

**SilverCreek Water and Sanitation District
SilverCreek, Colorado**

**Financial Statements
December 31, 2024 and 2023**



**SilverCreek Water and Sanitation District
Financial Statements
December 31, 2024 and December 31, 2023**

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MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
SilverCreek Water and Sanitation District
SilverCreek, Colorado**

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2024 and December 31, 2023 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 ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
SilverCreek Water and Sanitation District

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP requires the Management's Discussion and Analysis in section B 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 U.S. GAAS, 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.

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
SilverCreek Water and Sanitation District**

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 individual fund budgetary schedule in section E is presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary schedule is the responsibility of management and is 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 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
April 3, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS



SilverCreek Water and Sanitation District Management's Discussion and Analysis December 31, 2024 and 2023

We, the financial managers of SilverCreek Water and Sanitation District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal years ended December 31, 2024 and 2023.

Financial Highlights

- The District had net income of \$385,423 in 2024 and the District's assets exceeded its liabilities and deferred inflows of resources by \$3,042,899 at December 31, 2024. The District had net income of \$209,068 in 2023 and the District's assets exceeded its liabilities and deferred inflows of resources by \$2,657,476 at December 31, 2023.
- The District's total revenues increased by \$209,423 and total expenditures increased \$30,248 in 2024 when compared to 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities (both short-term and long-term), and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows how the government's net position changed during the years presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.)

The Statement of Cash Flows shows the District's sources of cash inflows and outflows for the years presented. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities, and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The business-type activity of the District relates to water & sanitation services. There are currently no governmental-type activities occurring at the District.

The District's financial statements can be found in Section C of this report.

Proprietary Funds: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its water and sanitation services.

Overview of the Financial Statements (continued)

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also conveys certain supplementary information. The Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with Generally Accepted Accounting Principles ("GAAP"), this statement is presented on a non-GAAP basis with reconciliation to GAAP basis. Supplementary information can be found in Section E of this report.

Financial Analysis of the District:

The following table shows the District's assets, liabilities, deferred inflows of resources, and net position at the end of 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Assets:		
Current assets	\$ 2,743,578	\$ 2,381,456
Capital assets	649,212	699,344
Total Assets	<u>3,392,790</u>	<u>3,080,800</u>
Liabilities:		
Current liabilities	13,391	89,784
Total Liabilities	<u>13,391</u>	<u>89,784</u>
Deferred Inflows of Resources	336,500	333,540
Net Position:		
Net investment in capital assets	649,212	699,344
Restricted	20,000	13,000
Unrestricted	2,373,687	1,945,132
Total Net Position	<u>\$ 3,042,899</u>	<u>\$ 2,657,476</u>

In 2024, the District's total net position increased by \$385,423. The District has a significant portion of its net position invested in capital assets. The capital assets are used to provide services to the District's customers.

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Overview of the Financial Statements (continued)

Financial Analysis of the District (continued):

The following table summarizes information relating to the District's Statement of Revenues, Expenses and Changes in Fund Net Position:

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 115,448	\$ 105,053
General revenues:		
Property taxes	352,411	194,966
Specific ownership taxes	15,916	12,478
Investment income	100,457	82,174
Rent income	1,284	1,284
Miscellaneous	442	7,068
Tap fees	49,376	22,888
Total Revenues	<u>635,334</u>	<u>425,911</u>
Expenses:		
Operating expenses:		
Personnel services	81,863	78,601
Facilities and maintenance	26,769	26,837
Professional services	31,208	20,820
Administrative	59,939	43,273
Depreciation	50,132	47,312
Total Expenses	<u>249,911</u>	<u>216,843</u>
Change in Net Position	385,423	209,068
Net Position - Beginning of Year	<u>2,657,476</u>	<u>2,448,408</u>
Net Position - End of Year	<u>\$ 3,042,899</u>	<u>\$ 2,657,476</u>

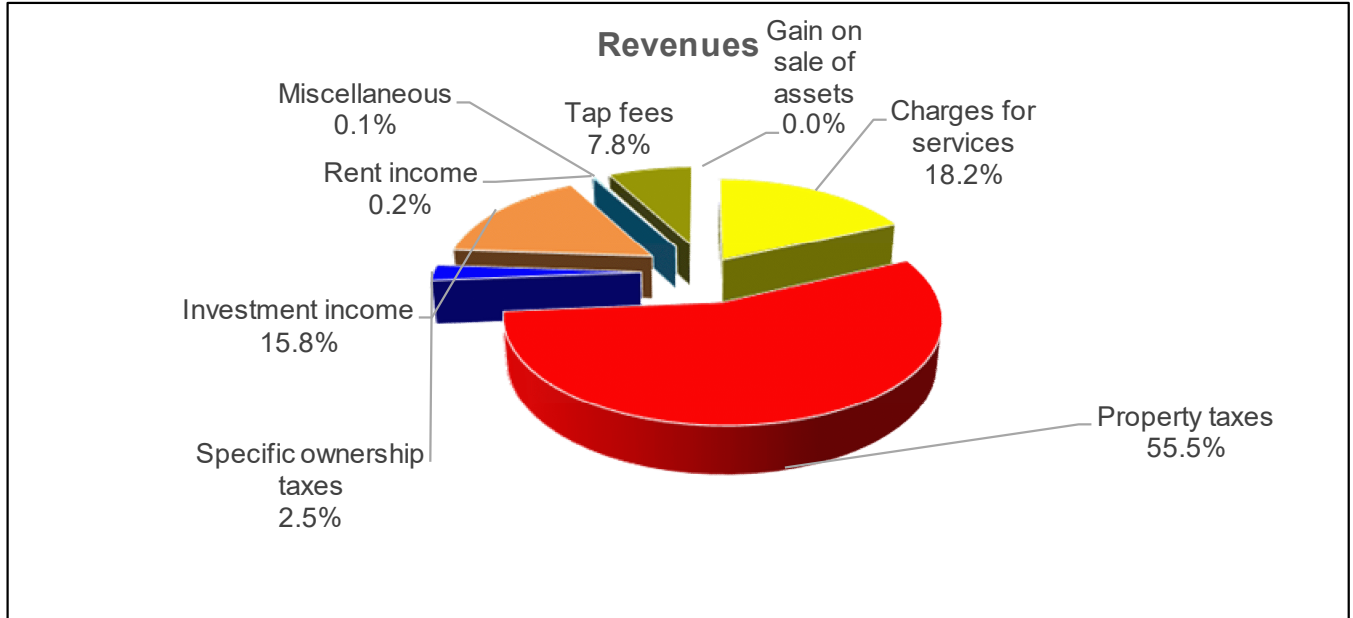
Overall, the District had a positive year, with revenues increasing from 2023. The revenue increase from 2023 was primarily attributed to increased property tax income due to increased property valuations in 2024, as well as increased investment income and tap fees in 2024.

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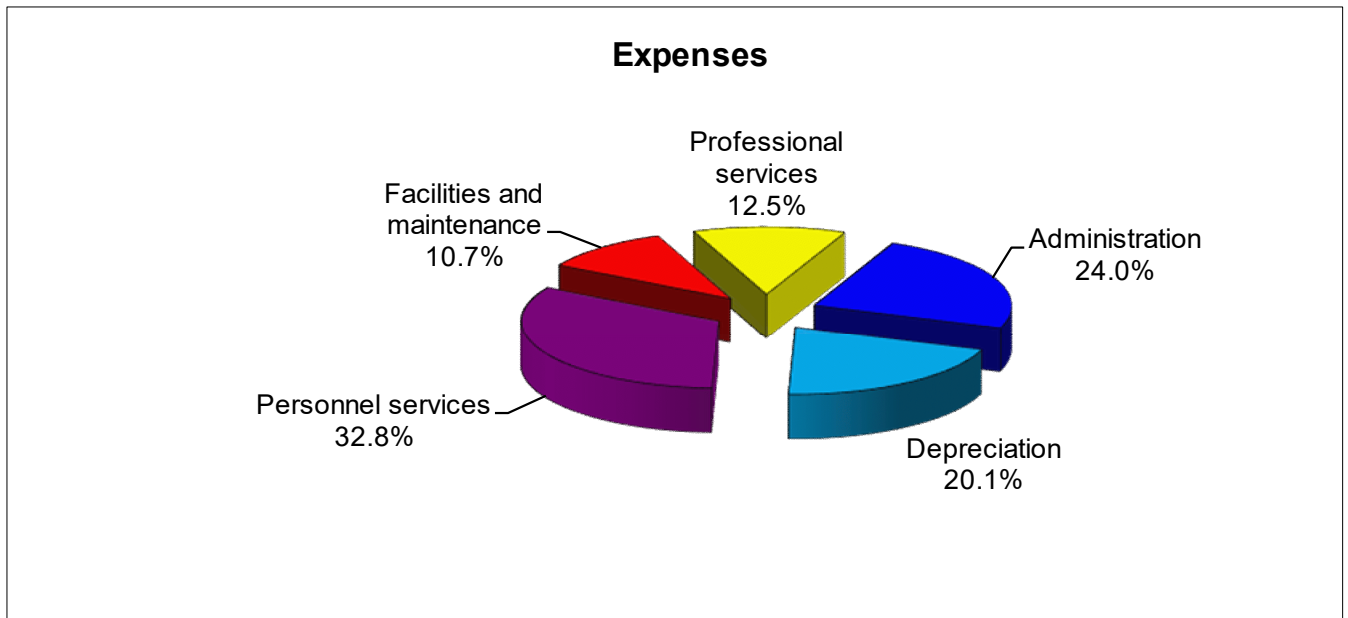
Overview of the Financial Statements (continued)

Financial Analysis of the District (continued):

The following chart summarizes the District's revenue sources during 2024:



The following chart summarizes the District's operating expenses, by natural classification, during 2024:



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Budget Variances in the Enterprise Fund

The District budget was not amended for the 2024 fiscal year; the actual expenditures for the District were lower than budgeted amounts by \$74,071.

Significant budget variances were as follows:

	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Charges for services	102,456	115,448	12,992	Tap sales were higher than anticipated
Property taxes	333,540	352,411	18,871	Significant increase in property valuations
Capital contributions	28,610	49,376	20,766	Tap revenue is difficult to budget
Investment income	75,000	100,457	25,457	Increased investment yields
Expenses:				
Repair and maintenance	70,000	15,379	54,621	Conservative budgeting
Office expense	11,000	23,641	(12,641)	Unanticipated office expenses for telephone and equipment
Capital expense	20,000	-	20,000	Improvement budgeted but not completed

Capital Asset and Debt Administration

Capital Assets: The District's net capital assets decreased by \$50,132 in 2024. The net decrease is caused by depreciation expense of \$50,132, as the District had no capital asset additions or deletions during 2024. A detailed classification of the District's capital assets can be found in the Notes to Financial Statements in Section D of this report.

Long-term Debts: The District has no long-term bonded debt outstanding.

Next Year's Budget and Rates

The District's net position at the end of 2024 was \$3,042,899. The District's 2025 budget anticipates increasing this balance by \$314,990.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: SilverCreek Water and Sanitation District, P.O. Box 4014, SilverCreek, CO 80446.

FINANCIAL STATEMENTS



SilverCreek Water and Sanitation District
Statement of Net Position
December 31, 2024 and 2023

	2024	2023
Assets:		
Current Assets:		
Cash and cash equivalents	2,350,545	2,034,242
Cash held by County Treasurer	2,076	-
Accounts receivable	3,836	5,085
Property taxes receivable	336,500	333,540
Prepaid expenses	50,621	8,589
Total Current Assets	2,743,578	2,381,456
Non-current Assets:		
Capital assets		
Land	13,500	13,500
Water rights	122,007	122,007
Buildings and improvements	281,496	281,496
Vehicles, machinery and equipment	95,972	95,972
Infrastructure and improvements	2,106,129	2,106,129
Total capital assets	2,619,104	2,619,104
Less: accumulated depreciation	(1,969,892)	(1,919,760)
Total Non-current Assets	649,212	699,344
Total Assets	3,392,790	3,080,800
Liabilities:		
Current Liabilities:		
Due to other governments	7,198	86,451
Other payroll liabilities	1,577	1,306
Prepaid rentals, net of amortization of \$37,756 and \$36,473	744	2,027
Prepaid service charges	3,872	-
Total Current Liabilities	13,391	89,784
Deferred Inflows of Resources:		
Unavailable property tax revenue	336,500	333,540
Total Deferred Inflows of Resources	336,500	333,540
Total Liabilities and Deferred Inflows of Resources	349,891	423,324
Net Position:		
Net investment in capital assets	649,212	699,344
Restricted for emergencies	20,000	13,000
Unrestricted	2,373,687	1,945,132
Total Net Position	3,042,899	2,657,476

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

SilverCreek Water and Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues:		
Charges for services	115,448	105,053
Other income	442	7,068
Total Operating Revenues	115,890	112,121
Operating Expenses:		
Personnel services	81,863	78,601
Facilities and maintenance	26,769	26,837
Professional services	31,208	20,820
Administrative	59,939	43,273
Depreciation	50,132	47,312
Total Operating Expenses	249,911	216,843
Operating Income (Loss)	(134,021)	(104,722)
Non-operating Revenues (Expenses):		
Property taxes	352,411	194,966
Specific ownership taxes	15,916	12,478
Investment income	100,457	82,174
Rent income	1,284	1,284
Total Non-operating Revenues (Expenses)	470,068	290,902
Net Income (Loss) Before Capital Contributions	336,047	186,180
Capital Contributions:		
Tap fees	49,376	22,888
Total Capital Contributions	49,376	22,888
Change in Net Position	385,423	209,068
Net Position - Beginning of Year	2,657,476	2,448,408
Net Position - End of Year	3,042,899	2,657,476

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

SilverCreek Water and Sanitation District
Statement of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Cash received from customers and others	116,694	104,045
Other cash receipts	4,314	7,068
Cash payments for goods and services	(234,297)	33,016
Cash payments to employees and for benefits	(86,492)	(88,643)
Net Cash Provided (Used) by Operating Activities	(199,781)	55,486
Cash Flows From Non-capital Financing Activities:		
Cash received from property and specific ownership taxes, net	366,251	207,444
Net Cash Provided (Used) by Non-capital Financing Activities	366,251	207,444
Cash Flows From Capital and Related Financing Activities:		
Cash received from tap fees	49,376	22,888
Net Cash Provided (Used) by Capital and Related Financing Activities	49,376	22,888
Cash Flows From Investing Activities:		
Interest income received	100,457	82,174
Net Cash Provided (Used) by Investing Activities	100,457	82,174
Net Increase (Decrease) in Cash and Cash Equivalents	316,303	367,992
Cash and Cash Equivalents - Beginning of Year	2,034,242	1,666,250
Cash and Cash Equivalents - End of Year	2,350,545	2,034,242
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	(134,021)	(104,722)
Adjustments:		
Depreciation	50,132	47,312
(Increase) decrease in accounts receivable	1,246	(1,008)
(Increase) decrease in prepaid expenses	(42,032)	43,121
Increase (decrease) in accounts payable	-	(9,540)
Increase (decrease) in due to other governments	(79,249)	86,166
Increase (decrease) in payroll liabilities	271	(5,843)
Increase (decrease) in prepaid service charges	3,872	-
Total Adjustments	(65,760)	160,208
Net Cash Provided (Used) by Operating Activities	(199,781)	55,486

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

NOTES TO THE FINANCIAL STATEMENTS



SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023

I. Summary of Significant Accounting Policies

SilverCreek Water and Sanitation District (the “District”) is a quasi-municipal corporation and a political subdivision of the State of Colorado. It was formed under Colorado statutes as a special district in 1982 pursuant to a service plan approved by the Board of County Commissioners of Grand County, Colorado. The District provides water and sanitary sewer services in an unincorporated area located south and east of the historic area of the Town of Granby. The District has a five-member board of directors who are elected by district residents on a biennial basis.

The District’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Accounting Policies

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its sole activity, providing water and wastewater treatment services to taxpayers within the District’s boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

At December 31, 2024 and 2023 the investments for the District are reported at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District's policy is to hold investments until maturity.

The District follows Colorado state statutes, which specify instruments in which local governments may invest in. These instruments include:

- U.S. Treasury obligations
- Federal instrumentality securities
- FDIC-insured certificates of deposit
- Corporate bonds
- Prime commercial paper
- Eligible banker's acceptances
- Repurchase agreements
- General obligations and Revenue obligations
- Local government investment pools
- Money market mutual funds

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established at December 31, 2024 and 2023 as the District considers all accounts to be collectible.

3. Property Taxes

Property taxes attach an enforceable lien on the property as of January 1st. Taxes are levied in December and payable in the following year in full by April 30th or in two equal installments due February 28th and June 15th. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the District by the tenth day of the subsequent month.

4. Capital Assets

The District defines capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Property, plant and equipment are stated at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the time of donation.

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

Assets	Years
Buildings & improvements	30
Improvements other than building	5-30
Distribution and collection systems	30
Vehicles	5
Office equipment	5

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any items that qualify for reporting in this category at December 31, 2024 or December 31, 2023.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of this item. The item, unavailable property tax revenue, is reported on the District's Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period the amount becomes available.

6. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

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

7. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The proprietary fund was adopted on a non-GAAP budgetary basis and has been reconciled to a GAAP basis in the financial statements. The fund has been split further into operations and capital funding for governance purposes.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2024.

1. For the 2024 budget year, prior to August 25, 2023, the County Assessor sent to the district an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. District's management submitted a recommended budget that detailed the necessary revenues needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2023, after a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget and approve emergency appropriations; and reduce appropriations for which originally estimated revenues are insufficient.

The District also followed the required budget timeline in preparing, approving, and enacting its budget for 2023.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Colorado State statutes govern the entity’s deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (“PDPA”) requires the state regulators to certify eligible depositories for public deposit. The act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

Cash deposits and investments held by the District at December 31, 2024 were as follows:

2024				
	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Interest-bearing checking	Not rated	258,148	\$ 258,148	\$ -
Savings	Not rated	5,054	5,054	-
<i>Investments:</i>				
Colotrust	AAAm	2,087,343	2,087,343	-
		\$ 2,350,545	\$ 2,350,545	\$ -

Cash deposits and investments held by the district at December 31, 2023 were as follows:

2023				
	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Interest-bearing checking	Not rated	\$ 317,303	\$ 317,303	\$ -
<i>Investments:</i>				
Colotrust	AAAm	1,711,886	1,711,886	-
		\$ 2,029,189	\$ 2,029,189	\$ -

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District has addressed the following risks as noted:

Credit Risk – State statutes authorize the District to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain bankers acceptances, local government investment pools, money market funds and certificates of deposit. The District’s policy is to restrict investments to only those permitted by state statute.

Concentration Risk – Investment diversification is utilized to avoid unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The District’s investments consist entirely of certificates of deposit within three financial institutions. However, these deposits are made with varied maturity dates and are collateralized for amounts over insured limits as required under Colorado State Statutes.

Interest Rate Risk – Colorado Revised Statutes limit the District’s investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates. The District’s investment policy is to follow the State Statute in order to reduce interest rate risk.

The District measures and records its investments using fair value measurement guidelines established by GAAP.

At December 31, 2024, the District had the following investments measured at net asset value:

Investments Measured at Net Asset Value	Total
Colotrust	2,087,343

At December 31, 2023, the District had the following investments measured at net asset value:

Investments Measured at Net Asset Value	Total
Colotrust	1,711,886

The ColoTrust investment pool represents investments in the Colorado Government Liquid Asset Trust (“COLOTRUST”). The District invests in ColoTrust+, which is measured at net asset value. ColoTrust Plus+ offers same-day liquidity and a rating of AAAm.

The District did not have any fair value measurements at December 31, 2024 or December 31, 2023.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balances 1/1/24	Additions	Deletions	Balances 12/31/24
Capital assets not depreciated:				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Water rights	122,007	-	-	122,007
Total non depreciated assets	<u>135,507</u>	<u>-</u>	<u>-</u>	<u>135,507</u>
Depreciated assets:				
Building and ground improvements	281,496	-	-	281,496
Infrastructure and improvements	2,106,129	-	-	2,106,129
Vehicles	87,045	-	-	87,045
Office equipment	1,192	-	-	1,192
Other equipment	7,735	-	-	7,735
Total depreciable assets	<u>2,483,597</u>	<u>-</u>	<u>-</u>	<u>2,483,597</u>
Less accumulated depreciation for:				
Building and ground improvements	(197,643)	(9,383)	-	(207,026)
Infrastructure and improvements	(1,651,329)	(30,328)	-	(1,681,657)
Vehicles	(61,861)	(10,421)	-	(72,282)
Office equipment	(1,192)	-	-	(1,192)
Other equipment	(7,735)	-	-	(7,735)
Total accumulated depreciation	<u>(1,919,760)</u>	<u>(50,132)</u>	<u>-</u>	<u>(1,969,892)</u>
Net capital assets	<u>\$ 699,344</u>	<u>\$ (50,132)</u>	<u>\$ -</u>	<u>\$ 649,212</u>

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	Balances 1/1/23	Additions	Deletions	Balances 12/31/23
Capital assets not depreciated:				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Water rights	122,007	-	-	122,007
Total non depreciated assets	<u>135,507</u>	<u>-</u>	<u>-</u>	<u>135,507</u>
Depreciated assets:				
Building and ground improvements	281,496	-	-	281,496
Infrastructure and improvements	2,106,129	-	-	2,106,129
Vehicles	87,045	-	-	87,045
Office equipment	1,192	-	-	1,192
Other equipment	7,735	-	-	7,735
Total depreciable assets	<u>2,483,597</u>	<u>-</u>	<u>-</u>	<u>2,483,597</u>
Less accumulated depreciation for:				
Building and ground improvements	(188,260)	(9,383)	-	(197,643)
Infrastructure and improvements	(1,623,821)	(27,508)	-	(1,651,329)
Vehicles	(51,440)	(10,421)	-	(61,861)
Office equipment	(1,192)	-	-	(1,192)
Other equipment	(7,735)	-	-	(7,735)
Total accumulated depreciation	<u>(1,872,448)</u>	<u>(47,312)</u>	<u>-</u>	<u>(1,919,760)</u>
Net capital assets	<u>\$ 746,656</u>	<u>\$ (47,312)</u>	<u>\$ -</u>	<u>\$ 699,344</u>

D. Prepaid Rent

The District signed an agreement in June 1995 to rent out office space in one of its buildings for 30 years. The lease expires July 31, 2025. Per the terms of the agreement, the entire \$38,500, which represents rent for the thirty-year lease term, was prepaid upon signing of the lease. The prepaid amount is displayed as a current liability on the financials as all revenue will be earned in 2025 and rental revenue of \$1,284 is recognized annually on a straight-line basis. At December 31, 2024, the total prepaid liability was \$744 and at December 31, 2023, the liability was \$2,027.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

III. Detailed Notes on All Funds (continued)

E. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

In May 2000, the District's electorate approved a change in the mill levy which included approval to *"collect, retain and expend all revenues and other funds collected from any source during 1999 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, the 5.5% limitation under Section 29-1-301 C.R..S. or any other law."*

The District's Establishing Contract requires the District to be operated as an enterprise within the meaning of Colorado Constitution Article X, §20 ("TABOR"). The District believes it is exempt from the requirements of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

At December 31, 2024, the District had \$20,000 restricted as Emergency Reserves as required by Article X, Section 20 of the Colorado Constitution.

At December 31, 2023, the District had \$13,000 restricted as Emergency Reserves as required by Article X, Section 20 of the Colorado Constitution.

IV. Other Information

A. Granby Sanitation District/Town of Granby

Additional tap fees are collected on behalf of Granby Sanitation District and the Town of Granby/South Service Area for water and sewer connections.

The District also charges its sewer users an additional fee per month for each sewer tap in service. This additional fee is paid to the Granby Sanitation District and Town of Granby/South Service Area for the processing of sewer waste by the Granby Sanitation facility.

These amounts are collected on behalf of the Town of Granby and Granby Sanitation District and not reflected in its financial statements as District payment.

SilverCreek Water and Sanitation District
Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

IV. Other Information (continued)

B. Retirement Plan

The District provides a defined contribution pension plan for each of its employees including the board of directors through the Colorado Retirement Association (“CRA”).

Members of the board of directors not desiring to be a member of CRA are covered under the federal social security program. The total covered pension plan payroll for 2024 and 2023 amounted to \$80,141 and \$76,776 for the District employees and the board of directors, respectively.

The District Manager has the ability to amend benefit terms and has authorized the following terms. The District provisions of the plan require that each employee contribute 6.2% of their gross salary to the plan. The District matches the employee contribution. Employees are immediately eligible to participate in the plan and are immediately vested in all matching employer contributions. In 2024, there were \$0 forfeited.

During 2024 a total of \$9,938 was contributed to the plan (2023: \$9,520). The District’s required and actual contributions were \$4,969 (2023: \$4,760). The Employees’ required and actual contributions were \$4,969 (2023: \$4,760). There were no forfeitures during 2024.

As of December 31, 2024 and December 31, 2023 the District had no outstanding contribution liabilities.

C. Deferred Compensation Plan

Employees of the SilverCreek Water and Sanitation District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

In accordance with recent changes to the Internal Revenue Code, Section 457(G), all deferred compensation and income attributable to the investment of deferred compensation amount held by the Trustee are no longer property of the District and are not subject to the claims of the District’s general creditors. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries, respectively.

REQUIRED SUPPLEMENTARY INFORMATION



SilverCreek Water and Sanitation District
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Years Ended December 31, 2024 and 2023

	2024		2023	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Charges for services	102,456	115,448	12,992	105,053
Other income	-	442	442	7,068
Property taxes	333,540	352,411	18,871	194,966
Specific ownership taxes	20,000	15,916	(4,084)	12,478
Tap fees	28,610	49,376	20,766	22,888
Investment income	75,000	100,457	25,457	82,174
Rent income	1,284	1,284	-	1,284
Total Revenues	560,890	635,334	74,444	425,911
Expenditures:				
Personnel services:				
Salaries and wages	81,950	75,242	6,708	72,577
Payroll taxes	1,800	1,497	303	1,113
Benefits	7,000	5,125	1,875	4,911
Facilities and maintenance:				
Trucks and backhoe	2,500	1,624	876	1,810
Repair and maintenance	70,000	15,379	54,621	10,862
Operating supplies	8,000	3,365	4,635	7,518
Utilities	7,000	6,401	599	6,647
Professional services:				
Legal fees	10,000	13,967	(3,967)	2,546
Audit fees	2,500	9,200	(6,700)	8,400
Accounting fees	6,500	5,742	758	8,164
Other services	10,000	2,299	7,701	1,710
Administrative:				
Insurance	8,000	8,635	(635)	7,995
Office expense	11,000	23,641	(12,641)	18,118
Education and travel	1,000	1,060	(60)	61
Licenses and dues	1,000	552	448	1,454
Board meetings	1,800	2,038	(238)	1,633
Director's fees	6,000	4,900	1,100	4,200
County Treasurer's fees	16,600	17,621	(1,021)	9,727
Other	1,200	1,491	(291)	85
System projects:				
Capital expense	20,000	-	20,000	-
Total Expenditures	273,850	199,779	74,071	169,531
Change in Net Position - Budgetary basis	287,040	435,555		256,380
Reconciliation to GAAP Basis:				
Adjustments				
Depreciation		(50,132)		(47,312)
Total adjustments		(50,132)		(47,312)
Net Position - Beginning of Year		2,657,476		2,448,408
Net Position - End of Year		3,042,899		2,657,476

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