GOLDSMITH GULCH SANITATION DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

GOLDSMITH GULCH SANITATION DISTRICT
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT	**I**
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	**1**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	**2**
STATEMENTS OF CASH FLOWS	**3**
NOTES TO BASIC FINANCIAL STATEMENTS	**4**
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE – BUDGET AND ACTUAL (BUDGETARY BASIS)	**16**
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION	**17**
SCHEDULES OF OPERATING EXPENSES	**18**
OTHER INFORMATION	
FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	**20**

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Independent Auditor's Report

Board of Directors
Goldsmith Gulch Sanitation District
Arapahoe County, Colorado

Opinion

We have audited the accompanying financial statements of the Goldsmith Gulch Sanitation District (District) as of and for the years ended December 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Goldsmith Gulch Sanitation District, as of December 31, 2024 and 2023, and the changes in its 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 Opinion

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 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 opinion.

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 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the 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 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 relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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, as listed in the table of contents, 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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
August 18, 2025

BASIC FINANCIAL STATEMENTS

GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Investments	$ 3,305,485	$ 3,396,332
Cash and Investments - Restricted	14,100	13,600
Accounts Receivable	8,563	24,721
Accounts Receivable - Castlewood	98,573	39,943
Receivable - County Treasurer	2,668	1,801
Property Tax Receivable	451,744	443,624
Total Current Assets	3,881,133	3,920,021
CAPITAL ASSETS, NET	4,888,692	4,646,774
Total Assets	8,769,825	8,566,795
LIABILITIES		
Accounts Payable	81,682	125,625
Retainage Payable	14,488	-
Deposit - Imprest Stonebridge	2,411	2,411
Deposits - Customers	9,912	9,912
Unearned Income	46,074	20,062
Total Liabilities	154,567	158,010
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	451,744	443,624
Total Deferred Inflows of Resources	451,744	443,624
NET POSITION		
Investment in Capital Assets	4,888,692	4,646,774
Restricted	14,100	13,600
Unrestricted	3,260,722	3,304,787
Total Net Position	$ 8,163,514	$ 7,965,161

See accompanying Notes to Basic Financial Statements.

GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
SEWER OPERATIONS		
Sewer Service Fees	$ 657,402	$ 722,819
Castlewood Connection Fees	27,054	24,302
Direct Sewer Expenses	(930,667)	(868,938)
Depreciation	(128,583)	(126,200)
Loss from Sewer Operations	(374,794)	(248,017)
GENERAL AND ADMINISTRATIVE EXPENSES	(188,910)	(158,289)
NET OPERATING LOSS	(563,704)	(406,306)
NONOPERATING REVENUES		
Property Taxes	441,834	423,473
Specific Ownership Taxes	26,119	29,319
Net Investment Income	182,496	172,841
Reimbursed Expenditures	113,440	41,349
Miscellaneous Income	4,800	1,898
Total Nonoperating Revenues	768,689	668,880
NONOPERATING EXPENSES		
County Treasurer's Fees	(6,632)	(6,378)
Total Nonoperating Expenses	(6,632)	(6,378)
CHANGE IN NET POSITION	198,353	256,196
Total Net Position - Beginning of Year	7,965,161	7,708,965
TOTAL NET POSITION - END OF YEAR	$ 8,163,514	$ 7,965,161

See accompanying Notes to Basic Financial Statements.

GOLDSMITH GULCH SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 726,626	$ 765,945
Payments to Suppliers	(1,171,894)	(976,638)
Net Cash Used by Operating Activities	(445,268)	(210,693)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Tax Collections for Operations	440,967	423,509
Specific Ownership Taxes	26,119	29,319
County Treasurer's Fees	(6,632)	(6,378)
Reimbursed Expenditures	54,810	1,406
Miscellaneous Income	4,800	1,898
Net Cash Provided by Noncapital Financing Activities	520,064	449,754
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(347,639)	(133,392)
Net Cash Used by Capital and Related Financing Activities	(347,639)	(133,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	182,496	172,841
Net Cash Provided by Investing Activities	182,496	172,841
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,347)	278,510
Cash and Cash Equivalents - Beginning of Year	3,409,932	3,131,422
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,319,585	$ 3,409,932
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Net Operating Loss	$ (563,704)	$ (406,306)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	128,583	126,200
(Increase) Decrease in:		
Accounts Receivable	16,158	12,563
Prepaid Expense	-	450
Increase (Decrease) in:		
Accounts Payable	(52,317)	50,139
Unearned Income	26,012	6,261
Net Cash Used by Operating Activities	$ (445,268)	$ (210,693)

See accompanying Notes to Basic Financial Statements.

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 Water Recovery 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.

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 a public hearing 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 reporting 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

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 assets 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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 and 2023 are classified in the accompanying financial statements as follows:

	2024	2023
Statement of Net Position:		
Cash and Investments	$ 3,305,485	$ 3,396,332
Cash and Investments - Restricted	14,100	13,600
Total Cash and Investments	$ 3,319,585	$ 3,409,932
Statement of Cash Flows:		
Cash and Cash Equivalents	$ 3,319,585	$ 3,409,932
Total Cash and Investments	$ 3,319,585	$ 3,409,932

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

	2024	2023
Cash and Deposits with Financial Institutions	$ 57,332	$ 85,831
Investments	3,262,253	3,324,101
Total Cash and Investments	$ 3,319,585	$ 3,409,932

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, 2024 and 2023, the District's cash deposits had a bank and carrying balance of $57,332 and $85,831, 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.

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, 2024 and 2023, the District had the following investments:

Investment	Maturity	2024	2023
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	$ 3,262,253	$ 3,324,101
Total		$ 3,262,253	$ 3,324,101

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. 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 or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2024 and 2023 follows:

	2024			
	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 119,132	$ 370,501	$ -	$ 489,633
Total Capital Assets, Not Being Depreciated	119,132	370,501	-	489,633
Capital Assets, Being Depreciated:				
Sewer System	5,307,483	-	-	5,307,483
Buildings and Equipment	1,856,534	-	-	1,856,534
Total Capital Assets, Being Depreciated	7,164,017	-	-	7,164,017
Less Accumulated Depreciation for:				
Sewer System	(2,356,096)	(90,220)	-	(2,446,316)
Buildings and Equipment	(280,279)	(38,363)	-	(318,642)
Total Accumulated Depreciation	(2,636,375)	(128,583)	-	(2,764,958)
Total Capital Assets, Being Depreciated, Net	4,527,642	(128,583)	-	4,399,059
Capital Assets, Net	$ 4,646,774	$ 241,918	$ -	$ 4,888,692

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2023			
	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ -	$ 119,132	$ -	$ 119,132
Total Capital Assets, Not Being Depreciated	-	119,132	-	119,132
Capital Assets, Being Depreciated:				
Sewer System	5,307,483	-	-	5,307,483
Buildings and Equipment	1,856,534	-	-	1,856,534
Total Capital Assets, Being Depreciated	7,164,017	-	-	7,164,017
Less Accumulated Depreciation for:				
Sewer System	(2,265,877)	(90,219)	-	(2,356,096)
Buildings and Equipment	(244,298)	(35,981)	-	(280,279)
Total Accumulated Depreciation	(2,510,175)	(126,200)	-	(2,636,375)
Total Capital Assets, Being Depreciated, Net	4,653,842	(126,200)	-	4,527,642
Capital Assets, Net	$ 4,653,842	$ (7,068)	$ -	$ 4,646,774

Depreciation expense for the years ended December 31, 2024 and 2023 was charged to sewer operations in the amounts of $128,583 and $126,200, respectively.

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 2024 and 2023 are as follows:

	2024	2023
Estimate for Current Year	$ 536,043	$ 483,745
Adjustment of Second Preceding Year Estimate to Actual Final	26,280	40,216
Preliminary Adjustment of Preceding Year Estimate	24,552	43,409
Total Annual Charges	$ 586,875	$ 567,370

NOTE 5 AGREEMENTS (CONTINUED)

Sewage Treatment Contract (Continued)

The 2025 sewer treatment estimate is $552,443. The total annual charge is expected to be $518,147, which includes a favorable 2023 final adjustment of $16,439 and a favorable 2024 preliminary adjustment of $17,857.

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. On October 17, 2022, this agreement was amended and restated with an effective date of November 1, 2022. The amended and restated agreement has an initial term of ten years (Initial Term). Thereafter, the amended and restated agreement will automatically renew for separate and successive terms of five years each, unless otherwise terminated pursuant to the provisions of the amended and restated agreement.

Fees for the services provided by the District will consist of: 1) an annual service fee of $120 for 2022 and $151 for 2023 for Castlewood's 81 SFEs (Single-family equivalent Units) (Service Fee) or the amount regularly charged to District residents for the year in question, plus costs of actual electrical usage, 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 as adjusted each November 1 after the initial term by no more than the percentage increase in the Price Index.

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

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, 2024 and 2023, the District had investment in capital assets of $4,888,692 and $4,646,774, respectively.

NOTE 6 NET POSITION (CONTINUED)

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, as defined below, 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, 2024 and 2023 was $14,100 and $13,600, respectively and comprised of the 3% TABOR reserve.

The District's unrestricted net position as of December 31, 2024 and 2023 is $3,260,722 and $3,304,787, 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.

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.

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

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.

NOTE 9 CONSTRUCTION COMMITMENTS

As of December 31, 2024, the District has construction commitments of $656,190.

SUPPLEMENTARY INFORMATION

GOLDSMITH GULCH SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance-Positive (Negative)
SEWER OPERATING INCOME			
Sewer Service Fees	$ 700,000	$ 657,402	$ (42,598)
Castlewood Connection Fees	25,000	27,054	2,054
Total Sewer Operating Income	725,000	684,456	(40,544)
SEWER OPERATING EXPENDITURES			
Direct Sewer Expenditures	986,875	930,667	56,208
Total Sewer Operating Expenditures	986,875	930,667	56,208
GROSS LOSS FROM SEWER OPERATIONS	(261,875)	(246,211)	15,664
GENERAL AND ADMINISTRATIVE EXPENDITURES	331,471	188,910	142,561
OPERATING INCOME (LOSS)	(593,346)	(435,121)	158,225
NONOPERATING REVENUES			
Property Taxes	443,624	441,834	(1,790)
Specific Ownership Taxes	26,617	26,119	(498)
Net Investment Income	150,000	182,496	32,496
Reimbursed Expenditures	2,000	113,440	111,440
Miscellaneous	3,000	4,800	1,800
Total Nonoperating Revenues	625,241	768,689	143,448
NONOPERATING EXPENDITURES			
County Treasurer's Fees	6,654	6,632	22
Total Nonoperating Expenditures	6,654	6,632	22
CAPITAL OUTLAY			
Capital Outlay	1,034,000	370,501	663,499
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,008,759)	(43,565)	965,194
Funds Available - Beginning of Year	3,259,043	3,318,387	59,344
FUNDS AVAILABLE - END OF YEAR	$ 2,250,284	$ 3,274,822	$ 1,024,538

GOLDSMITH GULCH SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)
TO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

	Actual
Funds Available are Defined as Follows:	
Current Assets	$ 3,881,133
Less: Current Liabilities	(154,567)
Less: Deferred Inflows of Resources	(451,744)
Funds Available	$ 3,274,822
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses, and Changes in Net Position:	
Revenues (Budgetary Basis)	$ 1,453,145
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	1,453,145
Expenditures (Budgetary Basis)	1,496,710
Depreciation	128,583
Capital Outlay	(370,501)
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	1,254,792
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	$ 198,353

GOLDSMITH GULCH SANITATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
DIRECT SEWER EXPENSES		
Sewer Treatment	$ 586,875	$ 567,370
Billing Expense	38,792	42,461
Maintenance and Engineering	295,270	251,895
Utilities	9,730	7,212
Total Direct Sewer Expenses	$ 930,667	$ 868,938
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting	$ 42,105	$ 50,715
Audit	5,000	4,800
Directors' Fees	3,000	2,200
District Management Fees	58,961	32,306
Election Expense	230	2,581
Insurance	21,207	22,940
Website	530	-
Legal	39,663	27,078
Payroll Tax	768	168
SDA	1,873	2,221
Miscellaneous	5,755	7,030
GIS	9,818	6,250
Total General and Administrative Expenses	$ 188,910	$ 158,289

OTHER INFORMATION

GOLDSMITH GULCH SANITATION DISTRICT
FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2020	$ 270,223,611	1.302	$ 351,831	$ 350,456	99.60 %
2021	270,287,637	1.365	368,942	368,514	99.90
2022	281,819,872	1.398	393,984	383,698	97.40
2023	278,328,024	1.525	424,450	423,473	99.80
2024	313,515,140	1.415	443,624	441,834	99.60
Estimated for Calendar Year Ending December 31, 2025	$ 317,906,115	1.421	$ 451,744	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.