

**NORTH TABLE MOUNTAIN
WATER AND SANITATION DISTRICT**
ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022




Table of Contents

	Page
Independent Auditors' Report	I-II
Management's Discussion and Analysis	III
Basic Financial Statements	
Statements of Net Position	1
Statements of Revenue, Expenses and Changes in Net Position	2
Statements of Cash Flows	3
Notes to Financial Statements	4
Other Supplementary Information	
Schedule of Revenues, Expenses and Changes in Net Position Budget and Actual (Non-GAAP Budgetary Basis)	15



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
North Table Mountain Water & Sanitation District

Opinion

We have audited the accompanying financial statements of the business-type activities of North Table Mountain Water & Sanitation District (the "District") for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise North Table Mountain Water & Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2023 and 2022 for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

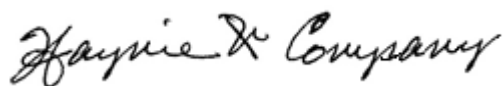
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management' discussion and analysis and budgetary comparison information 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

Sincerely,



Littleton, Colorado
June 11, 2024

North Table Mountain Water & Sanitation District Management's Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

Financial Highlights

- Net position decreased by \$415,426, due primarily to the decrease in water sales, no grant revenue received in the year, and the increase in expenses.
- District operating expenses increased by \$1,038,734 (14.3%) and operating revenues decreased by \$457,132 (6.2%) from 2022 to 2023, resulting in a net operating loss of \$1,329,523. This is driven primarily by the reduction in water sales and grant revenue while wages and salary expense, depreciation and wastewater expense increased.
- The District's total assets decreased by \$892,636 (2.0%) from 2022 to 2023, due largely to current year depreciation.

Overview of the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in business type activities – providing water and sewer services.

The *Statements of Net Position* present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in 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 which reflects how the District's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements 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 financing and investing activities.

These financial statements distinguish functions of the District that will be principally supported by user fees, developer contributions and tap fees. The functions of the District include effective and economical operation of water and wastewater sewer systems within the jurisdictional boundaries of the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The district-wide financial statements include only the District itself.

The District adopts an annual appropriated budget to recognize the fiscal impact of operations, non-operating revenues and contributions. A budgetary comparison statement has been provided to demonstrate compliance with this requirement.

The basic financial statements of the District can be found on pages 1-3 of this report.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$43,477,264 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt. It should be noted that the District has no outstanding long-term debt.

The balance of *unrestricted net position*, \$10,503,616 may be used to meet the government's ongoing obligations to customers and creditors. \$400,000 of the District's net position has been reserved for emergencies.

At the end of the current fiscal year, the District reported positive balances in all categories of net position, for the District as a whole.

Financial Analysis of the District's Funds

	NET POSITION	
December 31	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 11,636,276	\$ 10,491,587
Capital assets, net	<u>32,573,648</u>	<u>34,610,973</u>
Total assets	44,209,924	45,102,560
 LIABILITIES		
Current liabilities	536,215	1,014,824
Long-term liabilities	<u>196,445</u>	<u>195,046</u>
Total liabilities	732,660	1,209,870
 NET POSITION		
Net investment in capital assets	32,573,648	34,610,973
Reserved for emergencies	400,000	400,000
Unrestricted	<u>10,503,616</u>	<u>8,881,717</u>
	<u><u>\$ 43,477,264</u></u>	<u><u>\$ 43,892,690</u></u>

CHANGE IN NET POSITION

December 31	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 6,969,138	\$ 7,426,270
Operating expenses	8,298,661	7,259,927
Nonoperating revenues (expenses)	321,394	587,623
Capital contributions	<u>592,703</u>	<u>360,225</u>
CHANGE IN NET POSITION	(415,426)	1,114,191
NET POSITION BEGINNING OF YEAR	<u>43,892,690</u>	<u>42,778,499</u>
NET POSITION END OF YEAR	<u><u>\$ 43,477,264</u></u>	<u><u>\$ 43,892,690</u></u>

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital expenditures, in addition to operations and non-operating revenues and capital contributions.

The total actual revenues (both operating and non-operating) of the District were less than budget by \$35,968. The total actual expenses (both operating and non-operating) of the District were less than budget by \$1,893,664.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its business type activities as of December 31, 2023 amounts to \$32,573,648 (net of accumulated depreciation). This investment in capital assets includes water and sewer line systems, office furniture and fixtures, vehicles, land and buildings. The total decrease in the District's investment in capital assets for the current fiscal year was 5.9%, due mainly to current year depreciation.

Capital Assets			
(net of depreciation)			
	<u>2023</u>	<u>2022</u>	<u>Percentage</u>
			<u>Change</u>
Land	\$ 533,774	\$ 533,774	0.0%
Raw water rights	1,019,698	1,019,698	0.0%
Water treatment plant	21,436,538	21,381,151	0.3%
Collection, transmission and distribution systems	45,260,255	45,217,282	0.1%
Equipment and vehicles	3,646,303	3,636,053	0.3%
Construction in progress	5,450	13,658	-60.1%
Accumulated depreciation	<u>(39,328,370)</u>	<u>(37,190,643)</u>	<u>5.7%</u>
Net Capital Assets	<u><u>\$ 32,573,648</u></u>	<u><u>\$ 34,610,973</u></u>	<u><u>-5.9%</u></u>

Additional information on the District's capital assets can be found in Note 4, on page 11.

The District currently receives a substantial portion of its revenue from its water and sewer services.

Requests for Information

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

North Table Mountain Water & Sanitation District
14806 West 52nd Avenue
Golden, CO 80403

Basic Financial Statements

North Table Mountain Water & Sanitation District

Statements of Net Position December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,960,900	\$ 3,221,298
Investments	6,413,757	6,095,875
Accounts receivable:		
Trade accounts	920,939	812,478
Inventory	180,359	221,726
Prepaid expenses	160,321	140,210
Total Current Assets	11,636,276	10,491,587
Capital Assets		
Land	533,774	533,774
Raw water rights	1,019,698	1,019,698
Water treatment plant	21,436,538	21,381,151
Collection, transmission and distribution systems	45,260,255	45,217,282
Equipment and vehicles	3,646,303	3,636,053
Construction in progress	5,450	13,658
Total Capital Assets	71,902,018	71,801,616
Less accumulated depreciation	(39,328,370)	(37,190,643)
Net Capital Assets	32,573,648	34,610,973
Total Assets	\$ 44,209,924	\$ 45,102,560
 Liabilities and Net Position		
Liabilities		
Current liabilities		
Accounts payable	\$ 105,265	\$ 101,996
Accrued liabilities	430,950	912,828
Total Current Liabilities	536,215	1,014,824
Long-Term Liabilities		
Compensated absences	196,445	195,046
Total Liabilities	732,660	1,209,870
Net Position		
Net investment in capital assets	32,573,648	34,610,973
Unrestricted	10,503,616	8,881,717
Reserved for emergencies	400,000	400,000
Total Net Position	43,477,264	43,892,690
Total Liabilities and Net Position	\$ 44,209,924	\$ 45,102,560

The accompanying notes are an integral part of these financial statements.

North Table Mountain Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Water sales	\$ 4,541,228	\$ 5,138,682
Sewer charges	2,541,746	2,435,909
Discount - 4%	<u>(190,765)</u>	<u>(197,831)</u>
Water sales, net of discounts	6,892,209	7,376,760
Penalties, late charges and other revenues	<u>76,929</u>	<u>49,510</u>
Total operating revenues	<u>6,969,138</u>	<u>7,426,270</u>
Operating Expenses		
Wage and salary expense	2,010,568	1,854,432
Depreciation	2,137,727	1,640,477
Wastewater expense	1,501,785	1,203,355
Raw water expense	1,061,289	1,072,795
Insurance expense	426,176	445,251
Repairs and maintenance	206,876	148,425
Utilities	259,568	254,471
Supplies expense	166,602	133,589
Employee expense	164,365	146,634
Payroll tax expense	152,597	142,819
Office expenses	83,935	105,097
Professional fees	51,089	43,222
Vehicle expense	47,114	40,684
Other expenses	<u>28,970</u>	<u>28,676</u>
Total operating expenses	<u>8,298,661</u>	<u>7,259,927</u>
Operating Income (Loss)	<u>(1,329,523)</u>	<u>166,343</u>
Nonoperating Revenues (Expenses)		
Interest income	1,763	547
Net investment gain (loss)	319,631	92,254
Grant revenue	-	535,250
Gain (Loss) on disposal of capital assets	<u>-</u>	<u>(40,428)</u>
Total Nonoperating Revenues (Expenses)	<u>321,394</u>	<u>587,623</u>
Income (Loss) Before Capital Contributions	<u>(1,008,129)</u>	<u>753,966</u>
Capital Contributions		
Tap fees	220,188	116,875
Capital improvement charges	<u>372,515</u>	<u>243,350</u>
Total Capital Contributions	<u>592,703</u>	<u>360,225</u>
Change in Net Position	(415,426)	1,114,191
Net Position—Beginning of Year	43,892,690	42,778,499
Net Position—End of Year	<u>\$ 43,477,264</u>	<u>\$ 43,892,690</u>

The accompanying notes are an integral part of these financial statements.

North Table Mountain Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash received from customers	\$ 6,860,677	\$ 7,368,588
Cash paid to suppliers for goods and services	(4,290,757)	(2,912,916)
Cash paid to employees for services	(2,009,169)	(1,872,689)
Cash paid on behalf of employees	(316,962)	(289,453)
Net Cash From Operating Activities	243,789	2,293,530
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(100,402)	(2,321,002)
Proceeds from sale of capital assets	-	59,737
Grant revenue	-	535,250
Tap fees	220,188	116,875
System development fees collected	372,515	243,350
Net Cash From Capital and Related Financing Activities	492,301	(1,365,790)
Cash Flows from Investing Activities:		
Investments matured/sold	1,749	1,766
Net investment income received	1,763	548
Net Cash from Investing Activities	3,512	2,314
Net Change in Cash and Cash Equivalents	739,602	930,054
Cash and Cash Equivalents—Beginning of Year	3,221,298	2,291,244
Cash and Cash Equivalents—End of Year	\$ 3,960,900	\$ 3,221,298
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net operating income (loss)	\$ (1,329,523)	\$ 166,343
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,137,727	1,640,477
Changes in assets and liabilities:		
Accounts receivable	(108,461)	(57,682)
Inventory	41,367	(13,523)
Prepaid expenses	(20,111)	(4,507)
Accounts payable	3,269	(285,932)
Accrued liabilities	(481,878)	866,611
Compensated absences	1,399	(18,257)
Total Adjustments	1,573,312	2,127,187
Net Cash From Operating Activities	\$ 243,789	\$ 2,293,530

The accompanying notes are an integral part of these financial statements.

North Table Mountain Water & Sanitation District

Notes to Financial Statements

December 31, 2023 and 2022

1. Definition of Reporting Entity

North Table Mountain Water & Sanitation District (District) was formed by order of the District Court of Jefferson County, Colorado, in November of 1958. The District is a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32). The primary operating function of the District is to provide treated water and sewage removal for both residential and industrial users within the District's boundaries.

Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

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.

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are exercised in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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. Tap fees and contributed lines received are recorded as capital contributions when received.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

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 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.

Capital Assets

The District's property and equipment are carried at cost in the case of outright purchases or construction. In the case of property contributed by sub-dividers or customers, such as water and sewer lines, the asset is recorded at an estimated fair market value at the date of contribution as determined by the District's consulting engineers. Capital assets which include land, buildings, water and sewer distribution and collection systems and furniture 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.

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

Water treatment plant	10-30 years
Collection, Transmission and Distribution Systems	30 years
Leasehold improvements	5 years
Equipment	5-15 years

Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts for water and sewer services since such accounts are negligible. The District policy regarding delinquent accounts is to place a lien against the real estate and not provide water or sewer services until back charges are paid. A security deposit from customers also helps to ensure collection.

North Table Mountain Water & Sanitation District

Notes to Financial Statements (continued)

December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Budget and Budgetary Accounting

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 District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Operations

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 and sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tap Fees

Tap fees are recorded as contributions and combined with contributed lines on the Statements of Revenue, Expenses and Changes in Net Position.

Contributed Capital

Contributed capital represent contributions for plant and equipment acquired by the District primarily through donations by customers, developers and sub-dividers. These contributions are in the form of water and sewer lines installed and paid for by others and deeded over to the District.

Cash and Cash Equivalents

The District considers cash deposits and highly liquid investments with an intended maturity of three months or less to be cash equivalents.

Investments

The District's policy is to account for investments at fair value in accordance with GASB. Gains or losses on the sale of investments are recognized when the investment is sold.

North Table Mountain Water & Sanitation District

Notes to Financial Statements (continued)

December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Inventories

Inventory is stated at the lower of cost or net realizable value, using the first-in, first-out method, and consists of expendable supplies.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net asset amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District determined the impacts of implementation to be immaterial to the financial statements.

Subsequent Events

The District has evaluated subsequent events through June 11, 2024, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

3. Cash, Cash Equivalents and Investments

Cash deposits and investments are reflected on the December 31 Statements of Net Position as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,960,900	\$ 3,221,298
Investments	<u>6,413,757</u>	<u>6,095,875</u>
Total	<u><u>\$ 10,374,657</u></u>	<u><u>\$ 9,317,173</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state 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 equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial institutions 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 and a carrying balance as follows:

	2023		2022	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Deposits with financial institutions	\$ 3,960,200	\$ 3,904,402	\$ 3,220,598	\$ 3,209,552
Petty cash	<u>700</u>	<u>-</u>	<u>700</u>	<u>-</u>
	<u><u>\$ 3,960,900</u></u>	<u><u>\$ 3,904,402</u></u>	<u><u>\$ 3,221,298</u></u>	<u><u>\$ 3,209,552</u></u>

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

3. Cash, Cash Equivalents and Investments (continued)

The District’s cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name and uncollateralized.

	2023	2022
Insured deposits	\$ 250,000	\$ 250,000
Category 1	700	700
Category 2	3,654,402	2,959,552
Total cash and investments	\$ 3,905,102	\$ 3,210,252

Investments and Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. The District also adopted an investment policy that specifies instruments the District may invest in, which include:

- Bank and/or Time Certificates of Deposit (Money Market)
- Banking institutions that are regulated by the FDIC and the Colorado Division of Banking
- Local Government Investment pools
- Securities:
 - U.S. Government Treasury Bills & Notes
 - Obligations of the following U.S. Agencies:
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corp. (FHLMC)
 - Federal National Mortgage Association (FNMA)
 - Federal Farm Credit Bank (FFCB)
 - A 1 +/P1 Commercial Paper (rating of AAA and/or AA)

The local government investment pools, which include Colorado Surplus Asset Fund Trust (CSAFE) is rated AAAM by Moody's for the years ended December 31, 2023 and 2022.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

3. Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk

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

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to three years or less.

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

2023

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 3,073,269
Money Market	Less than one year	3,340,488
Total Investments		<u>\$ 6,413,757</u>

2022

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 2,917,167
Money Market	Less than one year	3,178,708
Total Investments		<u>\$ 6,095,875</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

3. Cash, Cash Equivalents and Investments (continued)

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's fixed income investments are considered to be Level 1 and are valued using quoted prices in an active market.

4. Capital Assets

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

	Balance December 31, 2022	Additions/ Transfers	Retirements/ Transfers	Balance December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 533,774	\$ -	\$ -	\$ 533,774
Raw water rights	1,019,698	-	-	1,019,698
Construction in progress	<u>13,658</u>	<u>-</u>	<u>(8,208)</u>	<u>5,450</u>
Total capital assets, not being depreciated	<u>1,567,130</u>	<u>-</u>	<u>(8,208)</u>	<u>1,558,922</u>
Capital assets, being depreciated:				
Water treatment plant	21,381,151	55,387	-	21,436,538
Collection, transmission and distribution system	45,217,282	42,973	-	45,260,255
Equipment and vehicles	<u>3,636,053</u>	<u>10,250</u>	<u>-</u>	<u>3,646,303</u>
Total capital assets, being depreciated	<u>70,234,486</u>	<u>108,610</u>	<u>-</u>	<u>70,343,096</u>
Less accumulated depreciation for:				
Water treatment plant	(4,098,362)	(782,471)	-	(4,880,833)
Collection, transmission and distribution system	(29,973,616)	(1,268,332)	-	(31,241,948)
Equipment and vehicles	<u>(3,118,665)</u>	<u>(86,924)</u>	<u>-</u>	<u>(3,205,589)</u>
Total accumulated depreciation	<u>(37,190,643)</u>	<u>(2,137,727)</u>	<u>-</u>	<u>(39,328,370)</u>
Total capital assets, being depreciated, net	<u>33,043,843</u>	<u>(2,029,117)</u>	<u>-</u>	<u>31,014,726</u>
Total capital assets, net	<u>\$ 34,610,973</u>	<u>\$ (2,029,117)</u>	<u>\$ (8,208)</u>	<u>\$ 32,573,648</u>

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

4. Capital Assets (continued)

	Balance December 31, 2021	Additions/ Transfers	Retirements/ Transfers	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 533,774	\$ -	\$ -	\$ 533,774
Raw water rights	1,019,698	-	-	1,019,698
Construction in progress	<u>13,110,326</u>	<u>1,381,387</u>	<u>(14,478,055)</u>	<u>13,658</u>
Total capital assets, not being depreciated	<u>14,663,798</u>	<u>1,381,387</u>	<u>(14,478,055)</u>	<u>1,567,130</u>
Capital assets, being depreciated:				
Water treatment plant	6,841,355	15,255,487	(715,691)	21,381,151
Collection, transmission and distribution system	45,147,485	69,797	-	45,217,282
Equipment and vehicles	<u>3,588,364</u>	<u>92,386</u>	<u>(44,697)</u>	<u>3,636,053</u>
Total capital assets, being depreciated	<u>55,577,204</u>	<u>15,417,670</u>	<u>(760,388)</u>	<u>70,234,486</u>
Less accumulated depreciation for:				
Water treatment plant	(4,561,787)	(175,940)	639,365	(4,098,362)
Collection, transmission and distribution system	(28,685,401)	(1,288,215)	-	(29,973,616)
Equipment and vehicles	<u>(2,963,201)</u>	<u>(176,325)</u>	<u>20,861</u>	<u>(3,118,665)</u>
Total accumulated depreciation	<u>(36,210,389)</u>	<u>(1,640,480)</u>	<u>660,226</u>	<u>(37,190,643)</u>
Total capital assets, being depreciated, net	<u>19,366,815</u>	<u>13,777,190</u>	<u>(100,162)</u>	<u>33,043,843</u>
Total capital assets, net	<u>\$ 34,030,613</u>	<u>\$ 15,158,577</u>	<u>\$ (14,578,217)</u>	<u>\$ 34,610,973</u>

5. Retirement Plans

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. This plan is administered by the Colorado Retirement Association (CRA). The plan allows employees to defer a portion of their salary until future years. Participation in the plan to the extent of a minimum of 4% is a requirement of employment with the District.

North Table Mountain Water & Sanitation District

Notes to Financial Statements (continued)

December 31, 2023 and 2022

5. Retirement Plans (continued)

Employees hired prior to July 2016 are grandfathered into a plan where the employer will match up to 7% of the employee's contributions to their 401(a) plan. However, if the employee contributes less than 7% to their 401(a) account, the employer will catch up the remaining % to meet 7% total employer contribution, to the employee's 457 plan account.

Employees hired on or after July 1, 2016 are required to contribute no less than 4% to their 401(a) account. The District will match dollar for dollar up to 7%. If an employee elects to defer more than 7%, they may do that within the 457 plan.

The total employee and employer contributions to an employee's 457 plan account may not exceed the annual IRS limits.

During the years ended December 31, 2023 and 2022, the District contributed \$135,067 and \$128,497, respectively, to the plan. Total covered payroll under the plan during the years ended December 31, 2023 and 2022 was \$1,990,183 and \$1,856,119, respectively.

6. Net Position

The District has net position consisting of three components — net investment in capital assets, reserved for emergencies and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, the District had net investment in capital assets of \$32,573,648 and \$34,610,673, respectively.

Restricted net position includes 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 \$400,000 of restricted net position for both December 31, 2023 and 2022, which fulfills the TABOR requirement for local governments to emergency reserves representing at least 3% of fiscal year spending (excluding debt service).

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2023 and 2022

7. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Pool (the “Pool”), which is an organization created by inter-governmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate.

It provides coverage for property claims up to the values declared, and liability claims for up to \$1,000,000. It is reinsured for up to 80% of the first \$250,000 of each casualty claim and for 100% of the excess. Public official liability claims are reinsured for the full limit of \$1,000,000.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

Supplementary Information

North Table Mountain Water & Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2023

	Original and Final Budgeted Amounts	2023 Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Water sales	\$ 4,905,000	\$ 4,541,228	\$ (363,772)
Sewer charges	2,465,000	2,541,746	76,746
Discount - 4%	<u>(180,000)</u>	<u>(190,765)</u>	<u>(10,765)</u>
Water sales, net of discounts	7,190,000	6,892,209	(297,791)
Inspection fees	1,500	-	(1,500)
Penalties, late charges and other revenues	<u>60,000</u>	<u>76,929</u>	<u>16,929</u>
Total operating revenues	<u>7,251,500</u>	<u>6,969,138</u>	<u>(282,362)</u>
Operating Expenses			
Wage and salary expense	2,185,000	2,010,568	174,432
Wastewater expense	1,403,000	1,501,785	(98,785)
Raw water expense	1,270,000	1,061,289	208,711
Insurance expense	485,000	426,176	58,824
Repairs and maintenance	160,000	206,876	(46,876)
Utilities	270,000	259,568	10,432
Supplies expense	-	166,602	(166,602)
Employee expense	142,000	164,365	(22,365)
Payroll tax expense	-	152,597	(152,597)
Office expenses	83,000	83,935	(935)
Professional fees	50,000	51,089	(1,089)
Vehicle expense	42,000	47,114	(5,114)
Other expenses	235,000	28,970	206,030
Capital outlay	<u>1,830,000</u>	<u>100,402</u>	<u>1,729,598</u>
Total operating expenses	<u>8,155,000</u>	<u>6,261,336</u>	<u>1,893,664</u>
Operating Income (Loss)	<u>(903,500)</u>	<u>707,802</u>	<u>1,611,302</u>
Nonoperating Revenues (Expenses)			
Interest income	-	1,763	1,763
Net investment income	<u>75,000</u>	<u>319,631</u>	<u>244,631</u>
Total Nonoperating Revenues (Expenses)	<u>75,000</u>	<u>321,394</u>	<u>246,394</u>
Income Before Capital Contributions	<u>(828,500)</u>	<u>1,029,196</u>	<u>1,857,696</u>
Capital Contributions			
Tap fees	450,000	220,188	(229,812)
Capital improvement charges	<u>-</u>	<u>372,515</u>	<u>372,515</u>
Total Capital Contributions	<u>450,000</u>	<u>592,703</u>	<u>142,703</u>
Change in Net Position	(378,500)	1,621,899	2,000,399
Net Position—Beginning of Year	<u>(5,826,699)</u>	<u>43,892,690</u>	<u>49,719,389</u>
Net Position—End of Year	<u>\$ (6,205,199)</u>	<u>\$45,514,589</u>	<u>\$ 51,719,788</u>
Reconciliation to GAAP-Basis Financial Statements			
Change in net position - budget basis		\$ 1,621,899	
Capital outlay		100,402	
Depreciation		<u>(2,137,727)</u>	
Change in net position - GAAP basis		<u>\$ (415,426)</u>	