

**GENESEE WATER AND SANITATION DISTRICT
JEFFERSON COUNTY, COLORADO**

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2022 and 2021

Genesee Water and Sanitation District

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Board of Directors
Genesee Water and Sanitation District
Jefferson County, Colorado

Opinion

We have audited the financial statements of the business-type activities of Genesee Water and Sanitation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Genesee Water and Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Genesee Water and Sanitation District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Genesee Water and Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

Prior-Year Comparative Information

The financial statements of Genesee Water and Sanitation District for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on June 28, 2022. The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2021, from which such summarized information was derived.

Responsibilities of Management for the Financial Statements

Genesee Water and Sanitation District's 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 Genesee Water and Sanitation 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 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 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 Genesee Water and Sanitation 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 Genesee Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position- Budget and Actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 Schedule of Revenues, Expenses and Changes in Net Position- Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
Centennial, Colorado
June 22, 2023

Genesee Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Genesee Water and Sanitation District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of Genesee Water and Sanitation District for the year ended December 31, 2022.

Financial Highlights

- ▯ Net Position increased by \$866,710 (9%) when compared to 2021
- ▯ District Revenues increased by \$817,908 (24%) when compared to 2021
- ▯ District Expenses decreased by \$238,234 (6%) when compared to 2021

Overview of the Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged in business type activities – providing water and sanitation services, through its enterprise.

The *Statements of Net Position* present information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as Net Position. Over time, increases or decreases in the Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information which reflects how the District's Net Position changed during the past year. All changes in the Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the District's cash flows from operating, non-capital financing, capital and investing activities.

These financial statements distinguish between functions of the District that will be principally supported by service charges and property taxes. The functions of the District include effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Genesee Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. Net Position increased \$866,710 from 2021 to 2022. In the case of the District, assets exceeded liabilities and deferred inflows by a total of \$9,571,547, comprised of \$6,677,191 and \$2,894,356 for water and sanitation, respectively.

NET POSITION

	2022			2021		
	Water	Sanitation	Total	Water	Sanitation	Total
ASSETS						
Current assets	\$ 1,583,714	\$ 469,856	\$ 2,053,570	\$ 1,376,327	\$ 278,520	\$ 1,654,847
Capital assets, net	17,049,338	2,810,140	19,859,478	16,388,188	2,988,493	19,376,681
Total Assets	<u>18,633,052</u>	<u>3,279,996</u>	<u>21,913,048</u>	<u>17,764,515</u>	<u>3,267,013</u>	<u>21,031,528</u>
LIABILITIES						
Current liabilities	917,080	78,124	995,204	875,026	43,190	918,216
Long-term liabilities	10,197,702	307,516	10,505,218	10,166,539	402,198	10,568,737
Total Liabilities	<u>11,114,782</u>	<u>385,640</u>	<u>11,500,422</u>	<u>11,041,565</u>	<u>445,388</u>	<u>11,486,953</u>
DEFERRED INFLOWS OF RESOURCES	841,079		841,079	839,738		839,738
NET POSITION						
Net investment in capital assets	6,092,981	2,513,199	8,606,180	5,541,237	2,629,531	8,170,768
Restricted						
Operation and maintenance reserve	279,357	235,230	514,587	278,787	239,858	518,645
Emergency reserve	33,523	28,216	61,739	33,454	28,783	62,237
Unrestricted	271,330	117,711	389,041	29,734	(76,547)	(46,813)
TOTAL NET POSITION	<u>\$ 6,677,191</u>	<u>\$ 2,894,356</u>	<u>\$ 9,571,547</u>	<u>\$ 5,883,212</u>	<u>\$ 2,821,625</u>	<u>\$ 8,704,837</u>

The largest portion of the District's Net Position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities; these other sources are primarily comprised of service charges and property taxes and included in Revenue as shown on the following page.

The District's net investment in capital assets at December 31, 2022 amounts to \$8,606,180 (net of accumulated depreciation). This investment in capital assets includes water rights, operating system and equipment and vehicles. It should be noted that the actual value of the District's water rights portfolio cannot be accurately quantified as the rights have a perpetual life, and generally become increasingly valuable over time. Management holds the opinion that the water rights currently held by the District have a greater value than the acquisition price reflected in the financial statements. The District's net investment in capital assets increased by \$435,412 from 2021 to 2022.

The District's capital assets, net of accumulated depreciation, increased by \$482,797 from 2021 to 2022. The net increase was due to an increase \$661,150 for water and a decrease of \$178,353 for sanitation. Construction in progress is \$1,650,472 for the Reservoir #1 additional capacity project (water) as of December 31, 2022. Additional details about the District's capital assets can be found in Note 4 of this report.

Genesee Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's total long-term obligation is \$11,207,373 as of December 31, 2022, representing a net increase in total long-term obligations of \$1,460 from 2021 to 2022. Of this total, \$786,856 is due within one year, not including interest payments of \$104,609 also due by December 31, 2023. As of December 31, 2022, \$989,359 had been issued, providing proceeds to fund the additional raw water storage capacity project; this project is funded from grant revenue noted below, and from the CWCB loan referred to in Note 5, for a maximum of \$5,555,000. Refer to Note 5 regarding the purpose, terms and covenant summaries for all long-term obligations.

REVENUE, EXPENSES AND CHANGES IN NET POSITION

	<u>2022</u>			<u>2021</u>		
	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
REVENUE						
Operating Revenue	\$ 1,114,146	\$ 1,101,617	\$ 2,215,763	\$ 1,013,368	\$ 932,996	\$ 1,946,364
Nonoperating Revenue	1,768,661	209,579	1,978,240	1,300,565	129,166	1,429,731
Total Revenue	<u>2,882,807</u>	<u>1,311,196</u>	<u>4,194,003</u>	<u>2,313,933</u>	<u>1,062,162</u>	<u>3,376,095</u>
EXPENSES						
Operating, Administrative & General Expenses	1,117,801	940,543	2,058,344	1,115,146	959,432	2,074,578
Depreciation	766,361	285,445	1,051,806	979,243	288,591	1,267,834
Nonoperating Expenses	204,666	12,477	217,143	209,604	13,511	223,115
Total Expenses	<u>2,088,828</u>	<u>1,238,465</u>	<u>3,327,293</u>	<u>2,303,993</u>	<u>1,261,534</u>	<u>3,565,527</u>
CHANGE IN NET POSITION	793,979	72,731	866,710	9,940	(199,372)	(189,432)
Net Position - Beg of Year	5,883,212	2,821,625	8,704,837	5,873,272	3,020,997	8,894,269
Net Position - End of Year	<u>\$ 6,677,191</u>	<u>\$ 2,894,356</u>	<u>\$ 9,571,547</u>	<u>\$ 5,883,212</u>	<u>\$ 2,821,625</u>	<u>\$ 8,704,837</u>

District operating revenue increased by \$269,399 (13%) when compared to 2021, comprised of \$100,778 and \$168,621 for water and sanitation, respectively; most of the operating revenue increase was due to changes in rates, rather than an increase in usage, when compared to 2021. Nonoperating Revenue increased by \$548,509 (38%) when compared to 2021; most of this increase is attributed to increases in property taxes (\$53,641), capital replacement fees (\$172,870), grant revenue (\$296,436) and interest income (\$12,097).

The District received \$821,432 in property taxes, net of fees. The District collected \$620,046 in Capital Replacement Fees, which are budgeted as a source of revenue within the Capital Replacement Fund. See Budgetary Highlights below for additional information about rates and fees. The District received \$450,000 of grant revenue in 2022, from a total award of \$1,384,000 of grant revenue over the course of the capacity expansion project, as described in Note 5. The District has received a total of \$603,564 of the grant as of December 31, 2022. The District continues to monitor and maximize interest earnings with available cash and investments.

District expenses decreased by \$238,234 when compared to 2021, comprised of decreases of \$215,165 and \$23,069 for water and sanitation, respectively. Most of this decrease is due to depreciation expense, which decreased by \$216,028 when compared to 2021. General operations and administrative expenses of the water and sanitation operations, excluding depreciation, decreased by \$16,234 when compared to 2021; this decrease can be attributed to decreases in repairs and maintenance (\$60,531), chemicals and supplies (\$39,266), other expenses (\$22,707), offset by increases in utilities (\$26,062), professional fees (\$33,121) and other expenses. Nonoperating expense decreased by \$5,972 when compared to 2021.

Genesee Water and Sanitation District
MANAGEMENT’S DISCUSSION AND ANALYSIS

Budgetary Highlights

The District prepares each annual budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and non- operating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect “funds available.” Additionally, the budget includes the separation of the Enterprise and Government functions within the District.

In conjunction with long term financial planning and annual budgeting, the District reviews Water and Sewer service fees annually and such rates and fees are presented to the customers of the District in a public meeting. The water and sewer rate increase effective during the year 2022 is summarized as follows:

- Average bi-monthly water service bill (non-irrigating period) by \$12.80 and sanitation by \$18.60
- Average customer’s bi-monthly water and sewer service bill (not including CRF) increased by approximately 15.6%
- The primary purpose of this increase was to improve the balances in the operating reserve fund

Historically, the Budget has been organized into the following four categories for the purpose of grouping and managing sources and uses of funds:

- Government Fund
- Enterprise Fund
- Capital Replacement Fund (CRF)
- Building Authority Fund

The Capital Replacement and the Building Authority Funds are both subsets of the Enterprise Fund. The Enterprise Fund is defined in Note 9. Subject to certain requirements and restrictions, revenue in excess of expenditures may be ‘carried forward’ to future years and set aside for debt service reserves, operating and maintenance reserves, and capital replacement reserves, referred to as the beginning balance.

	Year Ending December 31, 2022		Year Ending December 31, 2023
	Budget	Actual	Budget
Revenue	\$7,675,339	\$5,043,154	\$8,431,537
Expenses	<u>7,655,849</u>	<u>4,657,781</u>	<u>8,009,553</u>
Budget Net	\$ 19,490	\$ 385,373	\$ 421,984

The 2022 Budget was not amended because actual expenses did not exceed budgeted expenses. As of this report date, actual results to compare to the 2023 budget are not available.

Requests for Information

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

Director of Administration
 2310 Bitterroot Lane
 Golden, CO 80401

GENESEE WATER AND SANITATION DISTRICT
Statements of Net Position
December 31, 2022 and 2021

	Water	Sanitation	Totals	
			2022	2021
ASSETS				
Current assets:				
Cash and investments	\$ 208,326	\$ -	\$ 208,326	\$ -
Cash and investments - restricted	279,357	235,230	514,587	518,645
Accounts receivable - service fees	237,750	225,646	463,396	375,229
Property taxes receivable	841,079	--	841,079	850,312
Other current assets	17,202	8,980	26,182	40,203
Total current assets	1,583,714	469,856	2,053,570	1,784,389
Capital assets:				
Capital assets not being depreciated	1,798,035	--	1,798,035	485,628
Capital assets being depreciated, net	15,251,303	2,810,140	18,061,443	18,891,053
Total capital assets	17,049,338	2,810,140	19,859,478	19,376,681
TOTAL ASSETS	\$ 18,633,052	\$ 3,279,996	\$ 21,913,048	\$ 21,161,070
LIABILITIES				
Current liabilities:				
Cash overdraft	\$ -	\$ 17,576	\$ 17,576	\$ 129,542
Accounts payable	70,596	24,775	95,371	60,460
Other accrued liabilities	3,928	3,815	7,743	4,056
Current portion of long-term obligations	756,683	30,173	786,856	840,008
Accrued interest payable	85,873	1,785	87,658	71,872
Total current liabilities	917,080	78,124	995,204	1,105,938
Long-term obligations:				
Long-term obligations	10,153,749	266,768	10,420,517	10,365,905
Compensated benefits	43,953	40,748	84,701	144,652
Total long-term liabilities	10,197,702	307,516	10,505,218	10,510,557
TOTAL LIABILITIES	11,114,782	385,640	11,500,422	11,616,495
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	841,079	--	841,079	839,738
Total deferred inflows of resources	841,079	--	841,079	839,738
NET POSITION				
Net investment in capital assets	6,092,981	2,513,199	8,606,180	8,170,768
Restricted				
Operation and maintenance reserves	279,357	235,230	514,587	518,645
Emergency reserve	33,523	28,216	61,739	62,237
Unrestricted	271,330	117,711	389,041	(46,813)
TOTAL NET POSITION	\$ 6,677,191	\$ 2,894,356	\$ 9,571,547	\$ 8,704,837

The accompanying notes are an integral part of this financial statement.

GENESEE WATER AND SANITATION DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2022 and 2021

	Water	Sanitation	Totals	
			2022	2021
OPERATING REVENUE				
Service fees	\$ 1,114,146	\$ 1,101,617	\$ 2,215,763	\$ 1,946,364
OPERATING EXPENSES				
Salaries and benefits	580,730	559,031	1,139,761	1,136,423
Utilities	175,493	100,819	276,312	250,250
Repairs and maintenance	100,077	81,986	182,063	242,594
Auto and travel	15,757	15,727	31,484	28,584
Chemicals and supplies	31,928	20,213	52,141	91,407
Director's fees	3,400	3,400	6,800	6,700
Ditch assessment	4,828	--	4,828	4,303
Insurance	43,952	43,952	87,904	79,452
Telephone and communications	15,710	13,232	28,942	26,865
Office supplies and expenses	46,673	49,145	95,818	79,859
Testing and analysis	4,759	13,087	17,846	16,016
Election expenses	5,953	5,953	11,906	--
Professional fees	75,438	28,402	103,840	70,719
Miscellaneous	100	--	100	4,947
Dues and publications	2,239	2,343	4,582	14,467
Small tools and equipment	10,764	3,253	14,017	21,992
Depreciation	766,361	285,445	1,051,806	1,267,834
Total operating expenses	1,884,162	1,225,988	3,110,150	3,342,412
OPERATING LOSS	(770,016)	(124,371)	(894,387)	(1,396,048)
NONOPERATING REVENUE AND (EXPENSES)				
Property taxes, net of treasurer fees	821,432	--	821,432	767,791
Specific ownership taxes	57,646	--	57,646	60,081
Capital replacement fees	415,387	204,659	620,046	447,176
Grant revenue	450,000	--	450,000	153,564
Interest income	7,286	4,890	12,176	79
Loss on sale of capital assets	--	--	--	(42,853)
Other revenue	16,910	30	16,940	32,213
Interest expense	(204,666)	(12,477)	(217,143)	(211,441)
Total nonoperating revenues	1,563,995	197,102	1,761,097	1,206,610
CHANGE IN NET POSITION	793,979	72,731	866,710	(189,438)
NET POSITION - BEGINNING OF YEAR	5,883,212	2,821,625	8,704,837	8,894,269
NET POSITION - END OF YEAR	\$ 6,677,191	\$ 2,894,356	\$ 9,571,547	\$ 8,704,831

The accompanying notes are an integral part of this financial statement.

GENESEE WATER AND SANITATION DISTRICT

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	Water	Sanitation	Totals	
			2022	2021
Cash flows from operating activities:				
Cash received from customers	\$ 1,091,691	\$ 1,060,500	\$ 2,152,191	\$ 1,892,740
Cash payments to employees for services	(609,103)	(590,609)	(1,199,712)	(1,136,423)
Cash payments to suppliers for goods and services	(498,962)	(365,237)	(864,199)	(1,053,211)
Net cash provided by operating activities	(16,374)	104,654	88,280	(296,894)
Cash flows from capital and related financing activities				
Net property and specific ownership taxes received	879,078	--	879,078	827,878
Capital replacement fees received	415,387	204,659	620,046	447,176
Grant revenue received	450,000	--	450,000	153,564
Acquisition of capital assets	(1,427,512)	(107,092)	(1,534,604)	(463,698)
Cash received on debt issuance	849,151	--	849,151	140,208
Principal paid on general obligation of debt	(785,669)	(62,021)	(847,690)	(772,301)
Interest paid on general obligation debt	(204,666)	(12,477)	(217,143)	(211,442)
Other revenue	16,910	30	16,940	32,213
Net cash used by capital and related financing activities	192,679	23,099	215,778	153,598
Cash flows from investing activities:				
Investment earnings received	7,286	4,890	12,176	79
Net cash provided by investing activities	7,286	4,890	12,176	79
Net increase (decrease) in cash and investments	183,591	132,643	316,234	(143,217)
Cash, investments and restricted cash beginning of year	304,092	85,011	389,103	532,320
Cash, investments and restricted cash end of year	\$ 487,683	\$ 217,654	\$ 705,337	\$ 389,103
Reconciliation of operating loss to net cash provided (used) by operations:				
Operating Loss	\$ (770,016)	\$ (124,371)	\$ (894,387)	\$ (1,396,048)
Adjustments to reconcile operating loss to cash provided by operating activities:				
Depreciation	766,361	285,445	1,051,806	1,267,834
(Increase) decrease in:				
Receivables	(31,421)	(46,172)	(77,593)	(48,534)
Other current assets	8,966	5,055	14,021	(5,090)
Increase (decrease) in:				
Accounts payable	21,973	12,938	34,911	(134,622)
Other accrued liabilities	887	2,800	3,687	(7,085)
Compensated benefits	(28,373)	(31,578)	(59,951)	30,330
Accrued interest payable	15,249	537	15,786	(3,679)
Net cash provided (used) by operating activities	\$ (16,374)	\$ 104,654	\$ 88,280	\$ (296,894)

The accompanying notes are an integral part of this financial statement.

Note 1: Definition of Reporting Entity

Genesee Water and Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sewage treatment services to the properties within its service area.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based on this definition, the District has determined that the Genesee Water and Sanitation Building Authority (Corporation), a nonprofit corporation organized and existing under the laws of the State of Colorado, is a component unit of the District and has blended the financial information of the Corporation into the District's financial statements.

The District established an Enterprise of the Genesee Water and Sanitation District (Enterprise) by Resolution of the Board of Directors of the District in 1993. The Enterprise was organized as a "Water Activity Enterprise" within the meaning of Title 37, Article 45.1, Part 1, C.R.S. and has been established as and constitutes an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution (see Note 10). The District's Board of Directors serves as the Board of Directors for the Enterprise. The Enterprise is considered a component unit of the District and blended in the District's financial statements. Separate financial statements of the Enterprise are not issued.

The District is not a component unit of any other primary governmental entity.

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.

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.

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

Basis of Accounting - The District's financial statements maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets; and payments on long-term obligations are recorded as reductions in liabilities. Tap fees are recorded as capital contribution revenue when received.

Cash equivalents - For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts - User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital assets - Capital assets include water and sanitation operating systems and equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of \$1,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost.

The District's water rights include those contributed by developers, in addition to those acquired by the District. Contributed water rights are reported at fair value based on an estimated price per acre-foot of water as of the date of the contribution. The cost of water rights includes acquisition cost, legal and engineering fees related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed when incurred.

The District has developed a varied water rights portfolio. These water rights provide a dependable water supply for the District customers. The water rights of the District do not have a definite useful life; therefore, no amortization expense is being recognized on them in accordance with GASB Statement No. 51.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

Operating systems	5 to 49 years
Equipment and vehicles	2 to 10 years

Compensated absences - District employees earn a general leave benefit at the rate of 30 to 42 days per year based on length of service which is to be used for vacations, medical leave and holidays. Employees are generally allowed to accrue up to 70 days of unused general leave days each at the end of each calendar year. Compensated absences are recognized as current salary expense when earned.

Deferred Inflow/Outflow of Resources - In addition to liabilities, the statements of net position 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Net Position - Net position is classified as net position and may be displayed in three components:

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

- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Operating revenues and expenses - The District distinguishes between operating revenues and expenses from non-operating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Property Taxes - Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Contributed capital – Capital contributions are comprised of system development fees, water resource fees and water resource system development fees and are recorded as capital contributions when received. These fees are used by the District to defray the cost of acquiring, constructing or improving capital assets, and are therefore not reported as operating revenue. Contributions to the District by developers are recorded as capital contributions and additions to the systems at the estimated acquisition value when received.

Budgets - In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 total appropriation can only be modified upon completion of notification and publication requirements.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements - GASB Statement No 87 - In June 2017, GASB issued statement No 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets

and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in statement 87 are effective for reporting periods beginning after June 15, 2021. The District implemented GASB Statement No. 87, Leases, in the year ending December 31, 2022. No significant leases were identified, and as such, no changes have been made to the financial statements as a result of implementing this standard.

Note 3: Cash and Investments

Cash and investments are reflected on the December 31, 2022 and 2021 Statements of Net Position as follows:

	Water	Sanitation	2022	2021
Cash and investments	\$ 208,326	\$ -	\$ 208,326	\$ -
Cash and investments – restricted	279,357	235,230	514,587	518,645
Cash overdraft	-	(17,576)	(17,576)	(129,542)
Total cash and investments	<u>\$ 487,683</u>	<u>\$ 217,654</u>	<u>\$ 705,337</u>	<u>\$ 389,103</u>

The District has a cash overdraft of \$17,576 in the Sanitation Fund as a result of funds being restricted for capital reserve requirements. Management plans to monitor spending and increase fees to address this negative cash balance.

Cash and investments as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Deposits with financial institutions	\$ (55,540)	\$ 276,736
Investments	760,877	112,367
Total Cash and Investments	<u>\$ 705,337</u>	<u>\$ 389,103</u>

At December 31, 2022 and 2021, the District's cash deposits had bank balances of \$723,577 and \$320,443, respectively, and carrying balances of \$(55,540) and \$276,736 respectively.

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (POPA) 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. As of December 31, 2022 and 2021, the federal insurance limits were \$250,000. 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.

As of December 31, 2022 and 2021, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

Investments

Credit risk

The District follows Colorado Revised Statutes regarding its investments. Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include local government investment pools.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

<u>Investments:</u>	<u>Fair Value</u>	
	<u>2022</u>	<u>2021</u>
COLOTRUST (at NAV)	\$ 760,877	\$ 112,367

Custodial and concentration of credit risk

The District invests in the Colorado Local Government Liquid Asset Trust (Colostrust or 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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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. Colostrust is rated AAAm by Standard and Poor's. Colostrust records its investments at fair value and the District records its investment in Colostrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest rate risk

The District has a formal investment policy that limits investment maturities to five years from the purchase date as a means of managing its exposure to fair value losses arising from increasing interest rates.

Restricted cash and investments

Restricted cash and investments represent funds available as of December 31, 2022 and 2021 for the operation and maintenance reserve. As of December 31, 2022 and 2021, restricted cash was \$514,587 and \$518,645, respectively.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
<u>Water</u>				
Capital assets, not being depreciated				
Water Rights	\$ 147,563	\$ --	\$ --	\$ 147,563
Construction in Progress	338,065	1,312,407	--	1,650,472
Total capital assets not being depreciated	485,628	1,312,407	--	1,798,035
Capital Assets being Depreciated				
Operating system and Building	32,414,730	98,428	--	32,513,158
Equipment and Vehicles	504,622	17,052	--	521,674
Total capital assets being depreciated	32,919,352	115,480	--	33,034,832
Less accumulated depreciation	17,016,792	(766,737)	--	17,783,529
Total capital assets being depreciated, net	15,902,560	(651,257)	--	15,251,303
Capital Assets, net	\$ 16,388,188	\$ 661,150	\$ --	\$ 17,049,338
<u>Sanitation</u>				
Capital assets being depreciated				
Operating system and building	\$ 13,248,004	\$ 98,437	\$ --	\$ 13,346,441
Equipment and vehicles	536,937	8,280	--	545,217
Total capital assets being depreciated	13,784,941	106,717	--	13,891,658
Less accumulated depreciation	10,796,448	(285,070)	--	11,081,518
Total capital assets being depreciated, net	\$ 2,988,493	\$ (178,353)	\$ --	\$ 2,810,140

Note 5: Long Term Obligations

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Series 2014 GO Loan	\$ 844,000	\$ -	\$ 275,000	\$ 569,000	\$ 281,000
2015 GO Loan - CWRPDA	7,753,782	-	323,648	7,430,133	320,510
2015 Revenue Loan – CWRPDA	1,750,000	-	125,000	1,625,000	125,000
Building mortgage	717,923	-	124,042	593,881	60,346
2021 Revenue Loan – CWCB	140,208	849,151	-	989,359	-
Total Long-Term Obligations	\$ 11,205,913	\$ 849,151	\$ 847,690	\$ 11,207,373	\$ 786,856

Loans payable

\$2,988,000 General Obligation Refunding and Improvement Loan, Series 2014

The loan agreement dated December 12, 2014 with a bank, in the original amount of \$2,988,000, has a fixed interest rate of 2.25%. Interest is payable each June 1 and December 1 each year beginning June 1, 2015. Principal payments of \$275,000 are due each December 1, beginning December 31, 2015 and maturing December 1, 2024. The loan is secured by and payable solely from pledged revenue, net of any costs of collection, inclusive of the Required Mill Levy, as defined in the loan.

General Obligation Loan Agreement, \$9,790,312- Colorado Water Resources and Power Development Authority

The loan agreement dated April 23, 2015 for a total principal amount of \$9,790,312 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of constructing and equipping a new water treatment plant (the Project), having a total estimated cost of \$12,800,000. The Project was completed in 2017. The loan bears interest at 2.17% and payments of principal and interest are due February 1 and August 1 each year through 2034. In addition to principal and interest, the District will pay administrative loan servicing fees totaling \$1,395,113 over the term of the loan. Annual payment amounts for principal, interest, and administrative fees vary from \$477,124 to \$776,640 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

Pursuant to the loan agreement, the District is required to maintain an Operation Maintenance Reserve in an amount equal to three months of operating expenses of the District's water system, excluding depreciation, as set forth in the District's annual budget for the current fiscal year, but not greater than \$1,250,000. If the reserve falls below the required amount, the shortfall is payable in 24 equal monthly installments. As of December 31, 2022 and 2021, the required operating reserve was \$514,587 and \$518,645, respectively. The District is not in violation of this covenant at December 31, 2022 and 2021.

Loan Agreement, \$2,500,000 - Colorado Water Resources and Power Development Authority

The loan agreement dated December 11, 2015 for a total principal amount of \$2,500,000 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of additional financing of the construction and equipping of the new water treatment plant (the Project). The Project was completed in 2017. The loan bears interest at 0% and payments of principal are due May 1 and November 1 each year through 2035. Semi-annual payment amounts for principal are \$62,500 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

The CWRPDA loan agreements also include a rate covenant whereby the District's water and wastewater system net revenue, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the debt service coming due. The following is the District's calculation of the rate covenant for the year ended December 31, 2022:

System revenues:	
Service fees	\$ 2,215,763
Specific ownership taxes	57,646
Capital replacement fees	620,046
Interest income	12,176
Other revenue	16,940
Total system revenues	<u>2,922,571</u>
System operating expenses	<u>3,110,150</u>
Less depreciation	(1,051,806)
Total system operating expenses	<u>2,058,344</u>
Net system revenues	<u>\$ 864,227</u>
Annual debt service payments (less G.O. Debt)	<u>\$ 502,455</u>
Net system revenues / annual debt service payments	<u>172 %</u>

The District's net system revenues were sufficient to meet the rate covenant requirements for the year ended December 31, 2022. The District was out of compliance on this covenant at December 31, 2021.

Loan Agreement, \$5,555,000 - Colorado Water Conservation Board

On May 24, 2021 the District entered into a loan agreement in the amount of \$4,242,000 through the Colorado Water Conservation Board (CWCB). The loan was amended on October 28, 2022 for an amount of \$5,555,000. The loan proceeds will be used to provide additional raw water storage capacity, provide additional drought protection and increase the operational reliability of the District's system. The loan bears interest at 2.50% for a maximum 40- year term, with an anticipated annual loan payment of \$168,195 that will begin one year after the project per above has been completed. The loan is secured by pledged revenues of the District, which include the gross revenue from the enterprise fund, such as service fees and other related fees derived from use of the water system. During 2022 and 2021, the District received \$849,151 and \$140,208 of the loan proceeds, respectively. As of December 31, 2022, the project has not been completed.

The District will be subject to maintain a debt service reserve equal to one-tenth of an annual payment on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan.

On June 1, 2021 the District received a grant in the amount of \$1,384,000 for the project and loan described above. These funds shall be used in a manner consistent with the description of the project as described in both the grant award letter and the loan agreement above. During 2022 and 2021, the District received \$450,000 and \$153,564 of the total grant amount, respectively.

Building Mortgage

The District entered into a Lease Purchase Agreement with the Corporation on April 1, 2012 for the purpose of financing the construction of a new garage, maintenance, and office facility. The District has issued a Direct Purchase Lease Revenue Bond to a bank, and from the proceeds made a construction loan to the Corporation, to a maximum of \$1,200,000, as part of the lease agreement. The lease is payable in monthly installments of \$6,971, after all construction loan draws are executed, through December 1, 2027, at which time a final payment of \$391,882 is due to the bank. The loan bears interest at 3.61%. The Corporation has

agreed to use the proceeds from the lease to repay the bond principal and interest to the bank. The loan may be prepaid in full with the following prepayment premiums added to the lease balance:

Months 1-12	3%
Months 12-24	2%
Months 25-36	1%
Month 37 to maturity	0%

The District is subject to a debt-service coverage ratio covenant for the capital lease on the building. The District is not in violation of this covenant at December 31, 2022 and 2021.

Debt maturities

Debt maturities for the next five years and to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 786,856	\$ 104,609	\$ 891,465
2024	797,755	95,876	893,631
2025	808,755	86,783	895,538
2026	813,072	79,116	892,188
2027	1,094,836	59,461	1,154,297
2028-2032	4,043,612	176,100	4,219,712
2033-2035	1,873,128	21,000	1,894,128
	<u>\$ 10,218,014</u>	<u>\$ 622,945</u>	<u>\$ 10,840,959</u>

The outstanding balance of \$989,359 from the 2021 CWCB loan is excluded from the maturity table as payments do not begin until the project is complete.

Debt authorization

At December 31, 2022, the District had no authorized but unissued indebtedness.

Note 6: District Employees' Retirement Plan

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants immediately upon employment. Under this plan, ten percent of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of ten percent from the District. The District's contributions, plus earnings, related to employees of the District in place as of April 28, 2009, are 100% vested. As to employees hired after April 28, 2009, the District's contributions, plus earnings, vest according to the following schedule:

By the end of the 1st year:	0%
By the end of the 2nd year:	25%
By the end of the 3rd year:	50%
By the end of the 4th year:	75%
By the end of the 5th year:	100%

Plan provisions and contribution requirements are established and may be amended by CCOERA and would have to be approved by the District's Board of Directors.

There is no liability for benefits under the plan beyond the District's matching payments. Both the District and the participating employees made the required ten percent contributions for 2022 and 2021, amounting to \$82,820 and \$83,119, respectively.

Note 7: Deferred Compensation Plan

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The District contributes 2% of eligible employees' salaries to the plan of each employee's choice. One plan is sponsored by CCOERA and the other is sponsored by Nationwide Retirement Solutions. Participation in the plans is optional for all employees. The plans allow the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. The contributions totaled \$17,440 and \$16,613 for the years ended December 31, 2022 and 2021, respectively.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self-insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members. The District has not had losses of a material amount in any of the preceding three years.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceeds amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

Note 9: 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 Board of Directors has adopted a resolution establishing an enterprise to operate its water and sanitation activities. The District's management believes its water and sanitation operations qualify for this exclusion.

TABOR requires local governments (not including enterprises) to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). The District established an emergency reserve of \$61,739 and \$62,237 as of December 31, 2022 and 2021, respectively.

The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and has been, and will continue to be, 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 further judicial interpretation.

Note 10: Subsequent Events

The District's management has evaluated subsequent events through the date these financial statements were available to be issued.

Supplementary Information

GENESEE WATER AND SANITATION DISTRICT
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual
For the year ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUE			
Service fees	\$ 2,240,548	\$ 2,215,763	\$ (24,785)
OPERATING EXPENSES			
Salaries and benefits	1,169,658	1,139,761	29,897
Utilities	286,731	276,312	10,419
Repairs and maintenance	237,580	182,063	55,517
Auto and travel	25,400	31,484	(6,084)
Chemicals and supplies	104,775	52,141	52,634
Director's fees	7,102	6,800	302
Ditch assessment	4,736	4,828	(92)
Insurance	87,904	87,904	--
Telephone and communications	31,850	28,942	2,908
Office supplies and expenses	90,805	95,818	(5,013)
Testing and analysis	22,390	17,846	4,544
Election expenses	8,000	11,906	(3,906)
Professional fees	56,850	103,840	(46,990)
Miscellaneous	51,500	100	51,400
Dues and publications	5,210	4,582	628
Small tools and equipment	21,310	14,017	7,293
Administrative services and costs	68,000	--	68,000
Total operating expenses	2,279,801	2,058,344	221,457
NONOPERATING REVENUE			
Property taxes, net of treasurer fees	827,913	821,432	(6,481)
Specific ownership taxes	68,000	57,646	(10,354)
Capital replacement fees	619,657	620,046	389
Grant revenue	1,201,264	450,000	(751,264)
Loan proceeds	2,717,792	849,151	(1,868,641)
Interest income	165	12,176	12,011
Other revenue	-	16,940	16,940
Total nonoperating revenues	5,434,791	2,827,391	(2,607,400)
NONOPERATING EXPENSES			
Capital outlay	4,280,056	1,534,604	2,745,452
Loan payment	894,117	847,690	46,427
Interest expense	201,875	217,143	15,268
Total nonoperating expenses	5,376,048	2,599,437	2,807,147
Net income - budgetary basis	\$ 19,490	\$ 385,373	\$ (5,660,789)
Adjustments to US GAAP basis:			
Loan proceeds		(849,151)	
Loan principal		847,690	
Capital outlay		1,534,604	
Depreciation expense		(1,051,806)	
Total adjustments to US GAAP basis		481,337	
Net income - US GAAP basis		866,710	
Net position, beginning of year		8,704,837	
Net position, end of year		\$ 9,571,547	

Other Information

GENESEE WATER AND SANITATION DISTRICT
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2022

<u>Year Ended December 31,</u>	<u>for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2018	\$ 79,248,787	12.918	\$ 1,023,735	\$ 1,011,750	99%
2019	78,224,605	9.916	775,675	774,192	100%
2020	83,576,875	9.932	784,954	782,926	100%
2021	83,631,570	9.393	785,551	779,471	99%
2022	89,400,377	9.393	839,738	833,947	99%
Estimated for the year ending December 31, 2023	\$ 86,718,131.00	9.699	\$ 841,107		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.