

**UNITED WATER & SANITATION DISTRICT
Elbert County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**UNITED WATER & SANITATION DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Water and Sanitation District
Elbert County, Colorado

Opinions

We have audited the accompanying financial statements of each major fund of United Water and Sanitation District (the District) 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 each major fund of the District, as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

Management is responsible for the preparation and fair presentation of the 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 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 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

Management has omitted the Management’s Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 budgetary comparison schedules and reconciliations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and reconciliations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

Greenwood Village, Colorado
July 30, 2025

BASIC FINANCIAL STATEMENTS

UNITED WATER & SANITATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	General Enterprise Fund	Bijou Enterprise Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 1,868,850	\$ -	\$ 1,868,850
Cash and Cash Equivalents - Restricted	9,211,846	2,839,016	12,050,862
Accounts Receivable, Net of Allowance	1,592,874	86,011	1,678,885
Prepaid Insurance	172,786	-	172,786
Prepaid Expenses	4,085	3,000	7,085
Interest Receivable	373	-	373
Receivable from County Treasurer	1	-	1
Property Tax Receivable	96	-	96
Total Current Assets	<u>12,850,911</u>	<u>2,928,027</u>	<u>15,778,938</u>
NONCURRENT ASSETS			
Long-term receivable Phase I	59,637	-	59,637
Capital Assets:			
Capital Assets Not Being Depreciated	64,794,392	10,000,000	74,794,392
Capital Assets Net of Depreciation	<u>59,146,118</u>	<u>-</u>	<u>59,146,118</u>
Total Capital Assets	<u>123,940,510</u>	<u>10,000,000</u>	<u>133,940,510</u>
Total Noncurrent Assets	<u>124,000,147</u>	<u>10,000,000</u>	<u>134,000,147</u>
Total Assets	<u>\$ 136,851,058</u>	<u>\$ 12,928,027</u>	<u>\$ 149,779,085</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,152,702	\$ 37,255	\$ 1,189,957
Other Current Liabilities	149,986	-	149,986
Accrued Interest - Notes and Loans	41,125	127,375	168,500
Total Current Liabilities	<u>1,343,813</u>	<u>164,630</u>	<u>1,508,443</u>
LONG-TERM LIABILITIES			
Notes and Loans Payable:			
Due Within One Year	1,674,447	680,000	2,354,447
Due in More Than One Year	18,876,001	8,743,394	27,619,395
Developer Advances Payable:			-
Due Within One Year	3,750,000	-	3,750,000
Due in More Than One Year	-	1,932,000	1,932,000
Accrued Interest - Developer Advances	-	434,250	434,250
Total Long-Term Liabilities	<u>24,300,448</u>	<u>11,789,644</u>	<u>36,090,092</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	96	-	96
Total Deferred Inflows of Resources	<u>96</u>	<u>-</u>	<u>96</u>
NET POSITION			
Net Investment in Capital Assets	99,640,062	7,004,606	106,644,668
Restricted	9,020,735	2,711,641	11,732,376
Unrestricted	<u>2,545,904</u>	<u>(8,742,494)</u>	<u>(6,196,590)</u>
Total Net Position	<u>111,206,701</u>	<u>973,753</u>	<u>112,180,454</u>
Total Liabilities and Net Position	<u>\$ 136,851,058</u>	<u>\$ 12,928,027</u>	<u>\$ 149,779,085</u>

See accompanying Notes to Basic Financial Statements.

UNITED WATER & SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

	General Enterprise Fund	Bijou Enterprise Fund	Total
OPERATING REVENUES			
Operation Charges	\$ 2,899,430	\$ 56,689	\$ 2,956,119
Water Sales	1,894,785	2,351,442	4,246,227
Water Pumping Revenue	15,350	234,618	249,968
Sale of Water Certificates - Silver Peaks / Walton	1,766,654	-	1,766,654
Miscellaneous Revenue	32,308	-	32,308
Other Operating Revenue	277,859	-	277,859
Total Operating Revenues	<u>6,886,386</u>	<u>2,642,749</u>	<u>9,529,135</u>
OPERATING EXPENSES			
Direct Expenses:			
Depreciation Expense	1,906,493	-	1,906,493
Accounting and Accounting Consulting	310,405	1,225	311,630
District management	707,859	41,483	749,342
Engineering and Consulting	826,216	71,426	897,642
Insurance	156,131	-	156,131
Legal	632,393	32,014	664,407
Miscellaneous	180,433	6,338	186,771
Repairs and maintenance	774,698	133,535	908,233
Support Services	60,593	7,316	67,909
System Operations	3,104,972	1,348	3,106,320
Water Certificate Sales Cost	869,778	-	869,778
Water Storage Sales Cost	1,894,785	-	1,894,785
Utilities	22,946	30,396	53,342
Other Operating Expense	271,277	-	271,277
Administration and General Expenses:			
Auditing	19,000	-	19,000
Directors' fees	4,414	-	4,414
Dues and membership	13,738	-	13,738
Total Operating Expenses	<u>11,756,131</u>	<u>325,081</u>	<u>12,081,212</u>
OPERATING INCOME (LOSS)	(4,869,745)	2,317,668	(2,552,077)
NONOPERATING REVENUES AND EXPENSES			
Intergovernmental Revenues	2,258,104	-	2,258,104
Interest Income	1,529,625	7,545	1,537,170
Tax Revenues	96,526	-	96,526
Interest Expense	(827,704)	(560,670)	(1,388,374)
Paying agent fees	(1,500)	(2,500)	(4,000)
United Contributions	-	211,464	211,464
Bijou Ag Expenditures	(211,464)	-	(211,464)
Total Nonoperating Revenues and Expenses	<u>2,843,587</u>	<u>(344,161)</u>	<u>2,499,426</u>
CHANGE IN NET POSITION	(2,026,158)	1,973,507	(52,651)
Total Net Position - Beginning of Year	<u>113,232,859</u>	<u>(999,754)</u>	<u>112,233,105</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 111,206,701</u>	<u>\$ 973,753</u>	<u>\$ 112,180,454</u>

See accompanying Notes to Basic Financial Statements.

**UNITED WATER & SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024**

	General Enterprise Fund	Bijou Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operation Charges Received	\$ 2,506,440	\$ 2,651,882	\$ 5,158,322
Sale of Water Rights	1,766,654	-	1,766,654
Miscellaneous Receipts	2,220,302	-	2,220,302
Payments For General, Administrative, and Operating Expenses	<u>(6,976,776)</u>	<u>(293,385)</u>	<u>(7,270,161)</u>
Net Cash Provided (Used) by Operating Activities	(483,380)	2,358,497	1,875,117
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Cash Receipts	2,258,104	-	2,258,104
Tax Revenues Received	96,617	-	96,617
Transfers from General to Bijou Enterprise Fund	<u>(211,464)</u>	<u>211,464</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	2,143,257	211,464	2,354,721
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
ECCV Payment - Phase I Received	1,196,000	-	1,196,000
Principal Payments on Capital Debt	<u>(1,928,992)</u>	<u>(570,000)</u>	<u>(2,498,992)</u>
Interest and Other Related Costs Paid on Capital Debt	(861,518)	(385,213)	(1,246,731)
Purchase of Capital Assets	<u>(792,148)</u>	<u>-</u>	<u>(792,148)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,386,658)</u>	<u>(955,213)</u>	<u>(3,341,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>1,516,242</u>	<u>7,545</u>	<u>1,523,787</u>
Net Cash Provided by Investing Activities	<u>1,516,242</u>	<u>7,545</u>	<u>1,523,787</u>
INCREASE IN CASH AND CASH EQUIVALENTS	789,461	1,622,293	2,411,754
Cash and Cash Equivalents - Beginning of Year	<u>10,291,235</u>	<u>1,216,723</u>	<u>11,507,958</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,080,696</u>	<u>\$ 2,839,016</u>	<u>\$ 13,919,712</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income	\$ (4,869,745)	\$ 2,317,668	\$ (2,552,077)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:			
Depreciation	1,906,493	-	1,906,493
Water Certificate Sales Cost	869,778	-	869,778
Water Storage Sales Cost	1,894,785	-	1,894,785
(Increase) Decrease in:			
Accounts Receivable	(392,990)	9,133	(383,857)
Prepaid Expense	(24,960)	-	(24,960)
Increase (Decrease) in:			
Accounts Payable	(16,726)	31,696	14,970
Other Current Liability	<u>149,985</u>	<u>-</u>	<u>149,985</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (483,380)</u>	<u>\$ 2,358,497</u>	<u>\$ 1,875,117</u>

See accompanying Notes to Basic Financial Statements.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

United Water & Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 20, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The financial statements include the operations of its wholly owned subsidiary New Brighton Lateral LLC.

The District was established to acquire, construct, finance and maintain public water, sewer and storm drainage improvements for the use and benefit of users of the District's systems. The District provides for the construction, operation and maintenance of water, sewer, and storm drainage facilities. The District provides water to various special districts and municipalities throughout the State and serves as a wholesaler of water. The District has no residents and does not provide any services directly to individuals.

The District has created several separate enterprise activities to support the acquisition, construction, operation, and maintenance of the facilities, pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the following enterprises are combined for reporting purposes as part of the financial statements of the District and are reported as a single enterprise under the District Enterprise Fund:

- United Water Acquisition Project – Water Activity Enterprise
- United Pipeline Acquisition Project – Water Activity Enterprise
- Arapahoe County Water and Wastewater District – Water Activity Enterprise (ACWWA)
- Milliken Reservoir – Water Activity Enterprise
- Serfer Pit – Water Activity Enterprise
- Highlands Reservoir – Water Activity Enterprise

On April 27, 2021, the Board adopted a resolution establishing the Bijou Agricultural Water Activity Enterprise for the purpose of acquiring and developing certain properties and facilities for the supply, diversion, storage, carriage, and delivery of water. Bijou Agricultural is operated pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the Bijou Agricultural Enterprise are reported as a separate enterprise under the Bijou Enterprise Fund.

The District has no employees, and all operations and administrative functions are contracted.

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.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The accounting policies of the District conform to generally accepted accounting principles 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.

NOTE 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.

Basis of Accounting

The District is a special-purpose government engaged in business-type activities. The accounts are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. For these business-type activities, enterprise fund financial statements are presented. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, consistent with businesses in the private sector. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Operating Revenues and Expenses

Proprietary enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and delivering goods in connection with the funds' principal ongoing operations. The operating revenues of the District's enterprise funds consist primarily of water sales and charges for operations. Operating expenses include costs of water rights sold, operations, engineering and consulting, and administrative costs.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses (Continued)

All revenues and expenses not meeting this definition of operating revenues and expenses, including intergovernmental revenues and severance taxes, are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources for their specified purposes first, then unrestricted resources as needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, 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 appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The District amended its annual budget for the Bijou Enterprise Fund for the year ended December 31, 2024.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of its enterprise funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Cash Equivalents

For purposes of the statements of cash flows, the District considers all cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Receivables and Capital Contributions

The District receives contributions of capital assets from various sources. Capital assets are recorded at the estimated acquisition cost when contributed. The District records an allowance for uncollectible receivables when balances or outstanding receivables have the potential to be uncollected. At December 31, 2024, the District has recorded an allowance for \$447,771 related to certain receivables pending from one customer.

Other Current Assets

Other current assets consist primarily of payments to vendors applicable to future periods considered prepaid at year-end.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land and improvements, building and improvements, furniture and equipment, leasehold improvements, and infrastructure assets (e.g. pipelines, roads, wells, and similar items) with a cost or value exceeding \$5,000 are recorded at cost except for those assets that have been contributed, which are stated at estimated acquisition cost at the date of contribution or at the developer's cost. Capital assets for which the District receives a title, such as for a vehicle, or a deed, such as for property and water rights, the District generally capitalizes without acquisition cost consideration. Individual projects which exceed \$160,000 are capitalized.

The costs of water rights include acquisition 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 protection of those rights, are expensed.

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.

Any construction in process that will be dedicated to another entity is not depreciated. Leasehold improvements are amortized over the life of the lease.

Any capital assets that will be owned and maintained by the District will be depreciated using the straight-line method over the following estimated economic useful lives:

Pipelines and Water Systems	50 Years
Building Improvements	40 Years
Streets and Roads	40 Years
Equipment and Vehicles	5 to 15 Years

Long-Term Obligations

In the proprietary fund statements, long-term obligations are reported as liabilities when new debt is issued. Premium and discounts are deferred and amortized over the life of the debt using the effective interest rate method. Debt issuance costs are recorded as an expense in the period they are incurred.

Net Position

The financial statements utilize a net position presentation categorized as net investment in capital assets, restricted net position, and unrestricted.

Net Investment in Capital Assets – reflects the portion of net position associated with capital assets, less outstanding capital asset related debt.

Restricted Net Position – considered restricted if their use is contained to a particular purpose. Restrictions imposed by external organizations.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

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

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying statement of net position as follows:

Statement of Net Position:	
Cash and Investments	\$ 1,868,850
Cash and Investments - Restricted	12,050,862
Total Cash and Investments	<u>\$ 13,919,712</u>

Cash and investments as of December 31, 2024 consist of the following:

Deposits with Financial Institutions	\$ 3,435,820
Investments	10,483,892
Total Cash and Investments	<u>\$ 13,919,712</u>

Deposits with Financial Institutions

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 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance of \$3,435,820.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted a formal investment policy which follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- * Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 10,261,233
Federated Government Obligations Fund	Weighted-Average Under 60 Days	222,659
Total		<u>\$ 10,483,892</u>

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Federated Government Obligations Fund

As of December 31, 2024, the District had invested \$222,659 in the Federated Hermes Government Obligations Fund. The Fund invests primarily in short-term U.S. Treasury and government securities, and repurchase agreements collateralized by U.S. Treasury and government agency securities for a higher yield potential. The Fund complies with Rule 2a-7 definition of a government money market fund. The Fund is rated AAAM by Standard & Poor's and has a weighted average maturity of less than 60 days. The Fund is measured at amortized cost. Under this valuation method, no additional disclosures are required.

UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
General Enterprise Fund				
Capital Assets, Not Being Depreciated:				
CIP - Water Acquisition Projects	\$ 131,747	\$ 487,232	\$ -	\$ 618,979
Land	2,894,525	-	-	2,894,525
Easements	5,554,552	200,000	-	5,754,552
Water Rights and Water Easements	34,924,826	-	-	34,924,826
Water Resource Credit Certificates	3,557,393	-	869,778	2,687,615
Water Storage	19,808,680	-	1,894,785	17,913,895
Total Capital Assets, Not Being Depreciated	66,871,723	687,232	2,764,563	64,794,392
Capital Assets, Being Depreciated:				
Water acquisition projects	53,273,766	-	-	53,273,766
Streets and roads	8,455	-	-	8,455
Leasehold improvements	166,727	-	-	166,727
Vehicles and equipment	1,573,066	104,917	-	1,677,983
Fort Morgan Employee Housing	191,056	-	-	191,056
Well pivot	34,000	-	-	34,000
Flumes	299,040	-	-	299,040
Brannan Pit Pumps	378,549	-	-	378,549
Monitoring and vac systems	77,909	-	-	77,909
Water Lines	4,908,889	-	-	4,908,889
Pipeline	15,311,831	-	-	15,311,831
Reservoir improvements	156,404	-	-	156,404
Water wells	3,157,190	-	-	3,157,190
Total Capital Assets, Being Depreciated	79,536,882	104,917	-	79,641,799
Less Accumulated Depreciation for:				
Water acquisition projects	12,107,882	1,066,651	-	13,174,533
Streets and roads	3,610	213	-	3,823
Leasehold improvements	78,713	4,169	-	82,882
Vehicles and equipment	688,552	212,747	-	901,299
Fort Morgan Employee Housing	796	4,776	-	5,572
Well pivot	34,000	-	-	34,000
Flumes	224,280	29,904	-	254,184
Brannan Pit Pumps	283,912	37,855	-	321,767
Monitoring and vac systems	72,654	2,101	-	74,755
Water Lines	2,021,306	144,380	-	2,165,686
Pipeline	2,422,776	306,237	-	2,729,013
Reservoir improvements	64,400	4,602	-	69,002
Water wells	586,307	92,858	-	679,165
Total Accumulated Depreciation	18,589,188	1,906,493	-	20,495,681
Total Capital Assets, Being Depreciated, Net	60,947,694	(1,801,576)	-	59,146,118
General Enterprise Fund Capital Assets, Net	<u>\$ 127,819,417</u>	<u>\$ (1,114,344)</u>	<u>\$ 2,764,563</u>	<u>\$ 123,940,510</u>

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Bijou Enterprise Fund				
Capital Assets, Not Being Depreciated:				
Water Rights	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Total Capital Assets, Not Being Depreciated	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>

NOTE 5 LONG-TERM RECEIVABLE

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and East Cherry Creek Valley Water and Sanitation District (ECCV) acting through the East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (ECCV Water Activity Enterprise) on December 18, 2003, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement anticipates a reverse osmosis treatment plant to be constructed, owned, and operated by ECCV Water Activity Enterprise. During 2003, the District sold water and delivery rights to 3,000-acre feet of fully consumable water per year at a price of \$18,500,000 received in cash and \$26,500,000 in the form of Subordinate Water Revenue Bonds, Series 2003 from ECCV Water Activity Enterprise, which were exchanged with Subordinate Water Revenue Exchange Bonds, Series 2004 on May 6, 2004.

Additional projects contemplated by the agreement will divert water and return flows from the South Platte River and deliver it to ECCV Water Activity Enterprise's future treatment plant and will give ECCV Water Activity Enterprise a right of first purchase of yield in excess of 5,500-acre feet from additional tributary water rights from the South Platte River that were acquired by the District (Phase 2 Water).

The District entered into an Amended and Restated Water Supply Agreement with FRICO and ECCV Water Activity Enterprise in May 2007 to develop an integrated water supply project, including Phase 1, Phase 2, and Phase 3 of the ECCV Water Project.

ECCV Water Activity Enterprise Subordinate Water Revenue Exchange Bonds, Series 2004 dated May 6, 2004, in the original amount of \$26,793,000 mature on November 15, 2023; with an interest rate of 3.00% to December 31, 2009, and 5.00% from January 1, 2010, and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of ECCV and ECCV Water Activity Enterprise, on any date without redemption premium.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM RECEIVABLE (CONTINUED)

Water Supply Agreement (Continued)

The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds.

These bonds are limited, subordinate lien obligations of ECCV Water Activity Enterprise payable solely from the portion of the net revenues comprising 40% of water tap fees collected by ECCV or ECCV Water Activity Enterprise (Net Revenues). Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues. ECCV and ECCV Water Activity Enterprise have covenanted that a minimum water tap fee of \$15,000 per single family equivalent will be maintained.

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue of ECCV and ECCV Water Activity Enterprise and cannot be predicted with certainty. During the year ended December 31, 2024, the District received principal and interest payments of \$1,136,208 and \$59,792, respectively.

NOTE 6 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations of the District's enterprise funds for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
General Enterprise Fund					
Direct Placement Loans/Advances:					
70 Ranch Holdings, LLC	\$ 3,750,000	\$ -	\$ -	\$ 3,750,000	\$ 3,750,000
Direct Borrowings:					
Series 2017 Water Certificate Refunding and Improvement Revenue Note	6,472,368	-	1,246,524	5,225,844	965,500
Series 2020 Refunding and Improvement Revenue Note	16,007,072	-	682,468	15,324,604	708,947
Total Long-Term Obligations	<u>\$ 26,229,440</u>	<u>\$ -</u>	<u>\$ 1,928,992</u>	<u>\$ 24,300,448</u>	<u>\$ 5,424,447</u>
Bijou Enterprise Fund					
Direct Placement Loans/Advances:					
Teague Loan	\$ 1,063,394	\$ -	\$ -	\$ 1,063,394	\$ -
Teague Developer Advance	1,932,000	-	-	1,932,000	-
Accrued Interest - Teague Advance	298,655	135,595	-	434,250	-
Direct Borrowings:					
Series 2021A Water Refunding Revenue Note	6,160,000	-	500,000	5,660,000	600,000
Series 2021B Water Refunding Revenue Note	2,770,000	-	70,000	2,700,000	80,000
Total Long-Term Obligations	<u>\$ 12,224,049</u>	<u>\$ 135,595</u>	<u>\$ 570,000</u>	<u>\$ 11,789,644</u>	<u>\$ 680,000</u>

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

District Enterprise Fund

Advance and Reimbursement Agreements

United District Water Providers, LLC, Bromley District Water Providers, LLC, Englewood Exchange Services, Ltd., Red Tierra Equities, LLC, CAW Equities, LLC, 70 Ranch Holdings, LLC, Chambers Reservoir Equities, LLC, and WCP Corp. are related entities and are collectively referred to as the Developers.

Advance and Reimbursement Agreements – 70 Ranch Holdings, LLC

In February 2023, 70 Ranch Holdings, LLC (70 Ranch), advanced \$3,750,000 to the District for purposes of water delivery from the City of Northglenn. At December 31, 2024 outstanding principal is \$3,750,000 and interest will begin to accrue when a formal agreement is signed.

Water Certificate Refunding and Improvement Revenue Note, Series 2017

On June 26, 2017, the District issued its \$13,174,000 Water Certificate Refunding and Improvement Revenue Note, Series 2017 (2017 Note). Principal and interest on the 2017 Note is payable semi-annually on June 1 and December 1 each year commencing on December 1, 2017. The 2017 Note will mature on June 1, 2027, and payable from pledged revenues including proceeds from the sale of water certificates held as collateral for the 2017 Note and any other legally available monies of the District as defined in the loan agreement. The interest rate on the 2017 Note is 4.02% per annum.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2017 Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 965,500	\$ 258,489	\$ 1,223,989
2026	1,066,500	218,671	1,285,171
2027	3,193,844	93,205	3,287,049
Total	<u>\$ 5,225,844</u>	<u>\$ 570,365</u>	<u>\$ 5,796,209</u>

On April 14, 2025, the District, Key Government Finance, Inc., and UMB Bank amended the Custodial Agreement for the 2017 Note. This amendment modified the flow of funds and directed the transfer of all funds held in the Water Certificate Surplus Account to be placed in the Revenue Fund and eliminate the Water Certificate Surplus Account.

Refunding and Improvement Revenue Note, Series 2020

On June 1, 2020, the District issued \$17,950,000, Series 2020 Refunding and Improvement Revenue Note. Principal on the 2020 Note is payable annually on June 15, beginning in 2021 and interest is payable semi-annually on June 15 and December 15, beginning December 15, 2020 with a maturity date of June 15, 2027. The interest rate on the 2020 Note is 3.88% per annum. At December 31, 2024, the District held \$1,795,000 in a debt service reserve account as stipulated in the official statement.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

District Enterprise Fund (Continued)

Refunding and Improvement Revenue Note, Series 2020 (Continued)

The Series 2020 Note is payable from pledged revenues which consist of (a) amounts received from ECCV by the District pursuant to the Tap Fee Agreement; (b) amounts received by the District as owner of a portion of Subordinate Bonds; and (c) any other legally available moneys of the District.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2020 Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 708,947	\$ 580,841	\$ 1,289,788
2026	736,454	552,801	1,289,255
2027	13,879,203	269,257	14,148,460
Total	<u>\$ 15,324,604</u>	<u>\$ 1,402,899</u>	<u>\$ 16,727,503</u>

Bijou Enterprise Fund

Advance and Reimbursement Agreement - Teague Enterprises, LLC.

On September 29, 2021, the District, acting by and through the Bijou Agricultural Enterprise Water Activity Enterprise and Teague Enterprises, LLC. (Teague) entered into an advance and reimbursement agreement to fund the purchase of 184-acre feet of tier 1 water rights in the amount of \$1,932,000.

The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Reimbursement is to include interest at the rate of 7% per annum. As of December 31, 2024, outstanding advances totaled \$1,932,000, in addition to accrued interest of \$434,250.

Teague Loan

On August 19, 2021, the District acting by and through its Bijou Agricultural Water Activity Enterprise entered into a loan with Teague Enterprises, LLC. for amount of \$10,000,000 for the purposes of financing the acquisition of water infrastructure and facilities. Principal on the loan is payable annually on December 20th beginning in 2021 to the extent that pledge revenues are available. Pledged revenues are moneys derived from: a) fees collected by the enterprise, including Tier 1 fee collections and all water augmentation fee collections; and b) all revenues derived by the enterprise from the sale, lease, or conveyance of augmentation credits. As of December 31, 2024, the outstanding loan balance was \$1,063,394.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Bijou Enterprise Fund (Continued)

Water Refunding Revenue Note, Series 2021A and Taxable Water Refunding Revenue Note, Series 2021B

On September 1, 2021, the District, acting by and through its Bijou Agricultural Water Activity Enterprise, issued a Water Infrastructure Revenue note, Series 2021A and 2021B (collectively, the Series 2021 Notes). Principal on the Series 2021 Notes are payable annually on December 1, beginning in 2021 and interest is payable semi-annually on June 1 and December 1, beginning December 1, 2021 with a maturity date of September 30, 2031. The Series 2021A Revenue Note was issued for purposes of: a) current refunding a portion of the Enterprise's Water Activity Enterprise Water Infrastructure Revenue Note, Series 2021 A (Teague Loan); b) establishing a debt service reserve; and c) paying costs of issuance. At December 31, 2024, the District had \$1,025,000 held in a debt service reserve account.

The Series 2021A Note is payable from pledged revenues which consist of: a) all revenues from the sale, lease, or conveyance of augmentation credits derived from the Enterprise Water Rights; and b) all revenues from water usage charged by the Enterprise, including all fees collected by the Enterprise.

Teague Loan Water Refunding Revenue Note, Series 2021A and Taxable Water Refunding Revenue Note, Series 2021B

The following sets for the estimated debt service payment schedule for the principal and interest on the Series 2021A Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 600,000	\$ 224,136	\$ 824,136
2026	650,000	200,376	850,376
2027	700,000	174,636	874,636
2028	750,000	146,916	896,916
2029	550,000	117,216	667,216
2030-2031	2,410,000	173,052	2,583,052
Total	<u>\$ 5,660,000</u>	<u>\$ 1,036,332</u>	<u>\$ 6,696,332</u>

The following sets for the estimated debt service payment schedule for the principal and interest on the Series 2021B Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 80,000	\$ 135,270	\$ 215,270
2026	90,000	131,262	221,262
2027	100,000	126,753	226,753
2028	650,000	121,743	771,743
2029	665,000	89,178	754,178
2030-2031	1,115,000	133,478	1,248,478
Total	<u>\$ 2,700,000</u>	<u>\$ 737,684</u>	<u>\$ 3,437,684</u>

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$680,000,000 at an interest rate not to exceed 18% per annum. On November 5, 2024, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$4,000,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 4, 2014	Remaining at December 31, 2024
Storm Sewer and Drainage	\$ 100,000,000	\$ 100,000,000
Regional Water Improvements	240,000,000	240,000,000
Debt Refunding	340,000,000	340,000,000
Total	<u>\$ 680,000,000</u>	<u>\$ 680,000,000</u>

NOTE 7 NET POSITION

The District has net position consisting of two components - net investment in capital assets and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	General <u>Enterprise Fund</u>	Bijou <u>Enterprise Fund</u>
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 123,940,510	\$ 10,000,000
Capital Related Portion of Debt	<u>(24,300,448)</u>	<u>(2,995,394)</u>
Net Investment in Capital Assets	<u>\$ 99,640,062</u>	<u>\$ 7,004,606</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2024 as follows:

	General <u>Enterprise Fund</u>	Bijou <u>Enterprise Fund</u>
Restricted Net Position:		
Restricted for Debt Service	\$ 9,014,153	\$ 2,711,641
Restricted for Operations and Maintenance	<u>6,582</u>	<u>-</u>
Total Restricted Net Position	<u>\$ 9,020,735</u>	<u>\$ 2,711,641</u>

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 NET POSITION (CONTINUED)

The unrestricted component of net position is the net amount of the assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 8 RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the District are employees, owners, or associated with the Developers (see Note 6), as well as certain Developer related entities including 70 Ranch, LLC, 70 Ranch Holdings, LLC, Robert A. Lembke (individual) and RAL Holdings, LLC and may have conflicts of interest in dealing with the District.

In February 2016, PRWDA and United Water and Sanitation District, acting by and through the United 70 Ranch Water Activity Enterprise, entered into a water agreement (United Water Agreement)) under which United leased approximately 1,500-acre feet of water in the Milliken Reservoir from PRWDA. The United Water Agreement was transferred to the District effective September 26, 2017. The United Water Agreement expires on January 31, 2115 and provides for a renewal option for two additional periods of 30 years each. The Base Rent paid to the District for the storage is determined based on the amount of acre feet delivered into and released from the Milliken Reservoir by United and is mutually determined each year.

NOTE 9 INTERGOVERNMENTAL AGREEMENTS

On September 6, 2017, the District and South Beebe Draw created Weld Adams Water Development Authority (WAWDA), a water resource authority. WAWDA was created for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services.

Consolidated Infrastructure Agreement

On November 28, 2018, the District, WAWDA, ECCV and ACWWA entered into a Consolidated Infrastructure Agreement (CIA). United and WAWDA own or have contractual rights in certain real, equitable and personal property interests, a portion of which interests have or will be conveyed to ECCV and ACWWA.

The purpose of the CIA is to identify the rights and obligations of each party to the CIA related to the water diversion, delivery, and storage system (Infrastructure) as described in the CIA. Additional Infrastructure may be included in the CIA by written agreement. The CIA outlines the conditions, restrictions, reservations, and obligations for the purpose of furthering a plan for the use of the Infrastructure and its operation, maintenance, repair, and replacement.

United and WAWDA will administer, operate, and maintain all Infrastructure in accordance with the terms and conditions of the CIA unless upon written agreement the obligation for certain Infrastructure is assigned to another party. United or WAWDA will be reimbursed for its pro-rate share of such costs as outlined in the CIA.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Funding Agreement

Effective January 1, 2024, the District and South Beebe Draw Metropolitan District (SB DMD), together with other Districts and water development authorities, are part of a sophisticated, complex system of local Governments that cooperate from time to time on coordinated projects to maximize water resources and storm drainage infrastructure in the most efficient and economical manner. Based upon the integrated nature of the Public Improvements and Projects, the Districts agreed that it is most efficient and cost effective to collaborate in providing the functions, services and facilities related to such Public Improvements. The District will provide the project management, design, construction, administration, operations and management of the Public Improvements and Projects, including the establishment of reserves for future costs or for planned capital expenditures and for the payment of debt and other obligations. SBDMD will provide the financing and remit certain portions of its property tax revenue to the District.

NOTE 10 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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). 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 auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

NOTE 11 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.

**UNITED WATER & SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 5, 2002, and on November 4, 2014, a majority of the District's electors authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes, and such revenues are to be collected and spent by the District as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

On November 5, 2024, a majority of the District's electors authorized the District to collect and spend or retain in a reserve taxes of \$500,000,000 annually generated from a mill levy of 99 mills, or less for District operations and maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR. Additionally, electors waived the 5.25% property tax limit established in section 29-1-702; and associated implementation statutes pursuant to sections 29-1-1705(2)(a) and 29-1-1701(3)(i) of the Colorado Revised statutes, as they currently exist or may be amended in the future, for 2025 and all future property tax years.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

NOTE 12 COMMITMENTS

On November 9, 2023, the District entered into an amendment to the Amended and restated FRICO/EAU settlement memorandum agreement, dated December 4, 2018. East Cherry Creek Valley Water and Sanitation District, Arapahoe County Water and Wastewater Authority, and the District are collectively known as EAU. EAU has committed to paying for and constructing a 24-inch pipeline capable of carrying at least 20 CFS from the Speer Canal to Bowles Seep Canal and associated check structure. Construction costs are currently estimated to be approximately \$3,100,000.

SUPPLEMENTARY INFORMATION

**UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Operation Charges	\$ 2,400,000	\$ 2,899,430	\$ 499,430
Interest Income	40,000	1,516,242	1,476,242
ECCV Payment - Phase I	1,000,000	1,196,000	196,000
Agricultural Revenue	5,000	-	(5,000)
Property Taxes	92	92	-
Specific Ownership Taxes	5	14	9
Miscellaneous Revenue	255,000	32,308	(222,692)
Water Sales	-	1,894,785	1,894,785
Water Pumping Revenue	-	15,350	15,350
Severance Tax	85,000	96,420	11,420
Sale Of Water Certificates - Silver Peaks / Walton	1,600,000	1,766,654	166,654
Intergovernmental Revenues	10,000,000	2,258,104	(7,741,896)
Total Revenues	<u>15,385,097</u>	<u>11,675,399</u>	<u>(3,709,698)</u>
EXPENDITURES			
General Expenses:			
Accounting and Accounting Consulting	420,000	310,405	109,595
Auditing	32,000	19,000	13,000
Directors' Fees	6,500	4,414	2,086
District Management	800,000	707,859	92,141
Insurance	180,000	156,131	23,869
Dues And Membership	-	13,738	(13,738)
Legal	500,000	632,393	(132,393)
Licenses And Fees	20,000	-	20,000
Miscellaneous	320,107	180,433	139,674
Repairs And Maintenance	800,000	774,698	25,302
Support Services	120,000	60,593	59,407
System Operations	2,775,000	3,104,972	(329,972)
Utilities	200,000	22,946	177,054
Capital Outlay:			
Capital Outlays	6,000,000	792,148	5,207,852
Engineering And Consulting	540,000	826,216	(286,216)
Debt Service:			
Note Interest - Series 2017	370,725	252,184	118,541
Note Interest - Series 2020	607,834	607,834	-
Note Principal - Series 2017	1,420,000	1,246,524	173,476
Note Principal - Series 2020	3,607,834	682,468	2,925,366
Paying Agent Fees	10,000	1,500	8,500
Total Expenditures	<u>18,730,000</u>	<u>10,396,456</u>	<u>8,333,544</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(3,344,903)	1,278,943	4,623,846
OTHER FINANCING SOURCES (USES)			
Bijou Ag Expenditures	-	(211,464)	(211,464)
Total Other Financing Uses	<u>-</u>	<u>(211,464)</u>	<u>(211,464)</u>
NET CHANGE IN FUND BALANCE	(3,344,903)	1,067,479	4,412,382
Fund Balance - Beginning of Year	<u>11,433,452</u>	<u>10,542,396</u>	<u>(891,056)</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,088,549</u>	<u>\$ 11,609,875</u>	<u>\$ 3,521,326</u>

**UNITED WATER & SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
GENERAL ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2024**

	Actual
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) (BUDGETARY BASIS)	\$ 1,067,479
Add:	
Net Decrease in Interest Payable - Notes And Loans	32,314
Note Principal Payments	1,928,992
Capital Outlays	792,148
Other Operating Revenue	277,859
Deduct:	
ECCV Payment - Phase I	(1,182,617)
Water Certificate Sales Cost	(869,778)
Water Storage Sales Cost	(1,894,785)
Depreciation Expense	(1,906,493)
Other Operating Expense	(271,277)
CHANGE IN NET POSITION	(2,026,158)
Total Net Position - Beginning of Year	113,232,859
TOTAL NET POSITION - END OF YEAR	\$ 111,206,701

**UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
BIJOU ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Operation Charges	\$ -	\$ 60,000	\$ 56,689	\$ (3,311)
Interest Income	30,000	30,000	7,545	(22,455)
Water Sales	2,351,442	2,351,442	2,351,442	-
Water Pumping Revenue	-	65,000	234,618	169,618
Total Revenues	<u>2,381,442</u>	<u>2,506,442</u>	<u>2,650,294</u>	<u>143,852</u>
EXPENDITURES				
General Expenses:				
Accounting And Accounting Consulting	9,000	9,000	1,225	7,775
District Management	-	35,000	41,483	(6,483)
Legal	-	40,000	32,014	7,986
Miscellaneous	4,787	90,787	6,338	84,449
Repairs And Maintenance	2,000	135,000	133,535	1,465
Support Services	-	-	7,316	(7,316)
System Operations	-	-	1,348	(1,348)
Utilities	-	35,000	30,396	4,604
Capital Outlay:				
Engineering And Consulting	-	100,000	71,426	28,574
Debt Service:				
Note Interest - Series 2021A	243,936	243,936	243,936	-
Note Interest - Series 2021B	138,777	138,777	138,777	-
Note Principal - Series 2021A	500,000	500,000	500,000	-
Note Principal - Series 2021B	70,000	70,000	70,000	-
Paying Agent Fees	1,500	2,500	2,500	-
Total Expenditures	<u>970,000</u>	<u>1,400,000</u>	<u>1,280,294</u>	<u>119,706</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,411,442	1,106,442	1,370,000	263,558
OTHER FINANCING SOURCES (USES)				
United Contributions	-	200,000	211,464	11,464
Total Other Financing Sources	<u>-</u>	<u>200,000</u>	<u>211,464</u>	<u>11,464</u>
NET CHANGE IN FUND BALANCE	1,411,442	1,306,442	1,581,464	275,022
Fund Balance - Beginning of Year	<u>1,231,907</u>	<u>1,231,907</u>	<u>1,309,309</u>	<u>77,402</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,643,349</u></u>	<u><u>\$ 2,538,349</u></u>	<u><u>\$ 2,890,773</u></u>	<u><u>\$ 352,424</u></u>

**UNITED WATER & SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
BIJOU ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2024**

	Actual
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) (BUDGETARY BASIS)	\$ 1,581,464
Add:	
Note Principal Payments	570,000
Deduct:	
Net Increase in Interest Payable - Notes And Loans	(42,362)
Net Increase in Interest Payable - Developer Advances	(135,595)
CHANGE IN NET POSITION	1,973,507
Total Net Position - Beginning of Year	(999,754)
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 973,753</u></u>