

CLIFTON WATER DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Clifton Water District
Clifton, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Clifton Water District (the District) as of and for the year ended December 31, 2023, 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 District, as of December 31, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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.

Prior Year Audited by Other Auditors

The financial statements of the District as of and for the year ended December 31, 2022, were audited by other auditors whose report dated October 26, 2023, expressed an unmodified opinion on those statements.

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.

Auditors' 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 auditors' 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 the 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Report on Summarized Comparative Information

The financial statements of the District as of and for the year ended December 31, 2022 were audited by a predecessor auditor. An unmodified opinion was issued October 26, 2023 by the predecessor auditor. In our opinion, the summarized comparative information included in the supplementary presentation presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 19, 2024

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

This section presents an analysis of the District's financial performance and an overview of the District's financial activities for the fiscal years ending December 31, 2023 and 2022. The financial statements are an integral part of this analysis and are included with this document.

FINANCIAL HIGHLIGHTS

After evaluation of the District's financial statements the following highlights have been identified:

- Net Position increased by \$1,384,232 which is a 2.8% increase from 2022.
- Total Operating Income decreased by \$374,513 which is a 192.4% decrease from 2022.
- Total Liabilities decreased by \$801,060 which is a 6.3% decrease from 2022.
- The District's Working Capital ratio was 6.59 at the end of 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis, Independent Auditors' Report and Opinion, Financial Statements, and Supplementary Information. The Financial Statements include notes that explain, in detail, the information in the financial statements.

Financial Statements

Statements of Net Position. The statements of net position include all District assets and liabilities and provides information pertaining to the nature of investments (assets) and obligations to creditors (liabilities). The statements also provide the basis for determining the overall financial health of the District, including liquidity and financial flexibility.

Statements of Revenues, Expenses and Changes in Net Position. The statements of revenues, expenses and changes in net position include all revenues and expenses. This statement measures the success of the District's overall operation and can be used to determine if the District's user fees, rates and charges are adequate to recover expenses.

Statements of Cash Flows. The statements of cash flows present information concerning the District's cash receipts and cash payments during the year. The statements of cash flows report the cash receipts, cash payments, and the changes in net cash from operating, investing, and financing activities.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT

The true picture of the financial health of the District must consider operational theory and financial control that is practiced daily by the District.

Day-to-Day Operational Control of the District

For operational control, the District has classified all operations into two distinct categories: Operating and Nonoperating. Operating Revenues and Operating Expenses are those items that are allocated to operations and are essential elements for day-to-day operation of the District. Nonoperating Revenues are received and reserved for funding Nonoperating Expenses that include infrastructure improvement, capacity development, and equipment purchases.

The District operates as a self-supporting enterprise, meaning that the revenue received from water sales and other Operating revenue sources must be adequate to cover the expenses of day-to-day operation of the District. Capital projects that include infrastructure improvement, capacity development and equipment purchases are also funded using Operating Revenues with a Water Rate Structure adequate to fund a portion of the District's replacement costs for existing, aging infrastructure using annual Depreciation Expense as a guide. The Operating philosophy is critically dependent upon effective rates and user fees. Nonoperating Revenues are primarily received from the sales of new water service connections called Plant Investment Fees.

The District's day-to-day operational control involves many levels of planning, forecasting, and budgeting. Revenues and expenses are allocated to specific functions of the District and staff is required to comply with monthly budget and budget variance parameters. The effectiveness of this system and the development of Cost of Service based fees and rates have been instrumental to operating the District in an efficient and economical manner.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis

Net Position. A Condensed Statements of Net Position is included as Table A. The District's net position, the difference between assets and liabilities, is one way to measure the financial health of the District. Increases or decreases in the District's net position are indicators of improving or deteriorating financial health. Certain consideration must be given to non-financial factors such as changes in economic conditions, population growth and decline, zoning changes, and legislative or policy changes.

**TABLE A
CONDENSED STATEMENTS OF NET POSITION**

	2023	2022	Dollar Change	Total Percent Change
ASSETS				
Current Assets	\$ 12,103,029	\$ 11,443,873	\$ 659,156	5.8%
Noncurrent Assets	50,502,435	50,593,593	(91,158)	-0.2%
Total Assets	<u>62,605,464</u>	<u>62,037,466</u>	567,998	0.9%
LIABILITIES				
Current Liabilities	1,782,306	1,737,658	44,648	2.6%
Noncurrent Liabilities	10,085,680	10,931,388	(845,708)	-7.7%
Total Liabilities	<u>11,867,986</u>	<u>12,669,046</u>	(801,060)	-6.3%
Total Deferred Inflows of Resource	207,387	222,561	(15,174)	-6.8%
NET POSITION				
Net Investment in Capital Assets Restricted for Debt Service	38,617,205	37,431,443	1,185,762	3.2%
Unrestricted	-	436,197	(436,197)	-100.0%
Total Net Position	<u>\$ 11,912,886</u>	<u>11,278,219</u>	<u>634,667</u>	5.6%
	<u>\$ 50,530,091</u>	<u>\$ 49,145,859</u>	<u>\$ 1,384,232</u>	2.8%

	2022	2021	Dollar Change	Total Percent Change
ASSETS				
Current Assets	\$ 11,443,873	\$ 12,734,518	\$ (1,290,645)	-10.1%
Noncurrent Assets	50,593,593	49,553,945	1,039,648	2.1%
Total Assets	<u>62,037,466</u>	<u>62,288,463</u>	(250,997)	-0.4%
LIABILITIES				
Current Liabilities	1,737,658	1,862,400	(124,742)	-6.7%
Noncurrent Liabilities	10,931,388	11,790,093	(858,705)	-7.3%
Total Liabilities	<u>12,669,046</u>	<u>13,652,493</u>	(983,447)	-7.2%
Total Deferred Inflows of Resource	222,561	-	222,561	100.0%
NET POSITION				
Net Investment in Capital Assets Restricted for Debt Service	37,431,443	35,564,581	1,866,862	5.2%
Unrestricted	436,197	436,000	197	0.0%
Total Net Position	<u>11,278,219</u>	<u>12,635,389</u>	<u>(1,357,170)</u>	-10.7%
	<u>\$ 49,145,859</u>	<u>\$ 48,635,970</u>	<u>\$ 509,889</u>	1.0%

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis (Continued)

The analysis of the District's statements of net position displays the changes in financial position of the District and the resulting net position.

Total net position increased by \$1,384,232 for an ending total of \$50,530,091. The District has experienced an average increase of 4.16% in total net position over the past five years. This year's increase is due to increased capital contributions and investment income.

Total assets increased by \$567,998 from 2022.

- The increase in Total Assets is mostly related to the increase in cash and cash equivalents and increased inventory held for use. In 2023, market performance for investments increased significantly.

Total Liabilities decreased by \$801,060 from 2022.

- The decrease in Total Liabilities is due to making scheduled debt service payments.

Total Deferred Inflows of Resource decreased from \$222,561 to \$207,387 due to receiving scheduled lease payments.

Net Investment in Capital Assets increased by \$1,185,762 from 2022.

Fiscal Year 2022 Analysis

Total net position increased by \$509,889 for an ending total of \$49,145,859. The District has experienced an average increase of 5.00% in total net position over the past five years. This year's increase is due to increased capital assets with the contributed capital.

Total assets decreased by \$250,997 from 2021.

- The decrease in Total Assets is mostly related to the decrease in cash and cash equivalents. In 2022, the AP process of issuing checks once a month had changed to at least twice a month which greatly reduced current liabilities and cash at year end.

Total Liabilities decreased by \$983,447 from 2021.

- The decrease in Total Liabilities is due to making scheduled debt service payments as well as a decrease in current liabilities.

Total Deferred Inflows of Resource increased from \$0 to \$222,561 due to the implementation of GASB87 by the District.

Net Investment in Capital Assets increased by \$1,866,862 from 2021.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

Statements of Revenues, Expenses and Change in Net Position. The statements of revenues, expenses, and changes in net position provide information as to the nature and the source of the changes observed in Net Position. Table B is a condensed version of the statements of revenues, expenses and changes in net position. Table B shows:

- An increase of \$1,284,971 or 19.4%, in Total Operating Revenues from 2022.
- A decrease of \$246,411 in Operating Income as compared to 2022.
- An increase in Capital Contributions of \$264,757 from 2022.

Fiscal Year 2022 Analysis

Table B shows:

- An increase of \$54,942 or 0.8%, in Total Operating Revenues from 2021.
- A decrease of \$52,105 in Operating Income as compared to 2021.
- A decrease in Capital Contributions of \$407,010 from 2021.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

**TABLE B
CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	2023	2022	Dollar Change	Percent Change
Total Operating Revenues	\$ 7,903,678	\$ 6,618,707	\$ 1,284,971	19.4%
Total Operating Expenses	8,278,191	6,746,809	1,531,382	22.7%
Operating Income (Loss)	(374,513)	(128,102)	(246,411)	192.4%
Nonoperating Revenues	404,264	(433,628)	837,892	193.2%
Nonoperating Expense	206,618	224,723	(18,105)	-8.1%
Total Nonoperating Revenue	197,646	(658,351)	855,997	-130.0%
Net Income Before Contributions	(176,867)	(786,453)	609,586	-77.5%
Capital Contributions	1,561,099	1,296,342	264,757	20.4%
Change in Net Position	1,384,232	509,889	874,343	171.5%
Beginning Net Position	49,145,859	48,635,970	509,889	1.0%
Ending Net Position	<u>\$ 50,530,091</u>	<u>\$ 49,145,859</u>	<u>\$ 1,384,232</u>	2.8%
	2022	2021	Dollar Change	Percent Change
Total Operating Revenues	\$ 6,618,707	\$ 6,563,765	\$ 54,942	0.8%
Total Operating Expenses	6,746,809	6,639,762	107,047	1.6%
Operating Income (Loss)	(128,102)	(75,997)	(52,105)	68.6%
Nonoperating Revenues	(433,628)	(21,870)	(411,758)	1882.8%
Nonoperating Expense	224,723	245,072	(20,349)	-8.3%
Total Nonoperating Revenue	(658,351)	(266,942)	(391,409)	146.6%
Net Income Before Contributions	(786,453)	(342,939)	(443,514)	129.3%
Capital Contributions	1,296,342	1,703,352	(407,010)	-23.9%
Change in Net Position	509,889	1,360,413	(850,524)	-62.5%
Beginning Net Position	48,635,970	47,275,557	1,360,413	2.9%
Ending Net Position	<u>\$ 49,145,859</u>	<u>\$ 48,635,970</u>	<u>\$ 509,889</u>	1.0%

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis (Continued)

A closer examination of the Condensed Statements of Revenues, Expenses and Changes in Net Position in Table B reveals the following:

Operating Revenue and Expense

- Operating Revenue increased by \$1,284,971 from the previous year. The increase in water sales is mostly related to the rate increase implemented by the Board of Directors.
- Operating Expense increased by \$1,531,382 from 2022 due to an increase in staff wages and benefits as well as implementation of maintenance programs across the District.

Nonoperating Revenue and Expense

- Nonoperating Revenue increased by \$837,892 from 2022. The increase is primarily due to \$339,835 investment income and a \$264,757 increase in tap sales.
- Nonoperating Expense decreased by \$18,105 from 2022 which is due to a decrease in capital projects.
- Capital Contributions increased by 20.4% in 2022, which is due to the number of subdivisions added.

Net Position

- The increase observed in Net Position for 2023 is \$1,384,232. This is due to an increase in Capital Assets coupled with a decrease in Total Liabilities.

Fiscal Year 2022 Analysis

Operating Revenue and Expense

- Operating Revenue increased by \$54,942 from the previous year. The increase in water sales is mostly related to the increase in residents and subdivisions added to the District in 2021.
- Operating Expense increased by \$107,047 from 2021 due to record high inflation.

Nonoperating Revenue and Expense

- Nonoperating Revenue decreased by \$411,758 from 2021. The decrease is primarily due to \$474,801 unrealized loss on investment.
- Nonoperating Expense decreased by \$20,349 from 2021 which is due to a decrease in interest expense.
- Capital Contributions decreased by 23.9% from 2021, which is due to the significant amount of subdivisions added in 2021.

Net Position

- The increase observed in Net Position for 2022 is \$509,889. This is due to an increase in Capital Assets coupled with a decrease in Total Liabilities.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

CAPITAL ASSETS AND DEBT ACTIVITIES

At the conclusion of 2023, the District had expended \$2,929,350 on essential capital and infrastructure improvements.

In 2024, the District's Nonoperating Budget includes \$2,634,000 in Capital Expenses. The 2024 Budget includes funds for the following Major Capital Improvement Projects:

- Project 2024-04 Raw Water Storage \$400,000
- Project 2024-05 MCC, Pumping, SCADA \$1,000,000
- Project 2024-02 Desert Road Pump Station - \$140,000
- Project 2023-01 Hidden Valley Service Area Improvements - \$108,000
- Project 2024-03 Pedestrian Bridge River Crossing - \$50,000
- 2023-02 CDOT F Road Water Main - \$200,000
- 2024-06 Mesa County 31 Rd/Lewis Wash Bridge - \$137,000
- 2024-07 Mesa County E Rd & 32 ½ Rd - \$381,000
- Various small line upgrades \$218,000

Fiscal Year 2022 Analysis

At the conclusion of 2022, the District had expended \$3,105,966 on essential capital and infrastructure improvements.

In 2023, the District's Nonoperating Budget includes \$4,545,065 in Capital Expenses. The 2023 Budget includes funds for the following Major Capital Improvement Projects:

- Project 2022-01 Coffman Road \$1,700,000
- Project 2022-06 32 Road Upgrades \$1,200,000
- Project 2022-03 Fill Station \$20,000
- Modeling of our Distribution System \$75,000
- Various small line upgrades \$480,000

Debt Activities

The District did not take on any new debt in 2023. Additional information concerning debt is included in Note 5 of the Financial Statements. The District believes it is in compliance with Loan Covenants at the end of 2023.

Fiscal Year 2022 Analysis

The District did not take on any new debt in 2022. Additional information concerning debt is included in Note 5 of the Financial Statements. The District believes it is in compliance with Loan Covenants at the end of 2022.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered when the District Board of Directors and Management set the 2024 Budget. In the recent five-year period, the District's customer base has shown a growth rate of approximately 1% annually. The 2024 Budget represents this condition while also considering lower per capita water use associated with water conservation efforts and efforts to reduce operational expenses.

The District's fees and rates are routinely evaluated. The Water Rate Structure is designed to adequately fund not only the day-to-day operation of the District, but also to partially fund replacement costs of major capital assets and encourage water conservation by using an inclining block structure. In 2024, the District's Water Usage Rates increased to meet the financial needs of the District and additional tiers and fees were added to promote conservation throughout the District.

CONTACTING THE DISTRICT'S MANAGER

This Financial Report is designed to provide our citizens, customers, investors, and creditors with the general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have any questions concerning this report or need additional information please contact the Manager of the Clifton Water District, Ty Jones 510 34 Road, Clifton, Colorado 81520.

**CLIFTON WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,886,981	\$ 2,363,724
Investments, Net of Unrealized Loss	7,116,093	7,296,123
Customer Accounts Receivable, Less Allowance of \$-0-	718,819	645,212
Inventory	887,208	595,843
Sanitation District's Accounts Receivable	280,368	318,779
Lease Receivable	213,560	224,192
Total Current Assets	12,103,029	11,443,873
Noncurrent Assets:		
Restricted Cash and Investments	-	436,197
Grand Valley Irrigation Co. Stock	953,843	953,843
Capital Assets, Net	49,548,592	49,203,553
Total Noncurrent Assets	50,502,435	50,593,593
Total Assets	62,605,464	62,037,466
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	193,032	147,008
Due to Sanitation District	492,113	577,905
Compensated Absences Payable	251,454	172,023
Current Portion of Long-Term Debt	845,707	840,722
Total Current Liabilities	1,782,306	1,737,658
Noncurrent Liabilities:		
Long-Term Debt, Less Current	10,085,680	10,931,388
Total Liabilities	11,867,986	12,669,046
DEFERRED INFLOWS OF RESOURCES		
Leases	207,387	222,561
Total Deferred Inflows of Resources	207,387	222,561
NET POSITION		
Net Investment in Capital Assets	38,617,205	37,431,443
Restricted for Debt Service	-	436,197
Unrestricted	11,912,886	11,278,219
Total Net Position	\$ 50,530,091	\$ 49,145,859

See accompanying Notes to Financial Statements.

CLIFTON WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Water Sales	\$ 7,178,197	\$ 5,888,642
System Investment Fees	451,311	447,823
Penalties and Fees	186,833	163,791
Tap Installation and Main Line Extension Fees	-	15,800
Administration Fees, Sanitation District	37,557	47,190
Miscellaneous Operating Income	49,780	55,461
Total Operating Revenues	7,903,678	6,618,707
OPERATING EXPENSES		
Source of Supply	34,369	36,170
Water Treatment	1,864,208	1,224,740
Transmission and Distribution	2,308,350	1,383,735
Depreciation and Amortization Expense	1,924,949	1,930,039
General and Administrative	2,146,315	2,166,844
Equipment - Noncapital	-	5,281
Total Operating Expenses	8,278,191	6,746,809
OPERATING LOSS	(374,513)	(128,102)
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss)	339,835	(474,801)
Interest Expense	(206,618)	(224,723)
Lease Income	15,175	13,799
Availability of Service	12,279	27,374
Gain (Loss) on Disposal of Capital Assets	36,975	-
Total Nonoperating Revenues (Expenses)	197,646	(658,351)
NET LOSS BEFORE CONTRIBUTIONS	(176,867)	(786,453)
CAPITAL CONTRIBUTIONS	1,561,099	1,296,342
CHANGE IN NET POSITION	1,384,232	509,889
Net Position - Beginning of Year	49,145,859	48,635,970
NET POSITION - END OF YEAR	\$ 50,530,091	\$ 49,145,859

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 7,818,702	\$ 6,501,153
Cash Payments to Suppliers	(3,619,875)	(2,871,200)
Cash Payments to Employees	(2,985,069)	(2,439,540)
Other Cash Receipts	49,780	55,461
Net Cash Provided by Operating Activities	1,263,538	1,245,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities or Sales of Investments	1,450,447	493,096
Cash Use in Investment Purchases	(1,089,403)	(686,434)
Income Received on Investments	154,279	80,618
Net Cash Provided (Used) by Investing Activities	515,323	(112,720)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,516,789)	(2,596,783)
Principal Payments on Notes and Bonds	(825,736)	(827,411)
Interest Payments on Notes and Bonds	(221,605)	(224,723)
Proceeds from Sales of Capital Assets	36,975	-
Lease Payments and Miscellaneous Income	15,175	13,799
Availability of Service Charges	12,279	27,374
Plant Investment Fees Collected	807,900	923,635
Net Cash Used by Capital and Related Financing Activities	(1,691,801)	(2,684,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87,060	(1,550,955)
Cash and Cash Equivalents - Beginning of Year	2,799,921	4,350,876
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,886,981	\$ 2,799,921
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO CASH AND INVESTMENTS		
Cash and Cash Equivalents	\$ 2,886,981	\$ 2,799,921
Other Investment Securities	7,116,093	7,296,123
Total	\$ 10,003,074	\$ 10,096,044

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (374,513)	\$ (128,102)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,924,949	1,930,039
(Increase) Decrease in:		
Accounts Receivable	(35,196)	(62,093)
Inventory	(291,365)	(337,934)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	46,024	(249,471)
Due to Sanitation District	(85,792)	42,316
Compensated Absences Payable	79,431	51,119
Net Cash Provided by Operating Activities	<u>\$ 1,263,538</u>	<u>\$ 1,245,874</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Unrealized Gain (Loss) on Investments	<u>\$ 178,928</u>	<u>\$ (524,796)</u>
Lines Contributed by Developers and Governments	<u>\$ 753,199</u>	<u>\$ 372,707</u>
Amortization of Premium on Debt	<u>\$ (14,987)</u>	<u>\$ (17,983)</u>
Book Value of Disposed Capital Assets	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Activity

Clifton Water District was organized to provide domestic water service to the community of Clifton and surrounding farmlands. The District is a governmental subdivision of the State of Colorado organized with all the powers of a public or quasi-municipal corporation. The Order and Decree of the District Court in and for Mesa County creating the District was entered on March 5, 1951. The District is governed by a Board of Directors consisting of five members. The members must be qualified electors of the District and are elected to staggered four year terms of office at successive biennial elections.

Reporting Entity

The Clifton Water District is the primary government operating as a water enterprise fund. The District has no component units.

Basis of Presentation – Fund Accounting

The operations of the District are accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When the District has the option to use either restricted or unrestricted net position to finance a program it is the District's policy to first apply restricted resources.

Government-Wide Net Position

- *Net Investment in Capital Assets* – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- *Restricted Net Position* – consist of assets that are restricted by the District's creditors (for example, through debt covenants), by enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (those who donate to the District).
- *Unrestricted* – all other net position is reported in this category.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado *Financial Management Manual* and in accordance with Colorado Revised Statutes. The District adopts an appropriation resolution for the next fiscal year before December 31. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances.

The District appropriates, and may not exceed appropriations, at a total fund level. Appropriations for the years ended December 31, 2023 and 2022 were \$11,422,065 and \$20,544,488, respectively.

The budget basis of accounting used by the District differs from the generally accepted accounting principles (GAAP) basis in that outlays for acquisition of capital assets, outlays for debt retirement, and purchases of GVIC shares are included as expenditures and proceeds from debt issuance is included as other financing sources. Plant and system investment fees are included as revenues.

Cash and Cash Equivalents

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

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. 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.

Customer Accounts Receivable

The District considers customer accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required at December 31, 2023 or 2022.

Inventory

The inventory held by the District is recorded at cost using the first-in, first-out method. The inventory is used for repair and replacement of the system.

Capital Assets

Capital assets (property, plant, and equipment) are recorded at cost, or in the case of donations, at their estimated fair value on the date donated. Cost includes the capitalization of materials and direct labor for additions made by District personnel. The District's capitalization level is \$1,000 for capital assets.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

Buildings and Plant	10 to 50 Years
Equipment	3 to 30 Years
Water Delivery System	10 to 50 Years

Plans and designs are recorded as intangible assets and are amortized over 5 years.

Lessor Receivables

Lessor receivables represent the present value of future lease payments, for lease terms greater than 12 months, where the District is the lessor. Interest income is recognized by the District as revenue ratably over the contract term. Lease revenue is recognized by the District through amortization of a deferred inflow of resources in a systematic and rational manner over the lease term.

Risk Management

The District purchases general liability and property insurance through commercial insurers to provide coverage of all losses, claims, and judgments.

Compensated Absences

Full-time employees are given 24 hours of paid time off upon hire. Annual leave benefits can accumulate to a maximum of 450 hours based on years of service. Full time employees are paid out 100% of accumulated annual leave upon termination.

Availability of Service Charges

As required by Colorado statute, the use of availability of service charges is restricted to meeting current debt service requirements.

Bond Premium

The bond premium is reported in the balance sheet as a direct addition to the face amount of the bonds payable. Amortization of the premium, which is being calculated on the straight-line basis, which approximates the interest method, is reported as a reduction of interest expense over the 10 year life of the bonds.

Use of Estimates

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

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

The District adopted the provisions of Statement No. 96, Subscription-Based Information Technology arrangements, retroactive to January 1, 2023. Statement No. 96 guidance requires the District to disclose a general description of its SBITAs, which includes the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined. The new standard will, for the first time, require a subscription asset and a corresponding liability to be recognized on the statement of financial position for any SBITA arrangements the District has with software vendors. There is no net impact on net position from the implementation of this standard.

NOTE 2 CASH AND INVESTMENTS

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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2023 and 2022, the District had deposits with a financial institution with a carrying amount of \$2,726,083 and \$2,705,706, respectively. The District also held \$159,838 and \$129,250, respectively, in money market accounts which were insured by SIPC.

Cash and investments fair value, including level under the GASB 72 fair value hierarchy, where applicable, is as follows:

	2023	2022
Cash on Hand	\$ 1,060	\$ 1,060
Cash in Checking	2,726,083	2,705,706
Money Markets	159,838	129,250
Total Cash and Cash Equivalents	2,886,981	2,836,016
Investments:		
COLOTRUST	556,968	1,123
Treasury Notes, Maturities Between 1 - 5 Years (Level 1 for 2023 and 2022)	2,649,032	3,073,734
FNMA, Maturities Between 1 - 2 Years (Level 1 for 2023 and 2022)	948,100	1,366,130
FHLB, Maturities Between 1 - 5 Years (Level 1 for 2023 and 2022)	1,856,398	1,788,704
FFCB, Maturities Between 1 - 5 Years (Level 2 for 2023 and 2022)	1,105,595	1,066,433
Total Investments	7,116,093	7,296,124
Total Cash and Investments	10,003,074	10,132,140
Less: Restricted Cash and Investments	-	436,000
Total	\$ 10,003,074	\$ 9,696,140

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's investment policy follows Colorado statutes. The District's investments are registered in the name of the government.

At December 31, 2023 and 2022, the investments in the securities of U.S. Government Agencies were all rated AA+ by *Standard & Poor's*, and Aaa by *Moody's Investors Services*. The external investment pool is not rated.

At December 31, 2023 and 2022, the District has invested \$556,968 and \$1,123, respectively, in COLOTRUST, a local government investment pool for local government entities in Colorado to pool surplus funds. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's two funds are rated AAAM by Standard and Poor's, Fitch's and Moody's rating services. COLOTRUST is measured at Net Asset Value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period.

NOTE 3 GRAND VALLEY IRRIGATION CO. STOCK

As of December 31, 2023 and 2022, the District owns 1,948 and 1,948 shares of Grand Valley Irrigation Co. stock, respectively, which is recorded at the price paid when purchased. This is considered an interest in a source of supply and not an investment. At December 31, 2023 and 2022, no triggering events or circumstances were identified that would indicate impairment.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 749,787	\$ 273,811	\$ -	\$ 1,023,598
Construction in Progress	2,646,736	105,745	(2,036,267)	716,214
Total Capital Assets, Not Being Depreciated	3,396,523	379,556	(2,036,267)	1,739,812
Capital Assets, Being Depreciated:				
Water Services System	40,947,346	1,969,877	-	42,917,223
Water Treatment:				
Plant	31,653,327	-	-	31,653,327
Shop	255,695	-	-	255,695
Equipment	1,278,376	-	-	1,278,376
General:				
Buildings	539,434	1,610,444	-	2,149,878
Furniture and Equipment	1,106,230	346,378	159,381	1,293,227
Vehicles	666,375	-	-	666,375
Total Capital Assets, Being Depreciated	76,446,783	3,926,699	159,381	80,214,101
Less Accumulated Depreciation and Amortization:				
Water Services System	17,731,250	889,955	-	18,621,205
Water Treatment:				
Plant	10,127,330	-	-	10,127,330
Shop	204,368	-	-	204,368
Equipment	895,229	-	-	895,229
General:				
Buildings	397,335	-	-	397,335
Furniture and Equipment	726,922	7,599	159,381	575,140
Vehicles	557,319	1,027,395	-	1,584,714
Total	30,639,753	1,924,949	159,381	32,405,321
Total Capital Assets, Being Depreciated, Net	45,807,030	2,001,750	-	47,808,780
Total Capital Assets, Net	<u>\$ 49,203,553</u>	<u>\$ 2,381,306</u>	<u>\$ (2,036,267)</u>	<u>\$ 49,548,592</u>

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 749,787	\$ -	\$ -	\$ 749,787
Construction in Progress	1,725,533	1,702,491	781,288	2,646,736
Total Capital Assets, Not Being Depreciated	2,475,320	1,702,491	781,288	3,396,523
Capital Assets, Being Depreciated:				
Water Services System	39,236,527	1,710,819	-	40,947,346
Water Treatment:				
Plant	31,616,275	37,052	-	31,653,327
Shop	255,695	-	-	255,695
Equipment	1,165,628	130,772	18,024	1,278,376
General:				
Buildings	500,673	38,761	-	539,434
Furniture and Equipment	1,076,237	85,579	55,586	1,106,230
Vehicles	771,151	45,304	150,080	666,375
Total Capital Assets, Being Depreciated	74,622,186	2,048,287	223,690	76,446,783
Less Accumulated Depreciation and Amortization:				
Water Services System	16,879,046	852,204	-	17,731,250
Water Treatment:				
Plant	9,329,925	797,405	-	10,127,330
Shop	195,395	8,973	-	204,368
Equipment	820,146	93,107	18,024	895,229
General:				
Buildings	377,374	19,961	-	397,335
Furniture and Equipment	685,290	97,218	55,586	726,922
Vehicles	646,228	61,171	150,080	557,319
Total	28,933,404	1,930,039	223,690	30,639,753
Total Capital Assets, Being Depreciated, Net	45,688,782	118,248	-	45,807,030
Total Capital Assets, Net	\$ 48,164,102	\$ 1,820,739	\$ 781,288	\$ 49,203,553

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM DEBT

On October 1, 2013, the District issued \$4,360,000 in water revenue refunding bonds with interest rates ranging between 2.0% and 4.0%. The bonds were issued with interest due semiannually on June 1 and December 1 of each year, commencing December 1, 2013. Principal payments are due each December 1. The bonds mature in various amounts through December 1, 2023. The bonds are collateralized by the Net Pledged Revenues of the District as defined in the agreement. The District believes it is in compliance with all significant financial requirements as of December 31, 2023 and 2022. The bonds matured in 2023.

The District entered into a loan agreement for \$13,948,507 with an interest rate of 1.19% with the Colorado Water Resources and Power Development Authority (CWRPDA) dated May 1, 2014. The agreement calls for the CWRPDA to issue bonds with the proceeds to be used to finance a loan to the District and several other entities. Loan funds were used for the Clifton Water District Microfiltration Ultrafiltration Water Treatment Plant project. The note is collateralized by the net revenue of the District as defined in the agreement. The District believes it is in compliance with all significant financial requirements as of December 31, 2023. The payments are due in semi-annual installments beginning August 2014 through August 2035. Payment amounts range from \$71,125 to \$527,133.

The following is a summary of long-term debt transactions of the District for the years ended December 31, 2023 and 2022:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amount Due Within One Year
2014 Note Payable	\$ 11,357,123	\$ -	\$ 425,736	\$ 10,931,387	\$ 845,707
2013 Water Revenue Refunding Bonds	400,000	-	400,000	-	-
2013 Bond Premium	14,987	-	14,987	-	-
Compensated Absences	172,023	201,471	122,040	251,454	251,454
Total	<u>\$ 11,944,133</u>	<u>\$ 201,471</u>	<u>\$ 962,763</u>	<u>\$ 11,182,841</u>	<u>\$ 1,097,161</u>

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Balance December 31, 2022
2014 Note Payable	\$ 11,691,551	\$ -	\$ 334,428	\$ 11,357,123	\$ 425,736
2013 Water Revenue Refunding Bonds	875,000	-	475,000	400,000	400,000
2013 Bond Premium	32,970	-	17,983	14,987	14,987
Compensated Absences	120,904	175,502	124,383	172,023	172,023
Total	<u>\$ 12,720,425</u>	<u>\$ 175,502</u>	<u>\$ 951,794</u>	<u>\$ 11,944,133</u>	<u>\$ 1,012,746</u>

	2023	2022
Long-Term Debt, Face Amount	\$ 10,931,387	\$ 11,757,123
Add Premium	-	14,987
Subtotal	<u>10,931,387</u>	<u>11,772,110</u>
Less: Current Portion	845,707	840,722
Total	<u>\$ 10,085,680</u>	<u>\$ 10,931,388</u>

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

The annual aggregate maturities for the years subsequent to December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 845,707	\$ 204,905	\$ 1,050,612
2025	849,419	199,055	1,048,474
2026	857,396	193,205	1,050,601
2027	864,821	187,205	1,052,026
2028	868,533	181,205	1,049,738
2029 - 2033	4,616,353	643,995	5,260,348
2034 - 2037	2,029,158	65,427	2,094,585
Total Maturities	<u>\$ 10,931,387</u>	<u>\$ 1,674,997</u>	<u>\$ 12,606,384</u>

NOTE 6 RESTRICTED NET POSITION

The District is required to maintain a reserve fund under the terms of the 2013 Water Revenue Refunding Bonds issued on October 1, 2013. The reserve fund required is calculated as the lesser of (a) an amount set forth in the Sale Certificate or (b) (i) 10% of the principal amount of the Bonds, (ii) 100% of the maximum annual payment of principal of and interest on the Bonds, or (iii) 125% of the average payments of principal of and interest on the Bonds which will become due in any fiscal year. The bonds matured in 2023. The amounts reserved by the District for the years ending December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Reserve Requirement	\$ -	\$ 436,000
Total - Restricted Net Position	<u>\$ -</u>	<u>\$ 436,000</u>

NOTE 7 CAPITAL CONTRIBUTIONS

Capital contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Plant Investment Fees	\$ 807,900	\$ 923,635
Donated Water Lines from Developers and Governments	753,199	372,707
Total Capital Contributions	<u>\$ 1,561,099</u>	<u>\$ 1,296,342</u>

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 RETIREMENT PLANS

Defined Contribution Plans

The District provides retirement benefits for all of its qualified employees through the Colorado Retirement Association (CRA). The plan is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are able to participate with one-half (1/2) year of service. Under the plan, the District is required to contribute 3% of each participant's total compensation. The District's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years continuous service. Forfeitures due to termination of an employee who is not fully vested are used to reduce the District's current period contribution requirement. All employees participating in the former plan at the start of the new plan received past service credit for all periods of employment.

For the CRA plan the District's total payroll for 2023 and 2022 was \$2,386,386 and \$1,778,827, respectively. The District's covered payroll for 2023 and 2022 was \$2,276,278 and \$1,633,835 and the District made the required 3% contribution for 2023 and 2022 of \$67,105 and \$42,258, respectively. Employee contributions to this plan in 2023 and 2022 were \$125,821 and \$170,183, respectively.

Section 457 Plan

The District participates in a deferred compensation plan in accordance with Internal Revenue Service Code Section 457 through CCOERA. All District employees are eligible to make contributions to the plan for up to certain amounts, dictated by the Code, of eligible gross wages.

NOTE 9 LEASES

As a lessor, the District recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases that transfer ownership of the underlying asset to lessee. The District does not have any leases of assets held as investment or leases that transfer ownership of the underlying asset to lessee. As a lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

In accordance with GASB 87, the District recognizes a lease receivable and a deferred inflows of resources for leases the District categorizes as in-scope of GASB 87.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 LEASES (CONTINUED)

Cell Tower Leases

The District entered into a lease with CommNet Cellular Inc., dba: Version Wireless, on September 1, 2022 for a cell phone antenna. This lease will be automatically renewed upon the same terms and conditions of the lease for up to two separate additional periods of five years each. The rent receivable under the lease is \$1,800 per month. The present value of the lease receivable and the deferred inflow at December 31, 2023 is \$213,560 and (\$207,387), respectively. The present value of the lease receivable and the deferred inflow at December 31, 2022 was \$224,192 and (\$222,561), respectively.

The future expected lease receivable and revenue balances for these in-scope GASB No. 87 leases are summarized as follows:

<u>Year Ending December 31,</u>	<u>Beginning Lease Receivable</u>	<u>Interest Revenue</u>	<u>Receivable Reduction</u>	<u>Annual Lease Revenue</u>	<u>Ending Lease Receivable</u>
2024	\$ 213,560	\$ 10,424	\$ 11,176	\$ 15,175	\$ 202,384
2025	202,384	9,852	11,748	15,175	190,636
2026	190,636	9,251	12,349	15,175	178,288
2027	178,288	8,620	12,980	15,175	165,307
2028	165,307	7,956	13,645	15,175	151,663
2029-2033	151,663	28,564	79,436	75,873	72,227
2029-2034	72,227	6,973	72,227	55,640	-

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment as they have interpreted it.

CLIFTON WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Original and Final Budget 2023	Actual 2023	Variance Favorable (Unfavorable)	Actual 2022
REVENUES				
Water Sales	\$ 8,269,347	\$ 7,178,197	\$ (1,091,150)	\$ 5,888,642
Plant Investment Fees	1,088,000	807,900	(280,100)	923,635
System Investment Fees	-	451,311	451,311	447,823
Administration Fees, Sanitation District	48,577	37,557	(11,020)	47,190
Investment Income	126,650	160,907	34,257	49,995
Penalties and Fees	242,585	186,833	(55,752)	163,791
Availability of Service	29,904	12,279	(17,625)	27,374
Miscellaneous Operating Income	18,000	49,780	31,780	71,261
Gain (Loss) on Disposal of Assets	15,000	36,975	21,975	-
Lease Income	21,600	15,175	(6,425)	13,799
Total Revenues	<u>9,859,663</u>	<u>8,936,914</u>	<u>(922,749)</u>	<u>7,633,510</u>
EXPENSES				
Water Shares	49,645	34,369	15,276	36,170
Capital Outlay	3,897,200	2,929,350	967,850	3,105,966
Wages and Benefits	3,176,952	3,145,016	31,936	2,503,786
Distribution Expense	776,250	682,836	93,414	764,437
WTP Operating Expenses	1,804,850	1,088,600	716,250	788,335
Administrative Expenses	669,826	743,059	(73,233)	587,566
Interest Expense	96,069	206,618	(110,549)	224,723
Bond and Note Principal	951,273	962,763	(11,490)	827,411
Total Expenses	<u>11,422,065</u>	<u>9,792,611</u>	<u>1,629,454</u>	<u>8,838,394</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$ (1,562,402)</u>	(855,697)	<u>\$ 706,705</u>	<u>\$ (1,204,884)</u>
ADJUSTMENT TO BUDGETARY BASIS				
Depreciation Expense		(1,924,949)		
Unrealized Gain on Investments		178,928		
Plant Investment Fees		(807,900)		
Capital Outlay (Capitalized)		2,269,988		
Bond and Note Principal Payment		<u>962,763</u>		
NET LOSS BEFORE CONTRIBUTIONS		<u>\$ (176,867)</u>		



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