Cherry Creek Valley
Water and Sanitation District

Annual Financial Report

December 31, 2024 and 2023

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Haynie & Company
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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the business-type activities of Cherry Creek Valley Water and Sanitation District (the "District") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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; 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 the District's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 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 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 in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as listed in table of contents 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. Such 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 the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, Colorado
June 27, 2025

Management's Discussion and Analysis

This discussion and analysis (MD&A) of Cherry Creek Valley Water and Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2024 and 2023. The MD&A should be read in conjunction with the District's financial statements.

Management has adopted the provisions of the Governmental Accounting Standards Board Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and other related statements as required for the years ended December 31, 2024 and 2023.

Financial Highlights

The activities that had a major impact on the District are as follows:

- Service fee revenue increased 29% during 2024 and decreased 2% during 2023.
- Investment income decreased by 55% during 2024 and increased by 178% during 2023.
  Investments are recorded at fair market value and include unrealized gains and losses. Therefore, investment income in any given year reflects both actual and unrealized gains and losses. The District normally holds all investments to maturity.

Overview of the Financial Statements

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

The **Statements of Net Position** present information on all 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. Non-financial factors should also be considered to assess the overall position of the District.

The **Statements of Revenues, Expenses and Changes in Net Position** report the changes that have occurred during the year to the District's net position. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, 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 and investing activities.

Financial Summary and Analysis

These financial statements distinguish functions of the District that will be principally supported by service charges. The functions of the District include effective and economical operation of District systems within the jurisdictional boundaries of the District. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

NET POSITION

December 31,	**2024**	**2023**
ASSETS		
Current Assets	$ 39,936,905	$ 38,800,994
Capital Assets	25,153,958	24,367,389
Total Assets	65,090,863	63,168,383
LIABILITIES		
Current Liabilities	149,449	608,424
Long-term Liabilities	42,023	26,444
Total Liabilities	191,472	634,868
NET POSITION		
Investments in capital assets	25,153,958	24,367,389
Unrestricted	39,745,433	38,166,126
Total Net Position	$ 64,899,391	$ 62,533,514

A large portion of the District's net position reflects its investment in capital assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Overall the District's total net position increased by $2,365,877 during 2024 and increased by $9,571,567 during 2023.

Capital assets increased as of December 31, 2024, by $786,569. The increase was due largely to water and sewer line additions in the year.

Total money market and investment accounts increased $411,200 during 2024 as a result of both realized and unrealized gains and losses.

A decrease of $458,975 in current liabilities as of December 31, 2024 consisted primarily of a decrease in accounts payable during the year.

Long-term liabilities consist of the accrual for compensated absences which increased during 2024.

CHANGES IN NET POSITION

	2024	2023
REVENUES		
OPERATING REVENUE		
Water sales	$ 6,120,038	$ 4,515,403
Sewer sales	3,571,618	3,025,306
Total Operating Revenue	9,691,656	7,540,709
NONOPERATING REVENUES		
Net investment income	753,928	1,693,133
Other	97,546	38,296
Total Nonoperating Revenue	851,474	1,731,429
Total Revenue	10,543,130	9,272,138
EXPENSES		
OPERATING		
Water	5,736,800	5,135,820
Sewer	2,460,837	2,008,244
Total Operating Expenses	8,197,637	7,144,064
GENERAL AND ADMINISTRATIVE EXPENSES	872,106	858,938
Total Operating and General and Administrative Expenses	9,069,743	8,003,002
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,473,387	1,269,136
CAPITAL CONTRIBUTIONS	892,490	8,302,428
CHANGES IN NET POSITION	2,365,877	9,571,565
NET POSITION - BEGINNING OF YEAR	62,533,514	52,961,948
NET POSITION - END OF YEAR	$ 64,899,391	$ 62,533,514

Water and sanitation service fees increased 29% for 2024 due to an increase in water rates, and decreased 2% during 2023 due to decreased usage as a result of lower precipitation.

Operating expenses for water and sanitation operations experienced an increase of $1,053,573 during 2024 and a decrease of $228,618 during 2023. The 2024 increase was due primarily to the increase in water rates. The 2023 decrease was due primarily to the decrease in water purchased.

General and administrative expenses increased in 2024 by $13,168 due primarily to increased wages, payroll tax and fringe benefits, office expense, and miscellaneous expenses. General and administrative expenses increased in 2023 by $39,317 primarily due to increased legal, consulting, and miscellaneous expenses.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay, in addition to operations and non-operating revenue and contributions. Capital contribution of facilities and depreciation are not reflected on the budget, as they do not affect "available funds". The District operates as an enterprise under TABOR and prepares its budget accordingly.

Revenues were higher than budgeted mainly due to increased water use in the current year.

Capital expenditures were $2,082,860 less than budget compared with $1,155,835 less than budget in the prior year.

	December 31, 2023	Net Changes	December 31, 2024
Capital assets			
Land and easements	$ 1,470,761	$ -	$ 1,470,761
Buildings	2,305,470	36,338	2,341,808
Water Rights	698,300	-	698,300
Construction in progress	915,676	1,194,313	2,109,989
Water lines	17,912,855	166,848	18,079,703
Purchased capacity - water	1,887,400	-	1,887,400
Water wells and pump station	891,566	-	891,566
Sewer lines	8,497,268	236,675	8,733,943
Office equipment	202,991	21,553	224,544
Trucks and equipment	514,216	11,491	525,707
Total Capital Assets	35,296,503	1,667,218	36,963,721
Accumulated depreciation	(10,929,114)	(880,649)	(11,809,763)
Total Capital Assets - Net	$ 24,367,389	$ 786,569	$ 25,153,958

Budgetary Highlights (continued)

	December 31, 2022	Net Changes	December 31, 2023
Capital assets			
Land and easements	$ 1,470,761	$ -	$ 1,470,761
Buildings	2,305,470	-	2,305,470
Water Rights	698,300	-	698,300
Construction in progress	1,823,640	(907,964)	915,676
Water lines	11,602,864	6,309,991	17,912,855
Purchased capacity - water	1,887,400	-	1,887,400
Water wells and pump station	891,566	-	891,566
Sewer lines	4,742,114	3,755,154	8,497,268
Office equipment	211,840	(8,849)	202,991
Trucks and equipment	512,218	1,998	514,216
Total Capital Assets	26,146,173	9,150,330	35,296,503
Accumulated depreciation	(10,227,237)	(701,877)	(10,929,114)
Total Capital Assets - Net	$ 15,918,936	$ 8,448,453	$ 24,367,389

Additional information on the District's capital assets can be found in the notes to financial statements.

Requests for Information

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

Lisa Glenn, District Manager
Cherry Creek Valley Water and Sanitation District
2325 S Wabash St
Denver, CO 80231

Basic Financial Statements

Cherry Creek Valley Water and Sanitation District
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash in bank/on hand	$ 2,234,436	$ 1,560,862
Cash held at broker	386,459	301,022
Investments	9,505,057	9,375,394
Investments - Designated	26,551,100	26,355,000
Accrued interest receivable	348,934	353,160
Accounts receivable - Service fees	744,383	721,264
Prepaid expenses	78,444	73,277
Inventory	88,092	61,015
Total Current Assets	39,936,905	38,800,994
Capital Assets		
Capital assets, not being depreciated	4,279,050	3,084,737
Capital assets, being depreciated		
(net of accumulated depreciation)	20,874,908	21,282,652
Total Capital Assets	25,153,958	24,367,389
Total Assets	$ 65,090,863	$ 63,168,383
Liabilities		
Current Liabilities		
Accounts payable	$ 93,473	$ 571,750
Deposits for line construction	55,976	36,674
Total Current Liabilities	149,449	608,424
Long-Term Liabilities		
Compensated absences	42,023	26,444
Total Long-Term Liabilities	42,023	26,444
Total Liabilities	191,472	634,868
Net Position		
Investment in capital assets	25,153,958	24,367,389
Unrestricted	39,745,433	38,166,126
Total Net Position	64,899,391	62,533,514
Total Liabilities and Net Position	$ 65,090,863	$ 63,168,383

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

Cherry Creek Valley Water and Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
December 31, 2024 and 2023

	2024	2023
Water Operations		
Revenues		
Service fees	$ 5,792,325	$ 4,492,360
Penalties	167,901	14,994
Parts sales	159,812	8,049
	6,120,038	4,515,403
Direct water expenses		
Water purchased	4,473,587	3,787,290
Maintenance	271,686	316,613
Wages, payroll tax and fringe benefits	248,601	432,373
Utilities	49,320	48,466
Miscellaneous	41	41
Depreciation	693,565	551,037
	5,736,800	5,135,820
Gross Income (Loss) from Water Operations	383,238	(620,417)
Sewer Operations		
Revenues		
Service fees	3,564,118	3,017,806
Swimming pool fees	7,500	7,500
	3,571,618	3,025,306
Direct sewer expenses		
Sewage treatment fees	1,844,002	1,293,794
Maintenance	212,582	248,599
Wages, payroll tax and fringe benefits	145,082	289,689
Depreciation	259,171	176,162
	2,460,837	2,008,244
Gross Income (Loss) from Sewer Operations	1,110,781	1,017,062
Gross Income from Operations	1,494,019	396,646
General and Administrative Expenses	872,106	858,938
Net Income (Loss) from Operations	621,913	(462,292)
Nonoperating Revenues (Expenses)		
Net investment earnings	753,928	1,693,133
Miscellaneous revenue	43,860	31,296
Gain on sale of property and equipment	53,686	7,000
Total Nonoperating Revenues (Expenses)	851,474	1,731,429
Income (Loss) Before Capital Contributions	1,473,387	1,269,137
Capital Contributions		
Water		
System development fees (refunds)	344,000	(7,000)
Participation fees (refunds)	-	(401)
Contributed lines	-	4,560,000
Sewer		
System development fees (refunds)	548,490	1,100
Participation fees (refunds)	-	(6,425)
Contributed lines	-	3,755,154
Total Capital Contributions	892,490	8,302,428
Change in Net Position	2,365,877	9,571,565
Net Position - Beginning of Year	62,533,514	52,961,948
Net Position - End of Year	$ 64,899,391	$ 62,533,514

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

Cherry Creek Valley Water and Sanitation District
Statements of Cash Flows
December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from customers	$ 9,668,540	$ 7,430,447
Cash payments to suppliers for goods and services	(7,768,683)	(6,173,359)
Cash payments to employees for services	(830,734)	(1,202,633)
Net Cash from Operating Activities	1,069,123	54,455
Cash Flows from Noncapital Financing Activities		
Miscellaneous	43,860	31,296
Net Cash from Noncapital Financing Activities	43,860	31,296
Cash Flows from Capital and Related Financing Activities		
Metro Water Recovery sewage tap fees received	1,025,616	4,550
Metro Water Recovery sewage tap fees paid	(1,025,616)	(5,120)
Denver Water tap fees received	-	121,758
Denver Water tap fees paid	-	(86,324)
Contributed capital - system development fees	892,490	(12,726)
Construction deposits returned (disbursed)	19,301	25,934
Acquisition of property, plant and equipment	(1,751,845)	(869,364)
Sale of property, plant and equipment	53,686	7,000
Net Cash from Capital and Related Financing Activities	(786,368)	(814,292)
Cash Flows from Investing Activities		
Net investment earnings	1,453,988	1,693,133
Investments matured/sold	16,550,812	(2,387,864)
Investments purchased	(17,572,404)	741,568
Net Cash from Investing Activities	432,396	46,837
Net Change in Cash and Cash Equivalents	759,011	(681,704)
Cash and Cash Equivalents - Beginning of Year	1,861,884	2,543,585
Cash and Cash Equivalents - End of Year	$ 2,620,895	$ 1,861,881
Reconciliation of operating income (loss) to net cash from operating activities		
Income (Loss) from operations	$ 621,913	$ (462,292)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:		
Depreciation	965,271	736,067
Effects of changes in operating assets and liabilities:		
Receivables	(23,119)	(110,261)
Inventory	(27,077)	14,116
Prepaid expenses	(5,167)	(5,881)
Accrued liabilities	15,579	(81,390)
Accounts payable	(478,277)	(35,904)
Net cash from operating activities	$ 1,069,123	$ 54,455
Noncash Capital and Investing Activities		
Contribution of water and sewer lines	-	8,315,154
Change in fair value of investments	695,829	784,086
	$ 695,829	$ 9,099,240

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

1. Definition of Reporting Entity

Cherry Creek Valley Water and Sanitation District (the District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide potable water and sewage treatment services to the properties within its service area.

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.

As of January 1, 2003, the District implemented the reporting requirements of the Governmental Accounting Standard Board GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments* , GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments' Omnibus* and GASB Statement No. 38 - *Certain Financial Statement Disclosures*.

2. Summary of Significant Accounting Policies

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

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

The District has elected to follow Governmental Accounting Standards Board pronouncements.

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense and expenditures for capital assets are shown as increases in assets. System development fees are recorded as capital contributions when received.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, 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 sanitation services to is customers. Operating revenues consist of charges to customers for service 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 or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The 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.

Adoption of New Accounting Pronouncements

In 2024 the District implemented Statement No. 101, Compensated Absences. GASB Statement 101 updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The implementation of GASB 101 did not have a material impact on the financial statements for 2024.

Cash and Cash Equivalents

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

2. Summary of Significant Accounting Policies (continued)

Designated Investments

As of December 31, 2024 and 2023, the District has designated a portion of its investments to be used for future projects as follows:

	2024	2023
Current Water Replacements	$ 687,000	$ 364,000
Current Sewer Replacements	1,521,000	1,297,000
Future Water Replacements	14,433,500	14,560,400
Future Sewer Replacements	9,709,600	9,933,600
Wabash Storage and Reservoir Development	-	-
Self Insurance	200,000	200,000
	$ 26,551,100	$ 26,355,000

Inventory

Inventory consists of parts and materials and is recorded at cost using the first-in, first-out method.

Capital Assets

Capital assets, which include water rights, land and easements, waterlines, purchased capacity, water wells and pump stations, sewer lines, office building, office equipment, and trucks and equipment are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 using the straight-line method over the estimated economic useful lives:

Water Lines	40 years
Purchased capacity	40 years
Water wells and pump stations	10-50 years
Sewer lines	40-50 years
Office equipment	5-10 years
Trucks and equipment	4-50 years
Water rights, land and land contracts	not depreciated

2. Summary of Significant Accounting Policies (continued)

Water Rights

The cost of water rights includes acquisition cost, 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. None were capitalized in 2024 or 2023.

Accrual for Compensated Absences

The District has a policy which allows employees to accumulate vacation and sick leave benefits, up to certain maximum hours. The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over in subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability includes salary-related benefits, where applicable.

System Development Fees and Contributed Assets

System development fees are recorded as capital contributions when received. Assets contributed to the District by developers are also recorded as capital contributions to the system at fair market value when received.

3. Cash, Cash Equivalents 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 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.

3. Cash, Cash Equivalents and Investments (continued)

At December 31, 2024 and 2023, the District's cash deposits had a bank balance and a carrying balance as follows:

	2024		2023	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Cash on hand	$ 200	$ 200	$ 200	$ 200
Cash in bank	2,234,236	3,419,041	1,560,662	1,463,973
Cash held at broker	386,459	386,459	301,022	301,022
	$ 2,620,895	$ 3,805,700	$ 1,861,884	$ 1,765,195

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.

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 agenda but not in the depositor-government's name.

	2024	2023
Insured deposits	$ 250,000	$ 250,000
Category 1 deposits	200	200
Category 2 deposits	3,555,500	1,514,995
Total cash and equivalents	$ 3,805,700	$ 1,765,195

Investments

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

- obligations of the United States and certain U.S. Government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local governments entities,
- bankers' acceptances of certain banks,
- commercial paper,

3. Cash, Cash Equivalents and Investments (continued)

- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

District investments are securities that are held by the entity of its agent in the District's name, and are insured or registered by the District or its agent. The District's investment policy limits the maximum maturity of any investment to five years with the maximum extended to 10 years for U.S. Government-Backed Securities. The policy also states the intention of the District to diversify investments in the portfolio to reduce risk from excessive concentration in specific investments, individual banks and financial institutions, or maturities.

Fair Value Measurements - The District's investments are recorded at fair value based on quoted market prices. For investments, the District categorize 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 (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date; Level 2 inputs are significant other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly; Level 3 inputs are significant unobservable inputs for an asset or a liability.

As of December 31, the District's investments subject to fair value measurement are as follows:

Investments Type	Value as of December 31, 2024	Level 1	Level 2	Level 3
Debt Securities				
U.S. Treasury Obligations	$ 6,259,044	$ 6,259,044	$ -	$ -
Corporate Bonds	29,797,113	-	29,797,113	-
Total Investments Measured at Fair Value	$ 36,056,157	$ 6,259,044	$ 29,797,113	$ -

Interest Rate Risk - In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the maximum maturity of any investment in its portfolio to five years of less (ten for U.S. Government-Backed Securities).

Credit Risk - The District's investment policy limits its investments to those authorized by law, as stated above. The District's corporate bonds at December 31, 2024 and 2023, are rated primarily from A to AAA by Standard & Poor's, Moody's , and Fitch.

3. Cash, Cash Equivalents and Investments (continued)

The following table categorizes interest rate risk and concentration of credit risk for the District:

Investment Category	S&P Rating	Market Value	Maturity Less Than 1 Year	Maturity More Than 1 Year	Concentration of Credit Risk
Corporate Bonds	A-AAA	$ 29,797,113	$ 2,160,653	$ 27,636,460	82.64%
US Treasury Bonds and Notes	AA+	6,259,044	2,465,683	3,793,361	17.36%
Total		$ 36,056,157	$ 4,626,336	$ 31,429,821	100.00%

Concentration of Credit Risk - The District's investment policy indicates and intention to diversify investments in the portfolio to reduce risk from excessive concentration in specific investments, individual banks and financial institutions or maturities. State statutes do not limit the amount the District may invest in one issuer. At December 31, 2024 and 2023, 17% and 23%, respectively, of the District's investments are in U.S. Treasury Obligations.

Cash deposits and investments are reflected on the December 31, 2024 and 2023 statements of net position as follows:

	2024	2023
Cash in bank/on hand	$ 2,234,436	$ 1,560,862
Cash held at broker	386,459	301,022
Investments	9,505,057	9,375,394
Investments - Designated	26,551,100	26,355,000
	$ 38,677,052	$ 37,592,278

The District designated $26,551,100 in investments at December 31, 2024 and $26,355,000 at December 31, 2023 for future capital needs. Designated investments can be released at the board's discretion.

The District has the ability and has customarily held its investments until maturity; therefore, there is usually no gain or loss recorded on the disposition of those investments.

4. Capital Assets

An analysis of the changes in net capital assets for the years ended December 31, 2024 and 2023 follows:

	Balance December 31, 2023	Additions	Transfers/ Retirements	Balance December 31, 2024
Capital assets, not being depreciated:				
Land and easements	$ 1,470,761	$ -	$ -	$ 1,470,761
Water rights	698,300	-	-	698,300
Construction in progress	915,676	1,465,579	(271,266)	2,109,989
Total capital assets, not being depreciated	3,084,737	1,465,579	(271,266)	4,279,050
Capital assets, being depreciated:				
Water lines	17,912,855	166,848	-	18,079,703
Purchased capacity - Water	1,887,400	-	-	1,887,400
Water wells and pump stations	891,566	-	-	891,566
Sewer lines	8,497,268	236,675	-	8,733,943
Office Equipment	202,991	35,678	(14,125)	224,544
Building	2,305,470	36,338	-	2,341,808
Trucks and equipment	514,216	91,297	(79,806)	525,707
Total capital assets, being depreciated	32,211,766	566,836	(93,931)	32,684,671
Less accumulated depreciation for:				
Water lines	(5,734,800)	(507,578)		(6,242,378)
Purchased capacity - Water	(1,097,051)	(47,185)		(1,144,236)
Water wells and pump stations	(629,735)	(17,040)		(646,775)
Sewer lines	(2,280,238)	(259,171)		(2,539,409)
Office Equipment	(170,947)	(12,535)	14,126	(169,356)
Building	(715,716)	(48,832)	-	(764,548)
Trucks and equipment	(300,627)	(72,930)	70,496	(303,061)
	(10,929,114)	(965,271)	84,622	(11,809,763)
Total capital assets, being depreciated, net	21,282,652	(398,435)	(9,309)	20,874,908
Capital assets, net	$ 24,367,389	$ 1,067,144	$ (280,575)	$ 25,153,958

4. Capital Assets (continued)

	Balance December 31, 2022	Additions	Transfers/ Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Land and easements	$ 1,470,761	$ -	$ -	$ 1,470,761
Water rights	698,300	-	-	698,300
Construction in progress	1,823,640	612,366	(1,520,330)	915,676
Total capital assets, not being depreciated	3,992,701	612,366	(1,520,330)	3,084,737
Capital assets, being depreciated:				
Water lines	11,602,864	6,309,991	-	17,912,855
Purchased capacity - Water	1,887,400	-	-	1,887,400
Water wells and pump stations	891,566	-	-	891,566
Sewer lines	4,742,114	3,755,154	-	8,497,268
Office Equipment	211,840	17,315	(26,164)	202,991
Building	2,305,470	-	-	2,305,470
Trucks and equipment	512,218	10,024	(8,026)	514,216
Total capital assets, being depreciated	22,153,472	10,092,484	(34,190)	32,211,766
Less accumulated depreciation for:				
Water lines	(5,366,286)	(368,514)	-	(5,734,800)
Purchased capacity - Water	(1,049,866)	(47,185)	-	(1,097,051)
Water wells and pump stations	(612,399)	(17,336)	-	(629,735)
Sewer lines	(2,104,076)	(176,162)	-	(2,280,238)
Office Equipment	(188,243)	(8,868)	26,164	(170,947)
Building	(668,782)	(46,934)	-	(715,716)
Trucks and equipment	(237,585)	(71,068)	8,026	(300,627)
	(10,227,237)	(736,067)	34,190	(10,929,114)
Total capital assets, being depreciated, net	11,926,235	9,356,417	-	21,282,652
Capital assets, net	$ 15,918,936	$ 9,968,783	$ (1,520,330)	$ 24,367,389

4. Capital Assets (continued)

Depreciation expense for the years ended December 31, 2024 and 2023 was charged to the following operations:

	2024	2023
Water operations	$ 693,565	$ 551,037
Sewer operations	259,171	176,162
General and administrative	12,535	8,868
	$ 965,271	$ 736,067

5. Long-Term Liabilities

Changes in the District's accrued compensated absences for the years ended December 31, 2024 and 2023 are as follows:

	Balance December 31, 2023	Incurred	Retired	Balance December 31, 2024
Compensated absences	$ 26,444	$ 56,748	$ (41,169)	$ 42,023

	Balance December 31, 2022	Incurred	Retired	Balance December 31, 2023
Compensated absences	$ 107,834	$ 63,296	$ (144,686)	$ 26,444

6. Intergovernmental Agreements

Water Service Contract

The District is provided water under a distributor's contact with the Board of Water Commissioners of the City and County of Denver (Denver Water Board) through a master meter. Under the terms of the contract, the District is also entitled to a 1.81% participation in certain water supply projects that are offered in the future by the Denver Water Board for subscriber participation.

6. Intergovernmental Agreements (continued)

Participation Agreement

During 1998, the District entered into a participation agreement to purchase capacity in the Denver Water Board's conduit 89 (the portion lying to the west of Yosemite St) for $1,887,400. The portion of conduit 89 lying to the west of Yosemite Street will continue to be owned and maintained by the Denver Water Board. The capacity is being amortized over 40 years using the straight-line method.

Sewage Treatment Contract

The District is a "special connector" by agreement with Metro Water Recovery (Metro) which provides the treatment of sewage collected within the District. The standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system.

The composition of the charges for 2024 and 2023 are as follows:

	2024	2023
Estimate for current year	$ 1,684,477	$ 1,519,290
Preliminary adjustment of preceding year estimate	75,834	(105,657)
Adjustment of second preceding year estimate to actual funding	81,549	(121,889)
Total annual charges	$ 1,841,860	$ 1,291,744

The 2024 sewage treatment estimate is $1,841,860.

7. Simplified Employee Pension Plan

All employees of the District participate in a simplified employee pension plan administered by Morgan Stanley after three years of employment. In a simplified employee pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Contributions to the plan by the District are not mandatory and are made at the discretion of the District. Contributions made under the plan are fully vested immediately.

District contributions for employees who leave employment before they are fully vested are used to reduce the District's benefit obligations or pay plan related expenses. The District's contributions are shown net of forfeitures (if any).

7. Simplified Employee Pension Plan (continued)

The District made a $66,310 contribution to the plan during 2024 which was 20% of the covered payroll of $331,552. The District's contribution in 2023 was $94,312 which was 13% of the covered payroll of $728,847.

All employees of the District are also covered under Social Security (FICA).

8. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2024 and 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

9. Commitments and Contingencies

Water License and Easement Agreement

On July 31, 2000, the District sold approximately 32 acres of land to Los Verdes III, L.L.C. (Los Verdes). As part of the land sale, the District gave Los Verdes a license to use up to 225 acre feet of water per year to irrigate a golf course now known as Cherry Creek Country Club. The water can be used at no charge whenever Los Verde's own water supply is not adequate, provided that Los Verdes pays all of the cost and develops the water in accordance with the terms of the licensing agreement. Water used in excess of 225 acre feet up to 250 acre feet per year will be charged using a market rate. The license to use District water will terminate if and when the running average annual use first exceeds 250 acre feet per year or if the Los Verdes property is no longer used as a golf course.

9. Commitments and Contingencies (continued)

As an additional part of the sale, the District received a permanent easement for the installation of water and/or sewer facilities, wells, storage ponds and any and all related facilities and appurtenances. In return for this easement, the sales price of the land was reduced and the easement was capitalized in the amount of $700,000.

Tax, Spending and Debt Limitations

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes its operations qualify for this exclusion under current case law at the date of this audit.

However, TABOR is complex and subject to interpretation. Many of the provisions, including the qualification as an Enterprise will require further judicial interpretation.

Supplementary Information

Cherry Creek Valley Water and Sanitation District
Schedule of General and Administrative Expenses
December 31, 2024 and 2023

	2024	2023
Wages, payroll tax and fringe benefits	$ 452,598	$ 399,180
Director's fees	7,100	7,400
Legal	35,883	49,285
Accounting and audit	22,252	20,057
Engineering	26,011	79,103
Consultant	-	35,668
Telephone and postage	31,657	26,561
Office expense	39,157	20,860
Truck and equipment expense	17,162	16,058
Insurance	76,490	67,732
Miscellaneous	151,261	128,166
Depreciation	12,535	8,868
	$ 872,106	$ 858,938

Cherry Creek Valley Water and Sanitation District
Schedule of Revenues, Expenditures and Changes in Funds Available - Budget and Actual (Budgetary Basis)
December 31, 2024

	Budget Amounts			Variance with Final Budget -
	Original	Final	Actual amounts	Positive (Negative)
Revenues				
Water services fees	$ 5,170,500	$ 5,170,500	$ 5,792,325	$ 621,825
Sewer service fees	3,560,800	3,560,800	3,564,118	3,318
Swimming pool permits	7,500	7,500	7,500	-
Net investment earnings	1,400,000	1,400,000	753,928	(646,072)
Penalties	14,700	14,700	167,901	153,201
Parts sales	2,700	2,700	159,812	157,112
Miscellaneous	34,900	34,900	43,860	8,960
Water system development fees	15,000	15,000	344,000	329,000
Sewer system development fees	4,500	4,500	548,490	543,990
Contributed lines	721,900	-	-	-
Denver Water tap surcharge	59,800	59,800	-	(59,800)
Metro Water Recovery sewage tap surcharge	16,600	16,600	-	(16,600)
Proceeds from sale of equipment	-	-	53,686	53,686
Total Revenue	11,008,900	10,287,000	11,435,620	1,148,620
Expenditures (Page 20)	12,148,896	12,148,896	9,856,312	2,292,584
Excess Revenue Over(Under) Expenditures	(1,139,996)	(1,861,896)	1,579,308	3,441,204
Funds Available - Beginning of Year	37,001,788	35,736,188	38,166,125	2,429,937
Funds Available - End of Year	$ 35,861,792	$ 33,874,292	$ 39,745,433	$ 5,871,141

Funds available at December 31, 2024 is computed as follows:

Current assets	$ 39,936,905
Current liabilities	(149,449)
Accrued compensated absences	(42,023)
2024	$ 39,745,433

Though the District considers itself exempt from TABOR as an "enterprise" as defined in Article X, Section 20 of the Constitution, it is noted that the District considers the entire balance of funds available as of December 31, 2024, to be reserved.

Cherry Creek Valley Water and Sanitation District
Schedule of Expenditures - Budget and Actual
(Budgetary Basis)
December 31, 2024

	Budget Amounts			Variance with Final Budget -
	Original	Final	Actual amounts	Positive (Negative)
Operating				
Water				
Water purchased	$ 3,961,060	$ 3,961,060	$ 4,473,587	$ (512,527)
Maintenance	338,400	338,400	271,686	66,714
Wages, payroll tax and fringe benefit:	389,600	389,600	248,601	140,999
Utilities	50,900	50,900	49,320	1,580
Miscellaneous	50	50	41	9
				-
Sewer				-
Sewage treatment fees	1,843,110	1,843,110	1,844,002	(892)
Maintenance	230,800	230,800	212,582	18,218
Wages, payroll tax and fringe benefit:	241,800	241,800	145,082	96,718
Total operating	7,055,720	7,055,720	7,244,901	(189,181)

(continued)

Cherry Creek Valley Water and Sanitation District
Schedule of Expenditures - Budget and Actual
(Budgetary Basis)
December 31, 2024
(continued)

	Budget Amounts			Variance with Final Budget -
	Original	Final	Actual amounts	Positive (Negative)
General and Administrative				
Wages, payroll tax and fringe benefits	$ 360,800	$ 360,800	$ 452,598	$ (91,798)
Director's fees	8,000	8,000	7,100	900
Legal	35,800	35,800	35,883	(83)
Accounting and audit	55,376	55,376	22,252	33,124
Engineering	87,100	87,100	26,011	61,089
Consultant	42,800	42,800	-	42,800
Telephone and audit	30,100	30,100	31,657	(1,557)
Office expense	25,900	25,900	39,157	(13,257)
Truck and equipment expense	18,700	18,700	17,162	1,538
Insurance	74,300	74,300	76,490	(2,190)
2024 SDA conference	13,000	13,000	7,688	5,312
Miscellaneous	130,200	130,200	143,573	(13,373)
	882,076	882,076	859,571	22,505
Capital Outlay				
Metro Water Recovery sewage tap surcharge	16,600	16,600	-	16,600
Denver Water tap surcharge	59,800	59,800	-	59,800
Property and equipment	3,834,700	3,834,700	1,751,840	2,082,860
Total capital outlay	3,911,100	3,911,100	1,751,840	2,159,260
Other Expenditures				
Contingency	300,000	300,000	-	300,000
Total other expenditures	300,000	300,000	-	300,000
Total Expenditures (Page 18)	$ 12,148,896	$ 12,148,896	$ 9,856,312	$ 2,292,584

Cherry Creek Valley Water and Sanitation District
Reconciliation of Budgetary Basis (Actual)
of Statement of Revenues, Expenses and Changes in Net Position
December 31, 2024

Revenue (budgetary basis)	$ 11,435,620
Denver Water tap surcharge	-
Metro Water Recovery sewage tap surcharge	-
Total revenue per statement of revenues, expenses and changes in net position	11,435,620
Expenditures (budgetary basis)	9,856,312
Depreciation	965,271
Capital outlay	(1,751,840)
Total expenses per statement of revenues, expenses and changes in net position	9,069,743
Change in net position per statement of revenues, expenses and changes in net position	$ 2,365,877