

**SOUTH-EAST ENGLEWOOD WATER DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2024 AND 2023**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – Non-GAAP Basis	17

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
South-East Englewood Water District

Opinions

We have audited the accompanying financial statements of South-East Englewood Water District as of and for the year ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the South-East Englewood Water 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 South-East Englewood Water District as of December 31, 2024 and 2023, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

PO Box 1576
Fort Collins, CO 80522

Green & Associates • LLC

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

Certified Public Accountants & Business Consultants

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South-East Englewood Water 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 South-East Englewood Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South-East Englewood water District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, Colorado
February 10, 2025

Management's Discussion and Analysis

South-East Englewood Water District Arapahoe County, CO

The South-East Englewood Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2024 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

Overview of the Financial Statements of the District

The audited financial statements of the District are: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements

These statements are on pages 6 through 16. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 17 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Assets			
Cash and cash equivalents	\$ 222,459	\$ 383,004	\$ 393,899
Other current assets	8,591,445	8,179,303	7,877,529
	<u>8,813,904</u>	<u>8,562,307</u>	<u>8,271,428</u>
Non Current Assets			
Capital assets – net	37,967	37,967	37,967
Total Assets	<u>8,851,871</u>	<u>8,600,274</u>	<u>8,309,395</u>
Current Liabilities	<u>6,201</u>	<u>8,496</u>	<u>4,405</u>
Total Liabilities	<u>6,201</u>	<u>8,496</u>	<u>4,405</u>
Net Position			
Net investment in capital assets	37,967	37,967	37,967
Unrestricted	8,807,703	8,553,811	8,267,023
Total Net Position	<u>\$ 8,845,670</u>	<u>\$ 8,591,778</u>	<u>\$ 8,304,990</u>

Statement of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 1,500	\$ 4,200	\$ 5,400
Operating Expenses	86,628	86,521	76,689
Operating Income (Loss)	<u>(85,128)</u>	<u>(82,321)</u>	<u>(71,289)</u>
Non Operating Revenues (Expenses)	<u>339,020</u>	<u>369,109</u>	<u>(476,574)</u>
Change in Net Position	253,892	286,788	(547,863)
Net Position, Beginning of Year	<u>8,591,778</u>	<u>8,304,990</u>	<u>8,852,853</u>
Net Position, End of Year	<u>\$ 8,845,670</u>	<u>\$ 8,591,778</u>	<u>\$ 8,304,990</u>

Statement of Cash Flows

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash from (for) Operating Activities	\$ (87,467)	\$ (78,252)	\$ (73,046)
Cash from (for) Investing Activities	(73,078)	67,357	(19,087)
Increase (Decrease)	(160,545)	(10,895)	(92,133)
Cash and Cash Equivalents, Beginning of Year	383,004	393,899	486,032
Cash and Cash Equivalents, End of Year	<u>\$ 222,459</u>	<u>\$ 383,004</u>	<u>\$ 393,899</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

Analysis of Financial Position and Operating Results:

The total Net Position increased from \$8,591,778 in 2023 to \$8,845,670 in 2024, a difference of \$253,892. Operating revenues decreased by \$2,700, due to lower tap fee applications in the current year. The District’s operating expenses increased by \$107 in 2024, to \$86,628 due to higher legal and advisory fees which were offset by lower engineering costs. As a result, the operating loss for the year was \$85,128. Net non-operating revenues were fluctuated due to investment income and changes in market value. Net income for the year was \$253,892.

Cash and cash equivalents for 2024 decreased by \$160,545 related to the purchase of investments. Net capital assets remained constant from 2023 to 2024. See Note 4 of the Notes to Financial Statements on page 14. The District Liabilities changed which is primarily attributable to normal operating activities.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

Budgetary Discussion:

Actual revenues were \$193,586 higher than the 2024 budget, primarily due to higher than anticipated investment income and changes in market value. Actual expenditures were \$29,306 less than budgeted expenditures due to not needing to utilize the contingency and other savings. The budget was not amended in 2024.

Capital Asset Discussion:

During 2024 the District incurred no capital expenditures. The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements-*Summary of Significant Accounting Policies-Capital Assets* on page 10 and Note 4 of Notes to Financial Statements-Capital Assets on page 14. The District has capital asset activities in process relating to contracts for water rights.

Long Term Debt:

The District has no long-term debt.

Economic Factors and Next Year’s Budget

Expenditures are expected to remain relatively the same, as administrative and legal efforts and management service costs are not expected to increase in 2025. There will be no costs for construction in 2025, as the District has completed its capital acquisition program.

Requests for Information. This financial report is designed to provide a general overview of South-East Englewood Water District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at 1660 Lincoln St., Suite 3000, Denver, CO 80264.

Basic Financial Statements

South-East Englewood Water District
Statement of Net Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 222,459	\$ 383,004
Investments	8,530,340	8,161,130
Prepaid expenses	2,119	2,075
Accrued interest receivable	58,986	16,098
Total Current Assets	8,813,904	8,562,307
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Ground water rights	32,967	32,967
Contracts in progress	5,000	5,000
Depreciable		
Water lines	1,614,404	1,614,404
Total Capital Assets	1,652,371	1,652,371
Less: Accumulated depreciation	(1,614,404)	(1,614,404)
Net Capital Assets	37,967	37,967
Total Noncurrent Assets	37,967	37,967
Total Assets	8,851,871	8,600,274
Liabilities		
Current Liabilities		
Accounts payable	6,201	8,496
Total Current Liabilities	6,201	8,496
Net Position		
Net Investment in capital assets	37,967	37,967
Unrestricted	8,807,703	8,553,811
Total Net Position	\$ 8,845,670	\$ 8,591,778

The accompanying notes are an integral part of these financial statements

South-East Englewood Water District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Tap application fees	\$ 1,500	\$ 4,200
Total Operating Revenues	1,500	4,200
Operating Expenses		
Accounting and audit	24,865	24,040
Legal	46,135	40,602
Directors' fees	5,500	5,900
Insurance	2,075	2,053
Office and miscellaneous	3,078	2,767
Dues	376	367
Technical advisory committee	2,904	-
Engineering	1,695	10,792
Total Operating Expenses	86,628	86,521
Operating Loss	(85,128)	(82,321)
Nonoperating Revenues (Expenses)		
Investment income	354,086	383,464
Investment advisory fees	(15,066)	(14,355)
Total Nonoperating Revenues (Expenses)	339,020	369,109
Change in Net Position	253,892	286,788
Net Position, beginning of year	8,591,778	8,304,990
Net Position, end of year	\$ 8,845,670	\$ 8,591,778

The accompanying notes are an integral part of these financial statements

South-East Englewood Water District
Statement of Cash Flows
For the Year Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,500	\$ 4,200
Cash paid to suppliers	(88,967)	(82,452)
Net cash provided (used) by operating activities	(87,467)	(78,252)
Cash Flows From Investing Activities		
Proceeds from sale of investments	5,089,764	75,000
Investments purchased	(5,243,450)	(61,136)
Investment income received	95,674	67,848
Investment advisory fees paid	(15,066)	(14,355)
Net cash provided (used) by investing activities	(73,078)	67,357
Net increase (decrease) in cash and cash equivalents	(160,545)	(10,895)
Cash and cash equivalents, beginning of year	383,004	393,899
Cash and cash equivalents, end of year	\$ 222,459	\$ 383,004
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (85,128)	\$ (82,321)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Changes in assets and liabilities		
Prepaid expenses	(44)	(22)
Accounts payable	(2,295)	4,091
Net Cash Provided (Used) by Operating Activities	\$ (87,467)	\$ (78,252)
Non-cash transactions from investing activities		
Market value adjustments Income / (Loss)	\$ 215,524	\$ 309,602

The accompanying notes are an integral part of these financial statements

**South-East Englewood Water District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2024**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tap application fees	\$ 3,000	\$ 1,500	\$ (1,500)
Inclusion processing fees	2,000	-	(2,000)
Investment income	157,000	354,086	197,086
Total Revenues	<u>162,000</u>	<u>355,586</u>	<u>193,586</u>
Expenses			
Accounting and audit	24,500	24,865	(365)
Legal	48,000	46,135	1,865
Director's fees	7,000	5,500	1,500
Insurance	3,000	2,075	925
Director's expense and other	3,500	3,078	422
Investment advisory fees	16,000	15,066	934
Association dues	1,000	376	624
Engineering	6,000	1,695	4,305
Ground water costs	1,000	-	1,000
Technical advisory committee	5,000	2,904	2,096
Inclusion costs	2,000	-	2,000
Contingency	10,000	-	10,000
TABOR Reserve	4,000	-	4,000
Total Expenses	<u>131,000</u>	<u>101,694</u>	<u>29,306</u>
Revenues over Expenditures	<u>\$ 31,000</u>	<u>\$ 253,892</u>	<u>\$ 222,892</u>

See the Independent Auditor's Report

South-East Englewood Water District
Notes to Financial Statements
December 31, 2024 and 2023

Note 1 Summary of Significant Accounting Policies

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

Financial Reporting Entity

South-East Englewood Water District (The District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide water services to residents in the area of the District. It provides these services under Total Service Contract No. 1 with the City and County of Denver (Denver Water Board). The District has no employees and all operations and administrative functions are contracted (see Note 3).

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 entity, nor is the District a component unit of any other governmental entity.

Basis of Presentation

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. System development charges are recorded as non-operating revenue.

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing water 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 non-operating revenues and expense or capital contributions.

South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The total appropriation is at the total fund expenditures level and lapses at year end.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – which include groundwater rights, water lines and contracts in process, are reported by the District. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed on the water lines using the straight-line method over the estimated economic useful life of 40 years.

Net Position

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023**

Note 1 Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

- b. Restricted Net Position – consists of Net Position with constraints placed on the use either by (1) external groups, such as creditors, grantors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District has reflected no restricted Net Position in the statements of Net Position as of December 31, 2024.
- c. Unrestricted Net Position – all other Net Position that do not meet the definition of “restricted” or “net investment in capital assets.” The District utilizes restricted Net Position before using unrestricted Net Position.

Cash Equivalents

For purposes of the financial statements, the District defines cash equivalents as cash demand deposits, investment pools and other highly liquid investments with a maturity of three months or less when purchased.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024 and 2023 the District’s cash deposits had a carrying balance of \$1,088 and \$1,023 and a bank balance of \$1,457 and \$2,582 respectively.

Investments

In accordance with GASB 72 *Certain External Investment Pools and Pool Participants*, 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.

**South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023**

Note 2 Cash and Investments (Continued)

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The District's investment policy follows state statutes regarding investments. At December 31, 2024, the District had the following investments which were valued using level one inputs:

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Local government investment pool (COLOTRUST)	Less than one year	\$ 216,147
Schwab Advance Cash Reserve Money Market	Less than one year	5,224
Mortgage Backed Securities	1.34	8,530,340
Total Fair Value		<u>\$ 8,751,711</u>

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

<u>Investment Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Local government investment pool (COLOTRUST)	Less than one year	\$ 304,953
Schwab Advance Cash Reserve Money Market	Less than one year	77,028
Mortgage backed securities	1.37	8,161,130
Total Fair Value		<u>\$ 8,543,111</u>

COLOTRUST

As of December 31, 2024 and 2023 the District had invested \$216,147 and \$304,953 respectively in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S.

government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

**South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023**

Note 2 Cash and Investments (Continued)

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2023, the Board had not adopted a formal investment policy.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, and 2023, none of the District’s bank deposits were exposed to custodial credit risk.

The local government investment pool, Colorado Local Government Liquid Asset Trust (Colotrtrust), is rated AAAM by Standard & Poor’s. The Schwab Advance Cash Reserve Money Market Fund is unrated. At December 31, 2024 and 2023, the District’s holdings of U.S. agency obligations were rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Services.

Interest Rate Risk

Colorado revised statutes generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Concentrations of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. As of December 31, 2024, and 2023, respectively, more than 5% of the District’s cash and investments were invested in mortgage backed securities (97%) and (96%).

	<u>2023</u>	<u>Pct</u>	<u>2023</u>	<u>Pct</u>
Cash in checking (cash and cash equivalent)	\$ 1,088	0%	\$ 1,023	0%
Cash on hand	-	0%	-	0%
COLOTRUST (cash and cash equivalent)	216,147	2%	304,953	4%
Money markets (cash and cash equivalent)	5,224	0%	77,028	1%
Mortgage Backed Securities	8,530,340	97%	8,161,130	96%
Total cash and investments	<u>\$ 8,752,799</u>		<u>\$ 8,544,134</u>	
Cash and Cash Equivalents	\$ 222,459		\$ 383,004	
Investments	8,530,340		8,161,130	
Total	<u>\$ 8,752,799</u>		<u>\$ 8,544,134</u>	

Note 3 Operations

The residents of the district are provided water service under a “total service” contract originally dated September 1964 between the Denver Water Board (Denver) and the District. A new contract was entered into in May 1997 (Water Contract). Under the Water Contract, Denver

South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023

Note 3 Operations (Continued)

supplies potable water for distribution within the District, and has full responsibility for operating, maintaining, repairing and replacing the District's water distribution system. In addition, Denver Water reads each customer's meter, and bills each customer directly for the amount of potable water used. The District has retained title to the distribution lines under 14 inch size and the appurtenances thereto. All other lines, reservoirs and pumps were purchased by Denver.

On January 12, 2008, by order of the Arapahoe County District Court, the District's territorial boundaries were enlarged to include all of the territory located within the Brookridge Heights Water District, which area consists of approximately 107.57 acres, more or less. On March 14, 2008, Denver terminated its water service agreement with the Brookridge Heights Water District and amended the District's Water Contract to include within the District's contract service area all of the territory located within the Brookridge Heights Water District.

Note 4 Capital Assets

The cost of water rights includes acquisition costs, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed. A summary of changes to capital assets for 2024 and 2023 is as follows:

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Groundwater rights	\$ 32,967	\$ -	\$ -	\$ 32,967
Contracts in progress	5,000	-	-	5,000
Total Nondepreciable	<u>37,967</u>	<u>-</u>	<u>-</u>	<u>37,967</u>
Depreciable				
Water facilities and lines	1,614,404	-	-	1,614,404
Total Depreciable	<u>1,614,404</u>	<u>-</u>	<u>-</u>	<u>1,614,404</u>
TOTAL	<u>1,652,371</u>	<u>-</u>	<u>-</u>	<u>1,652,371</u>
Less Accumulated Depreciation				
Water facilities and lines	(1,614,404)	-	-	(1,614,404)
Total Accumulated Depreciation	<u>(1,614,404)</u>	<u>-</u>	<u>-</u>	<u>(1,614,404)</u>
Net Capital Assets	<u>\$ 37,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,967</u>
	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Nondepreciable				
Groundwater rights	\$ 32,967	\$ -	\$ -	\$ 32,967
Contracts in progress	5,000	-	-	5,000
Total Nondepreciable	<u>37,967</u>	<u>-</u>	<u>-</u>	<u>37,967</u>
Depreciable				
Water facilities and lines	1,614,404	-	-	1,614,404
Total Depreciable	<u>1,614,404</u>	<u>-</u>	<u>-</u>	<u>1,614,404</u>
TOTAL	<u>1,652,371</u>	<u>-</u>	<u>-</u>	<u>1,652,371</u>
Less Accumulated Depreciation				
Water facilities and lines	(1,614,404)	-	-	(1,614,404)
Total Accumulated Depreciation	<u>(1,614,404)</u>	<u>-</u>	<u>-</u>	<u>(1,614,404)</u>
Net Capital Assets	<u>\$ 37,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,967</u>

**South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023**

Note 5 Intergovernmental Agreements

Metropolitan Denver Water Authority

The District was a member of the Metropolitan Denver Water Authority (MDWA) and as such paid dues annually. The District terminated its membership in MDWA effective December 31, 1996. The District continues to have rights in the water study described in the following paragraph.

The MDWA offered in 1990 a project for participation in the costs of researching and identifying water supply alternatives. The Water Acquisition/Development Phase 1 Participation

Agreement provides for total costs to not exceed \$100,000. The District is involved to the extent of a 5% participation, which allows it to purchase up to 1,500 acre feet of water in subsequent phases of the total project, if developed.

Technical Advisory Committee Agreement

Effective July 31, 2003, the District became a participant of the Technical Advisory Committee (TAC). The committee was formed to promote cooperative strategies to respond to drought and research water rates and fees in the Denver area. The TAC consists of a designated representative from each of eight participating governments. The participant's share of the costs is based on the participant's percentage share of the total number of accounts.

A year end reconciliation of actual costs to budgeted costs will be calculated and amounts will be refunded or billed to participants or credited to the participant's payment due for the subsequent year. The percentage share for each participant will be adjusted as of December 31 of each year based on the total number of participants. New participants may be added upon approval of the existing participants. The agreement will automatically renew for each participant from calendar year to year. For the years ended December 31, 2024 and 2023, respectively, the District paid \$2,904 and \$0 under this agreement.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

South-East Englewood Water District
Notes to Financial Statements (Continued)
December 31, 2024 and 2023

Note 7 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions.

Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On May 7, 1996, a majority of the District's electors authorized the District to retain and spend all revenue from all sources in 1996 and subsequent years.

Note 8 Reclassifications

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

Other Supplementary Information