

**Industrial Park Water & Sanitation District**

---

**Audit Report 2024**

**Brenda A. French, CPA, PC**

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7-11
SUPPLEMENTARY INFORMATION	
Comparison of Revenue and Expenditures with Budgetary Information	12



## **Brenda A. French, CPA, PC**

To the Board of Directors  
Industrial Park Water & Sanitation District  
6625 East 49<sup>th</sup> Avenue  
Commerce City, CO 80022

### **INDEPENDENT AUDITOR'S REPORT**

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Industrial Park Water & Sanitation District, Commerce City, Colorado, as of and for the year ended December 31, 2024, 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 and the aggregate discretely presented component unit of Industrial Park Water & Sanitation, Commerce City, Colorado, as of December 31, 2024, and the respective changes in financial position and, where applicable, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Industrial Park Water & Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 judgement, 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 the America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistent 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or other form of assurance thereon.



Brenda A French, CPA, PC

September 30, 2025  
Broomfield, CO

**PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2024**

As management of Industrial Park Water and Sanitation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

**Financial Highlights**

- The assets of Industrial Park Water and Sanitation District exceeded its liabilities at December 31, 2024 by \$2,491,661 (*net position*).
- The District's total net position increased by \$135,480 from 2023 due to increased fixed asset investment.
- At the close of the calendar year, the District's business-type activities cash balance of \$1,612,235 is available for spending at the District's discretion (*unrestricted cash*).

For the year ended December 31, 2024, the District had a positive operating budget variance totaling \$180,837 due to decreased operating costs.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Industrial Park Water and Sanitation's basic financial statements. The District's basic financial statements consist of two components: 1.) government-wide financial statements of the business-type activities of the District, and 2.) notes to the financial statements. In addition to the basic financial statements, the report contains other supplemental information that will enhance the reader's understanding of the financial condition of Industrial Park Water & Sanitation District.

**Basic Financial Statements**

The three basic financial statements are the **Government-Wide Financial Statements** consisting of business-type activities. They provide both short and long-term information about the District's financial status. The second section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data about the District's business-type activities. Budgetary information required by the General Statutes can be found in the **Supplementary Information** part of the statements.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2024**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The government-wide financial statements provide short and long-term information about the District's financial status as a whole. The three government-wide statements report the District's net assets and how they have changed. Net assets are the difference between the District's total assets and total liabilities. Measuring net assets is one way to gauge the District's financial condition.

The government-wide statements consist only of business-type activities. The business-type activities are those the District charges customers to provide. This consists only of water and sewer treatment services.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes begin on page 7 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report contains certain required supplementary information concerning Industrial Park Water & Sanitation District's budget. The required supplementary information can be found on page 12 of this report.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2024**

	<b>Primary Government</b>	
	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash in Bank	\$ 81,420	\$ 81,420
Cash in Investments	1,530,815	1,530,815
Accounts Receivable-Trade	138,565	138,565
Accounts Receivable-Payroll Tax Overpayment	11,560	11,560
Total Current Assets	1,762,360	1,762,360
Capital Assets:		
Land	34,495	34,495
Sewer Collection System	129,318	129,318
Lift Station Rebuild	514,183	514,183
Building & Improvements	95,831	95,831
General Equipment & Furniture	976,323	976,323
Vehicles	130,872	130,873
Total Capital Assets	1,881,022	1,881,023
Less: Accumulated Depreciation	(1,144,573)	(1,144,573)
Net Capital Assets	736,449	736,450
Security Deposit	765	765
Total Assets	\$ 2,499,574	\$ 2,499,575
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable	\$ 2,275	\$ 2,275
Payroll Taxes Payable	5,638	5,638
Total Current Liabilities	7,913	7,913
<b><u>NET POSITION</u></b>		
Unrestricted Retained Earnings	2,491,661	2,491,661
Restricted Retained Earnings	-	-
Total Net Position	2,491,661	2,491,661
Total Liabilities & Net Position	\$ 2,499,574	\$ 2,499,574

See Accompanying Notes to Financial Statements

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2024**

	Primary Government	
	Business-type	
	Activities	Total
<b>REVENUES</b>		
Sewage Treatment and Collection Fees	776,593	776,593
Miscellaneous Income-Finance Charge	6,684	6,684
Total Revenues	\$ 783,277	\$ 783,277
<b>EXPENSES</b>		
Sewage Treatment and Processing Fees	124,610	124,610
Repairs & Maintenance-Lines and Equipment	147,046	147,046
Depreciation	103,992	103,992
Insurance	12,664	12,664
Interest Expense	62	62
Legal Expense	72,000	72,000
Telephone and Utilities	9,446	9,446
Directors' Fees	4,500	4,500
Office Expense	3,265	3,265
Operation Fee	42,000	42,000
Engineering	40,640	40,640
Salaries	185,115	185,115
Payroll Tax Expense	14,170	14,170
Copier Lease Expense	3,627	3,627
Audit Expense	6,000	6,000
Rent	17,020	17,020
Miscellaneous - Admin & General	22,853	22,853
Vehicle Expense	14,207	14,207
Total Expenses	\$ 823,217	\$ 823,217
<b>OTHER INCOME</b>		
Interest Income	65,649	65,649
Gain on Disposal of Assets	51,026	51,026
Total Other Income	\$ 116,675	\$ 116,675
Surplus of Revenues over Expenses	\$ 76,735	\$ 76,735
Net Position, Beginning	2,414,926	2,414,927
Net Position, Ending	\$ 2,491,661	\$ 2,491,662

See Accompanying Notes to Financial Statements

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2024**

	<b>Primary Government</b>	
	<b>Business-type Activities</b>	<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 76,735	\$ 76,735
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	103,992	103,992
Changes in assets and liabilities:		
Decrease in Accounts Receivable	45,361	45,361
Decrease in Current Liabilities	(50,832)	(50,832)
Net Cash Provided by Operating Activities	\$ 175,256	\$ 175,256
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Net Fixed Asset Additions	(32,180)	(32,179)
Net Cash Used by Capital and Related Financing Activities	(32,180)	(32,179)
Net Increase in Cash and Cash Equivalents	\$ 143,076	\$ 143,077
Cash and Cash Equivalents, Beginning	1,469,159	1,469,160
Cash and Cash Equivalents, Ending	\$ 1,612,235	\$ 1,612,237

Interest Expense for the Year Ended December 31, 2024 is \$62

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. ORGANIZATION**

Industrial Park Water and Sanitation District was organized as a quasi-governmental entity under the laws of the State of Colorado on August 8, 1969. The District was created to provide for the effective distribution and collection of water and sewage within the boundaries of the District.

The District has a contract with, and is wholly dependent upon, Metropolitan Denver Sewage Disposal District No. 1 for disposal of sewage collected by the District.

The District's operating activities are governed by the Colorado Division of Local Governments administrative rules and regulations as they relate to special districts. The basic operations of the District are financed by charges to individuals and businesses located within the boundaries of the District who utilize the District's services.

**B.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the district relating to the funds and account groups included within these financial statements conform to generally accepted accounting principles applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

**Reporting Entity**

According to GASB Statement 14, a primary government is defined as an entity that has a separately elected governing body, is legally separate, and is fiscally independent. The District meets all of these requirements.

Industrial Park Water & Sanitation District (primary government) is a municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present the District in its entirety. The District has no component units.

GASB Statement 14 defines a component unit as legally separate organizations for which the elected officials of the primary government (the District) are financially responsible.

**Basis of Presentation**

The District utilizes a single "proprietary – enterprise fund" to account for all of its operating activities. Proprietary fund accounting is used to account for activities that are financed and operated in a manner similar to private business enterprises. It assumes that the cost of providing services to the general public be recovered primarily through user charges.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The District’s books of account and records are maintained on the accrual basis of accounting in conformity with generally accepted accounting principles. The accrual basis of accounting recognizes revenue when earned and expenses when the liability is incurred.

Available funds are expended annually based upon budgetary estimates that are open for public inspection. Budgetary estimates are prorated based upon an annual fiscal year from January 1<sup>st</sup> through of each year. The amounts are posted for public comment and inspection, and are submitted to the Division of Local Governments.

It is the District’s policy to prepare the annual budget on a basis that does not include accounts receivable, accounts payable, or depreciation. Entries to record accounts receivable, accounts payable, and depreciation are booked to the District’s accounting records to convert the “budget basis of accounting” to generally accepted accounting principles. After these adjustments are made, budget basis versus GAAP basis are the same.

**Fixed Assets**

The District records property, plant, and equipment at cost. The District capitalizes all fixed asset additions in accordance with the standards established by the State of Colorado, Division of Local Governments.

District assets are depreciated on the straight-line basis over their estimated useful lives. Estimated lives are twenty years for the sewer collection systems, five years for general equipment and office equipment. The following is a schedule of 2024 fixed asset activity:

	2023 Balance	2024 Additions	2024 Balance
Land	\$ 34,495	\$	\$ 34,495
Sewer Collection System	129,318		129,318
Sewer Pumping Equipment	95,831		95,831
Equipment & Furniture	904,398	71,925	976,323
Lift Station Rebuild	514,183		514,183
Vehicles	154,782	(23,910)	130,872
	<u>\$1,833,007</u>	<u>\$ 48,015</u>	<u>\$1,881,022</u>

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024**

**B.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Insured Deposits**

Some of the District's cash and deposits as of December 31, 2024 are fully insured. The FDIC insures each checking account up to \$250,000 per account. At the balance sheet date, the checking account has a balance of \$81,420. The District also has cash of \$1,530,815 invested in three separate Certificates of Deposit accounts held at BOK Financial Bank in an Insured Cash Sweep account which is also FDIC insured up to \$250,000 per account.

**TABOR Amendment**

Colorado voters passed an amendment of the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language to determine its compliance.

**Encumbrances**

Encumbrances represent commitments to unperformed contracts for goods or services. The commitments are not treated as expenditures until a liability is incurred, but are merely used to facilitate effective budget control and cash planning and management. The District does not employ encumbrance accounting, whereby a portion of the applicable appropriation is reserved for open purchase orders.

**Related Party Transactions**

In 2018, the District entered into a month-to-month lease with the Manager of the District who owns the building. The monthly lease amount is \$1,420. There are no amounts due to or from this related party at December 31, 2024.

**C.) COMMITMENTS AND CONTINGENCIES**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended December 31, 1988, the District agreed to be included to be in a "Colorado Special District Liability Insurance Pool." The fund was organized by Colorado special districts in order to provide insurance coverage that may not otherwise be attainable by its members.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024**

C.) COMMITMENTS AND CONTINGENCIES (continued)

The fund provides self- insurance for 20% of all claims made, and had acquired “re-insurance” to cover the remaining 80% coverage. Additionally, the insurance pool has a stopgap claim limit of \$500,000.

In accordance with the terms for inclusion, the District was required to make contributions to the fund in amounts that exceeded the cost of the then annual insurance premium. The contribution requirements were levied on all fund members in order to provide working capital to the fund. The District’s financial commitment to the insurance pool is limited to its pro-rata ownership percentage based upon the ratio of the District’s excess contribution to all participating member’s excess contributions estimated at less than two percent. During 2024, the District contributed \$12,664 to the fund for insurance coverage. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The insurance pool has no outstanding debt at December 31, 2024.

There is no assurance that the District will not be charged additional fees relating to fund working capital deficiencies in the future, although they are not expected.

The District has entered into a contract with Metro Denver Sewage Disposal District No. 1 (the special connector agreement). The agreement defines the services and charges applied to the District by Metro Denver Sewage Disposal District No. 1 (the special connector agreement). The agreement defines the services and charges applied to the District by Metro Denver Sewage Disposal.

In accordance with the terms of the agreement, each year the District is charged an “estimated annual fee” based upon anticipated flow and treatment levels originating from the District. An annual adjustment of each year’s fee is determined and must be completed by March 31 of the following year.

In this manner, the District may have a contingent liability for additional sewage treatment fees that may be billed to the District as a part of future billings. Annual deficiencies or rebates are billed quarterly to the District as a regular part of the current year billings.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024**

Lease Agreements

The District leases a copier. This operating lease has a five-year term. The future minimum lease payments on current lease obligations are as follows:

2025	3,520
2026	1,467

**D. BUDGETS**

As described in Note B, the District prepares annual operating budgets and submits them to the Division of Local Governments in accordance with "Local Government Budget Law." Each operating budget covers the fiscal period beginning January 1<sup>st</sup> and ending December 31<sup>st</sup> of each year. Amounts expended in excess of amounts budgets are a possible violation of the local government budget law.

Each budget is open for public debate prior to adoption.

Colorado local government budget law generally requires that the District adopt revised budgets in accordance with accepted procedures, notices, and debate, and submit them to the Division of Local Governments is amounts expense are in excess of amounts budgeted.

During 2024, the District's revenue was short of budgeted amounts by \$46,448. Operating expenditures were less than budgeted amounts by \$227,285 resulting in a positive operating budget variance of \$180,837.

**INDUSTRIAL PARK WATER AND SANITATION DISTRICT**  
**COMPARISON OF REVENUES AND EXPENSES WITH BUDGETARY INFORMATION**  
**For the Year Ended December 31, 2024**

	BUDGET	ACTUAL	(NEG) POS VARIANCE
<b><u>REVENUE</u></b>			
Sewage Treatment Revenue	\$ 885,200	\$ 776,593	(108,607)
Miscellaneous Income	1,200	57,710	56,510
Interest Income	60,000	65,649	5,649
Total Revenues	\$ 946,400	\$ 899,952	\$ (46,448)
<b><u>OPERATING EXPENSES</u></b>			
Sewage Treatment	\$ 124,610	\$ 124,610	-
Repairs and Maintenance-Sewer	40,000	147,046	107,046
Auditing	6,000	6,000	-
Insurance	15,500	12,664	(2,836)
Engineering	75,000	40,640	(34,360)
Legal	72,000	72,000	-
Telephone and Utilities	8,500	9,446	946
Directors' Fees	4,800	4,500	(300)
Office Expense	3,000	3,265	265
Interest Expense	-	62	62
Miscellaneous Expense	15,000	22,853	7,853
Lease Payments	3,520	3,627	107
Repairs and Maintenance-General	3,000	14,207	11,207
Operation Fee	60,000	42,000	(18,000)
Rent	17,040	17,020	(20)
Salaries	146,790	185,115	38,325
Payroll Tax Expense	15,000	14,170	(830)
Total Operating Expenses	\$ 609,760	\$ 719,225	\$ 109,465
<b><u>OTHER ITEMS</u></b>			
Asset Acquisition	150,000	32,180	117,820
Total Expenses	\$ 759,760	\$ 751,405	\$ 227,285
<b><u>TOTAL CURRENT YEAR REVENUES IN EXCESS OF EXPENSES</u></b>			
	\$ 186,640	\$ 148,547	\$ 180,837
Net Change in Cash Balances	186,640	143,076	43,564
Cash Balance, Beginning	1,448,508	1,469,159	\$ 180,837
Cash Balance, Ending	\$ 1,635,148	\$ 1,612,235	\$ 224,401

See Accompanying Notes to Financial Statements