash Provided by Operating Activities	\$ (3,570,957)	\$ 2,791,454
NONCASH TRANSACTIONS		
Assets Contributed by Developers	\$ 5,046,255	\$ 668,601

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

East Cherry Creek Valley Water and Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court on June 7, 1962, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District exists to provide water, sanitary sewer and storm drainage services to the East Cherry Creek Valley area of unincorporated Arapahoe County, Colorado. A portion of the District is included in the city of Centennial.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial 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 primary governmental entity.

The East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise), a Colorado nonprofit corporation, was established in 1998 as a "Water Activity Enterprise" pursuant to C.R.S. §§37-45.1-101, *et seq.* The District's Board of Directors serves as the Board of Directors for the Enterprise. Effective January 1, 2001, the Board adopted a Joint Resolution of the District and the Enterprise concerning the sharing of revenue between each entity, the responsibilities of each entity for the cost of operation and maintenance of facilities, administration costs, construction of new facilities, and the ownership of certain assets. Effective January 1, 2012, the Board adopted an Amended and Restated Joint Resolution which clarifies and redefines the responsibilities of each entity. District management believes that the operations of the Enterprise also have qualified for the enterprise exclusion under TABOR (see Note 11). The Enterprise is considered a component unit of the District and blended in the District's financial statements. Separate financial statements of the Enterprise are not issued.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the District conform to accounting principles generally accepted in the United States of America 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.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital assets are shown as increases in assets. Redemptions of bonds and loans are recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received or collectible.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenue, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water, sanitation and storm drainage services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation, including the Enterprise, is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating entities based upon each entity's average equity balance in the total cash and investments.

Cash Equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Inventories

Inventories are valued at the lower of either cost or market, using the first-in, first-out method.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's 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 by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following 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 taxpayer's 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 or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include land, water rights, buildings, distribution and collection systems and machinery and equipment are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation or at the developer's cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	10 to 30 Years
Distribution and Collection Systems	10 to 50 Years
Machinery and Equipment	3 to 10 Years
Treatment Plants	20 to 50 Years

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions in the period in which they are received or become collectible. Under the District's policy, developers are required to pay for the equivalent cost of certain water lines previously constructed by the District to serve the developers' property as actual development begins. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developers' cost or at estimated fair market value when received. The District records the contributions at the time the lines are conveyed to the District for final acceptance. Payments to other governments for the construction of capital infrastructure that will benefit the District but not be owned, operated or maintained by the District are recorded as an expense.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights and Sewer Capacity Rights

Water rights are being amortized over one hundred years, and sewer capacity rights are being amortized over 30 to 100 years. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Certain water rights to renewable water resources have a perpetual life and are not amortized. All other costs, including costs incurred for the protection of water rights, are expensed.

Special Projects and Planning

The Board has elected to capitalize certain legal, engineering, and other costs of projects that are of benefit to the District over a period of time. These costs are being amortized over ten years on a straight-line basis.

Amortization of Original Issue Premium

Debt premiums are amortized over the respective terms of the debt using the effective interest method. The amortization amount is a component of interest expense.

Amortization of Cost on Debt Refunding

The deferred cost on debt refunding is being amortized using the effective interest method over the life of the new debt. The amortization amount is a component of interest expense.

Leases

The District determines if an arrangement is a lease at inception. Leases are included as right-to-use assets in capital assets and as leases payable in noncurrent liabilities in the Statement of Net Position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Compensated Absences

The District's employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when incurred in the financial statements.

The District has accrued \$230,021 and \$267,782 as of December 31, 2023 and 2022, respectively, for future payment of this earned leave.

Deferred Outflow/Inflow of Resources

In addition to assets, the statements of net position 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 and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of debt refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

Equity

Net Position

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 and 2022 are classified in the accompanying financial statements as follows:

	2023	2022
Statement of Net Position:		
Cash and Cash Equivalents	\$ 56,086,151	\$ 57,868,400
Cash and Cash Equivalents - Restricted	3,344,882	4,349,764
Total Cash and Investments	\$ 59,431,033	\$ 62,218,164

Cash and investments as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Deposits with Financial Institutions	\$ 15,057,255	\$ 34,257,412
Investments	44,373,778	27,960,752
Total Cash and Investments	\$ 59,431,033	\$ 62,218,164

Deposits with Financial Institutions

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 determined by 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 102% of the aggregate uninsured deposits.

The State Commissioners for banks 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.

At December 31, 2023 and 2022, the District's cash deposits had a bank balance of \$17,287,768 and \$35,625,188, respectively; and a carrying balance of \$15,057,255 and \$34,257,412, respectively.

Investments

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023 and 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2023</u>	<u>2022</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 44,373,778</u>	<u>\$ 27,960,752</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ operate similarly to a money market fund; each share is equal in value to \$1.00, and offers daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Restricted cash included Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

Restricted cash also included monies held by escrow or the District for future debt service payments and capital projects.

As of December 31, 2023 and December 31, 2022, the District had the following restricted cash balances:

Restricted Cash and Cash Equivalents:	2023	2022
TABOR Emergency Reserves	\$ 149,400	\$ 135,400
Water Revenue 2004 Bond	760,016	739,758
Water Revenue Restricted Tap Fees	616,680	-
2007 Lease Purchase	-	712,030
Capital Projects	1,818,786	2,762,576
Total Restricted Cash and Cash Equivalents	\$ 3,344,882	\$ 4,349,764

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended at December 31, 2023 and 2022 follows:

	2023			Balance at December 31, 2023
	Balance at December 31, 2022	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,193,295	\$ -	\$ -	\$ 1,193,295
Easements	13,330,157	-	-	13,330,157
Water Rights	87,631,705	1,229,220	-	88,860,925
Construction in Progress	9,816,669	9,792,689	10,328,067	9,281,291
Total Capital Assets, Not Being Depreciated	111,971,826	11,021,909	10,328,067	112,665,668
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	407,834,981	11,962,538	-	419,797,519
Sewer System	64,683,096	1,992,973	-	66,676,069
Storm Drainage	19,605,865	21,186	-	19,627,051
Buildings	12,190,153	228,000	-	12,418,153
Office and Field Equipment	2,197,146	151,443	-	2,348,589
Total Capital Assets, Being Depreciated	537,641,766	14,356,140	-	551,997,906
Less Accumulated Depreciation for:				
Water Rights and Leases	8,353,541	282,010	-	8,635,551
Sewer Capacity Rights	731,435	19,834	-	751,269
Water System	139,144,561	9,516,175	-	148,660,736
Sewer System	22,878,137	1,425,698	-	24,303,835
Storm Drainage	7,850,937	352,558	-	8,203,495
Buildings	2,700,701	557,619	-	3,258,320
Office and Field Equipment	1,484,088	237,414	-	1,721,502
Total Accumulated Depreciation	183,143,400	12,391,308	-	195,534,708
Total Capital Assets, Being Depreciated, Net	354,498,366	1,964,832	-	356,463,198
Capital Assets, Net	<u>\$ 466,470,192</u>	<u>\$ 12,986,741</u>	<u>\$ 10,328,067</u>	<u>\$ 469,128,866</u>

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2022			Balance at December 31, 2022
	Balance at December 31, 2021	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,193,295	\$ -	\$ -	\$ 1,193,295
Easements	13,330,157	-	-	13,330,157
Water Rights	87,133,881	497,824	-	87,631,705
Construction in Progress	81,606,824	6,899,726	78,689,881	9,816,669
Total Capital Assets, Not Being Depreciated	183,264,157	7,397,550	78,689,881	111,971,826
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	339,634,384	68,200,597	-	407,834,981
Sewer System	62,776,451	1,906,645	-	64,683,096
Storm Drainage	18,861,963	743,902	-	19,605,865
Buildings	3,677,162	8,512,991	-	12,190,153
Office and Field Equipment	2,143,448	84,982	31,284	2,197,146
Total Capital Assets, Being Depreciated	458,223,933	79,449,117	31,284	537,641,766
Less Accumulated Depreciation for:				
Water Rights and Leases	8,071,523	282,018	-	8,353,541
Sewer Capacity Rights	711,601	19,834	-	731,435
Water System	130,348,069	8,796,492	-	139,144,561
Sewer System	21,473,468	1,404,669	-	22,878,137
Storm Drainage	7,466,787	384,150	-	7,850,937
Buildings	2,355,591	345,110	-	2,700,701
Office and Field Equipment	1,275,196	238,962	30,070	1,484,088
Total Accumulated Depreciation	171,702,235	11,471,235	30,070	183,143,400
Total Capital Assets, Being Depreciated, Net	286,521,698	67,977,882	1,214	354,498,366
Capital Assets, Net	<u>\$ 469,785,855</u>	<u>\$ 75,375,432</u>	<u>\$ 78,691,095</u>	<u>\$ 466,470,192</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was charged to the following:

	2023	2022
Water	\$ 9,798,185	\$ 9,078,510
Sewer	1,425,698	1,424,503
Storm Drainage	372,392	384,150
General and Administrative	795,033	554,002
Total	<u>\$ 12,391,308</u>	<u>\$ 11,441,165</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2023 and 2022:

	2023				
	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
Bonds Payable					
2015 Water Refunding					
Bonds	\$ 32,815,000	\$ -	\$ 1,800,000	\$ 31,015,000	\$ 1,890,000
Bond Premium	1,843,926	-	237,787	1,606,139	237,787
2019 Water Improvement					
Bonds	19,840,000	-	770,000	19,070,000	805,000
Bond Premium	2,445,817	-	233,360	2,212,457	222,113
2020 Water Refunding					
Bonds	22,305,000	-	1,265,000	21,040,000	1,290,000
Bond Premium	4,129,114	-	514,989	3,614,125	502,083
Subtotal Bonds Payable	<u>83,378,857</u>	<u>-</u>	<u>4,821,136</u>	<u>78,557,721</u>	<u>4,946,983</u>
Notes/Loans/Bonds From Direct					
Borrowings and Direct Placement					
2004 Subordinate Water					
Exchange Bonds	3,050,000	-	1,235,000	1,815,000	-
2007 Subordinate Lease					
Purchase Agreement	54,975	-	54,975	-	-
2019 Lease Purchase Agreement	5,799,047	-	468,870	5,330,177	462,391
Subtotal Notes/Loans/Bonds From Direct	<u>8,904,022</u>	<u>-</u>	<u>1,758,845</u>	<u>7,145,177</u>	<u>462,391</u>
Borrowings and Direct Placement					
Total Long-Term Obligations	<u>\$ 92,282,879</u>	<u>\$ -</u>	<u>\$ 6,579,981</u>	<u>\$ 85,702,898</u>	<u>\$ 5,409,374</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	2022				
	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Bonds Payable					
2015 Water Refunding					
Bonds	\$ 34,275,000	\$ -	\$ 1,460,000	\$ 32,815,000	\$ 1,800,000
Bond Premium	2,089,007	-	245,081	1,843,926	237,787
2019 Water Improvement					
Bonds	20,570,000	-	730,000	19,840,000	770,000
Bond Premium	2,689,839	-	244,022	2,445,817	233,360
2020 Water Refunding					
Bonds	22,530,000	-	225,000	22,305,000	1,265,000
Bond Premium	4,649,840	-	520,727	4,129,114	514,988
Subtotal Bonds Payable	<u>86,803,686</u>	<u>-</u>	<u>3,424,830</u>	<u>83,378,857</u>	<u>4,821,135</u>
Notes/Loans/Bonds From Direct Borrowings and Direct Placement					
2004 Subordinate Water					
Exchange Bonds	3,477,000	-	427,000	3,050,000	-
2009B Variable Rate					
Water Revenue Bonds	1,860,000	-	1,860,000	-	-
Bond Premium	454	-	454	-	-
2007 Subordinate Lease					
Purchase Agreement	998,453	-	943,478	54,975	-
2019 Lease Purchase Agreement	4,768,825	1,363,959	333,737	5,799,047	468,870
Subtotal Notes/Loans/Bonds From Direct Borrowings and Direct Placement	<u>11,104,732</u>	<u>1,363,959</u>	<u>3,564,669</u>	<u>8,904,022</u>	<u>468,870</u>
Total Long-Term Obligations	<u>\$ 97,908,418</u>	<u>\$ 1,363,959</u>	<u>\$ 6,989,499</u>	<u>\$ 92,282,879</u>	<u>\$ 5,290,005</u>

The detail of the District's bonds payable is as follows:

Subordinate Water Revenue Exchange Bonds, Series 2004, dated May 6, 2004, in the original amount of \$26,793,000 mature on November 15, 2023, with an interest rate of 3.00% to December 31, 2009, and 5.00% from January 1, 2010, and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of the Enterprise or the District, on any date without redemption premium. The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds. These bonds are limited, subordinate lien obligations of the Enterprise on behalf of the District payable solely from the portion of the Net Revenues comprising an amount equal to 40% of water tap fees collected by the Enterprise or the District. Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues, which is subordinate to the lien thereon of the Senior Bonds.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue and cannot be predicted with certainty. The District's 2024 budget contemplates a principal payment of \$600,000.

The occurrence or existence of any one or more of the following events shall be an Event of Default:

- (a) payment of the principal of any Bond is not made when due;
- (b) payment of the interest on any Bond is not made when due;
- (c) the Enterprise or the District defaults in the performance of the following covenants:
 - a. to maintain the System as an enterprise and as a water activity enterprise;
 - b. to maintain a minimum water tap fee of \$15,000;
 - c. shall not amend or supplement the Joint Resolution or adopt or enter into other resolutions, agreements or documents which would reduce the amount of various rates, fees, tolls, or charges imposed by the Joint Resolution or materially adversely affect the amount which would otherwise be credited to the Subordinate Bond Account; or
- (d) the District or the Enterprise files a petition under the federal bankruptcy laws or other applicable bankruptcy laws.

2007 Subordinate Lease Purchase Agreement – The Enterprise, on behalf of the District, entered into a Subordinate Lease Purchase Agreement with United Water and Sanitation District (United) on July 27, 2007 (effective May 25, 2007), in the original amount of \$31,250,000. United agrees, among other things, to construct certain facilities, to provide additional storage and to acquire, on behalf of the District and the Enterprise, sufficient water rights to produce not less than 2,960 acre feet of fully consumable water per year and not more than 3,221 acre feet of fully consumable water per year (Phase 2 Water), and to the delivery of such water to ECCV. Principal and interest payments under the Agreement are due annually on November 15 with an interest rate of 3.2%. The annual principal portion shall be an amount equal to the Allocated Tap Lease Revenue, defined as the portion of the Net Revenue that is equal to 38.57% of the Water Tap Fees collected by the Enterprise on and after November 1, 2004. The Agreement terminates on November 15, 2014, or upon payment of all amounts due and the conveyance of all the Phase 2 Water to ECCV, whichever occurs earliest. A Supplemental Lease Purchase Agreement was signed by United on October 30, 2014. The supplemental agreement extended the expiration date to November 15, 2017. In exchange, the District agreed to pay an additional \$400,000 of principal each year. The Second Supplement to the Lease Purchase Agreement, effective as of September 26, 2017, extended the agreement to November 1, 2022.

During the year ended December 31, 2023, the District paid the balance of the 2007 Subordinate Lease Purchase Agreement in full.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Refunding Bonds, Series 2015, dated August 19, 2015, were issued in the original amount of \$41,885,000 with interest of 3.00% to 5.00%, consisting of serial bonds issued in the amount of \$31,195,000 due November 15 annually through 2032 and term bonds issued in the original amount of \$10,690,000 due November 15, 2035. The serial bonds maturing on and after November 15, 2026, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2015 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of currently refunding and redeeming the 2005 Loan Agreement, of which \$45,280,000 was outstanding.

The Series 2015 Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, including the Series 2002 Bonds (refunded by the Series 2009B Bonds), and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2023, the District was in substantial compliance with its bond covenants.

Water Revenue Improvement Bonds, Series 2019A, dated October 31, 2019, were issued in the original amount of \$21,895,000 with interest of 2.25% to 5.00%, due November 15 annually through 2040, and with interest due May 15 and November 15, commencing May 15, 2020. The bonds maturing on and after November 15, 2030, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2019 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of expanding the public infrastructure.

The Series 2019A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 125% of Net Revenues in excess of the annual debt service payment. During 2023, the District was in substantial compliance with its bond covenants.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Bonds, Series 2020, dated May 28, 2020, were issued in the original amount of \$22,745,000 with interest rates ranging from 2.0% to 5.0%, payable semiannually on May 15 and November 15 each year, commencing on November 15, 2020. The bonds consist of serial bonds due November 15 annually through 2040. The bonds maturing on and after November 15, 2030, are subject to redemption prior to maturity at the option of the District without redemption premium.

Proceeds from the sale of the bonds were used to (i) refund the Variable Rate Water Revenue Refunding Bonds, Series 2009A and the Taxable Water Revenue Bonds (Build America Bonds - Direct Payment), Series 2010B; and (ii) pay the costs of issuance of the bonds.

The bonds were issued by the District acting by and through its Water Activity Enterprise on parity with the Outstanding Senior Bonds and any other Additional Parity Obligations. The 2020 Bonds are payable solely from Net Revenue derived from the operation and use of the Water System.

So long as any 2020 Bonds are outstanding, the District and the Enterprise covenant to maintain all rates, fees, tolls and charges furnished by the Water System to generate Net Revenue in an amount equal to not less than 125% of the amount necessary to pay when due the principal of and interest on the Outstanding Senior Bonds coming due during such Fiscal Year.

Events of Default Relating to the 2015 Bonds, the 2019A Bonds, and the 2020 Bonds.
The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) payment of principal on any of the Senior Bonds is not made when due and payable;
- (b) payment of interest on any of the Senior Bonds is not made when due and payable;
- (c) defaults in the punctual performance of the covenants contained in any Outstanding Senior Bonds;
- (d) a petition in bankruptcy is filed by or against the Enterprise or the District.

Acceleration of any of the Senior Bonds is not an available remedy for any default or Event of Default.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Purchase Agreement, dated May 14, 2019, the District entered into a Lease Purchase Agreement (Lease) with Vectra Bank Colorado, a division of Zions Bancorporation (Lessor), to fund building expansion, shop building, furnishings, parking, storm drainage, and other miscellaneous items at the District’s main office campus. The interest rate on the lease purchase is 3.12% for up to \$6,500,000. The term of the agreement is 15 years with no prepayment penalty. Annual principal payments begin November 1, 2019 through November 1, 2033; semiannual interest payments begin November 1, 2019 and, on each May 1 and November 1 thereafter until maturity.

The Lease is structured as a draw-down Lease. Draws can be made once per month, preferably, in a minimum amount of at least \$100,000, over the next three years. Interest accrues at the date of each draw.

As of December 31, 2023, the District had drawn \$6,500,000.

Events of Default Relating to the 2019 Lease. The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) failure to pay any Base Rentals or Additional Rentals when the same become due and payable;
- (b) failure to observe and perform any covenant, condition or agreement to be observed or performed for a period of 45 days after written notice of failure and requesting remedy;
- (c) failure to reinstate insurance within 10 business days after written notice of failure and requesting remedy;
- (d) any representation or warranty made by the District that proves to be untrue in any material respect or materially misleading; or
- (e) a petition in bankruptcy is filed by or against the District.

Upon an event of default, the Lessor may immediately take possession of the Leased Property with or without terminating the Lease.

Debt Maturities

The District’s long-term obligations, excluding the Subordinate Water Revenue Exchange Bonds, Series 2004, will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,447,391	\$ 3,248,862	\$ 7,696,253
2025	4,661,817	3,035,186	7,697,003
2026	4,861,692	2,834,299	7,695,991
2027	5,087,034	2,621,257	7,708,291
2028	5,277,853	2,420,888	7,698,741
2029 - 2033	30,049,390	8,442,619	38,492,009
2034 - 2038	18,150,000	2,421,000	20,571,000
2039 - 2040	3,920,000	236,600	4,156,600
Total Payments	<u>\$ 76,455,177</u>	<u>\$ 25,260,711</u>	<u>\$ 101,715,888</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

At December 31, 2023, the authorized unissued general obligation debt of the District from elections held in 1977 and 1981 totaled \$14,599,393. The District's ability to issue its remaining authorized debt may be limited by judicial interpretation as a result of Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023 and 2022, the District had net investment in capital assets, calculated as follows:

	2023	2022
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 469,128,866	\$ 466,470,192
Unspent Bond Proceeds	-	209,823
Current Portion of Long-Term Obligations	(5,409,374)	(5,290,005)
Cost of Debt Refunding, Net	432,927	497,021
Noncurrent Portion of Long-Term Obligations	(80,293,524)	(86,992,874)
Net Investment in Capital Assets	\$ 383,858,895	\$ 374,894,157

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023 and 2022, as follows:

	2023	2022
Restricted Net Position:		
Debt Service	\$ 1,376,696	\$ 1,451,788
Capital Projects	1,818,786	2,762,576
Emergencies	149,400	135,400
Total Restricted Net Position	\$ 3,344,882	\$ 4,349,764

The District's unrestricted net position as of December 31, 2023 and 2022 is \$55,697,415 and \$57,847,434, respectively.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Sewage Treatment – City of Aurora

The District has contracted since 1976 with the City of Aurora (City) for all sewage treatment services and to pay the City a portion of the costs to increase the size of certain sewer mains in exchange for future rights to capacity in these mains. Under the agreement, the District was charged sewage treatment cost by the City in the amount of \$7,911,948 and \$7,412,890 for 2023 and 2022, respectively.

The District has agreed to pay the City an amount equal to 15% of the sewer tap fee being charged by the City at a time a sewer tap is connected. The District paid \$79,827 and \$70,783 in 2023 and 2022, respectively, to the City for tap connections.

On March 25, 2011, the District amended the agreement (2011 Agreement) with the City in regard to the appropriate amount of charges to be levied on a monthly basis for the transportation of sanitary sewage from the District and the sum of money due to the City from the District for capital infrastructure investments by the City. The 2011 Agreement establishes the base rate to be \$3.44 per thousand gallons of sanitary sewage based on calculations set forth in the agreement, effective July 1, 2010.

The District agreed to pay the City \$369,312, which reflects the total monthly charges incurred and unpaid through September 30, 2010. Payment was made upon execution of the agreement.

In a memorandum dated August 1, 2012, (2012 Agreement), the District agreed to pay for their portion of additional capital infrastructure improvements as listed in the 2012 Agreement, in the amount of \$5,031,646. Payments were made in thirteen (13) quarterly installments of \$399,387 beginning with the third quarter of 2012, interest to accrue at an annual rate of 2.5%. The memorandum was paid in full in 2015.

Future capital infrastructure improvements have been planned. The timing of the construction of these projects will be determined by future development and need for sewage capacity.

Water Storage – City of Aurora

On November 10, 1994, the District executed an agreement with the City of Aurora (City) that permits the District to place up to 3,500 acre feet of water in Aurora Reservoir and to exchange that water, less system and evaporative losses, for treated water from the Aurora system. The agreement expired in 2003; however, the District continues to replace water taken from the Aurora system. During 2023 and 2022, the District provided no water to the Aurora system.

On May 7, 2007, the District executed an agreement with the City in which the District will provide water primarily for irrigation use in the raw water systems at the Eagle Bend and Blackstone golf courses to satisfy the water taken from the Aurora system. This agreement shall be effective for 15 years after which the agreement will automatically renew annually. During 2023, no water was delivered to the golf courses.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Intergovernmental Agreements – ACWWA

On December 15, 2009, the District entered into an intergovernmental agreement (IGA) with Arapahoe County Water and Wastewater Authority (ACWWA), Arapahoe County Water and Wastewater Public Improvement District (ACWWPID) and United Water and Sanitation District (United). The intent of the IGA is to provide ECCV and ACWWA an integrated system for the diversion, accretion, collection, storage, transmission and treatment of each party's water rights.

ACWWA has acquired a capacity easement from ECCV for the purpose of providing water services to its customers. Additionally, ECCV was obligated to begin construction on the reverse osmosis plant (RO Plant) when ACWWA deposited \$7,320,000 and United has deposited \$14,000,000 into separate escrow accounts. Construction began in September 2010 and was completed in 2013.

The District constructed the RO Plant. The 10 mgd RO Plant was expected to cost \$25 million. In the event the construction costs exceed \$27.1 million, ECCV shall notify ACWWA, who will then agree on participating in additional funding or the downsizing of the RO Plant. Should ACWWA agree to additional funding, they will be entitled to an increase in capacity in the RO Plant by the same ratio of the additional funding. Should ACWWA not fund the additional cost, then ACWWA's prorated capacity shall be calculated by dividing \$7.32 million by the total final cost by the ACWWA payment and multiplying the result by 10. The actual construction costs were \$29.9 million. The RO Plant was upgraded to reduce the total Dissolved Solids at an estimated cost of \$3.5 million.

In consideration of \$7.32 million, ACWWA will hold a capacity easement for the treatment of 2.25 mgd of fixed capacity in the RO Plant. For the cost of these facilities, the first \$100,000 will be paid by the District and the next \$2.5 million will be paid by ACWWA. Once the costs of construction of the brine management and disposal facilities exceeds \$6 million, the entities using the RO Plant shall bear the cost of further brine management and disposal in the ratio of the water rights to be processed. The initial cost of the brine management and disposal facilities was approximately \$4 million.

The District conveyed to ACWWA a capacity easement for the use of 3.5 mgd fixed capacity in the existing Northern Pipeline at a cost of \$5,250,000. ACWWA had a fixed capacity of 1.75 mgd, resulting in a total of 5.25 mgd fixed capacity.

The District conveyed to ACWWA an easement for 2.25 mgd of fixed capacity in the Pump Station serving the Northern Pipeline at a cost of \$3.375 million. Additionally, ACWWA shall have an option to purchase an additional 3.0 mgd of fixed capacity at such time the capacity of the RO Plant is expanded based on a pro rata share of the expansion of the Pump Station.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Western Pipeline Sale

On October 21, 2014, the District sold its Western Pipeline and State Land Board Pipeline to the City and County of Denver acting by and through its Board of Water Commissioners (Denver Water), and the South Metro WISE Authority (WISE) for \$34,000,000. As a result, Denver Water owns 15% of the pipeline and WISE owns 85%. The District retained ownership of Reserved Capacity (8 MGD) of the Western Pipeline but does not hold or retain any interest in the physical assets, right-of-ways, licenses, or easements. The pipelines can be used as part of the system to deliver water received by WISE or used by Denver Water for the conveyance of water for use in its water delivery system. Concurrent with this sale these three parties also executed the Agreement Regarding Modifications to Shared Infrastructure (Modification Agreement) and the Agreement for the Operations of Shared Infrastructure (Operating Agreement).

The Modification Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to shared facilities that will be constructed to make the pipeline suitable for joint-use (Modifications). The District paid \$3,304,980 towards the Modifications. The modifications were completed in 2015.

The Operating Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to the joint ownership and use of certain facilities in order to provide water service to the City’s customers and, in the case of WISE, providing water transmission and delivery for the benefit of its members. The three parties shall share operation, maintenance and capital costs related to the shared facilities as set forth in Section 6 of the Operating Agreement.

It is anticipated that the parties will enter into further agreements regarding the maintenance of the infrastructure, management of water rights, and other matters, including an operation agreement between the District and United.

Letter Agreement

In furtherance of the Operating Agreement, the parties entered in the Quebec Street Water Treatment Plant Expansion Letter Agreement (Letter Agreement) on August 17, 2022 to design and install a third pressure vessel, including, but not limited to, all necessary installation and configuration of control valves, piping and metering components, electrical installation, programmable logic controller programming, and interface configuration (Project). The District will contract for the completion of the final design for the Project and purchase a third pressure filter to be provided to the contractor for the Project for installation. The District will oversee the completion of the Project installation and agrees to consult with WISE and Denver Water during the design and installation phases. The estimated cost of the Project is \$1.4 million. In the event the total costs of the Project exceed the estimated amount, the parties will coordinate to determine how to proceed. The parties agree to share total Project costs based on the cost sharing and maintenance responsibilities set forth in the Operating Agreement. The Project is expected to be completed by May 31, 2023. Upon final acceptance and completion of the Project, WISE will own and operate the Project as part of the Filter Plant in accordance with the Operating Agreement.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Emergency Interconnect Agreement

On August 27, 2014, the District entered into Agreement with the City and County of Denver acting by the through its Board of Water Commissioners (Denver Water), in which Denver Water agrees to allow ECCV to make physical interconnections with Denver Water's water system to allow Denver Water's water to be delivered to the District on an emergency basis. The interconnection shall only be used in the event of an emergency, and if Denver Water is capable of providing water service. An emergency for the purposes of this Agreement is a main break, pump, motor, power, or other system failure which causes partial or total inability of the District's system to provide fire protection or municipal service.

The Agreement shall have a term of five years. At the end of five years, this Agreement shall automatically be extended for additional one-year periods unless terminated in writing at least 60 days prior to the automatic extension.

The District shall pay Denver Water for all water delivered through the emergency interconnection at Denver Water's then current treated water service rate for customers outside Denver Water's service area Water Supply Agreement

NOTE 8 COMMITMENTS AND CONTINGENCIES

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and the United Water and Sanitation District (United) on December 18, 2003 and amended and restated on May 25, 2007, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement entitles the District to purchase shares in FRICO's water supply system or additional South Platte Water supplies at an approximated price of \$9,700 per acre foot, which would provide the District between 2,960 and 3,221 acre feet of fully consumable water per year for a total of \$31,250,000. Additional projects contemplated by the agreement will divert water and return flows from the South Platte River and deliver it to the District's future treatment plant and will give the District a right of first purchase of yield in excess of 6,221 acre feet from additional tributary water rights from the South Platte River acquired by United.

Agreements with Denver Water Board

In prior years, the District participated with the Denver Water Board (Denver) and other participants in the Denver Metropolitan Water Development Agreement and the Platte and Colorado River Storage Project Participation Agreement. During 2000, the District settled any rights or obligations associated with these agreements. The District and Denver also entered into an intergovernmental agreement under which Denver agreed to provide to the District up to 771 acre feet of either potable or nonpotable water (Lease Water) annually, subject to payment of appropriate system development charges (SDCs) and water rates. Pursuant to the IGA, the District entered into a Nonpotable Water Lease Agreement with Denver on May 15, 2002, which provides for the delivery of nonpotable Lease Water to the District for calendar years 2002 through 2004. During 2002, the District paid \$4,009,200 in SDCs at the raw water rate. The agreement states that beginning in 2005, Denver will deliver only potable Lease Water to the District.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

On October 19, 2005, the District entered into a Potable Water Lease Agreement with Denver whereby Denver will deliver to the District up to 771 acre feet of potable water per year, beginning on January 1, 2006. The District paid the differential between potable and nonpotable SDCs for 771 acre feet in 2006, a cost of \$3,893,550. The District received a credit against this payment of \$2,000,000 to compensate the District for the costs of constructing the facilities necessary to deliver potable water from Denver's system to the District's Northern Pipeline.

The District contracts with the Denver Water Board (Denver) for water services and paid a net amount of \$1,256,622 and \$1,377,231 in 2023 and 2022, respectively, for water service charges.

OAR Lease Agreement

In 1983, the District entered into an agreement with OAR, Inc. for water from the Arapahoe Aquifer under State Board of Land Commissioners (SBLC) land adjacent to the District. OAR, Inc. subsequently assigned this agreement to the Rangeview Metropolitan District (Rangeview). In November 1996, Rangeview and the District amended the amount to be paid under the agreement.

The 1996 agreement allows the District to purchase up to 4,000 acre feet of Arapahoe Aquifer Water at \$44 per acre foot on an arrangement for a total annual payment of up to \$176,000 through the term of the agreement. The District has taken delivery of less than 4,000 acre feet in 2023 and 2022. Additional capital expenditures for wells and pipelines are required to fully utilize the water rights. The District also agreed to waive any and all preemptive rights or rights of first refusal relating to any conveyance of water and water rights in excess of the right to purchase for use up to the 4,000 acre feet of water each year.

Water Purchase Agreement – Rangeview

On May 1, 2012, the District entered into an agreement with Rangeview Metropolitan District (Rangeview) to sell to Rangeview groundwater produced by the District's Lowry Range Water System (LRWS). This agreement allows Rangeview to operate and maintain the LRWS on behalf of the District with Rangeview paying all applicable costs. Rangeview shall pay the District a fixed monthly payment of \$4,667 per month through December 31, 2012, \$8,000 per month from January 1, 2013, through December 31, 2020, and \$3,000 per month from January 1, 2021, through April 26, 2032, for up to 300 acre feet of LRWS water per calendar year. In addition to the monthly fee, Rangeview shall pay \$0.14 per 1,000 gallons of metered LRWS water production. In the event Rangeview produces more than 300 acre feet during any calendar year, Rangeview shall pay \$0.54 per 1,000 gallons on the excess production.

The District has a contractual agreement with the City of Aurora to supply 260 acre feet of water to two Aurora golf courses.. Rangeview is responsible for adjusting the schedule of operations for the LRWS wells so that water is available for delivery at the request of the City of Aurora (see Note 7).

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pipeline Enlargement Agreement

The District entered into an agreement with the South Metro Water Supply Authority (SMWSA), effective in March 2005, as amended by the First Amendment to the ECCV-SMWSA Barr Lake Pipeline Engagement Agreement effective January 1, 2006, whereby SMWSA increased the size of the District's Barr Lake water pipeline to 48 inches and purchased the additional capacity. The capacity owned by SMWSA will ultimately be determined by their contributions toward the total cost of the project. The District will own, operate, maintain, repair and replace the pipeline and charge the Authority a reasonable rate for its capacity that it uses by conveyance and/or delivery of water to, or acceptance of water from, the pipeline.

Construction Commitments

The District had unexpended construction related contract commitments of approximately \$1,294,788 and \$3,154,066 as of December 31, 2023 and 2022, respectively.

Master Tap Purchase Agreement

The District entered into a Master Tap Purchase Agreement with South Quincy Residential Developers, Inc. (the Owner or SQR) on February 15, 2006. The agreement calls for no less than 4,600 residential single family equivalent water taps to be supplied from District water systems and not less than 4,600 single family residential equivalent sanitary sewer taps to be served by the District. The Owner guarantees the purchase of not less than 100 of each type of tap with 50 of each type of tap to be sold on or before November 30, 2006, and 50 of each type of tap to be sold on or before November 30, 2007. The District received payment for 39 water and sewer taps on or before November 30, 2006. The balance of the November 30, 2006, obligation was received in February 2007. SQR purchased more than 50 water and 50 sewer taps on or before November 30, 2007. Water tap fees in 2007 were \$19,000, and the District may increase that fee no more than \$1,250 per year until January 1, 2014.

On August 23, 2011, the District entered into the Second Amendment of the Master Tap Purchase Agreement with SQR (Second Amendment). Cherry Creek School District No. 5 (School) wishes to construct and install certain infrastructure within the District with an estimated total cost of \$852,335. The District agrees to fund the construction. The School agrees to pay the District certain fees according to the District's fee schedules in effect at the time of payment. A portion of these fees, as described in the Second Agreement, will be available for funding the construction. SQR agrees to fund the remaining balance of the construction costs through the guarantee of tap purchases. The District and SQR agree that \$8,000 of the purchase of each tap purchase for use in the Copperleaf project on or after the date of the Second Agreement shall be applied to the remaining balance of the construction costs. SQR agrees that a sufficient number of taps (or their equivalent) will be purchased in the Copperleaf project on or before thirty-six (36) months from the date of execution of this Second Amendment. The District and SQR also agree that 100% of all 12-inch equivalency payments, 100% of all drainage fee payments, and 20% of all irrigation taps purchased by SQR and/or builders, developers and others users subsequent to the date of this Second Agreement with respect to the Copperleaf project shall apply against and reduce SQR's tap purchase requirements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreement with Adams County

On April 2, 2007, the District entered into a first amendment to the August 3, 2005, Agreement with Adams County, Colorado, in which the County has requested that the District make available to the County potable water at the same rates as the District makes potable water available within the District. The District will be constructing a 12" water line (the Airport Waterline) to deliver water from the Denver Water Department's water line at Denver International Airport to the District's 48" pipeline. Under this amendment, the County can elect to tap into either the 48" pipeline or into the Airport Waterline, with written consent of the Denver Water Department. The County agrees to purchase a tap at the then current District rate, but not exceeding a 2" tap. The District is willing to lease approximately 50% of the annual capacity to South Adams County Water and Sanitation District (South Adams) for its use as set forth in paragraph 6 of the First Amendment to the August 3, 2005, Agreement. The District also offered to allow South Adams to expand the size of the Airport Waterline from 12" up to 24". South Adams determined that it did not want to increase the size of the Waterline.

NOTE 9 PENSION AND BENEFIT PLANS

The District has a general policy that employee benefits shall equal 30.85% of the employee's salary. These benefits include all employer costs related to the employee compensation such as health insurance, other related insurance programs that may be either mandatory or elected by the employee and the retirement programs described below. Should the benefits charged to the employee not equal the maximum, the employee may direct the District to have the difference deposited into the deferred compensation plan.

Defined Contribution Plan

The employees of the District participate in a money purchase pension plan and trust, which is a defined contribution plan which was established by the District and is maintained and administered by Voya during 2023 and 2022. The current plan was amended effective October 1, 2020. At December 31, 2023, there were 112 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members on their first day coinciding with or next following the date on which they have met all requirements for participation. Under this plan, an amount equal to 7% of the plan members' compensation is remitted to the Plan Administrator by the District. The District's contributions, plus earnings, become vested 100% upon entering the plan. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

The District contributed \$318,078 and \$272,323 for the years ended December 31, 2023 and 2022, respectively.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PENSION AND BENEFIT PLANS (CONTINUED)

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Voya during 2023 and 2022. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or death or unforeseen emergencies.

Postemployment Health Plan

Effective January 1, 2002, the District adopted a mandatory postemployment health plan. The District is required to contribute 2.0% of each eligible employee's annual salary into a defined contribution plan administered by Voya during 2023 and 2022. Contributions vest with the employee immediately for qualified medical expenses at termination of employment and no additional contributions are required of the District at termination of employment. Employer contributions were \$107,394 and \$87,573 for 2023 and 2022, respectively.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined 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. The District's management believes a significant portion of its operations as well as those of the Enterprise qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
DIRECT WATER EXPENSES		
Communications	\$ 183,917	\$ 174,739
Customer Billing	210,017	238,274
Engineering and Plan Review	1,537,330	1,952,706
Insurance	378,728	259,904
Legal	998,063	704,248
Operating Expenses	3,695,128	2,591,020
Repairs and Maintenance	9,662,949	7,909,223
Testing	166,782	141,659
Utilities	3,507,337	3,876,679
Water Conservation Rebates	78,314	33,065
Water Lease Payment	14,162	13,668
Water Services	1,256,622	1,377,232
Total Direct Water Expenses	\$ 21,689,349	\$ 19,272,417
DIRECT SEWER EXPENSES		
Aurora Tap Fees	\$ 79,827	\$ 70,783
Customer Billing	66,164	80,604
Engineering and Plan Review	116,673	135,906
Repairs and Maintenance	1,155,599	1,003,032
Sewage Treatment	7,911,948	7,412,890
Utilities	115,406	166,618
Total Direct Sewer Expenses	\$ 9,445,617	\$ 8,869,833
DIRECT STORM DRAINAGE EXPENSES		
Engineering and Plan Review	\$ 2,438	\$ 326
Repairs and Maintenance	3,947	78,947
Total Direct Storm Drainage Expenses	\$ 6,385	\$ 79,273
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and Audit	\$ 163,985	\$ 134,204
Communications	93,399	79,105
Directors' Fees	8,000	8,100
Election Costs	16,641	2,089
Insurance	35,742	108,973
Investment Expense/Bank Charges	181,101	197,014
Legal	172,725	164,665
Management	78,402	48,316
Miscellaneous/Contingency	11,287	61,364
Office Supplies	704,957	723,757
Public Information	149,896	60,585
Repairs and Maintenance	304,066	197,295
Salaries, Benefits, and Payroll Taxes	1,704,853	1,480,486
Travel, Training, and Meetings	72,071	92,348
Utilities	26,608	30,676
Total General and Administrative Expenses before Depreciation and Amortization	3,723,733	3,388,977
Depreciation and Amortization	795,528	585,058
Total General and Administrative Expenses	\$ 4,519,261	\$ 3,974,035

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL FUNDS COMBINED
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Water Service Fees	\$ 18,771,000	\$ 16,744,686	\$ (2,026,314)
Sustainable Water Assurance Fee	6,800,000	7,467,277	667,277
Sewer Service Fees	11,098,000	11,503,599	405,599
Administrative Fees	1,800,000	1,959,653	159,653
Connection and Inspection Charges	76,500	82,855	6,355
Construction Observation Fees	81,000	84,800	3,800
Penalties and Late Charges	143,500	167,629	24,129
Other Income	5,000	49,539	44,539
Miscellaneous Income	6,000	47,827	41,827
WISE Operations	210,000	150,469	(59,531)
Utility Refunds	-	19,764	19,764
Lease Income	75,000	86,934	11,934
Property Taxes	4,108,524	4,106,073	(2,451)
Specific Ownership Taxes	200,000	271,171	71,171
Net Investment Income	11,000	2,481,921	2,470,921
Water Tap Fees	1,450,000	3,041,599	1,591,599
Sewer Tap Fees	186,000	612,574	426,574
Storm Drainage Fees	170,000	464,202	294,202
Contributions of Capital Outlay	11,293,526	6,428,379	(4,865,147)
Total Revenues	56,485,050	55,770,951	(714,099)
EXPENDITURES			
Direct Water Expenses	25,378,850	21,689,349	3,689,501
Direct Sewer Expenses	9,591,000	9,445,617	145,383
Direct Storm Drainage Expenses	67,500	6,385	61,115
General and Administrative Expenses	3,958,510	3,723,733	234,777
County Treasurer's Fees	61,530	61,661	(131)
Capital Outlay	25,347,986	16,058,599	9,289,387
Debt Service	8,325,055	8,149,838	175,217
Total Expenditures	72,730,431	59,135,182	13,595,249
NET CHANGE IN FUNDS AVAILABLE	(16,245,381)	(3,364,231)	12,881,150
Funds Available - Beginning of Year	55,493,055	62,406,528	6,913,473
FUNDS AVAILABLE - END OF YEAR	\$ 39,247,674	\$ 59,042,297	\$ 19,794,623

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
DISTRICT ACTIVITY
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
DISTRICT REVENUES			
Property Taxes	\$ 4,108,524	\$ 4,106,073	\$ (2,451)
Specific Ownership Taxes	200,000	271,171	71,171
Net Investment Income	1,000	2,645	1,645
Storm Drainage Tap Fees	170,000	464,202	294,202
Lease Income	75,000	86,934	11,934
Miscellaneous Income	6,000	47,827	41,827
Utility Refunds	-	1,400	1,400
Total District Revenues	<u>4,560,524</u>	<u>4,980,252</u>	<u>419,728</u>
DISTRICT EXPENDITURES			
Direct Storm Drainage Expenses	67,500	6,385	61,115
General and Administrative Expenses	3,958,510	3,723,733	234,777
County Treasurer's Fees	61,530	61,661	(131)
Capital Outlay	170,000	56,622	113,378
Debt Service	475,417	640,895	(165,478)
Total District Expenditures	<u>4,732,957</u>	<u>4,489,296</u>	<u>243,661</u>
NET CHANGE IN FUNDS AVAILABLE	(172,433)	490,956	663,389
District Funds Available - Beginning of Year	<u>8,011,488</u>	<u>8,239,917</u>	<u>228,429</u>
DISTRICT FUNDS AVAILABLE - END OF YEAR	<u>\$ 7,839,055</u>	<u>\$ 8,730,873</u>	<u>\$ 891,818</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
WATER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
WATER ENTERPRISE REVENUES			
Water Service Fees	\$ 18,771,000	\$ 16,744,686	\$ (2,026,314)
Sustainable Water Assurance Fee	6,800,000	7,467,277	667,277
Administrative Fees	1,800,000	1,959,653	159,653
Connection and Inspection Charges	72,000	78,205	6,205
Construction Observation Fees	36,000	46,000	10,000
Penalties and Late Charges	143,500	167,629	24,129
Other Income	5,000	49,539	44,539
Utility Refunds	-	# 18,364	18,364
Net Investment Income	10,000	2,479,276	2,469,276
Water Tap Fees	1,450,000	3,041,599	1,591,599
Contributions of Capital Outlay	6,630,065	4,738,858	(1,891,207)
WISE Operations	210,000	150,469	(59,531)
Total Water Enterprise Revenues	<u>35,927,565</u>	<u>36,941,555</u>	<u>1,013,990</u>
WATER ENTERPRISE EXPENDITURES			
Water Operations	24,001,850	20,140,463	3,861,387
Water Conservation Rebates	60,000	78,314	(18,314)
Water Meters Purchased	1,317,000	1,470,572	(153,572)
Capital Outlay	15,914,775	12,359,524	3,555,251
Debt Service	7,849,638	7,508,943	340,695
Total Water Enterprise Expenditures	<u>49,143,263</u>	<u>41,557,816</u>	<u>7,585,447</u>
NET CHANGE IN FUNDS AVAILABLE	(13,215,698)	(4,616,261)	8,599,437
Water Enterprise Funds Available - Beginning of Year	<u>31,885,282</u>	<u>37,973,665</u>	<u>6,088,383</u>
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u>\$ 18,669,584</u>	<u>\$ 33,357,404</u>	<u>\$ 14,687,820</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
SEWER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
SEWER ENTERPRISE REVENUES			
Sewer Service Fees	\$ 11,098,000	\$ 11,503,599	\$ 405,599
Connection and Inspection Charges	4,500	4,650	150
Construction Observation/Plan Review Fees	45,000	38,800	(6,200)
Contributions of Capital Outlay	4,663,461	1,689,521	(2,973,940)
Sewer Tap Fees	186,000	612,574	426,574
Total Sewer Enterprise Revenues	<u>15,996,961</u>	<u>13,849,144</u>	<u>(2,147,817)</u>
SEWER ENTERPRISE EXPENDITURES			
Sewer Operations	9,133,000	9,365,790	(232,790)
Northern Project Operations	308,000	-	308,000
Aurora Tap Fees	150,000	79,827	70,173
Capital Outlay	9,263,211	3,642,453	5,620,758
Total Sewer Enterprise Expenditures	<u>18,854,211</u>	<u>13,088,070</u>	<u>5,766,141</u>
NET CHANGE IN FUNDS AVAILABLE	(2,857,250)	761,074	3,618,324
Sewer Enterprise Funds Available - Beginning of Year	<u>15,596,285</u>	<u>16,192,946</u>	<u>596,661</u>
SEWER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u>\$ 12,739,035</u>	<u>\$ 16,954,020</u>	<u>\$ 4,214,985</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENTS OF
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>Actual Amounts</u>
FUNDS AVAILABLE DEFINED AS FOLLOWS:	
Current Assets	\$ 65,941,594
Restricted Current Assets	3,344,882
Less Current Liabilities	(10,530,593)
Less Current Escrow Payable from Restricted Assets	(707,240)
Less Deferred Inflow of Resources	(4,415,720)
Plus Current Portion of Long-Term Obligations	5,409,374
Funds Available	<u>\$ 59,042,297</u>
 RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Revenues (Budgetary Basis)	<u>\$ 55,770,951</u>
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	55,770,951
 Expenditures (Budgetary Basis)	 59,135,182
Depreciation and Amortization	12,391,803
Amortization of Debt Refunding Costs	64,094
Amortization of Debt Premium	(986,136)
Accrued Interest Expense	18,451
Capital Outlay	(15,049,982)
Bond and Lease Principal Payments	<u>(5,593,845)</u>
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	<u>49,979,567</u>
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 5,791,384</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

December 31,	\$41,885,000		\$21,895,000	
	Water Revenue Refunding Bonds - Series 2015 (A) Dated August 19, 2015 Interest Rate - 3.00%-5.00% Interest Payable May 15 and November 15 Principal Due November 15		Water Revenue Improvement Bonds - Series 2019 Dated October 31, 2019 Interest Rate - 2.25%-5.00% Interest Payable May 15 and November 15 Principal Due November 15	
	Principal	Interest	Principal	Interest
2024	\$ 1,890,000	\$ 1,337,900	\$ 805,000	\$ 760,362
2025	1,980,000	1,243,400	845,000	720,112
2026	2,080,000	1,144,400	865,000	701,100
2027	2,170,000	1,061,200	910,000	657,850
2028	2,250,000	974,400	930,000	635,100
2029	2,340,000	884,400	980,000	588,600
2030	2,420,000	808,350	1,020,000	549,400
2031	2,535,000	687,350	1,060,000	508,600
2032	2,660,000	560,600	1,100,000	466,200
2033	2,795,000	427,600	1,145,000	422,200
2034	2,910,000	315,800	1,190,000	376,400
2035	4,985,000	199,400	1,240,000	328,800
2036	-	-	1,290,000	279,200
2037	-	-	1,340,000	227,600
2038	-	-	1,395,000	174,000
2039	-	-	1,450,000	118,200
2040	-	-	1,505,000	60,200
Total	<u>\$ 31,015,000</u>	<u>\$ 9,644,800</u>	<u>\$ 19,070,000</u>	<u>\$ 7,573,924</u>

SUPPLEMENTAL INFORMATION

(A) Series 2015 bonds are subject to optional redemption on November 15, 2026 without redemption premium.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023**

\$22,745,000 Water Revenue Refunding Bonds Series 2020 Dated May 28, 2020 Interest Rate - 4.00%-5.00% Interest Payable May 15 and November 15 Principal Due November 15				Total Debt Service Requirements (B)
December 31,	Principal	Interest		
2024	\$ 1,290,000	\$ 984,300	\$	7,067,562
2025	1,360,000	919,800		7,068,312
2026	1,425,000	851,800		7,067,300
2027	1,500,000	780,550		7,079,600
2028	1,575,000	705,550		7,070,050
2029	1,655,000	626,800		7,074,800
2030	1,735,000	544,050		7,076,800
2031	1,820,000	457,300		7,068,250
2032	1,910,000	366,300		7,063,100
2033	2,005,000	270,800		7,065,600
2034	2,085,000	190,600		7,067,800
2035	405,000	107,200		7,265,400
2036	420,000	91,000		2,080,200
2037	435,000	74,200		2,076,800
2038	455,000	56,800		2,080,800
2039	475,000	38,600		2,081,800
2040	490,000	19,600		2,074,800
Total	\$ 21,040,000	\$ 7,085,250	\$	95,428,974

SUPPLEMENTAL INFORMATION

(B) The actual amounts of principal and interest payments on the Subordinate Water Revenue Exchange Bonds, Series 2004, are payable from future water tap fee revenue and cannot be predicted with certainty. Therefore, the total debt service requirements do not include payments on the Series 2004 bonds.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023**

\$6,500,000 Lease Purchase Agreement
Dated May 14, 2019
Interest Rate - 3.12%
Interest Payable May 1 and November 1
Principal Due November 1

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 462,391	\$ 166,300	\$ 628,691
2025	476,817	151,874	628,691
2026	491,692	136,999	628,691
2027	507,034	121,657	628,691
2028	522,853	105,838	628,691
2029	539,167	89,524	628,691
2030	555,990	72,702	628,692
2031	573,336	55,356	628,692
2032	591,225	37,467	628,692
2033	609,672	19,020	628,692
Total	<u>\$ 5,330,177</u>	<u>\$ 956,737</u>	<u>\$ 6,286,914</u>

As of December 31, 2023, the line of credit was fully drawn.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy		Mills Levied		Total Property Taxes		Percentage Collected to Levied
	Parcel A	Parcel B	Parcel A	Parcel B	Levied	Collected	
2016	\$ 580,478,037	\$ 4,286,658	4.220	3.170	\$ 2,463,206	\$ 2,462,932	99.99 %
2017	589,599,153	4,292,020	4.266 (A)	3.257	2,529,209	2,527,651	99.94
2018	659,501,932	4,393,785	3.956 (B)	3.257	2,623,300	2,617,041	99.76
2019	668,163,427	4,376,271	4.644 (C)	3.639	3,118,876	3,107,511	99.64
2020	783,030,336	4,736,095	4.075 (D)	3.420	3,207,047	3,191,832	99.53
2021	791,668,448	4,707,632	4.337 (E)	3.639	3,450,597	3,448,509	99.94
2022	834,735,085	5,004,621	4.468 (F)	3.549	3,747,358	3,738,230	99.76
2023	837,926,294	4,882,543	4.882 (G)	3.639	4,108,524	4,106,073	99.94
Estimated for the Year Ending December 31, 2024	\$ 1,055,697,270	\$ 6,655,056	4.166 (H)	3.022	\$ 4,418,147		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.

NOTES:

In Parcel A, the mills are levied for water and sewer operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

In Parcel B, the mills are levied for water operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

(A) Includes temporary reduction of 0.702 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2016 in excess of TABOR limits.

(B) Includes temporary reduction of 1.012 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2017 in excess of TABOR limits.

(C) Includes temporary reduction of 0.324 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2018 in excess of TABOR limits.

(D) Includes temporary reduction of 0.893 mills in Parcel A and 0.219 mills in Parcel B to effect refund of revenue received during 2019 in excess of TABOR limits.

(E) Includes temporary reduction of 0.631 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2020 in excess of TABOR limits.

(F) Includes temporary reduction of 0.500 mills in Parcel A and 0.090 mills in Parcel B to effect refund of revenue received during 2021 in excess of TABOR limits.

(G) Includes temporary reduction of 0.086 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2022 in excess of TABOR limits.

(H) Includes temporary reduction of 0.802 mills in Parcel A and 0.617 mills in Parcel B to effect refund of revenue received during 2023 in excess of TABOR limits.

**CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION**

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**Enterprise Water System Revenues Bond Coverage
Senior Bonds and Loan Agreement**

Net Water Revenues (1)	<u><u>\$ 9,897,567</u></u>
Maximum Annual Debt Service	
Senior Bonds	<u><u>\$ 7,265,400</u></u>
Debt Coverage Ratio	<u><u>1.36</u></u>
Adjusted Net Water Revenues Less Water Tap Fees	<u><u>\$ 6,855,968</u></u>
Debt Coverage Ratio of Adjusted Net Water Revenues Less Water Tap Fees	<u><u>0.94</u></u>

(1) From the table on the following page.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2023**

	<u>Original</u>	<u>Actual</u>
Water System Revenues		
Water Operating Revenues:		
Water Service Fees	\$ 18,956,000	\$ 16,931,243
Administration Fees	1,800,000	1,875,044
New Service Fees	25,000	10,874
Late Charges	140,000	167,529
Total Water Operating Revenues	<u>20,921,000</u>	<u>18,984,690</u>
Less Water Operations Expenses:		
Customer Billing	160,000	210,017
Engineering	1,227,000	1,419,629
General Administration - Allocated (1)	2,279,704	2,027,616
Insurance	380,000	378,728
Salaries	4,599,000	4,821,580
Legal	1,050,000	998,063
OAR Water Lease - Water Purchase	5,000	14,162
Other Operating Expenses	4,926,419	3,739,019
Plan Reviews	50,000	117,701
Repairs and Maintenance	4,512,152	3,112,851
Testing	179,400	216,467
Utilities and Communications	4,165,980	3,691,254
Water Conservation Rebates	60,000	78,314
Water Services - Denver Water Purchases	1,300,000	1,256,622
Total Water Operations Expenses	<u>24,894,655</u>	<u>22,082,023</u>
Net Water Operating Revenues	(3,973,655)	(3,097,333)
Other Water System Revenues:		
Water Tap Fees	1,450,000	3,041,599
Water Connection and Inspection Fees	72,000	78,205
Sustainable Water Assurance Fee	6,800,000	7,467,277
Investment Income (Allocated to Water)	10,000	2,479,276
Other Revenues	5,000	200,009
Penalties/Fines	3,500	100
Plan Review/Construction Observation Fees - Water	36,000	116,506
Total Other Water System Revenues	<u>8,376,500</u>	<u>13,382,972</u>
Less: Cost of Meters	<u>(50,000)</u>	<u>(388,072)</u>
Net Other Water System Revenues	<u>8,326,500</u>	<u>12,994,900</u>
Net Water Revenues	<u>\$ 4,352,845</u>	<u>\$ 9,897,567</u>

(1) General administration is allocated to Water Services based on the percentage of water operating revenue divided by the total of water and sewer operating revenue and the property and specific ownership taxes times the total applicable administrative expenses.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2023**

Water Enterprise Operational Data

Year	Water Tap Connections Single Family Equivalents		Water Consumption in Thousands of Gallons					ACWWA	Total
	During Year	End of Year	Residential	Commercial	Parks	Schools			
2013	158	19,880	1,887,395	188,745	278,312	84,570	194,335	2,633,357	
2014	178	20,058	1,859,916	102,233	251,024	79,041	297,398	2,589,612	
2015	209	20,267	1,921,514	112,760	268,665	94,370	439,127	2,836,436	
2016	264	20,531	2,131,900	121,219	328,381	77,168	424,309	3,082,977	
2017	197	20,728	2,057,366	132,361	303,605	87,245	307,540	2,888,117	
2018	269	20,997	2,167,040	117,563	313,238	97,995	457,520	3,153,356	
2019	287	21,284	2,051,381	147,841	300,932	90,427	438,944	3,029,525	
2020	504	21,788	2,451,087	89,468	387,732	92,426	434,235	3,454,948	
2021	273	22,061	2,247,870	91,992	338,848	85,235	496,698	3,260,643	
2022	356	22,417	2,283,902	108,232	383,749	98,129	604,247	3,478,259	
2023	264	22,681	1,907,596	85,024	262,823	70,260	621,823	2,947,526	
2023 Percentage of Total Consumption			65%	3%	9%	2%	21%	100%	

Year	Water Wells Connected and On Line Well Field				Total
	In District	SBLC	Western	Northern	
2013	64	0	16	12	92
2014	64	0	16	12	92
2015	64	0	16	12	92
2016	64	0	16	12	92
2017	64	0	16	12	92
2018	64	0	16	12	92
2019	64	0	16	12	92
2020	64	0	16	12	92
2021	64	0	16	12	92
2022	64	0	16	12	92
2023	64	0	16	12	92
In process	0	0	0	0	0

SBLC is the well field contiguous to the District on the State Board of Land Commissioners (OAR Lease). These wells have been leased to and are being operated by Purcycle. Western is the well field in the Willows Water District and connected by the Western Water Line and Project.

Year	Water Service Fees - Residential						Sustainable Water Assurance Fee ^(A)
	Admin Fee	Per Thousand Gallons Consumption per Month					
		0 - 5,000	6,000 to 20,000*	21,000 to 30,000*	31,000 to 40,000*	41,000 and up	
2013	\$ 5.00	\$ 3.10	\$ 5.20	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2014	\$ 5.50	\$ 3.20	\$ 5.40	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2015	\$ 6.00	\$ 3.35	\$ 5.45	\$ 8.50	\$ 10.75	\$ 12.50	\$ 25.00
2016	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2017	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2018	\$ 6.00	\$ 4.10	\$ 5.85	\$ 8.70	\$ 11.50	\$ 12.50	\$ 25.00
2019	\$ 6.50	\$ 4.25	\$ 6.10	\$ 9.00	\$ 12.00	\$ 12.50	\$ 25.00
2020	\$ 7.00	\$ 4.40	\$ 6.30	\$ 9.35	\$ 12.50	\$ 12.50	\$ 25.00
2021	\$ 7.00	\$ 4.40	\$ 6.30	\$ 9.35	\$ 12.50	\$ 12.50	\$ 25.00
2022	\$ 7.00	\$ 4.50	\$ 6.55	\$ 9.60	\$ 12.75	\$ 12.75	\$ 25.00
2023	\$ 7.00	\$ 4.60	\$ 6.80	\$ 9.90	\$ 13.05	n/a	\$ 25.00
2024	\$ 7.00	\$ 4.75	\$ 7.30	\$ 10.55	\$ 13.85	n/a	\$ 25.00

Water rates for residential one acre and over, commercial, schools, and irrigation for parks are separately priced based on separate consumption levels.

* - Effective January 1, 2023, usage adjusted to 6,000 to 18,000; 19,000 - 28,000; 29,000 and up.

Year	Water Tap Fees						Water Tap Revenue	Number of Tap Fees Collected
	Single Family Detached	Multi-Family per Unit ^(B)	Irrigation per Square Foot					
			Turf	Low Water Turf	Native Grasses	Non-Turf		
2013	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 4,198,116	149
2014	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 5,306,780	212
2015	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 7,196,478	276
2016	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,805,630	259
2017	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 5,663,307	268
2018	\$ 27,250.00	\$ 13,625.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,497,035	231
2019	\$ 28,000.00	\$ 14,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 12,337,623	664
2020	\$ 28,000.00	\$ 9,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 6,863,873	288
2021	\$ 28,000.00	\$ 9,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 8,293,232	307
2022	\$ 29,000.00	\$ 9,320.00	\$ 1.35	\$ 1.07	\$ 0.27	\$ 0.48	\$ 3,144,829	205
2023	\$ 29,000.00	\$ 9,320.00	\$ 1.35	\$ 1.07	\$ 0.27	\$ 0.48	\$ 3,041,599	273
2024	\$ 30,000.00	\$ 9,646.00	\$ 1.40	\$ 1.12	\$ 0.30	\$ 0.50		

Note: (A) Formally known as the Northern Project Construction Fund.

(B) In 2020, the Multi-Family water tap fee was decreased for indoor water and the irrigation rate will apply to the outdoor water.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**BUDGET TO ACTUAL (NON-GAAP) COMPARISON OF RESULTS OF OPERATIONS
WATER ENTERPRISE**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
SERVICE REVENUES (EXPENDITURES)			
Rate Related Customer Service Fees	\$ 20,571,000	\$ 18,704,339	\$ (1,866,661)
Operating Expenditures	(24,001,850)	(20,140,463)	3,861,387
Net Service Revenues Over Expenditures	(3,430,850)	(1,436,124)	1,994,726
CAPITAL RELATED REVENUES (EXPENDITURES)			
Water Tap Fees	1,450,000	3,041,599	1,591,599
Sustainable Water Assurance Fee	6,800,000	7,467,277	667,277
Other Revenue	368,500	2,865,277	2,496,777
Other Capital Related Revenue	6,738,065	4,863,063	(1,875,002)
Water Conservation Rebates	(60,000)	(78,314)	(18,314)
Water Meters Purchased	(1,317,000)	(1,470,572)	(153,572)
Capital Outlay	(15,914,775)	(12,359,524)	3,555,251
Net Capital Related Revenues Over (Under) Expenditures	(1,935,210)	4,328,806	6,264,016
DEBT SERVICE	(7,849,638)	(7,508,943)	340,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,215,698)	(4,616,261)	8,599,437
Water Enterprise Funds Available - Beginning of Year (Restated)	31,885,282	37,973,665	6,088,383
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	\$ 18,669,584	\$ 33,357,404	\$ 14,687,820

NOTE: This schedule is reflective of data on the Schedule of Revenues, Expenditures and Funds Available - Budget and Actual (Budgetary Basis) on page 38, but is presented in a manner that is consistent with the schedule presented in the original offering document.