

**WOMAN CREEK RESERVOIR AUTHORITY
WESTMINSTER, COLORADO**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

**WOMAN CREEK RESERVOIR AUTHORITY
WESTMINSTER, COLORADO**

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Woman Creek Reservoir Authority
Thornton, Colorado

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Woman Creek Reservoir Authority (the “Authority”) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woman Creek Reservoir Authority as of December 31, 2023, and the respective changes in financial position, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Woman Creek Reservoir Authority, and to meet our 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 the 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 Authority’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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 and required budgetary information on page 20 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 (GASB) 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The individual fund financial statement as listed in the table of contents, is presented for purposes of additional analysis and are 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 individual fund financial statement 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 combining and individual fund financial statements and schedules and State Compliance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

June 18, 2024

WOMAN CREEK RESERVOIR AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

This section of the Authority's annual financial report presents our analysis of the Authority's financial performance during the year that ended on December 31, 2023.

THE AUTHORITY

The Woman Creek Reservoir Authority was formed in 1996 to oversee facilities constructed to protect the municipal drinking water supply in Standley Lake from any hazard from the former nuclear weapons manufacturing facility at Rocky Flats. Rocky Flats is located west of Denver, Colorado between the cities of Golden and Boulder. The U.S. Department of Energy funded this water protection project through a grant administered by the City of Westminster as sub grantee. In 1996, Westminster made a one-time lump sum payment of \$8,147,000 to the Authority. In consideration for this payment, the Authority took over ownership and operation of Woman Creek Reservoir and entered into an Operations Agreement with the U.S. Department of Energy. Pursuant to said Operations Agreement, U.S. Department of Energy acknowledged and agreed that the payment of funds by Westminster constituted a disbursement and qualified as a reimbursable expense under the terms of the grant. The grant was subsequently closed. The Authority utilizes its funds to provide a sufficient investment pool to generate investment earnings to cover the annual operating expenses and any large rehabilitation cost of the Authority.

The Cities of Northglenn, Westminster and Thornton participate equally in the administration and operation of the Authority. Each City appoints one member of the three-member board of directors for the Authority. The Authority has no employees.

FINANCIAL HIGHLIGHTS

- Interest earnings on investments are the major source of revenue for the Authority. During the year the Authority's revenue increased by \$770,246, or 247%, compared to 2022. The significant increase was due to a 2022 decrease in interest income and recording an unrealized loss on investments. The Authority would only realize the unrealized loss if these investments were to be sold. It is common practice to hold these investments until maturity.
- During the year the Authority's expenses increased by \$29,802, or 9.2%, compared to 2022. The increase in expenses was a result of increases mainly in utilities, general maintenance, equipment repair & replacement, photos and surveys, and record retention & storage.
- The Authority's net position increased by \$103,394, or .4%, compared to 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the Management's Discussion and Analysis, Financial Statements, and supplementary information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide the information about the activities of the Authority as a whole. The fund financial statements focus on the individual parts of the Authority, reporting the Authority's operations in more detail. For governmental activities, this statement tells how these operations were financed in the short term as well as what remains for future spending.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The General Fund, required by accounting principles, is the chief operating fund of the Authority. Other funds may be established by the Board to control and manage money for particular purposes. In 2001, the Board created a separate contamination fund for clean-up of any contamination that might occur in Woman Creek.

FINANCIAL ANALYSIS OF THE AUTHORITY

The analysis of the Authority begins with the Financial Statements. One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities reports information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Authority and changes therein. The Authority's net position, the difference between assets and liabilities, is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. Interest income is the major source of revenue for the Authority. Therefore, other non-financial factors such as changes in economic condition and the bias in the short-term interest rate market that is set by the Federal Reserve Board needs to be considered to determine how much interest income will fluctuate.

NET POSITION

To begin the analysis, a summary of the Authority's Statements of Net Position is presented in Table A-1.

TABLE A-1
Condensed Statements of Net Position

	2023	2022
Current & Other Assets	\$ 11,114,364	\$ 10,784,969
Net Capital Assets	15,606,701	15,811,486
Total Assets	26,721,065	26,596,455
Other Liabilities	39,014	17,798
Total Liabilities	39,014	17,798
Invested in Capital Assets	15,606,701	15,811,486
Unrestricted	11,075,350	10,767,171
Total Net Position	\$ 26,682,051	\$ 26,578,657

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. At the close of 2023, the Authority's assets exceed liabilities by \$26,682,051. The largest portion of the Authority's net position, 58%, is reflected in capital assets (primarily infrastructure improvements) which are critical to the primary objective of the Authority.

TABLE A-2
Condensed Statements of Activities

	2023	2022
General Revenues	\$ 458,463	\$ (311,783)
Total Revenues	<u>458,463</u>	<u>(311,783)</u>
Depreciation Expense	223,667	227,965
Other Operating Expense	131,402	97,302
Total Expenses	<u>355,069</u>	<u>325,267</u>
Change in Net Position	103,394	(637,050)
Net Position, Beginning	<u>26,578,657</u>	<u>27,215,707</u>
Net Position, Ending	<u><u>\$ 26,682,051</u></u>	<u><u>\$ 26,578,657</u></u>

The Statement of Activities in Table A-2 provides an explanation as to why net position (Table A-1) increased or decreased during the year. During 2023, total revenues exceeded total expenses by \$103,394, increasing net position.

BUDGETARY HIGHLIGHTS

As required by Colorado state budget law, the Authority adopts an operating budget by resolution for the following year no later than December 31 of the current year. The budget remains in effect the entire year and may be amended by resolution. Budgets are appropriated in total and individual categories may exceed the budgeted amount in the line item as long as total expenditures do not exceed the total budget adopted by the Board.

Table A-3
Budget vs. Actual – General Fund

	2023	2023	Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues:			
Investment Earnings	\$ 81,375	\$ 333,925	\$ 252,550
Total Revenues	<u>81,375</u>	<u>333,925</u>	<u>252,550</u>
Operating Expenses:			
Utilities	30,650	18,756	11,894
Maintenance, Equipment Replacement & Repair	71,000	33,025	37,975
Other Services	87,600	72,831	14,769
Miscellaneous	2,000	1,269	731
Capital Outlay	-	18,882	(18,882)
Contingency	19,125	-	19,125
Total Expenses	<u>210,375</u>	<u>144,763</u>	<u>65,612</u>
Change in Fund Balance	<u><u>\$ (129,000)</u></u>	<u><u>\$ 189,162</u></u>	<u><u>\$ 318,162</u></u>

As can be seen from Table A-3, the Authority's General Fund revenues during 2023 came in over budget by \$252,550, due to the unrealized gain on investments. Expenditures were under budget by \$65,612 as operations ran with minimal interventions, anticipated maintenance repairs were not needed, and contingency costs were not utilized.

There was minimal activity in the Contamination Fund during 2023. As the Budgetary Comparison Schedule for the Contamination Fund on Page 21 illustrates, revenues in 2023 were over budget by \$97,955, also due to the unrealized gain on investments. Expenditures were under budget by \$1,079 when combined with contingency. No clean-up was anticipated in 2023; therefore, no funds were budgeted for project expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2023, the Authority had no debt and does not anticipate issuing any debt in the future. All capital is paid for from current income or from reserves accumulated in prior years. Table A-4 displays the capital assets of the Authority.

Table A-4
Capital Assets

	2023	2022	Variance Positive (Negative)	Total % Change
Land	\$ 140,520	\$ 140,520	\$ -	0.0%
Buildings & Improvements	21,386,947	21,370,549	16,398	0.1%
Machinery & Equipment	111,307	111,307	-	0.0%
Subtotal	21,638,774	21,622,376	16,398	
Less Accumulated Depreciation	(6,032,073)	(5,810,890)	(221,183)	3.8%
Net Property, Plant, & Equipment	\$ 15,606,701	\$ 15,811,486	\$ (204,785)	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In 2023, market values on investments increased, but will not affect the Authority, as it is policy to keep investments through maturity. There are no future plans to sell investments before they mature as the Authority has a sufficient amount of cash and cash equivalent.

Table A-5
Next Year's Budget vs. Current Year's Actual (All Funds)

	Budget 2024	Actual 2023	Variance Positive (Negative)	Total % Change
Non-operating Revenues	\$ 186,045	\$ 458,463	\$ (272,418)	-59.4%
Total Revenues	186,045	\$ 458,463	(272,418)	-59.4%
Other Operating Expense	313,231	\$ 150,284	(162,947)	-108.4%
Total Expense	313,231	\$ 150,284	(162,947)	-108.4%
Net Change in Fund Balance	(127,186)	\$ 308,179	(435,365)	-141.3%
Fund Balance, Beginning (Actual)	11,075,350	\$ 10,767,171	308,179	2.9%
Fund Balance, Ending	\$ 10,948,164	\$ 11,075,350	\$ (127,186)	-1.1%

For 2024, the Authority has budgeted for a decrease in Fund Balance of \$127,186 from 2023. Non-operating Revenues budgeted reflect actual earnings anticipated to be received in 2024, whereas the actual 2023 balance includes an unrealized market value adjustment of investments held at December 31st. There is an increase in Operating Expense budget compared to actual; the budget includes projections for normal operations, contingency, and an increase of maintenance around the facility. If these budget estimates are realized, the Authority expects Fund Balance to decrease to \$10,948,164 at the end of 2024.

CONTACTING THE AUTHORITY'S TREASURER

The chairmanship and the financial management of the Authority rotates every three years among the three cities that are members of the Authority. The City of Thornton is responsible for financial management for 2023.

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kimberly Newhart, City of Thornton, 9500 Civic Center Drive, Thornton, CO 80229, 303-538-7255 or kimberly.newhart@thorntonco.gov.

BASIC FINANCIAL STATEMENTS

WOMAN CREEK RESERVOIR AUTHORITY

STATEMENT OF NET POSITION

December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 11,084,763
Interest Receivable	29,601
Capital Assets, Not Depreciated	140,520
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>15,466,181</u>
TOTAL ASSETS	<u>26,721,065</u>
LIABILITIES	
Accounts Payable	<u>39,014</u>
TOTAL LIABILITIES	<u>39,014</u>
NET POSITION	
Invested in Capital Assets	15,606,701
Unrestricted	<u>11,075,350</u>
TOTAL NET POSITION	<u><u>\$ 26,682,051</u></u>

See the accompanying Independent Auditors' Report.

WOMAN CREEK RESERVOIR AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Governmental Activities
EXPENSES	
Utilities	\$ 18,756
Maintenance, Equipment Replacement and Repair	33,025
Audit and Financial Services	24,463
Other Services	53,889
Miscellaneous	1,269
Depreciation Expense	223,667
	<hr/>
TOTAL EXPENSES	355,069
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GENERAL REVENUES	
Investment Earnings	458,463
	<hr/>
TOTAL GENERAL REVENUES	458,463
	<hr/>
CHANGE IN NET POSITION	103,394
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NET POSITION, Beginning	26,578,657
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NET POSITION, Ending	\$ 26,682,051
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See the accompanying Independent Auditors' Report.

WOMAN CREEK RESERVOIR AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Contamination Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 8,077,798	\$ 3,006,965	\$ 11,084,763
Interest and Other Receivable	22,090	7,511	29,601
TOTAL ASSETS	\$ 8,099,888	\$ 3,014,476	\$ 11,114,364
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 39,014	-	\$ 39,014
TOTAL LIABILITIES	39,014	-	39,014
FUND BALANCE			
Fund Balance, Spendable			
Committed	-	3,014,476	3,014,476
Unassigned	8,060,874	-	8,060,874
TOTAL FUND BALANCE	8,060,874	3,014,476	11,075,350
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,099,888	\$ 3,014,476	

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	15,606,701
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 26,682,051

See the accompanying Independent Auditors' Report.

WOMAN CREEK RESERVOIR AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	General Fund	Contamination Fund	Total Governmental Funds
REVENUES			
Investment Earnings	\$ 333,925	\$ 124,538	\$ 458,463
TOTAL REVENUES	333,925	124,538	458,463
EXPENDITURES			
Utilities	18,756	-	18,756
Maintenance, Equipment Replacement & Repair	33,025	-	33,025
Photos, Survey & Inspections	6,562	-	6,562
Audit and Financial Services	18,942	5,521	24,463
Other Services	47,327	-	47,327
Miscellaneous	1,269	-	1,269
Capital Outlay	18,882	-	18,882
TOTAL EXPENDITURES	144,763	5,521	150,284
NET CHANGE IN FUND BALANCE	189,162	119,017	308,179
FUND BALANCE, Beginning	7,871,712	2,895,459	
FUND BALANCE, Ending	\$ 8,060,874	\$ 3,014,476	

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays, \$18,882, did not exceed depreciation, \$223,667, depreciation for the current year.

(204,785)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 103,394

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Woman Creek Reservoir Authority (the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The Authority is considered a primary government, since it is a special purpose government that is legally separate and is financially independent of other state and local governments. The Authority has no component units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the Authority. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific program or function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, and infrastructure assets, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the following major governmental funds:

General Fund – This is the Authority's operating fund. It accounts for all activities of the government.

Contamination Fund – This fund accounts for the accumulation of funds to cover the future costs of a major contamination of the reservoir.

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for all funds. All annual appropriations lapse at fiscal year end.

The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Directors to obtain citizen comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors. Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Directors.

Assets, Liabilities and Fund Equity

Cash and Investments – Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Authority’s investments.

The Authority’s investment policy and the Colorado state statutes authorize the Authority to invest in U.S. Treasury Obligations, U.S. Agency securities and instrumentalities of government sponsored corporations, commercial bank and savings and loan certificates of deposit and certain local government investment pools. As of December 31, 2023, the Authority’s investments consist of money market funds, investment in an external investment pool - Colorado Government Liquid Asset Trust (ColoTrust), and investment in securities. The money market funds are reported at amortized cost. The external investment pool, ColoTrust, is not SEC registered and is regulated by the State of Colorado and is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79. Investments in securities are carried at fair market value. Realized and unrealized gains and losses are a component of investment earnings.

Capital Assets – All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Authority’s policy is to record all assets with a cost of \$5,000 or more. Interest costs are expensed as incurred and therefore, not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Public domain (“infrastructure”) capital assets consisting of roads and drainage and irrigation systems are capitalized as part of building and improvements.

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital assets are depreciated using the straight-line method over estimated useful lives ranging from 10 - 100 years.

Net Position/Fund Equity – In the government-wide financial statements, net position is restricted when constraints placed on the net assets are externally imposed.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The five classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either due to form (for example inventories or prepaids) or due to legal or contractual requirements. The Authority has no nonspendable resources as of December 31, 2023.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority has no restricted resources as of December 31, 2023.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority had committed resources to cover the future costs of a major contamination of the reservoir.
- Assigned – This classification includes amounts that are constrained by the government’s intent to be used for specific purposes. The intent is expressed by the Board of Directors. The Authority has no assigned resources as of December 31, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2023, follows:

Petty Cash	\$ 85
Cash Deposits	159,014
Investments	<u>10,925,664</u>
Total Cash and Investments	<u>\$ 11,084,763</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the Authority are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2023, the Authority had deposits with financial institutions with a combined carrying amount of \$159,014 and a combined bank balance of \$156,253. Up to \$250,000 was covered by federal depository insurance.

Investments

As of December 31, 2023, the Authority has the following investments:

	<u>Fair Value</u>	<u>Investment Maturity (Years)</u>	
		<u>Less than One Year</u>	<u>1 to 5 Years</u>
Local Government Investment Pools	\$ 3,238,134	\$ 3,238,134	\$ -
Governmental Agency Securities	719,542	238,728	480,814
U.S. Government Treasuries	<u>6,967,988</u>	<u>2,820,246</u>	<u>4,147,742</u>
Total	<u>\$ 10,925,664</u>	<u>\$ 6,297,108</u>	<u>\$ 4,628,556</u>

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment Policy

The Authority follows a formal investment policy based on the Colorado State Statutes, sections 224-36-112 and 113. State Statutes establish restrictions and limits on securities permitted for investment to control interest rate and credit risk to ensure diversification and mitigate losses.

Interest Rate Risk

Interest rate risk is mitigated by restricting the maturity length to a maximum of 5 years unless the investment is matched to a particular liability/outflow. At December 31, 2023, the average maturity of the Authority's portfolio was 1.77 months.

Credit Risk

Credit risk is mitigated in the types and allocations of securities held in the Authority's portfolio per Colorado State Statute. Below is a list of securities permissible for investment as outlined in the Authority's investment policy:

- U.S. Treasury Obligation (Bills and Notes)
- U.S. Government Agency Securities and Instrumentalities of Government sponsored corporations (No collateralized mortgage obligations shall be purchased)
- Bankers' acceptances of certain banks
- Commercial paper meeting the requirements of Colorado Revised Statutes (C.R.S.) for Authorities
- Commercial Bank Certificates of Deposit
- Savings and Loan Certificates of Deposit
- Investment Pools of funds from entities established pursuant to the provisions of C.R.S. section 24-75-601 and 701, ET SEQ., as amended, and C.R.S. section 24-75-702 ET SEQ., as amended.
- No corporate medium term notes or bonds shall be purchased

The Authority 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.

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested in one issuer. As of December 31, 2023, the Authority's investments are with the following issuers:

Treasury Notes	90.64%
Federal Home Loan Bank	6.57%
Federal Home Loan Mortgage Corporation	2.79%

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Local Government Pools

As of December 31, 2023, the Authority had invested \$2,798,085 in Colorado Surplus Asset Fund Trust (CSAFE) and \$440,049 in the Colorado Government Liquid Asset Trust (ColoTrust). Both have a credit rating of AAAM by Standard and Poor's. These investment vehicles were established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. Both pools operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. Participant balances in CSAFE and ColoTrust are stated at net asset value. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

The underlying securities in CSAFE are measured at amortized costs and are so close to fair values when measured at amortized cost that they are generally equivalent.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investment, receivables, and payables.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>
Capital Assets, not depreciated:				
Land	\$ 140,520	\$ -	\$ -	\$ 140,520
Capital Assets, depreciated:				
Building and Improvements	21,370,549	18,882	(2,484)	21,386,947
Machinery and Equipment	111,307	-	-	111,307
Total Capital Assets, depreciated	<u>21,481,856</u>	<u>18,882</u>	<u>(2,484)</u>	<u>21,498,254</u>
Less Accumulated Depreciation:				
Building and Improvements	(5,699,583)	(223,667)	2,484	(5,920,766)
Machinery and Equipment	(111,307)	-	-	(111,307)
Total Accumulated Depreciation	<u>(5,810,890)</u>	<u>(223,667)</u>	<u>2,484</u>	<u>(6,032,073)</u>
Capital Assets, depreciated, net	<u>15,670,966</u>	<u>(204,785)</u>	<u>-</u>	<u>15,466,181</u>
Capital Assets, net	<u>\$ 15,811,486</u>	<u>\$ (204,785)</u>	<u>\$ -</u>	<u>\$ 15,606,701</u>

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 4: COMMITMENTS AND CONTINGENCIES

TABOR Amendment – In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and growth. Revenue received in excess of the limitations may be required to be refunded unless the electorate votes to retain the revenue. The TABOR Amendment is subject to many interpretations, but the Authority believes it is not subject to the Amendment.

NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Authority is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2). The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

CIRSA provides insurance coverage for property, liability, fiduciary, crime, police professional and errors and omissions. A member-selected deductible shall apply to each of the member's claims/occurrences. The deductible amounts selected by the Authority are: \$500 (Liability), \$1,000 (Police Professional and Public Officials Errors and Omissions Liability), \$500 (Auto Liability), \$500 (Auto Physical Damage) and \$500 (Property). Payment of the deductible shall reduce the amount otherwise payable under the applicable CIRSA retention. Coverage is as follows:

1. Property/Auto physical/First party cyber/Excess property: to 1,000,000 each and every loss and/or occurrence for property and \$5,000,000 each and every hail/wind loss/occurrence. \$100,000 each loss/annual aggregate first party cyber. Total excess insured value for Authority property up to \$500,000,000 per claim/occurrence.
2. General (claims subject to the Governmental Immunity Act)/Auto/Law enforcement/Excess liability: to \$1,000,000 each and every General and Auto liability claim and/or occurrence. \$1,000,000 each and every Law Enforcement liability claim and/or occurrence. To \$10,000,000 per excess liability claim/occurrence, except excess auto to \$5,000,000.
3. Public officials' errors and omissions liability/Excess public officials' errors and omissions and class action suits arising out of discrimination liability coverage: to \$1,000,000 each and every claim and/or occurrence. To \$10,000,000 per claim/\$10,000,000 annual aggregate per member for excess coverage.
4. Third party cyber/Excess liability: to \$500,000 each claim/annual aggregate third party cyber liability and excess coverage to \$10,000,000 per claim/occurrence.

WOMAN CREEK RESERVOIR AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: RISK MANAGEMENT (Continued)

5. Crime/Excess coverage: to \$150,000 each and every loss and/or occurrence. To \$5,000,000 per claim/occurrence for excess coverage.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available from insurance providers and under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs although it is not legally required to do so.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity, and the Authority does not approve budgets nor does it have ability to significantly affect the operations of the unit.

REQUIRED SUPPLEMENTARY INFORMATION

WOMAN CREEK RESERVOIR AUTHORITY

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment Earnings	\$ 81,375	\$ 333,925	\$ 252,550
TOTAL REVENUES	<u>81,375</u>	<u>333,925</u>	<u>252,550</u>
EXPENDITURES			
Utilities	30,650	18,756	11,894
Maintenance, Equipment Replacement & Repair	71,000	33,025	37,975
Photos, Survey & Inspections	10,000	6,562	3,438
Audit and Financial Services	18,700	18,942	(242)
Other Services	58,900	47,327	11,573
Miscellaneous	2,000	1,269	731
Capital Outlay	-	18,882	(18,882)
Contingency	19,125	-	19,125
TOTAL EXPENDITURES	<u>210,375</u>	<u>144,763</u>	<u>65,612</u>
NET CHANGE IN FUND BALANCE	(129,000)	189,162	318,162
FUND BALANCE, Beginning	<u>7,871,712</u>	<u>7,871,712</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ 7,742,712</u></u>	<u><u>\$ 8,060,874</u></u>	<u><u>\$ 318,162</u></u>

See the accompanying Independent Auditors' Report.

INDIVIDUAL FUND FINANCIAL STATEMENT

WOMAN CREEK RESERVOIR AUTHORITY

CONTAMINATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment Earnings	\$ 26,583	\$ 124,538	\$ 97,955
EXPENDITURES			
Audit and Financial Services	6,000	5,521	479
Contingency	600	-	600
TOTAL EXPENDITURES	6,600	5,521	1,079
NET CHANGE IN FUND BALANCE	19,983	119,017	99,034
FUND BALANCE, Beginning	2,895,459	2,895,459	-
FUND BALANCE, Ending	\$ 2,915,442	\$ 3,014,476	\$ 99,034

See the accompanying Independent Auditors' Report.