

**DANIELS SANITATION DISTRICT
Lakewood, CO**

**FINANCIAL STATEMENTS
December 31, 2023 and 2022**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Daniels Sanitation District

Opinions

We have audited the accompanying financial statements of Daniels Sanitation District as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Daniels Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Daniels Sanitation District as of December 31, 2023 and 2022, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Daniels 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of 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 Daniels 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 Daniels 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, as listed in the table of contents, 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 statements that collectively comprise Daniels Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, CO
June 10, 2024

Management's Discussion and Analysis

Daniels Sanitation District
1002 Kipling Street
Lakewood, CO 80215
(303) 233-2182

The Daniels Sanitation District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2023 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

Overview of the Financial Statements of the District

The audited financial statements of the District are:

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements

These statements are on pages 6 through 16. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 17 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents	\$ 1,674,851	\$ 2,464,604	\$ 2,293,461
Other current assets	103,479	86,030	84,792
	<u>1,778,330</u>	<u>2,550,634</u>	<u>2,378,253</u>
Non Current Assets			
Capital assets – net	2,114,420	1,654,465	1,672,358
Total Assets	<u>3,892,750</u>	<u>4,205,099</u>	<u>4,050,611</u>
Current Liabilities	162,192	489,529	299,715
Total Liabilities	<u>162,192</u>	<u>489,529</u>	<u>299,715</u>
Deferred Inflows of Resources			
Deferred property taxes	34,667	33,181	34,092
Total Deferred Inflows of Resources	<u>34,667</u>	<u>33,181</u>	<u>34,092</u>
Net Position			
Net investment in capital assets	2,114,420	1,654,465	1,672,358
Restricted	1,056	1,089	1,078
Unrestricted	1,580,415	2,026,835	2,043,368
Total Net Position	<u>\$ 3,695,891</u>	<u>\$ 3,682,389</u>	<u>\$ 3,716,804</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 970,168	\$ 901,456	\$ 893,020
Operating Expenses	1,092,307	1,048,474	963,657
Operating Income (Loss)	<u>(122,139)</u>	<u>(147,018)</u>	<u>(70,637)</u>
Non Operating Revenues (Expenses)	135,641	112,603	95,514
Change in Net Position	13,502	(34,415)	24,877
Net Position, Beginning of Year	3,682,389	3,716,804	3,691,927
Net Position, End of Year	<u>\$ 3,695,891</u>	<u>\$ 3,682,389</u>	<u>\$ 3,716,804</u>

Statement of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash from (for) Operating Activities	\$ (372,911)	\$ 129,922	\$ (342,331)
Cash from Non Capital Financing Activities	53,969	77,797	94,583
Cash from (for) Capital and Related Financing	(552,483)	(71,382)	(110,639)
Cash from (for) Investing Activities	81,672	34,806	931
Increase (Decrease) in cash and equivalents	<u>(789,753)</u>	<u>171,143</u>	<u>(357,456)</u>
Cash and Cash Equivalents, Beginning of Year	2,464,604	2,293,461	2,650,917
Cash and Cash Equivalents, End of Year	<u>\$ 1,674,851</u>	<u>\$ 2,464,604</u>	<u>\$ 2,293,461</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

Analysis of Financial Position and Operating Results:

The total net position decreased from \$3,682,389 in 2022 to \$3,695,891 in 2023, a difference of \$13,502. The District has a net asset emergency reserve established by the Board of Directors in the amount of \$1,056.

Operating revenues increased due to increased rates for sewage treatment. The District's operating expenses increased in 2023 due to higher costs of sewage treatment. As a result, the operating loss for the year \$122,139.

Cash and cash equivalents for 2023 decreased by \$789,753 due to capital outlay. Cash and cash equivalents represent approximately 43% of the District's total assets. Net non-operating revenues were \$135,641 which is an increase from the prior year.

The District Liabilities decreased to \$162,192 for 2023. This change is attributable to a decrease in accounts payable which is influenced by the timing of payments.

For more information about these changes in net position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 7.

Budgetary Discussion:

Actual revenues were \$106,544 higher than the 2023 budget, primarily due to higher than anticipated service charges, and interest.

Actual expenditures were \$1,379,034 under budget primarily because capital outlay was less than budgeted and contingency expenditures were not required for 2023.

Capital Asset Discussion:

During 2023 the District had \$552,483 of capital expenditures. The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements-*Summary of Significant Accounting Policies-Capital Assets* on page 11 and Note 4 of Notes to Financial Statements-Capital Assets on page 15. The District has no capital asset activities programs in process.

Long Term Debt:

The District has no long-term debt.

Other:

There are no currently known facts, decisions, or conditions, which are expected to, or may likely, have a significant effect on the financial condition and results of operation in subsequent reporting periods. Inquiries about the financial statements should be directed to the District at 1002 S Kipling St., Lakewood, CO 80215.

Basic Financial Statements

**Daniels Sanitation District
Statements of Net Position
December 31, 2023 and 2022**

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,674,851	\$ 2,464,604
Prepaid expenses	14,303	13,296
Accounts receivable-service charges	53,262	37,943
Other receivables	1,247	1,610
Property taxes receivable	34,667	33,181
Total Current Assets	1,778,330	2,550,634
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Land	12,973	12,973
Construction in progress	-	297,009
Depreciable		
Sewer lines, metering station and outfall	3,957,100	3,107,608
Building	84,910	84,910
Machinery and equipment	81,436	81,436
Office equipment	21,271	21,271
Vehicle	67,522	67,522
Total Capital Assets	4,225,212	3,672,729
Less: Accumulated depreciation	(2,110,792)	(2,018,264)
Net Capital Assets	2,114,420	1,654,465
Total Noncurrent Assets	2,114,420	1,654,465
Total Assets	3,892,750	4,205,099
Liabilities		
Current Liabilities		
Accounts payable	117,386	450,158
Accrued expenses	44,806	39,371
Total Current Liabilities	162,192	489,529
Deferred Inflows of Resources		
Deferred property taxes	34,667	33,181
Total Deferred Inflows of Resources	34,667	33,181
Net Position		
Net Investment in capital assets	2,114,420	1,654,465
Restricted for emergencies	1,056	1,089
Unrestricted	1,580,415	2,026,835
Total Net Position	\$ 3,695,891	\$ 3,682,389

The accompanying notes are an integral part of these financial statements

Daniels Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Sewage treatment revenue	\$ 945,329	\$ 858,712
Metro connection fees	15,360	32,970
Other income	9,479	9,774
Total Operating Revenues	970,168	901,456
Operating Expenses		
Sewage treatment	588,599	540,415
Personnel expenses	228,898	224,788
Collection and transmission	84,390	118,028
General and administration	97,892	75,968
Depreciation expense	92,528	89,275
Total Operating Expenses	1,092,307	1,048,474
Operating Loss	(122,139)	(147,018)
Nonoperating Revenues (Expenses)		
Property taxes - operations	32,842	33,959
Specific ownership taxes	2,360	2,347
Investment income	81,672	34,806
Connection fees	19,260	42,000
County treasurer fees	(493)	(509)
Total Nonoperating Revenues (Expenses)	135,641	112,603
Change in Net Position	13,502	(34,415)
Net Position, beginning of year	3,682,389	3,716,804
Net Position, end of year	\$ 3,695,891	\$ 3,682,389

The accompanying notes are an integral part of these financial statements

**Daniels Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2023 and 2022**

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 955,212	\$ 898,600
Cash paid to suppliers	(1,160,989)	(606,264)
Cash paid to employees	(167,134)	(162,414)
Net cash provided (used) by operating activities	(372,911)	129,922
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	35,202	36,306
Fee paid to county treasurer	(493)	(509)
Cash received from connection charges	19,260	42,000
Net cash provided (used) by non-capital financing activities	53,969	77,797
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(552,483)	(71,382)
Net cash provided (used) in capital and related financing activities	(552,483)	(71,382)
Cash Flows From Investing Activities		
Investment income received	81,672	34,806
Net cash provided (used) by investing activities	81,672	34,806
Net increase (decrease) in cash and cash equivalents	(789,753)	171,143
Cash and cash equivalents, beginning of year	2,464,604	2,293,461
Cash and cash equivalents, end of year	\$ 1,674,851	\$ 2,464,604
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (122,139)	\$ (147,018)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation and amortization	92,528	89,275
Changes in assets and liabilities		
Accounts receivable	(15,319)	(3,876)
Prepaid expenses	(1,007)	707
Other receivables	363	1,020
Accounts payable	(332,772)	182,816
Other accrued liabilities	5,435	6,998
Net Cash Provided (Used) by Operating Activities	\$ (372,911)	\$ 129,922

The accompanying notes are an integral part of these financial statements

**Daniels Sanitation District
Notes to Financial Statements
December 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies

Daniels Sanitation District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide sanitation services to its service area located in Jefferson County, Colorado. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are:

Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provides guidance for determining which governmental activities, organization 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. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Accounting

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sanitation sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Budgets and Budgetary Accounting

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.
- Prior to December 15, the Board adopts the mill levy.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2023.

**Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by Jefferson County and are remitted to the District monthly. District property taxes which are due to be paid in the next period, and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred revenue.

Allowance of Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners of the District, and the District has the ability to place liens on the property.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is \$5,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Sewer Lines	30 years
Machinery and equipment	5-10 years
Office furniture and equipment	5-10 years
Office building	30 years
Trucks	10 years

Accrued vacation and sick pay – The District's personnel policy states that employees may earn a total of twenty vacation days per year depending on length of service. Employees may carry over a maximum of 160 hours of vacation annually except under special circumstances which must be approved by the District Manager. The District accrues a liability for compensated absences, which meets the following criteria:

- The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vested or accumulate.
- Payment of the compensation is probable, and the amount can be reasonably estimated.

**Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

In accordance with the above criteria the District has accrued a liability for vacation pay that has been earned but not used by District employees.

Net Position

Equity is classified as net position and displayed in three components:

- a. 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.
- b. 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. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

The District has established an emergency reserve of \$1,056 and \$1,089 as of December 31, 2023 and 2022, respectively, to comply with Article X, Section 20 of the Colorado Constitution which is recorded as restricted net position.

Cash Equivalents

For purposes of the statement of cash flows, and the financial statements in general, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2023, and 2022, the District’s cash deposits had a carrying balance of \$226,059 and \$432,049 and a corresponding bank balance of \$236,764 and \$416,256 of which \$236,764 and \$250,000 was insured by the Federal Deposit Insurance Corporation.

Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 2 Cash and Investments (Continued)

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking 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. The District had \$0 and \$166,256 collateralized under PDPA at December 31, 2023 and 2022, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, and 2022, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The District invests in Colorado Government Liquid Asset Trust Plus (Colotrust Plus) and the Colorado Surplus Asset Fund Trust (CSAFE), both established for Colorado local governments surplus fund pooling. Both pools are regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. ColoTrust Plus and C-SAFE are 2a7-like investment pools and are both rated by

**Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022**

Note 2 Cash and Investments (Continued)

Standard and Poor's, and Moody's with current ratings of AAA and Aaa. Colotrust is valued at net asset value and CSAFE is valued at amortized cost. There are no limitations on withdrawals. The redemption frequency is daily and there is no redemption notice period for ColoTrust or CSAFE. At December 31, 2023 and 2022, the District had \$754,367 and \$1,082,572 invested in COLOTRUST, and \$694,115 and \$949,785 invested in CSAFE, respectively.

The District has not adopted a formal investment policy.

A summary of cash and investments at December 31, 2023 and 2022, respectively, is as follows:

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 310	\$ 198
Cash deposits	226,059	432,049
CSAFE	694,115	949,785
COLOTRUST	<u>754,367</u>	<u>1,082,572</u>
Total cash and cash equivalents	<u>\$ 1,674,851</u>	<u>\$ 2,464,604</u>

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2023 and 2022, respectively, were comprised of the following:

	<u>2023</u>	<u>2022</u>
Fees for services	\$ 53,262	\$ 37,943
Cash at county treasurer	148	173
Other	1,099	1,437
Less: Allowance for doubtful accounts	-	-
Net Accounts Receivable	<u>\$ 54,509</u>	<u>\$ 39,553</u>
Accounts receivable	53,262	37,943
Other receivables	<u>1,247</u>	<u>1,610</u>
Total per financial statements	<u>\$ 54,509</u>	<u>\$ 39,553</u>

Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 4 Capital Assets

A summary of changes to capital assets for 2023 is as follows:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Nondepreciable				
Land	\$ 12,973	\$ -	\$ -	\$ 12,973
Construction in progress	297,009	-	297,009	-
Total Nondepreciable	<u>309,982</u>	<u>-</u>	<u>297,009</u>	<u>12,973</u>
Depreciable				
Sewer lines and metering station	3,107,608	849,492	-	3,957,100
Buildings	84,910	-	-	84,910
Machinery and equipment	81,436	-	-	81,436
Office equipment	21,271	-	-	21,271
Vehicles	67,522	-	-	67,522
Total Depreciable	<u>3,362,747</u>	<u>849,492</u>	<u>-</u>	<u>4,212,239</u>
TOTAL	<u>3,672,729</u>	<u>849,492</u>	<u>297,009</u>	<u>4,225,212</u>
Less Accumulated Depreciation				
Sewer lines and metering station	(1,801,531)	(84,280)	-	(1,885,811)
Buildings	(81,559)	(636)	-	(82,195)
Machinery and equipment	(76,697)	(964)	-	(77,661)
Office equipment	(16,253)	(1,338)	-	(17,591)
Vehicles	(42,224)	(5,310)	-	(47,534)
Total Accumulated Depreciation	<u>(2,018,264)</u>	<u>(92,528)</u>	<u>-</u>	<u>(2,110,792)</u>
Net Capital Assets	<u>\$ 1,654,465</u>	<u>\$ 756,964</u>	<u>\$ 297,009</u>	<u>\$ 2,114,420</u>

A summary of changes to capital assets for 2022 is as follows:

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Nondepreciable				
Land	\$ 12,973	\$ -	\$ -	\$ 12,973
Construction in progress	225,627	71,382	-	297,009
Total Nondepreciable	<u>238,600</u>	<u>71,382</u>	<u>-</u>	<u>309,982</u>
Depreciable				
Sewer lines and metering station	3,107,608	-	-	3,107,608
Buildings	84,910	-	-	84,910
Machinery and equipment	81,436	-	-	81,436
Office equipment	21,271	-	-	21,271
Vehicles	67,522	-	-	67,522
Total Depreciable	<u>3,362,747</u>	<u>-</u>	<u>-</u>	<u>3,362,747</u>
TOTAL	<u>3,601,347</u>	<u>71,382</u>	<u>-</u>	<u>3,672,729</u>
Less Accumulated Depreciation				
Sewer lines and metering station	(1,720,807)	(80,724)	-	(1,801,531)
Buildings	(80,849)	(710)	-	(81,559)
Machinery and equipment	(75,733)	(964)	-	(76,697)
Office equipment	(14,915)	(1,338)	-	(16,253)
Vehicles	(36,685)	(5,539)	-	(42,224)
Total Accumulated Depreciation	<u>(1,928,989)</u>	<u>(89,275)</u>	<u>-</u>	<u>(2,018,264)</u>
Net Capital Assets	<u>\$ 1,672,358</u>	<u>\$ (17,893)</u>	<u>\$ -</u>	<u>\$ 1,654,465</u>

Daniels Sanitation District
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 5 Retirement Plan

The District is a member of the Colorado County Officials and Employee Retirement Association (CCOERA), a multi-employer defined contribution retirement plan. The benefit terms are authorized by the Board of Directors. The plan provides that the District match the mandatory eight percent contributions made by each eligible employee. An employee becomes eligible after completion of one year of service with 40 hours per week, or five months a year. Upon termination of employment, the employee is eligible to withdraw the vested account balance. Employee contributions are immediately vested. Employer contributions vest each plan month at the rate which equals the product of 1/12 multiplied by 20%. The District made contributions during 2023, 2022 and 2021 of \$11,302, \$12,044, and \$11,018, respectively.

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

Note 7 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 disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. The District's claims have not exceeded its commercial liability coverage in any of the last three years.

Note 8 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

Other Supplementary Information

Daniels Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service charges	\$ 922,827	\$ 945,329	\$ 22,502
Transfer and other fees	3,250	2,550	(700)
Connection fees			
Metro	-	15,360	15,360
Daniels	-	19,260	19,260
Property taxes	33,181	32,842	(339)
Specific ownership taxes	3,000	2,360	(640)
Interest	30,000	81,672	51,672
Late charges	7,500	6,929	(571)
Total Revenues	<u>999,758</u>	<u>1,106,302</u>	<u>106,544</u>
Expenses			
Personnel expenses	230,458	228,898	1,560
Sewage fees paid to Lakewood	600,000	587,087	12,913
Pleasant view service charge	2,500	1,512	988
Other collection and transmission expenses	118,500	69,030	49,470
Other general and administrative	160,250	97,892	62,358
Connection fees - Metro	-	15,360	(15,360)
County treasurer fees	498	493	5
Capital outlay	1,050,000	552,483	497,517
Contingency	769,583	-	769,583
Total Expenses	<u>2,931,789</u>	<u>1,552,755</u>	<u>1,379,034</u>
Revenues over (under) Expenditures	<u>\$ (1,932,031)</u>	<u>\$ (446,453)</u>	<u>\$ 1,485,578</u>
Reconciliation to Net Income			
Add Capital Outlay		552,483	
Less Depreciation Expense		(92,528)	
Net Income		<u>\$ 13,502</u>	

See the Independent Auditor's Report