

INDIAN HILLS WATER DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditors' Report

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## Independent Auditors' Report

Board of Directors  
Indian Hills Water District  
Jefferson County, Colorado

### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Tatton and Company, LLC*

Cedaredge, CO  
September 26, 2025

# INDIAN HILLS WATER DISTRICT

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

December 31, 2024

#### ASSETS

##### CURRENT ASSETS

|                                |    |                  |
|--------------------------------|----|------------------|
| Cash and investments           | \$ | 1,238,789        |
| Accounts receivable - customer |    | 67,711           |
| Receivable - county treasurer  |    | 2,372            |
| Property taxes receivable      |    | <u>411,935</u>   |
| Total Current Assets           |    | <u>1,720,807</u> |

##### CAPITAL ASSETS

|  |  |                  |
|--|--|------------------|
| Nondepreciable                               |  | 2,102            |
| Depreciable, net of accumulated depreciation |  | <u>1,076,669</u> |
| Total Capital Assets                         |  | <u>1,078,771</u> |

##### OTHER ASSETS

|                    |  |                |
|--------------------|--|----------------|
| Water rights       |  | <u>406,555</u> |
| Total Other Assets |  | <u>406,555</u> |

|              |  |                  |
|--------------|--|------------------|
| Total Assets |  | <u>3,206,133</u> |
|--------------|--|------------------|

#### LIABILITIES

##### CURRENT LIABILITIES

|                           |  |                |
|---------------------------|--|----------------|
| Accounts payable          |  | 215,236        |
| Payroll taxes payable     |  | <u>2,291</u>   |
| Total Current Liabilities |  | <u>217,527</u> |

|                   |  |                |
|-------------------|--|----------------|
| Total Liabilities |  | <u>217,527</u> |
|-------------------|--|----------------|

#### DEFERRED INFLOWS OF RESOURCES

|                                     |  |                |
|-------------------------------------|--|----------------|
| Deferred property taxes             |  | <u>411,935</u> |
| Total Deferred Inflows of Resources |  | <u>411,935</u> |

#### NET POSITION

|                                  |    |                  |
|----------------------------------|----|------------------|
| Net investment in capital assets |    | 1,078,771        |
| Unrestricted                     |    | <u>1,497,900</u> |
| Total Net Position               | \$ | <u>2,576,671</u> |

The notes to the financial statements are an integral part of these statements.

# INDIAN HILLS WATER DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND For the Year Ended December 31, 2024

|  |                            |
|--|----------------------------|
| OPERATING REVENUES                         |                            |
| Water sales                                | \$ 493,051                 |
| Total Operating Revenues                   | <u>493,051</u>             |
| EXPENSES                                   |                            |
| Operating                                  |                            |
| Depreciation                               | 53,981                     |
| Engineering                                | 4,117                      |
| Utilities                                  | 33,245                     |
| Service fees                               | 18,094                     |
| Repairs & maintenance                      | 78,667                     |
| Testing & chemicals                        | 37,977                     |
| Water hauling                              | 101,782                    |
| ORC Contract & ops labor                   | 129,280                    |
| Auto meters                                | 9,067                      |
| General and Administrative:                |                            |
| Salaries                                   | 123,208                    |
| Taxes & Benefits                           | 20,759                     |
| Accounting, management & legal             | 56,535                     |
| Directors fees                             | 4,600                      |
| Office expense                             | 7,091                      |
| Taxes, licenses and fees                   | 10,355                     |
| Telephones                                 | 3,223                      |
| Auto & truck                               | 7,412                      |
| Miscellaneous                              | <u>10,670</u>              |
| Total Expenses                             | <u>710,063</u>             |
| INCOME (LOSS) FROM OPERATIONS              | <u>(217,012)</u>           |
| NONOPERATING REVENUES (EXPENSES)           |                            |
| Property taxes                             | 430,200                    |
| Specific ownership taxes                   | 30,929                     |
| Insurance claims                           | 12,937                     |
| Miscellaneous income                       | 1,520                      |
| Interest income                            | <u>54,006</u>              |
| Total Nonoperating Revenues (Expenses)     | <u>529,592</u>             |
| NET INCOME (LOSS) - CHANGE IN NET POSITION | 312,580                    |
| NET POSITION                               |                            |
| BEGINNING OF YEAR                          | <u>2,264,091</u>           |
| END OF YEAR                                | <u><u>\$ 2,576,671</u></u> |

The notes to the financial statements are an integral part of these statements.

# INDIAN HILLS WATER DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2024

### CASH FLOWS FROM OPERATING ACTIVITIES:

|  |                  |
|--|------------------|
| Receipts from customers                              | \$ 455,293       |
| Payments to suppliers                                | <u>(467,996)</u> |
| Net Cash Provided (Required) by Operating Activities | <u>(12,703)</u>  |

### CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES

|   |                |
|---|----------------|
| Property taxes  | 427,828        |
| Specific ownership taxes  | 30,929         |
| Insurance claims  | 12,937         |
| Miscellaneous income  | <u>1,520</u>   |
| Net Cash Provided (Required) by Noncapital Financing Activities | <u>473,214</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

|  |                  |
|--|------------------|
| Acquisition of capital assets  | <u>(310,575)</u> |
| Net Cash Provided (Required) by Capital and Related Financing Activities | <u>(310,575)</u> |

### CASH FLOWS FROM INVESTING ACTIVITIES:

|  |               |
|--|---------------|
| Investment income                                    | <u>54,006</u> |
| Net Cash Provided (Required) by Investing Activities | <u>54,006</u> |

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 203,942

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,034,847

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,238,789

### RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

Net income (loss) from operations \$ (217,012)

### ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

|                                    |                 |
|------------------------------------|-----------------|
| Depreciation                       | 53,981          |
| Changes in Assets and Liabilities: |                 |
| Accounts payable                   | 188,086         |
| Receivables                        | <u>(37,758)</u> |
| Net Adjustments                    | <u>204,309</u>  |

NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES \$ (12,703)

The notes to the financial statements are an integral part of these statements.



# INDIAN HILLS WATER DISTRICT

## Notes to Financial Statements December 31, 2024

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Indian Hills Water District, located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary fund. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

Indian Hills Water District is organized under the provisions of Section 32-1-305(6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which include the power to levy taxes against property within the District. The District grants credit to its customers, all of whom are located in Jefferson County, Colorado. The District was formed in 1952. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

#### Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

Major individual enterprise funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as when they are earned regardless of when they are received. The material sources of revenue subject to accrual are water fees, property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major proprietary funds:

System Improvement Fund – The System Improvement Fund accounts for all activities related to providing fresh drinking water to residents of the District.

The Proprietary Fund accounts for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the System Improvement Fund.

## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

#### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2024, the District incurred no noncash activities.

#### Assets, Liabilities and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Allowance for Bad Debts

No allowance for bad debts has been provided for member receivables because, according to Colorado statute, the District's fees for providing services constitute a lien upon which the District may foreclose. In recent years, the District has not had significant collection problems.

# INDIAN HILLS WATER DISTRICT

## Notes to Financial Statements December 31, 2024

### Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Capital Assets

Capital assets are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

|                            |                |
|----------------------------|----------------|
| Water, Lines, Pumps, Wells | 10 - 100 years |
| Buildings                  | 10 - 40 years  |
| Treatment Plants           | 40 years       |
| Office Equipment           | 5 - 7 years    |
| Machinery & Equipment      | 5 - 10 years   |

## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

#### Property Taxes

Property taxes are levied by the District's 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

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

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

#### Note 2: Cash and Investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

|                            |                    |
|----------------------------|--------------------|
| Statement of net position: |                    |
| Cash and investments       | <u>\$1,238,789</u> |

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

|                                      |                    |
|--------------------------------------|--------------------|
| Deposits with financial institutions | \$ 148,473         |
| Investments - COLOTRUST              | <u>1,090,316</u>   |
|                                      | <u>\$1,238,789</u> |

#### Deposits

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

#### Investments

##### 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. The District's investment, is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value (NAV) per share.

## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

#### Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

#### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

#### COLOTRUST

During 2024, the District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is rated AAAM by Standard & Poor's and the maturity is weighted average under 60 days. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The District invested in COLOTRUST PLUS+ and COLOTRUST EDGE, two of the three portfolios offered by COLOTRUST. COLOTRUST PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. Allowable investments in the COLOTRUST PLUS+ portfolio include 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Investments in the COLOTRUST EDGE portfolio include securities that are legal pursuant to the Legal Investments Act and the PDPA.

Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST.

# INDIAN HILLS WATER DISTRICT

## Notes to Financial Statements December 31, 2024

### Note 3: Capital Assets

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

| Business-type Activities:                    | Balance<br>01-01-24 | Additions        | Deletions   | Balance<br>12-31-24 |
|--|---------------------|------------------|-------------|---------------------|
| <u>Capital assets not being depreciated:</u> |                     |                  |             |                     |
| Land   | \$ 2,102            | \$ -             | \$ -        | \$ 2,102            |
| <br><u>Capital assets being depreciated:</u> |                     |                  |             |                     |
| Water Lines, Pumps, Wells                    | 1,702,013           | -                | -           | 1,702,013           |
| Buildings                                    | 73,152              | -                | -           | 73,152              |
| Treatment Plants                             | 307,565             | 310,575          | -           | 618,140             |
| Office Equipment                             | 7,805               | -                | -           | 7,805               |
| Booster Stations                             | 14,777              | -                | -           | 14,777              |
| Machinery & Equipment                        | 108,318             | -                | -           | 108,318             |
| Total capital assets being depreciated:      | <u>2,213,630</u>    | <u>310,575</u>   | <u>-</u>    | <u>2,524,205</u>    |
| <br><u>Accumulated depreciation:</u>         |                     |                  |             |                     |
| Water Lines, Pumps, Wells                    | (1,099,497)         | (39,188)         | -           | (1,138,685)         |
| Buildings                                    | (46,072)            | (1,609)          | -           | (47,681)            |
| Treatment Plants                             | (145,380)           | (8,921)          | -           | (154,301)           |
| Office Equipment                             | (6,401)             | (287)            | -           | (6,688)             |
| Machinery & Equipment                        | (96,205)            | (3,976)          | -           | (100,181)           |
| Total accumulated depreciation               | <u>(1,393,555)</u>  | <u>(53,981)</u>  | <u>-</u>    | <u>(1,447,536)</u>  |
| Net capital assets being depreciated         | <u>820,075</u>      | <u>256,594</u>   | <u>-</u>    | <u>1,076,669</u>    |
| <br>Business-type assets, net                | <u>\$ 822,177</u>   | <u>\$256,594</u> | <u>\$ -</u> | <u>\$ 1,078,771</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

|  |                 |
|--|-----------------|
| Business-type activities:                                |                 |
| System Improvement Fund                                  | <u>\$53,981</u> |
| Total depreciation expense –<br>business type activities | <u>\$53,981</u> |



## INDIAN HILLS WATER DISTRICT

### Notes to Financial Statements December 31, 2024

#### Note 4: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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 business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations qualifies for this exclusion.

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

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

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

#### Note 5: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## SUPPLEMENTARY INFORMATION

# INDIAN HILLS WATER DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - PROPRIETARY FUND

For the Year Ended December 31, 2024

|  | Original and<br><u>Final Budget</u> | <u>Actual</u>       | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------------------------|---------------------|--|
| <b>REVENUES</b>  |                                     |                     |  |
| Water sales  | \$ 452,000                          | \$ 493,051          | \$ 41,051                              |
| Property taxes   | 413,939                             | 430,200             | 16,261                                 |
| Specific ownership taxes                                     | 26,000                              | 30,929              | 4,929                                  |
| Insurance claims   | -                                   | 12,937              | 12,937                                 |
| Miscellaneous income   | -                                   | 1,520               | 1,520                                  |
| Interest income  | 54,000                              | 54,006              | 6                                      |
|  | <u>945,939</u>                      | <u>1,022,643</u>    | <u>76,704</u>                          |
| Total Revenues   |                                     |                     |  |
| <b>EXPENDITURES</b>  |                                     |                     |  |
| Engineering  | 3,000                               | 4,117               | (1,117)                                |
| Utilities  | 52,000                              | 33,245              | 18,755                                 |
| Service fees   | 5,862                               | 18,094              | (12,232)                               |
| Repairs & maintenance  | 85,422                              | 78,667              | 6,755                                  |
| Testing & chemicals  | 47,500                              | 37,977              | 9,523                                  |
| Water hauling  | -                                   | 101,782             | (101,782)                              |
| ORC Contract & ops labor                                     | 46,800                              | 129,280             | (82,480)                               |
| Auto meters  | 7,200                               | 9,067               | (1,867)                                |
| Salaries   | 253,289                             | 123,208             | 130,081                                |
| Taxes & Benefits   | 50,667                              | 20,759              | 29,908                                 |
| Accounting, management & legal                               | 14,750                              | 56,535              | (41,785)                               |
| Directors fees   | 6,000                               | 4,600               | 1,400                                  |
| Office expense   | 10,384                              | 7,091               | 3,293                                  |
| Taxes, licenses and fees                                     | 9,200                               | 10,355              | (1,155)                                |
| Telephones   | 3,333                               | 3,223               | 110                                    |
| Auto & truck   | 6,300                               | 7,412               | (1,112)                                |
| Miscellaneous  | 27,540                              | 10,670              | 16,870                                 |
| Water rights   | 2,900                               | -                   | 2,900                                  |
| Capital Outlay   | 565,076                             | 310,575             | 254,501                                |
| Tabor  | 27,000                              | -                   | 27,000                                 |
|  | <u>1,224,223</u>                    | <u>966,657</u>      | <u>257,566</u>                         |
| Total Expenditures   |                                     |                     |  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                     |                     |  |
|  | (278,284)                           | 55,986              | 334,270                                |
| <b>FUNDS AVAILABLE:</b>                                      |                                     |                     |  |
| BEGINNING OF YEAR  | 946,109                             | 1,035,359           | 89,250                                 |
| END OF YEAR  | <u>\$ 667,825</u>                   | <u>\$ 1,091,345</u> | <u>\$ 423,520</u>                      |
| <b>Funds available computed as follows:</b>                  |                                     |                     |  |
| Current assets   |                                     | \$ 1,720,807        |  |
| Current liabilities  |                                     | (217,527)           |  |
| Deferred inflow of resources                                 |                                     | (411,935)           |  |
|  |                                     | <u>\$ 1,091,345</u> |  |

The notes to the financial statements are an integral part of these statements.

## INDIAN HILLS WATER DISTRICT

### RECONCILIATION OF REVENUES AND EXPENDITURES BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2024

|   |                          |
|---|--------------------------|
| Excess of revenues over expenditures  | \$ 55,986                |
| Add capital expenditures which are not an expense                                       | 310,575                  |
| Deduct depreciation which is an expense   | <u>(53,981)</u>          |
| Changes in Net Position per Statement Revenues, Expenses and<br>Changes in Net Position | <u><u>\$ 312,580</u></u> |

The notes to the financial statements are an integral part of these statements.