

**GOLDSMITH GULCH SANITATION DISTRICT  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**GOLDSMITH GULCH SANITATION DISTRICT  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>1</b>
<b>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>2</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>3</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>4</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS     AVAILABLE – BUDGET AND ACTUAL (BUDGETARY BASIS)</b>	<b>15</b>
<b>RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF     REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION</b>	<b>16</b>
<b>SCHEDULES OF OPERATING EXPENSES</b>	<b>17</b>
<b>OTHER INFORMATION</b>	
<b>FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND     PROPERTY TAXES COLLECTED</b>	<b>19</b>



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## **Independent Auditor's Report**

Board of Directors  
Goldsmith Gulch Sanitation District  
Arapahoe County, Colorado

### ***Opinions***

We have audited the financial statements of the Goldsmith Gulch Sanitation District (District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Goldsmith Gulch Sanitation District, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years 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.

### ***Responsibility 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, 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 Responsibility 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 of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
September 29, 2022

## **BASIC FINANCIAL STATEMENTS**

**GOLDSMITH GULCH SANITATION DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Investments	\$ 3,033,612	\$ 3,055,045
Cash and Investments - Restricted	11,900	11,300
Accounts Receivable	8,612	20,602
Receivable - County Treasurer	1,936	1,721
Prepaid Expenses	450	33,578
Property Tax Receivable	393,984	368,942
Total Current Assets	3,450,494	3,491,188
<b>CAPITAL ASSETS, NET</b>	4,506,737	4,354,360
Total Assets	7,957,231	7,845,548
<b>LIABILITIES</b>		
Accounts Payable	86,544	34,101
Retainage Payable	11,531	-
Deposit - Imprest Eddie V & Stonebridge	4,159	4,159
Deposits - Customers	9,912	9,912
Unearned Income	19,692	9,946
Total Liabilities	131,838	58,118
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	393,984	368,942
Total Deferred Inflows of Resources	393,984	368,942
<b>NET POSITION</b>		
Investment in Capital Assets	4,506,737	4,354,360
Restricted	11,900	11,300
Unrestricted	2,912,772	3,052,828
Total Net Position	\$ 7,431,409	\$ 7,418,488

See accompanying Notes to Basic Financial Statements.

**GOLDSMITH GULCH SANITATION DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>SEWER OPERATIONS</b>		
Sewer Service Fees	\$ 558,278	\$ 518,081
Castlewood Connection Fees	20,399	11,979
Direct Sewer Expenses	(690,549)	(848,211)
Depreciation	<u>(116,697)</u>	<u>(100,471)</u>
Gross Loss from Sewer Operations	(228,569)	(418,622)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>(171,509)</u>	<u>(202,925)</u>
<b>NET OPERATING LOSS</b>	(400,078)	(621,547)
<b>NONOPERATING REVENUES</b>		
Property Taxes	368,514	350,456
Specific Ownership Taxes	25,427	24,932
Net Investment Income	1,791	27,153
Reimbursed Expenditures	3,229	5,897
Miscellaneous Income	<u>19,570</u>	<u>10,775</u>
Total Nonoperating Revenues	418,531	419,213
<b>NONOPERATING EXPENSES</b>		
County Treasurer's Fees	<u>(5,532)</u>	<u>(5,265)</u>
Total Nonoperating Expenses	<u>(5,532)</u>	<u>(5,265)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	12,921	(207,599)
<b>CAPITAL CONTRIBUTIONS</b>		
Reimbursed Expenditures	-	162,664
Total Capital Contributions	<u>-</u>	<u>162,664</u>
<b>CHANGE IN NET POSITION</b>	12,921	(44,935)
Total Net Position - Beginning of Year	<u>7,418,488</u>	<u>7,463,423</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 7,431,409</u>	<u>\$ 7,418,488</u>

See accompanying Notes to Basic Financial Statements.



**GOLDSMITH GULCH SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 600,413	\$ 519,897
Payments to Suppliers	(784,429)	(1,104,115)
Net Cash Used by Operating Activities	(184,016)	(584,218)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property Tax Collections for Operations	368,299	350,942
Specific Ownership Taxes	25,427	24,932
County Treasurer's Fees	(5,532)	(5,265)
Reimbursed Expenditures	3,229	163,635
Miscellaneous Income	19,570	10,775
Net Cash Provided by Noncapital Financing Activities	410,993	545,019
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Reimbursed Expenditures	-	162,664
Acquisition of Capital Assets	(249,601)	(1,187,533)
Net Cash Used by Capital and Related Financing Activities	(249,601)	(1,024,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	1,791	27,153
Net Cash Provided by Investing Activities	1,791	27,153
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(20,833)	(1,036,915)
Cash and Cash Equivalents - Beginning of Year	3,066,345	4,103,260
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,045,512	\$ 3,066,345
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (400,078)	\$ (621,547)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	116,697	100,471
(Increase) Decrease in		
Accounts Receivable	11,990	(11,931)
Prepaid Expense	33,128	(15,846)
Increase (Decrease) in		
Accounts Payable	44,501	(39,544)
Imprest Account	-	2,411
Unearned Income	9,746	1,768
Net Cash Used by Operating Activities	\$ (184,016)	\$ (584,218)

See accompanying Notes to Basic Financial Statements.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Goldsmith Gulch Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of Arapahoe County, and 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 Arapahoe County, Colorado. The District was established to provide sanitation services. The District contracts with the Metro Wastewater Reclamation District for sanitary treatment services.

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 reports of the District. 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 has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 practice 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 records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating Revenues and Expenses**

The District distinguishes between operating revenues and expenses and nonoperating 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 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 assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

In accordance with the State Budget Law, 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 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 appropriation can only be modified upon completion of notification and publication requirements. For financial statement purposes, the District is reported as a single Enterprise Fund. For budgetary purposes, the District separately budgets for a General Fund and an Enterprise Fund.

**Pooled Cash and Investments**

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 single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

**Cash Equivalents**

For purposes of the statements of cash flows, the District considers cash deposits, certificates of deposit, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**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 30 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 inflows in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets reported by the District include collection systems, and buildings and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Sewer System	20 to 50 Years
Buildings and Equipment	50 Years

**Tap Fees and Contributed Lines**

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

**Comparative Data**

Comparative total data for the prior year has been prescribed in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

**Deferred Inflows 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.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021 and 2020 are classified in the accompanying financial statements as follows:

	2021	2020
Statement of Net Position:		
Cash and Investments	\$ 3,033,612	\$ 3,055,045
Cash and Investments - Restricted	11,900	11,300
Total Cash and Investments	\$ 3,045,512	\$ 3,066,345
Statement of Cash Flows:		
Cash and Cash Equivalents	\$ 3,045,512	\$ 3,066,345
Total Cash and Investments	\$ 3,045,512	\$ 3,066,345

Cash and investments as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Cash and Deposits with Financial Institutions	\$ 77,357	\$ 10,812
Investments	2,968,155	3,055,533
Total Cash and Investments	\$ 3,045,512	\$ 3,066,345

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

As of December 31, 2021 and 2020, the District's cash deposits had a bank balance of \$77,357 and \$83,853, respectively, and a carrying balance of \$77,357 and \$10,812, respectively.

**Investments**

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

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

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

**Fair Value Measurement and Application**

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, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by bank trust departments in their role as paying agent or trustee), CSAFE (recorded at amortized cost), and COLOTRUST (recorded at net asset value).

As of December 31, 2021 and 2020 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2021</u>	<u>2020</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average under 60 Days	\$ 2,968,155	\$ 3,055,533
Total		<u>\$ 2,968,155</u>	<u>\$ 3,055,533</u>

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust 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 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 & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the years ended December 31, 2021 and 2020 follows:

	2021			Balance at December 31, 2021
	Balance at December 31, 2020	Additions	Deletions	
Capital Assets, Being Depreciated:				
Sewer System	\$ 4,825,121	\$ 234,352	\$ -	\$ 5,059,473
Buildings and Equipment	1,800,469	34,722	-	1,835,191
Total Capital Assets, Being Depreciated	6,625,590	269,074	-	6,894,664
Less Accumulated Depreciation for:				
Sewer System	(2,097,814)	(81,563)	-	(2,179,377)
Buildings and Equipment	(173,416)	(35,134)	-	(208,550)
Total Accumulated Depreciation	(2,271,230)	(116,697)	-	(2,387,927)
 Total Capital Assets, Being Depreciated, Net	 4,354,360	 152,377	 -	 4,506,737
 Capital Assets, Net	 \$ 4,354,360	 \$ 152,377	 \$ -	 \$ 4,506,737
	2020			Balance at December 31, 2020
	Balance at December 31, 2019	Additions	Deletions	
Capital Assets, Being Depreciated:				
Sewer System	\$ 4,825,121	\$ -	\$ -	\$ 4,825,121
Buildings and Equipment	618,064	1,182,405	-	1,800,469
Total Capital Assets, Being Depreciated	5,443,185	1,182,405	-	6,625,590
Less Accumulated Depreciation for:				
Sewer System	(2,017,241)	(80,573)	-	(2,097,814)
Buildings and Equipment	(153,518)	(19,898)	-	(173,416)
Total Accumulated Depreciation	(2,170,759)	(100,471)	-	(2,271,230)
 Total Capital Assets, Being Depreciated, Net	 3,272,426	 1,081,934	 -	 4,354,360
 Capital Assets, Net	 \$ 3,272,426	 \$ 1,081,934	 \$ -	 \$ 4,354,360

Depreciation expense for the years ended December 31, 2021 and 2020 was charged to sewer operations in the amounts of \$116,697 and \$100,471, respectively.



**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 5 AGREEMENTS**

**Sewage Treatment Contract**

The District is a “special connector” by agreement with Metro Water Recovery (Metro), which provides the treatment of sewage collected within the District. The standard service agreement with Metro provides for annual charges to be assessed by formula against the District on an estimated basis. Corrections to the estimated charge for metered flows and actual costs are billed and payable or credited during the two succeeding years. Metro assesses tap fees against the District for connections to the system. The composition of the charges for 2021 and 2020 are as follows:

	2021	2020
Estimate for Current Year	\$ 489,117	\$ 523,938
Adjustment of Second Preceding Year Estimate to Actual Final	(28,156)	27,549
Preliminary Adjustment of Preceding Year Estimate	(27,285)	28,425
Total Annual Charges	\$ 433,676	\$ 579,912

The 2022 sewer treatment estimate is \$419,547. The total annual charge is expected to be \$270,815, which includes a favorable 2020 final adjustment of \$75,136 and a favorable 2021 preliminary adjustment of \$73,596.

**Sanitary Sewage Interconnection Agreement**

On December 19, 2011, the District entered into an agreement with Castlewood Water and Sanitation District (Castlewood) to service a select area within Castlewood. The service area includes 81 single family residences (the Properties). Castlewood will connect its wastewater collection system into the District’s wastewater system in order to serve the Properties. Castlewood will pay all costs associated with the connection of the wastewater systems.

Service at the connection will commence no earlier than January 1, 2012. Fees for the services provided by the District will consist of: 1) an annual service fee of \$144 per SFE for 81 SFEs (Service Fee) or the amount regularly charged to District residents for the year in question, plus an annual surcharge on each service fee of \$5 per SFE (Surcharge) to compensate the District for the increased electrical costs associated with providing service to the Properties (which may be modified by the District every three years to accommodate for increases or decreases in the cost of electricity), 2) an annual amount equal to the District’s most recently certified property tax mill levy multiplied by the aggregate assessed value of the Properties, and 3) a processing fee of \$100 per invoice.

The District is responsible for routine maintenance of that portion of the District’s wastewater collection system utilized by Castlewood, per the agreement. Any and all costs incurred by the District that are not deemed routine, as defined by the agreement, shall be shared proportionately between the District and Castlewood.

On July 12, 2013, the first amendment to the agreement for sanitary sewage interconnection was approved. The first amendment removes all references to Lift Station No. 1 and obligation of Castlewood to contribute costs thereof.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 NET POSITION**

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

Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021 and 2020, the District had investment in capital assets of \$4,506,737 and \$4,354,360, respectively.

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. The District's restricted net position as of December 31, 2021 and 2020 was \$11,900 and \$11,300, respectively and comprised of the 3% TABOR reserve.

The District's unrestricted net position as of December 31, 2021 and 2020 is \$2,912,772 and \$3,052,828 respectively.

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for workers' compensation, liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 8 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.

**GOLDSMITH GULCH SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes 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 and qualification as an Enterprise will require judicial interpretation. Internally, the District maintains its records in two funds – the General Fund and the Enterprise Fund.

## **SUPPLEMENTARY INFORMATION**

**GOLDSMITH GULCH SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance- Positive (Negative)
<b>SEWER OPERATING INCOME</b>			
Sewer Service Fees	\$ 580,000	\$ 558,278	\$ (21,722)
Castlewood Connection Fees	23,000	20,399	(2,601)
Total Sewer Operating Income	<u>603,000</u>	<u>578,677</u>	<u>(24,323)</u>
<b>SEWER OPERATING EXPENDITURES</b>			
Direct Sewer Expenditures	771,676	690,549	81,127
Total Sewer Operating Expenditures	<u>771,676</u>	<u>690,549</u>	<u>81,127</u>
<b>GROSS LOSS FROM SEWER OPERATIONS</b>	(168,676)	(111,872)	56,804
<b>GENERAL AND ADMINISTRATIVE EXPENDITURES</b>	<u>287,790</u>	<u>171,509</u>	<u>116,281</u>
<b>OPERATING INCOME (LOSS)</b>	(456,466)	(283,381)	173,085
<b>NONOPERATING REVENUES</b>			
Property Taxes	368,942	368,514	(428)
Specific Ownership Taxes	25,826	25,427	(399)
Net Investment Income	7,000	1,791	(5,209)
Reimbursed Expenditures	2,000	3,229	1,229
Miscellaneous	1,000	19,570	18,570
Total Nonoperating Revenues	<u>404,768</u>	<u>418,531</u>	<u>13,763</u>
<b>NONOPERATING EXPENDITURES</b>			
County Treasurer's Fees	5,534	5,532	2
Total Nonoperating Expenditures	<u>5,534</u>	<u>5,532</u>	<u>2</u>
<b>CAPITAL OUTLAY</b>			
Capital Outlay	<u>375,000</u>	<u>269,074</u>	<u>105,926</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	(432,232)	(139,456)	292,776
Funds Available - Beginning of Year	<u>2,263,680</u>	<u>3,064,128</u>	<u>800,448</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 1,831,448</u>	<u>\$ 2,924,672</u>	<u>\$ 1,093,224</u>

**GOLDSMITH GULCH SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)  
TO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2021**

	Actual
Funds Available are Defined as Follows:	
Current Assets	\$ 3,450,494
Less Current Liabilities	(131,838)
Less Deferred Inflows of Resources	(393,984)
Funds Available	\$ 2,924,672
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 997,208
Total Revenues per Statement of Revenues, Expenses and Changes in Net Position	997,208
Expenditures (Budgetary Basis)	1,136,664
Depreciation	116,697
Capital Outlay	(269,074)
Total Expenses per Statement of Revenues, Expenses and Changes in Net Position	984,287
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	\$ 12,921

**GOLDSMITH GULCH SANITATION DISTRICT  
SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>DIRECT SEWER EXPENSES</b>		
Sewer Treatment	\$ 433,676	\$ 579,912
Billing Expense	18,769	16,375
Maintenance and Engineering	231,961	247,303
Utilities	6,143	4,621
Total Direct Sewer Expenses	\$ 690,549	\$ 848,211
 <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting	\$ 38,277	\$ 35,893
Audit	4,600	4,600
Directors' Fees	3,300	5,100
District Management Fees	40,671	71,113
Election Expense	-	1,414
Insurance	29,323	17,732
Legal	34,185	46,151
Payroll Tax	252	390
SDA	2,535	1,240
Miscellaneous	11,966	19,292
GIS	6,400	-
Total General and Administrative Expenses	\$ 171,509	\$ 202,925

## **OTHER INFORMATION**



**GOLDSMITH GULCH SANITATION DISTRICT  
 FIVE YEAR SUMMARY OF ASSESSED VALUATION,  
 MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2017	\$ 208,925,540	1.506	\$ 314,642	\$ 314,655	100.00 %
2018	246,527,555	1.262	311,117	304,591	97.90
2019	245,832,517	1.363	335,069	333,959	99.70
2020	270,223,611	1.302	351,831	350,456	99.60
2021	270,287,637	1.365	368,942	368,514	99.90
Estimated for Calendar Year Ending December 31, 2022	\$ 281,819,872	1.398	\$ 393,984	N/A	

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.