

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT**

December 31, 2024 and 2023

Genesee Water and Sanitation District

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INDEPENDENT AUDITOR'S REPORT

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 opinion.

Other Matter - Prior-Year Comparative Information

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, 2023, from which such summarized information was derived.

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 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. 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 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.

Other Information

The Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected has 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 23, 2025

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, 2024.

Financial Highlights

- ▯ Net Position increased by \$687,562 (6%) when compared to 2023
- ▯ District Revenues decreased by \$631,393 (-13%) when compared to 2023
- ▯ District Expenses increased by \$171,932 (5%) when compared to 2023

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

Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. Net Position increased \$687,562 from 2023 to 2024. In the case of the District, assets exceeded liabilities and deferred inflows by a total of \$11,749,996, comprised of \$8,389,642 and \$3,360,354 for water and sanitation, respectively.

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 may still be 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, 2024 is \$8,992,082, which decreased by \$122,519 from 2023 to 2024. This investment in capital assets includes the complete operating system including reservoirs, as well as buildings, equipment, vehicles, and water rights. 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 capital assets, net of accumulated depreciation, decreased by \$301,495 from 2023 to 2024. The net increase was due to a decrease of \$110,894 for water and a decrease of \$190,601 for sanitation. The Reservoir #1 additional water capacity project completed during 2024 and was removed from Construction in Progress balance. Additional details about the District's capital assets can be found in Note 4 of this report.

	Statement of Net Position Fiscal Year Ended December 31, 2024			Statement of Net Position Fiscal Year Ending December 31, 2023		
	Water	Sanitation	Total	Water	Sanitation	Total
ASSETS						
Current assets						
Cash, restricted cash and investments	\$ 1,580,529	\$ 1,002,952	\$ 2,583,481	\$ 635,114	\$ 701,506	\$ 1,336,620
Accounts receivable - service fees	238,185	239,659	477,844	249,607	243,373	492,980
Property taxes receivable	837,963	-	837,963	835,788	-	835,788
Other	10,541	8,630	19,171	401,834	8,630	410,464
Total current assets	2,667,218	1,251,241	3,918,459	2,122,343	953,509	3,075,852
Capital assets, net of depreciation	20,313,014	2,429,362	22,742,376	20,423,908	2,619,963	23,043,871
Total Assets	22,980,232	3,680,603	26,660,835	22,546,251	3,573,472	26,119,723
LIABILITIES						
Current liabilities						
Accounts payable	32,501	29,166	61,667	43,506	19,302	62,808
Retainage payable	-	-	-	226,451	-	226,451
Other accrued liabilities	3,925	3,815	7,740	51,339	48,613	99,952
Current portion of L-T liabilities	852,296	32,460	884,756	766,489	31,265	797,754
Accrued Interest Payable	136,951	812	137,763	127,770	1,692	129,462
Total current liabilities	1,025,673	66,253	1,091,926	1,215,555	100,872	1,316,427
Long-term obligations (incl def comp)	12,726,954	253,996	12,980,950	12,670,913	234,152	12,905,065
Total Liabilities	13,752,627	320,249	14,072,876	13,886,468	335,024	14,221,492
DEFERRED INFLOWS OF RESOURCES	837,963	-	837,963	835,788	-	835,788
Total Liabilities including Deferred	14,590,590	320,249	14,910,839	14,722,256	335,024	15,057,280
NET POSITION						
Net investment in capital assets	6,795,355	2,196,727	8,992,082	6,760,055	2,354,546	9,114,601
Restricted						
Debt payment reserve	143,029	-	143,029	96,889	-	96,889
Emergency reserve	35,675	31,246	66,921	34,330	27,995	62,325
Unrestricted	1,415,583	1,132,381	2,547,964	932,722	855,897	1,788,619
TOTAL NET POSITION	\$ 8,389,642	\$ 3,360,354	\$ 11,749,996	\$ 7,823,996	\$ 3,238,438	\$ 11,062,434

Genesee Water and Sanitation District

The District's total long-term debt obligation is \$13,750,294 as of December 31, 2024, representing a net increase in total long-term debt obligations of \$47,415 from 2023 to 2024. Of this total, \$884,756 is due within one year. Regarding the CWCB Revenue Loan referred to in Note 5, a balance of \$5,122,627 was issued as of December 31, 2024 (maximum of \$5,555,000), providing proceeds to fund the now completed additional raw water storage capacity project. Refer to Note 5 regarding the purpose, terms and covenant summaries for prior and all long-term obligations.

As noted earlier, the District's Revenues decreased by \$631,393 and Expenses increased by \$171,932 when compared to 2023.

District operating revenue increased by \$59,062 when compared to 2023, comprised of \$56,753 and \$2,309 for water and sanitation, respectively. Nonoperating Revenue decreased by \$690,455 when compared to 2023; most of this decrease is attributed to decreases in grant revenue, decreases in property taxes and specific ownership taxes, and decreases due to gain(s) on the sales of asset(s).

The District collected \$819,425 in property taxes, net of fees, and specific ownership taxes of \$54,191. The District received \$619,632 in Capital Replacement Fees, which are budgeted as a source of revenue within the Capital Replacement Fund. During the year, the District earned interest income of \$114,556 from available cash and investments.

The District received \$138,400 of grant revenue in 2024, from a total award of \$1,384,000 of grant revenue for the now completed raw water capacity expansion project. Gain from sales of assets during 2024 amounted to \$3,201.

District expenses increased by \$171,932 when compared to 2023, comprised of an increase of \$59,717 for water and \$112,215 for sanitation. Most of this increase is due to increases in salaries and benefits, utilities and communications, chemicals and supplies, repairs and maintenance, insurance and depreciation expense. Professional fees, office expenses and interest expense decreased when compared to 2023. Nonoperating expenses decreased by \$43,780 when compared to 2023.

Genesee Water and Sanitation District

Statement(s) of Revenues, Expenses, and Change in Net Position (Statement of Activities)

	Fiscal Year Ended December 31, 2024			Fiscal Year Ending December 31, 2023		
	Water	Sanitation	Total	Water	Sanitation	Total
REVENUE						
Operating Revenue (Service fees)	\$ 1,257,478	\$ 1,250,882	\$ 2,508,360	\$ 1,200,725	\$ 1,248,573	\$ 2,449,298
Nonoperating Revenue						
Property taxes, net of fees	819,425		819,425	827,856	-	827,856
Specific ownership taxes	54,191	-	54,191	60,173		60,173
Capital replacement fees	415,094	204,538	619,632	415,141	204,582	619,723
Grant revenue	\$ 138,400		138,400	642,036	-	642,036
Interest income and other revenue	138,307	\$ 14,964	153,271	198,406	127,180	325,586
Total nonoperating revenue	1,565,417	219,502	1,784,919	2,143,612	331,762	2,475,374
Total Revenue	2,822,895	1,470,384	4,293,279	3,344,337	1,580,335	4,924,672
EXPENSES						
Operating Expenses						
Salaries and benefits	622,167	605,768	1,227,935	566,980	534,171	1,101,151
Utilities and communications	194,037	129,750	323,787	181,578	114,960	296,538
Chemicals, Supplies, R&M, Vehicles	217,917	178,604	396,521	201,951	150,504	352,455
Insurance, Professional fees, office	155,036	128,991	284,027	193,811	133,545	327,356
Depreciation Expense	887,175	297,303	1,184,478	830,668	292,868	1,123,536
Total operating expenses	2,076,332	1,340,416	3,416,748	1,974,988	1,226,048	3,201,036
Emergency Reserve 3%	35,675	31,246	66,921			
Nonoperating Expenses						
Interest expense and other	180,917	8,052	188,969	222,544	10,205	232,749
Total Expenses	2,257,249	1,348,468	3,605,717	2,197,532	1,236,253	3,433,785
CHANGE IN NET POSITION	565,646	121,916	687,562	1,146,805	344,082	1,490,887
Net Position - Beginning of Year	7,823,996	3,238,438	11,062,434	6,677,191	2,894,356	9,571,547
Net Position - End of Period or Year	\$ 8,389,642	\$ 3,360,354	\$ 11,749,996	\$ 7,823,996	\$ 3,238,438	\$ 11,062,434
Reconcile to Budgetary Presentation:						
CHANGE IN NET POSITION			687,562			1,490,887
Add Loan Proceeds Received			848,262	-		3,285,004
Deduct Loan Principal Payments			(800,788)			(789,558)
Deduct Capital Outlay			(887,725)			(4,308,859)
Add Depreciation Expense			1,184,478			1,123,536
Rounding/Other Timing Adjustments			2			-
Total adjustments (GAAP to Budget):			344,229			(689,877)
Net Income - budgetary basis			\$ 1,031,791			\$ 801,010

Differences between the Change in Net Position and the Budgetary Net Income are shown in the reconciliation above. Net Income on a budgetary basis is \$1,031,791 as of December 31, 2024, compared to \$801,010 in the prior year of 2023. See Budgetary Highlights below for additional information regarding budgetary and fund balances.

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, debt repayments, and capital outlay, in addition to operating and non-operating revenue and expenses. Furthermore, depreciation expenses and capital contributions of facilities, if any, are not reflected on the budget since they do not affect "funds available." Additionally, the budget separates the Enterprise and Government functions that occur within the District.

In conjunction with long term financial planning and annual budgeting, the District's Management and Board reviews Water and Sewer service fees at least annually. Proposed changes to rates and fees, including the capital replacement fees, if any, are provided to the customers of the District in a public meeting. Due to the nature of substantial capital investments and the long-term deterioration of capital assets, it is essential that the District does not overlook relatively short-term budgetary goals at the expense of long-term capital improvement and replacement objectives.

Budget, Final Budget, and Actual details are provided in the Supplementary Information on page 23. The table below shows a high-level summary for comparative purposes for 2025, 2024, and 2023.

Genesee Water and Sanitation District

	12/31/2025		12/31/2024		12/31/2023	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenue	4,242,246	<i>not available</i>	5,037,534	5,141,541	8,256,855	8,208,746
Expenses	4,479,749		4,343,693	4,109,750	7,834,871	7,407,736
Net Income - budgetary basis	(237,503)		693,841	1,031,791	421,984	801,010

The Actual Net Income was greater than Budgeted primarily due to Operating Expenses, Nonoperating Revenues, and Capital Outlay (each of these categories having a positive variance when comparing Actual to the Final Budget in each category).

Historically, the budget has been organized into the following four categories for the purpose of grouping and tracking sources and uses of funds. Subject to certain requirements and restrictions, revenue that exceed expenditures in any one year may be 'carried forward' to future years and set aside as "reserves" such as debt service reserves, operating and maintenance reserves, and capital replacement reserves. Such budgetary "carry forward" balances are referred to as the beginning fund balance, and as such do not stand for actual cash balances.

These budgetary Funds are listed below:

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

The purpose of tracking the uses and sources of funds by fund balance is to aid with the timing of cash flows within one or future budgetary years, and to track the relative increases and decreases in each fund for periods greater than one budget year.

The Government Fund holds the property tax revenue and is the source for the General Obligation (GO) Bonds payments for each budget year. As approved within the Budget and allowed by the voter approved taxes and purposes, this Fund includes a reserve component.

The Capital Replacement and the Building Authority Funds are both subsets of the Enterprise Fund. The Enterprise Fund is defined in Note 9. The table below shows actual results in a budgetary format for comparative purposes for 2024, 2023, 2022, and 2021 as well as the changes in fund balance and allocation to these Funds on a budgetary basis.

Genesee Water and Sanitation District

Schedule of Revenues, Expenses and Changes in Net Position With Fund Balances

	Actual - Fiscal Year Ending			
	12/31/2024	12/31/2023	12/31/2022	12/31/2021
REVENUE				
Operating Revenue (Service fees)	\$ 2,508,360	\$ 2,449,298	\$ 2,215,763	\$ 1,978,656
Nonoperating Revenue				
Property taxes, net of fees	819,425	827,856	821,432	779,471
Specific ownership taxes	54,191	60,173	57,646	60,081
Capital replacement fees	619,632	619,723	620,046	447,176
Grant revenue	138,400	642,036	450,000	153,564
Loan proceeds	848,262	3,285,004	849,151	140,208
Interest income and other revenue	153,271	324,656	29,116	-
Total nonoperating revenue	2,633,181	5,759,448	2,827,391	1,580,500
Total Revenue	5,141,541	8,208,746	5,043,154	3,559,156
EXPENSES				
Operating Expenses				
Salaries and benefits	1,227,935	1,101,151	1,139,761	1,159,994
Utilities and communications	323,787	296,538	305,254	277,115
Chemicals, Supplies, R&M, Vehicles	396,521	352,455	297,551	316,941
Insurance, Professional fees, office	284,027	327,356	315,778	320,528
Total operating expenses	2,232,270	2,077,500	2,058,344	2,074,578
Nonoperating Expenses				
Loan Principal Payments	800,788	789,558	847,690	900,090
Capital Outlay	887,725	4,308,859	1,534,604	521,442
Interest expense and other	188,967	231,819	217,143	95,326
Total nonoperating expenses	1,877,480	5,330,236	2,599,437	1,516,858
Total Expenses and Capital Outlay	4,109,750	7,407,736	4,657,781	3,591,436
NET INCOME - budgetary basis	1,031,791	801,010	385,373	(32,280)
Funds Available - Beginning of Year	1,842,204	1,041,194	655,821	688,101
Funds Available - End of Year	2,873,995	1,842,204	1,041,194	655,821
Allocation by Fund - End of Year				
Government Fund	143,029	96,889	39,426	(9,065)
Enterprise Fund	785,222	546,705	166,273	51,510
Capital Replacement Fund	1,867,276	1,120,142	835,495	613,376
Building Authority Fund	78,468	78,468	-	-
	2,873,995	1,842,204	1,041,194	655,821

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 other 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, 2024 and 2023

			Totals	
	Water	Sanitation	2024	2023
ASSETS				
Current assets:				
Cash and investments	\$ 1,437,470	\$ 1,002,952	\$ 2,440,422	\$ 1,212,084
Cash and investments - restricted	143,029	-	143,029	124,536
Accounts receivable - service fees	238,185	239,659	477,844	492,980
Other receivables	30	--	30	390,160
Property taxes receivable	837,963	--	837,963	835,788
Other current assets	10,541	8,630	19,171	20,304
Total current assets	2,667,218	1,251,241	3,918,459	3,075,852
Capital assets:				
Capital assets not being depreciated	165,204	--	165,204	5,950,474
Capital assets being depreciated, net	20,147,810	2,429,362	22,577,172	17,093,397
Total capital assets	20,313,014	2,429,362	22,742,376	23,043,871
TOTAL ASSETS	22,980,232	3,680,603	26,660,835	26,119,723
LIABILITIES				
Current liabilities:				
Accounts payable	32,501	29,166	61,667	289,259
Other accrued liabilities	3,925	3,815	7,740	7,727
Current portion of long-term obligations	852,296	32,460	884,756	797,754
Accrued interest payable	136,951	812	137,763	129,462
Total current liabilities	1,025,673	66,253	1,091,926	1,224,202
Long-term obligations:				
Long-term obligations	12,665,363	200,175	12,865,538	12,905,065
Compensated benefits	61,591	53,821	115,412	92,234
Total long-term liabilities	12,726,954	253,996	12,980,950	12,997,299
TOTAL LIABILITIES	13,752,627	320,249	14,072,876	14,221,501
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	837,963	--	837,963	835,788
Total deferred inflows of resources	837,963	--	837,963	835,788
NET POSITION				
Net investment in capital assets	6,795,355	2,196,727	8,992,082	9,114,601
Restricted				
Debt payment reserve	143,029	--	143,029	124,536
Emergency reserve	35,675	31,246	66,921	62,325
Unrestricted	1,415,583	1,132,381	2,547,964	1,760,972
TOTAL NET POSITION	\$ 8,389,642	\$ 3,360,354	\$ 11,749,996	\$ 11,062,434

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, 2024 and 2023

			Totals	
	Water	Sanitation	2024	2023
OPERATING REVENUE				
Service fees	\$ 1,257,478	\$ 1,250,882	\$ 2,508,360	\$ 2,449,298
OPERATING EXPENSES				
Salaries and benefits	622,167	605,768	1,227,935	1,101,151
Utilities	176,503	109,430	285,933	265,652
Repairs and maintenance	140,804	96,215	237,019	230,521
Auto and travel	19,175	19,438	38,613	27,873
Chemicals and supplies	37,320	44,045	81,365	59,614
Director's fees	3,600	3,600	7,200	5,900
Ditch assessment	6,206	--	6,206	5,278
Insurance	53,453	53,453	106,906	93,882
Telephone and communications	17,534	16,374	33,908	30,886
Office supplies and expenses	64,479	66,449	130,928	102,767
Testing and analysis	7,734	10,367	18,101	19,179
Election expenses	--	--	--	7,834
Professional fees	33,301	8,783	42,084	107,116
Miscellaneous	38	38	76	649
Dues and publications	2,735	5,110	7,845	3,930
Small tools and equipment	4,108	4,043	8,151	15,268
Depreciation	887,175	297,303	1,184,478	1,123,536
Total operating expenses	2,076,332	1,340,416	3,416,748	3,201,036
OPERATING LOSS	(818,854)	(89,534)	(908,388)	(751,738)
NONOPERATING REVENUE AND (EXPENSES)				
Property taxes, net of treasurer fees	819,425	--	819,425	827,856
Specific ownership taxes	54,191	--	54,191	60,173
Capital replacement fees	415,094	204,538	619,632	619,723
Grant revenue	138,400	--	138,400	642,036
Interest income	114,556	--	114,556	63,285
Loss/gain on sale of capital assets	4,950	(1,749)	3,201	(930)
Other revenue	18,801	16,713	35,514	262,301
Interest expense	(180,917)	(8,052)	(188,969)	(231,819)
Total nonoperating revenues	1,384,500	211,450	1,595,950	2,242,625
CHANGE IN NET POSITION	565,646	121,916	687,562	1,490,887
NET POSITION - BEGINNING OF YEAR	7,823,996	3,238,438	11,062,434	9,571,547
NET POSITION - END OF YEAR	\$ 8,389,642	\$ 3,360,354	\$ 11,749,996	\$ 11,062,434

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, 2024 and 2023

			Totals	
	Water	Sanitation	2024	2023
Cash flows from operating activities:				
Cash received from customers	\$ 1,660,163	\$ 1,254,596	\$ 2,914,759	\$ 2,035,432
Cash payments to employees for services	(608,000)	(596,757)	(1,204,757)	(1,093,618)
Cash payments to suppliers for goods and services	(800,204)	(426,610)	(1,226,814)	(739,743)
Net cash provided by operating activities	251,959	231,229	483,188	202,071
Cash flows from capital and related financing activities				
Net property and specific ownership taxes received	873,616	--	873,616	888,029
Capital replacement fees received	415,094	204,538	619,632	619,723
Grant revenue received	138,400	--	138,400	642,036
Acquisition of capital assets	(776,281)	(111,444)	(887,725)	(4,308,859)
Cash received on sale of capital assets	4,948	2,994	7,942	--
Cash received on debt issuance	848,264	--	848,264	3,285,004
Principal paid on general obligation of debt	(768,005)	(32,783)	(800,788)	(789,558)
Interest paid on general obligation debt	(180,917)	(8,052)	(188,969)	(231,819)
Other revenue	23,751	14,964	38,715	261,371
Net cash provided by capital and related financing activities	578,870	70,217	649,087	365,927
Cash flows from investing activities:				
Investment earnings received	114,556	--	114,556	63,285
Net cash provided by investing activities	114,556	--	114,556	63,285
Net increase in cash and investments	945,385	301,446	1,246,831	631,283
Cash, investments and restricted cash beginning of year	635,114	701,506	1,336,620	705,337
Cash, investments and restricted cash end of year	\$ 1,580,499	\$ 1,002,952	\$ 2,583,451	\$ 1,336,620
Reconciliation of operating loss to net cash provided (used) by operations:				
Operating (loss) income	\$ (818,854)	\$ (89,534)	\$ (908,388)	\$ (751,738)
Adjustments to reconcile operating loss to cash provided by operating activities:				
Depreciation	887,175	297,303	1,184,478	1,123,536
Loss (gain) on sale of capital assets	(4,950)	1,749	(3,201)	930
(Increase) decrease in:				
Receivables	401,552	3,714	405,266	(419,744)
Other current assets	1,133	-	1,133	5,878
Increase (decrease) in:				
Accounts payable	(237,456)	9,864	(227,592)	193,888
Other accrued liabilities	13	-	13	(16)
Compensated benefits	14,167	9,011	23,178	7,533
Accrued interest payable	9,179	(878)	8,301	41,804
Net cash provided by operating activities	\$ 251,959	\$ 231,229	\$ 483,188	\$ 202,071

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

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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

Leases and Subscription-Based IT Arrangements - Under GASB 87 and 96, the District recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

Compensated absences - District employees earn a general leave benefit at the rate of 23 to 35 days per year based on length of service which is to be used for general leave. 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.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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 Adopted Accounting Guidance – GASB 101 In June 2022, the GASB issued guidance (GASB 101). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The District adopted the standard effective January 1, 2024. The impact of the adoption was not considered material to the financial statements.

Note 3: Cash and Investments

Cash and investments are reflected on the December 31, 2024 and 2023 Statements of Net Position as follows:

	Water	Sanitation	2024	2023
Cash and investments	\$ 1,437,470	\$ 1,002,952	\$ 2,440,422	\$ 1,212,084
Cash and investments – restricted	143,029	-	143,029	124,536
Total cash and investments	\$ 1,580,499	\$ 1,002,952	\$ 2,583,451	\$ 1,336,620

Cash and investments as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Deposits with financial institutions	\$ 41,014	\$ (392,662)
Investments	2,542,437	1,729,282
Total Cash and Investments	\$ 2,583,451	\$ 1,336,620

At December 31, 2024 and 2023, the District's cash deposits had bank balances of \$70,851 and \$102,840, respectively, and carrying balances of \$41,014 and \$(392,662), respectively.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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. As of December 31, 2024 and 2023, 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, 2024 and 2023, 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>2024</u>	<u>2023</u>
COLOTRUST (at NAV)	\$ 2,542,437	\$ 1,729,282

Custodial and concentration of credit risk

The District invests in the Colorado Local Government Liquid Asset Trust (Colotrust 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. Colotrust is rated AAAm by Standard and Poor's. Colotrust records its investments at fair value and the District records its investment in Colotrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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, 2024 and 2023 for the repayment of GO debt.

Note 4: Capital Assets

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

	Balance at December 31, 2023	Increases	Decreases	Reclassifications	Balance at December 31, 2024
<u>Water</u>					
Capital assets, not being depreciated					
Water Rights	\$ 147,563	\$ --	\$ --	\$ --	\$ 147,563
Construction in Progress	5,802,911	509,421	--	(6,294,691)	17,641
Total capital assets not being depreciated	5,950,474	509,421	--	(6,294,691)	165,204
Capital assets being depreciated					
Operating system and Building	32,514,763	189,877	--	6,304,218	39,008,858
Equipment and Vehicles	564,647	76,983	(64,374)	(9,527)	567,729
Total capital assets being depreciated	33,079,410	266,860	(64,374)	6,294,691	39,576,587
Less accumulated depreciation	(18,605,976)	(887,175)	64,374	--	(19,428,777)
Total capital assets being depreciated, net	14,473,434	(620,315)	--	6,294,691	20,147,810
Total capital assets, net	\$ 20,423,908	\$ (110,894)	\$ --	\$ --	\$ 20,313,014
<u>Sanitation</u>					
Capital assets being depreciated					
Operating system and building	\$ 3,423,459	\$ 60,698	\$ --	\$ (5,010)	\$ 13,479,147
Equipment and vehicles	570,890	50,747	(44,327)	5,010	582,320
Total capital assets being depreciated	13,994,349	111,445	(44,327)	--	14,061,467
Less accumulated depreciation	(11,374,386)	(297,303)	39,585	--	(11,632,105)
Total capital assets being depreciated, net	\$ 2,619,963	\$ (185,758)	\$ (4,742)	--	\$ 2,429,362

GENESEE WATER AND SANITATION DISTRICT
Notes to the Financial Statements
December 31, 2024

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, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Series 2014 GO Loan	\$ 288,000	\$ -	\$ 288,000	\$ -	\$ -
2015 GO Loan - CWRPDA	7,109,622	-	322,225	6,787,397	618,836
2015 Revenue Loan – CWRPDA	1,500,000	-	125,000	1,375,000	125,000
Building mortgage	530,834	-	65,564	465,270	64,920
2021 Revenue Loan – CWCB	4,274,363	848,264	-	5,122,627	76,000
Total Long-Term Obligations	<u>\$ 13,702,819</u>	<u>\$ 848,264</u>	<u>\$ 800,789</u>	<u>\$ 13,750,294</u>	<u>\$ 884,756</u>

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.

2015 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, 2024 and 2023, the required operating reserve was \$557,673 and \$519,179, respectively. The reserve is considered a component of unrestricted net position. The District is not in violation of this covenant at December 31, 2024 and 2023.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

2015 Revenue 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, 2024:

System revenues:	
Service fees	\$ 2,508,360
Specific ownership taxes	54,191
Capital replacement fees	619,932
Interest income	114,556
Other revenue	35,514
Total system revenues	<u>3,332,253</u>
System operating expenses	3,415,172
Less depreciation	(1,184,478)
Net system operating expenses	<u>2,230,694</u>
Net system revenues	<u>\$ 1,101,559</u>
Annual debt service payments (less G.O. Debt)	\$ 412,718
Net system revenues / annual debt service payments	267 %

The District's net system revenues were sufficient to meet the rate covenant requirements for the years ended December 31, 2024 and 2023.

2021 Revenue 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 were 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 2024 and 2023, the District received \$848,262 and \$3,285,004 of the loan proceeds, respectively. As of December 31, 2024, the project has 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.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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 2024 and 2023, the District received \$138,400 and \$642,036 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, 2024 and 2023.

Debt maturities

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

Year Ended December 31,	Principal	Interest	Total
2025	884,756	214,849	1,099,605
2026	890,972	205,282	1,096,254
2027	1,168,950	183,679	1,352,629
2028	856,556	170,672	1,027,228
2029	873,952	162,176	1,036,128
2030-2034	4,678,945	675,002	5,353,947
2035-2039	636,373	508,958	1,145,331
2040-2044	578,571	441,759	1,020,330
2045-2049	654,600	365,730	1,020,330
2050-2054	740,620	279,711	1,020,331
2055-2059	837,943	182,387	1,020,330
2060-2064	948,056	72,274	1,020,330
	<u>\$ 13,750,294</u>	<u>\$ 3,462,479</u>	<u>\$ 17,212,773</u>

Debt authorization

At December 31, 2024, the District had no authorized but unissued indebtedness.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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 2024 and 2023, amounting to \$75,390 and \$80,809, 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 \$17,306 and \$15,939 for the years ended December 31, 2024 and 2023, 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.

GENESEE WATER AND SANITATION DISTRICT

Notes to the Financial Statements

December 31, 2024

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 \$66,921 and \$62,325 as of December 31, 2024 and 2023, 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, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUE				
Service fees	\$ 2,524,120	\$ 2,524,120	\$ 2,508,360	\$ (15,760)
OPERATING EXPENSES				
Salaries and benefits	1,213,792	1,213,792	1,227,935	(14,143)
Utilities	290,487	290,487	285,933	4,554
Repairs and maintenance	292,083	292,083	237,019	55,064
Auto and travel	33,020	33,020	38,613	(5,593)
Chemicals and supplies	101,160	101,160	81,365	19,795
Director's fees	7,000	7,000	7,200	(200)
Ditch assessment	5,800	5,800	6,206	(406)
Insurance	99,000	99,000	106,906	(7,906)
Telephone and communications	30,707	30,707	33,908	(3,201)
Office supplies and expenses	115,653	115,653	130,928	(15,275)
Testing and analysis	17,573	17,573	18,101	(528)
Professional fees	92,000	92,000	42,084	49,916
Miscellaneous	50,950	50,950	76	50,874
Dues and publications	4,850	4,850	7,845	(2,995)
Small tools and equipment	21,212	21,212	8,151	13,061
Total operating expenses	<u>2,375,287</u>	<u>2,375,287</u>	<u>2,232,270</u>	<u>143,017</u>
NONOPERATING REVENUE				
Property taxes, net of treasurer fees	823,252	823,252	819,425	(3,827)
Specific ownership taxes	60,000	60,000	54,191	(5,809)
Capital replacement fees	619,500	619,500	619,632	132
Grant revenue	-	-	138,400	138,400
Loan proceeds	-	986,662	848,264	(138,398)
Interest income	24,000	24,000	114,556	90,556
Gain on sale of capital assets	-	-	3,201	3,201
Other revenue	-	-	35,514	35,514
Total nonoperating revenues	<u>1,526,752</u>	<u>2,513,414</u>	<u>2,633,183</u>	<u>119,769</u>
NONOPERATING EXPENSES				
Capital outlay	233,800	986,662	887,725	98,937
Loan payment	795,570	795,570	800,788	(5,218)
Interest expense	186,174	186,174	188,969	(2,795)
Total nonoperating expenses	<u>1,215,544</u>	<u>1,968,406</u>	<u>1,877,482</u>	<u>90,924</u>
Net income - budgetary basis	<u>\$ 460,041</u>	<u>\$ 693,841</u>	<u>\$ 1,031,791</u>	<u>\$ 337,950</u>
Adjustments to US GAAP basis:				
Loan proceeds			(848,264)	
Loan principal			800,788	
Capital outlay			887,725	
Depreciation expense			(1,184,478)	
Total adjustments to US GAAP basis			<u>(344,229)</u>	
Net income - US GAAP basis			687,562	
Net position, beginning of year			11,062,434	
Net position, end of year			<u>\$ 11,749,996</u>	

Other Information

GENESEE WATER AND SANITATION DISTRICT
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2024

Year Ended December 31,	for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
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%
2023	86,718,131	9.699	841,107	840,473	100%
2024	109,196,367	7.654	835,788	831,899	100%

Estimated for the
year ending

December 31, 2025	\$	109,371,899	7.662	\$	837,963
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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.