

La Plata Archuleta Water District
Including the Sundance/Farraday Subdistrict,
Fox Fire Subdistrict and Skyview Subdistrict
ANNUAL FINANCIAL REPORT
December 31, 2023 and 2022



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Independent Auditors' Report

Members of the Board of Directors
La Plata Archuleta Water District

Opinions

We have audited the accompanying financial statements of the business-type activities of La Plata Archuleta Water District (the District) as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of La Plata Archuleta Water District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 La Plata Archuleta Water District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the La Plata Archuleta Water 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 La Plata Archuleta Water 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 La Plata Archuleta Water District's ability to continue as a going concern for a reasonable period of time.

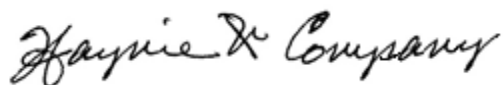
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise La Plata Archuleta Water District's financial statements as a whole. The supplementary information 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
September 26, 2024

Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the La Plata Archuleta Water District's (the District) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

This section provides a summary of the District's financial performance. It contains an overview and analysis of the District's financial activities for the year ended December 31, 2023. The financial statements are an integral part of this analysis and should be read in conjunction with this document.

Financial Highlights

1. The District began serving its first customers in January 2014. By the end of 2023 the District had sold 258 taps and was serving water to 220 customers, including master meters serving a 55-unit mobile home park and a 14 lot subdivision.
2. Currently, the District's primary source of income is property taxes that are the result of the 5-mill tax issue that passed in the May 2010 election. A total of \$1,810,898 in general property taxes and specific ownership taxes were received in 2023, an increase from the previous year of \$461,309. The fluctuation from year to year of the general property taxes is primarily due to the fluctuating price of natural gas and the severance tax associated with it. The District also collected \$204,049 in service charges and other customer paid fees as well as received \$34,520 in payments in lieu of taxes (PILT) from the Southern Ute Indian Tribe, which the District Board has designated to be used for the purchase of raw water.
3. The District has a contract with Colorado Water Conservation Board (CWCBC) to purchase a portion of CWCBC's allocation of water in Lake Nighthorse. Lake Nighthorse is the reservoir constructed as part of the Bureau of Reclamation's Animas-La Plata Project which is situated southwest of the City of Durango. The District has the option to purchase up to 2,500 acre-feet of water over a 40-year period. The District has acquired a total of 520 acre-feet of water for a total cost of \$1,800,338 as of December 31, 2023.
4. The District's total net position as of December 31, 2023 totaled \$18,590,201 including unrestricted net position of \$9,262,936. The District has restricted assets of \$43,354 for TABOR reserves and \$262,000 for bond reserve.
5. The District began construction of its water distribution system in late 2012 and has completed construction of approximately 37 miles of water mains. The District has capital assets of \$13,928,091 and prepaid cost of water of \$5,996,566. The prepaid costs of water include the design, construction and construction inspection costs associated with the expansion of the Town of Bayfield's Water Treatment Plant, which was completed in 2017.

6. The District formed the Sundance/Farraday Subdistrict No. 1 to facilitate construction of a water distribution system into three subdivisions that requested water service prior to the District's Capital Improvement Plan otherwise indicates. An election to authorize borrowing up to \$1,000,000 and setting a mill levy to service the debt was passed by the voters of the Subdistrict in 2017. Construction of the distribution system in the three subdivisions was substantially completed in 2019 and final completion was achieved in 2020. The mill levy is variable depending on the assessed value of real property in the Subdistrict and set to provide sufficient funds to service the loan.
7. The District also established the Fox Fire Subdistrict and the Skyview Subdistrict at the request of the property owners in 2021. The eligible electors of the Fox Fire Subdistrict approved a measure allowing the Subdistrict to borrow up to \$850,000 and repaying the loan through a variable mill levy on their property in November 2021. The design of the project was still in process at the end of 2023. The eligible electors of the Skyview Subdistrict did not approve a measure allowing the Subdistrict to incur debt and repaying the debt through a property tax mill levy.

Report Layout

Besides this Management's Discussion and Analysis (MD&A), the report consists of combined government-wide financial statements, notes to the basic financial statements, and required supplementary information including a budget comparison schedule. La Plata Archuleta Water District is a single fund entity whose primary function is to facilitate the construction of water distribution projects. Revenues and expenses relate to the core function of operating the District and its facilities. The basic financial statements of La Plata Archuleta Water District contain three primary statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position reflects the cumulative financial condition of the District at December 31, 2023, and the Statement of Revenues, Expenses, and Changes in Net Position show the change in financial condition from operations and other activities for the year then ended. The Statement of Net position and Statement of Revenues, Expenses and Changes in Net Position are reported using the economic resources measurement focus and the accrual basis of accounting.

Government-Wide Financial Analysis

A comparison to the prior year is provided below. This section will discuss and analyze significant differences.

A condensed version of the comparison for 2023 and 2022 of the Statement of Net Position follows:

	<u>2023</u>	<u>2022</u>
Current Assets	\$5,834,811	\$4,719,304
Capital Assets	13,928,091	14,012,406
Prepaid Cost of Water	<u>5,996,566</u>	<u>6,329,455</u>
Total Assets	<u>\$25,759,468</u>	<u>\$25,061,165</u>
 Total Liabilities	 \$5,134,817	 \$5,507,416
 Deferred Property Tax Revenue	 \$2,034,450	 \$1,595,118
 Invested in Capital Assets, Net of related debt	 \$9,021,911	 \$8,708,886
Restricted	43,354	44,682
Unrestricted	<u>9,262,936</u>	<u>8,919,063</u>
Total Net position	<u>\$18,590,201</u>	<u>\$17,958,631</u>

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A condensed version of the Statement of Revenues, Expenditures and Changes in Net Position follows:

	<u>2023</u>	<u>2022</u>
Operating Income		
Service Charges	\$204,049	\$179,343
Total operating expenses	1,445,145	1,489,389
Operating Income (Loss)	(1,241,096)	(1,310,046)
Nonoperating revenues (expenses)		
Property taxes	1,644,269	1,212,334
Interest income	163,488	44,195
Tap Fees	45,850	121,550
Specific Ownership Tax	166,629	137,255
PILT income	34,520	21,985
Grant income	4,304	12,354
Other income	3,951	19,651
Interest Expense and Debt Issuance Cost	(141,368)	(152,148)
Treasure Fees- La Plata County	(48,959)	(36,702)
Total nonoperating revenues	<u>1,872,666</u>	<u>1,380,474</u>
Developer donated lines	0	23,150
Change in net position	631,570	93,758
Beginning net position	<u>17,958,631</u>	<u>17,865,053</u>
Ending net position	<u>\$18,590,201</u>	<u>\$17,958,631</u>

The District was originally formed in August of 2008. A 5-mill property tax was approved by the voters of the District in May 2010. Approximately 50 to 80% of the District's property tax base consists of taxes from the production and processing of natural gas, the majority of which is tied to the commodity price of the natural gas. This can cause a large swing in the property tax revenue received by the District. There is a two-year lag between the sales of gas and when the District receives the property tax for those sales. For instance, the price of gas in 2021 is reflected in the property taxes received by the District in 2023.

Because the District is relatively new and currently serves few customers, the tax revenue is used to fund both operations and capital costs, until there is enough of a customer base to cover the operating costs. Any tax revenue that is available after operations and to pay any debt obligations is used for the capital construction program to continue expanding the water system and serving additional customers.

The District's Funds

General Fund

With the exception of the TABOR reserve requirements, the \$262,000 in bond reserves, and the PILT funds that are designated for the purchase of raw water, the remainder of this fund is available for operation and capital expenses.

Capital Assets and Long-Term Debt

Construction of the expansion to Bayfield's Water Treatment Plant began in 2015 and was completed in 2017. A total of \$8,322,243 was expended on construction, engineering design and construction management services for the project. Although this is not a capital asset that the District will own, it is part of an IGA with the Town of Bayfield that secures the District a long-term supply of treated water and is considered a Prepaid Cost of Water.

The District sold General Obligation Tax Bonds in 2013 in the amount of \$5,000,000 to help pay the costs of the Bayfield Water Treatment Plant Expansion Project. The current outstanding principal for those bonds at the end of 2023 is \$2,620,000. The District borrowed \$2,500,000 from the Colorado Water Resources and Power Development Authority to pay the costs of pipeline construction in 2016, 2017 and 2018. Although the District usually pays for pipeline construction with annual revenues, because the cost of the water treatment plant expansion exceeded the 2013 GO Bonds, the District felt that it was necessary to borrow the money to backfill revenues that would have been used for pipeline construction instead of the treatment plant expansion. The current outstanding principal on that loan is \$1,706,000.

The Sundance/Farraday Subdistrict No. 1 borrowed \$1,000,000 from the CWRPDA in Drinking Water Revolving Fund monies to fund the distribution system in the Sundance Hills and Farraday Subdivisions. The first principal payment due on this loan was made in November 2019 and left an outstanding principal of \$979,544. Because of a grant from the Colorado Department of Local Affairs that was obtained to help fund the project, only \$698,033 of the loan was required and it was reduced to that amount in 2021. The current outstanding balance of this loan is \$504,537.

Future Plans

The District will continue to construct more distribution pipelines and connect new customers for the foreseeable future. The expansion of the Bayfield Water Treatment Plant will provide the District with at least 750,000 gallons per day of treatment capacity and the District has currently only used about 100,000 gallons per day of that capacity. The District is also negotiating with the City of Durango for a joint water treatment plant that will utilize water that the District has acquired in Lake Nighthorse, primarily for the western side of the District.

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact Edward Tolen at P.O. Box 1377, Ignacio, Colorado 81137.

Basic Financial Statements

La Plata Archuleta Water District
Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,434,712	\$ 2,753,875
Restricted cash - bond reserve	262,000	286,000
Accounts receivable	20,940	11,799
Property taxes receivable	2,034,450	1,595,118
Prepaid expense	20,337	16,944
Inventory	<u>62,372</u>	<u>55,568</u>
Total Current Assets	<u>5,834,811</u>	<u>4,719,304</u>
Non-Current Assets:		
Prepaid Costs of Water	5,996,566	6,329,455
Capital assets, net	<u>13,928,091</u>	<u>14,012,406</u>
Total long-term assets	<u>19,924,657</u>	<u>20,341,861</u>
Total Assets	<u>\$ 25,759,468</u>	<u>\$ 25,061,165</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 58,865	\$ 25,042
Accrued payroll and related liabilities	25,896	22,065
Accrued interest expense	14,113	14,113
Unissued tap fee credits	129,763	142,676
Current portion of long-term debt	<u>404,478</u>	<u>386,533</u>
Total Current Liabilities	<u>633,115</u>	<u>590,429</u>
Non-Current Liabilities:		
Long-term debt, net of unamortized premium	<u>4,501,702</u>	<u>4,916,987</u>
Total Long-term Liabilities	<u>4,501,702</u>	<u>4,916,987</u>
Total Liabilities	<u>\$ 5,134,817</u>	<u>\$ 5,507,416</u>
Deferred Inflows of Resources		
Deferred property tax revenue	2,034,450	1,595,118
Net Position		
Net investment in capital assets	9,021,911	8,708,886
Restricted for:		
Restricted cash - bond reserve	262,000	286,000
Emergencies	43,354	44,682
Unrestricted	<u>9,262,936</u>	<u>8,919,063</u>
Total Net Position	<u>18,590,201</u>	<u>17,958,631</u>
Total Liabilities and Net Position	<u>\$ 25,759,468</u>	<u>\$ 25,061,165</u>

The accompanying notes are an integral part of these statements.

La Plata Archuleta Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue:		
Charges for service	\$ 204,049	\$ 179,343
Total Operating Revenue	<u>204,049</u>	<u>179,343</u>
Operating Expenses:		
Amortization of prepaid water costs	332,889	332,890
Depreciation expense	367,257	369,281
Compensation and benefits	309,471	272,527
Employee benefits and taxes	97,648	91,767
Miscellaneous	81,225	88,969
Contract costs for water treatment plant operation and maintenance	55,366	64,622
Subdistricts Expense	15,440	41,534
Legal fees	39,707	36,590
Capital outlay	22,290	39,759
Accounting and auditing	28,946	21,728
Engineering	7,668	10,144
Rent	17,491	15,311
Insurance	12,029	12,414
Repairs and maintenance	8,471	10,076
Raw water operating and maintenance assessment	49,247	81,777
Total Operating Expenses	<u>1,445,145</u>	<u>1,489,389</u>
Operating (Loss)	<u>(1,241,096)</u>	<u>(1,310,046)</u>
Non-operating Revenues and Expenses:		
Property taxes	1,644,269	1,212,334
Specific ownership taxes	166,629	137,255
Tap fees	45,850	121,550
Payments in lieu of taxes	34,520	21,985
Grant income	4,304	12,354
Interest income	163,488	44,195
Other income	3,951	19,651
Interest expense	(141,386)	(152,148)
Treasurer fees - La Plata County	(48,959)	(36,702)
Net Non-operating Revenues and Expenses	<u>1,872,666</u>	<u>1,380,474</u>
Income Before Developer Donated Lines	631,570	70,428
Developer donated lines	<u>-</u>	<u>23,150</u>
Change in Net Position	631,570	93,578
Net Position —beginning of year	<u>17,958,631</u>	<u>17,865,053</u>
Net Position —end of year	<u>\$18,590,201</u>	<u>\$17,958,631</u>

The accompanying notes are an integral part of these statements.

La Plata Archuleta Water District
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 194,908	\$ 178,693
Cash paid to employees	(305,640)	(269,032)
Cash paid to suppliers for goods and services	(411,902)	(611,444)
Net Cash From (Used by) Operating Activities	(522,634)	(701,783)
Cash Flows from Non-capital Financing Activities:		
Property and specific ownership taxes	1,761,939	1,312,887
Water tap subscriptions	32,937	116,000
Payment in Lieu of taxes	34,520	21,985
Net Cash From (used by) Non-Capital Financing Activities	1,829,396	1,450,872
Cash Flows from Capital and Related Financing Activities:		
Principal payments of capital debt	(386,533)	(368,645)
Interest payments	(152,193)	(162,955)
Proceeds from capital grants	4,304	12,354
Purchases of capital assets	(282,942)	(115,440)
Other receipts	3,951	19,651
Net Cash From Capital and Related Financing Activities	(813,413)	(615,035)
Cash Flows from Investing Activities:		
Interest income received	163,488	44,195
Net Cash From Investing Activities	163,488	44,195
Net Change in Cash and Cash Equivalents	656,837	178,249
Cash and Cash Equivalents—beginning of year	3,039,875	2,861,626
Cash and Cash Equivalents—end of year	<u>\$ 3,696,712</u>	<u>\$ 3,039,875</u>
Detail of Cash and Cash Equivalents:		
Unrestricted	3,434,712	2,753,875
Restricted cash - bond reserve	262,000	286,000
Total Cash and Cash Equivalents	<u>\$ 3,696,712</u>	<u>\$ 3,039,875</u>
Reconciliation of Net Operating Income to		
Net Cash From Operating Activities:		
Operating income (loss)	\$(1,241,096)	\$(1,310,046)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Amortization of prepaid costs of water	332,889	332,890
Depreciation	367,257	369,281
Changes in operating assets and liabilities		
Change in accounts receivable	(9,141)	(650)
Change in prepaid expenses	(3,393)	(3,619)
Change in inventory	(6,804)	2,003
Change in accounts payable	33,823	(95,137)
Change in accrued payroll and related liabilities	3,831	3,495
Total Adjustments	718,462	608,263
Net Cash From Operating Activities	<u>\$ (522,634)</u>	<u>\$ (701,783)</u>

The accompanying notes are an integral part of these financial statements.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022

1. Organization

La Plata Archuleta Water District (the “District”) was formed by court decree on August 19, 2008. The District is an independent political subdivision operating under the statutes for special districts of the State of Colorado and has its own elected governing board members. The Sundance/Farraday Subdivision No. 1 (Subdistrict) was formed on March 9, 2017 to facilitate the construction of a distribution system into three existing subdivisions. On November 7, 2017 the eligible electors of the Subdistrict approved the Subdistrict to incur up to \$1,000,000 in debt and authorized a mill levy sufficient to service the debt. The Fox Fire Subdistrict and Skyview Subdistricts were formed on July 8, 2021 to facilitate the construction of a distribution system into the Fox Fire Subdivision. On November 2, 2021 the eligible electors of the Subdistrict approved the Subdistrict to incur up to \$850,000 in debt and authorized a mill levy sufficient to service that debt. The eligible electors of the Skyview Subdistrict did not authorize debt, or a mill levy to pay for the debt. The Subdistricts are governed by the District’s board of directors and is reported as part of the District’s operations.

The mission of the District is to finance, construct, operate, and maintain a public water distribution system in the southeast portion of La Plata County.

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

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 reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. Based upon these criteria, no entities were found to be includable within the reporting unit of the District.

2. Significant Accounting Policies

This summary of the District’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as proprietary enterprise funds. The enterprise fund is used since the District’s powers are related to those operated in a manner

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

2. Summary of Significant Accounting Policies (continued)

similar to a private business enterprise where net income and capital maintenance are appropriate determinations of accountability. The District is constructing a public water distribution system that, when complete, will assess charges to its constituents for water usage by those constituents.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports all activity in one enterprise fund which is a proprietary fund type.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Budgets and Budgetary Accounting

The District's Board follows these procedures in establishing the budget for the year:

1. In accordance with State statutes, prior to October 15, management submits to the Board of Directors a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means to finance them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The state statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for budgetary purposes is at the fund level.
2. Public hearings are conducted to obtain public comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Management is required to present a monthly report to the Board of Directors explaining any variance from the approved budget.
5. State statutes require the adoption of a summary budget for proprietary funds.
6. Appropriations lapse at the end of each calendar year.
7. The District's Board may authorize supplemental appropriations during the year.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

2. Summary of Significant Accounting Policies (continued)

Deposits and Investments

Colorado law authorizes the District to invest in obligations of the United States, State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions, and local government investment pools.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with a maturity of twelve months or less to be cash equivalents. Certificates of deposit with maturities exceeding twelve months are also considered to be cash equivalents when early redemption charges would not be significant.

Inventory and Prepaid Expenses

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of expendable supplies and pipeline repair parts. The cost of such inventory is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The costs of prepaid expenses are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets are valued at historical cost.

Depreciation of the water distribution system will be charged to operating expenses over its useful life when it is placed in service using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Resources

It is the District's policy to use restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

Net Position

The District's Net Position is classified as follows:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

2. Summary of Significant Accounting Policies (continued)

Restricted Net Position – Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from general District revenues. The resources are used to conduct the District's operations.

3. Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of twelve months or less.

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. 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 State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

There is no custodial credit risk for public deposits collateralized under PDPA.

At December 31, 2023, all of the District's deposits were held in eligible depositories as required by PDPA. Accordingly, all deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized as required by PDPA in accordance with state statute. Bank balances before outstanding checks, deposits in transit, and other reconciling items total \$441,800 and \$725,891 at December 31, 2023 and 2022, respectively. The carrying amount in the financial statements for these deposits is \$443,143 and \$697,553 at December 31, 2023 and 2022, respectively.

The District's investment policy requires that, in making investment decisions, the District exercise judgment and care considering the probable income as well as the safety of capital.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

3. Cash and Investments (continued)

All investments allowed by Colorado statutes are considered by the District's policy to comply with this standard. This investment policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

Colorado Surplus Asset Fund Trust

Included in cash and cash equivalents is \$3,253,569 (2023) and \$2,342,322 (2022) held in the Colorado Surplus Asset Fund Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust invests in U.S. Treasury securities, obligations of U.S. government agencies, and repurchase agreements collateralized by U.S. Treasury securities and obligations of U.S. government agencies. 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. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trust. The pool is not required to be, and is not, registered with the SEC.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

3. Cash and Investments (continued)

The Colorado Surplus Asset Fund Trust is rated AAAM by Standard & Poor's rating service. The custodian's internal records segregate investments owned by the Trust. CSAFE records its investments at amortized cost, which approximates fair value, and the District records its investment in CSAFE at amortized cost, which approximates fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

The following is a summary of cash and cash equivalents:

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 443,143	\$ 697,553
Colorado Surplus Asset Fund Trust	<u>3,253,569</u>	<u>2,342,322</u>
	<u>\$ 3,696,712</u>	<u>\$ 3,039,875</u>

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, are included below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colorado Surplus Asset Fund Trust. Colorado Surplus Asset Fund Trust is rated AAAM by Standard & Poor's.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however, the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by PDPA, or are investments in external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

3. Cash and Investments (continued)

The District was not subject to foreign currency risk as of December 31, 2023 and 2022.

Restricted Cash

The District has established a reserve account in accordance with the Limited Tax General Obligation Bonds, Series 2013. The bond resolution establishes the calculation of the required reserve. The requirement has been met at December 31, 2023 and December 31, 2022 by cash of \$262,000 and \$286,000 respectively included in the bond reserve account.

4. Capital Assets

A summary of changes in capital assets in 2023 follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Assets					
Land	\$ 428,419	\$ 2,500	\$ -	\$ -	\$ 430,919
Construction in progress	160,543	33,556	-	-	194,099
Raw water supply	1,592,607	207,731	-	-	1,800,338
Total nondepreciable assets	2,181,569	243,787	-	-	2,425,356
Depreciable Assets					
Pipelines	12,716,994	28,655	-	-	12,745,649
Subdivision lines	642,267	10,500	-	-	652,767
Water fill station	273,309	-	-	-	273,309
Pump station	108,049	-	-	-	108,049
Service lines	101,342	-	-	-	101,342
Equipment	30,229	-	-	-	30,229
Vehicles	96,737	-	-	-	96,737
Facilities	10,204	-	-	-	10,204
Software	7,500	-	-	-	7,500
Total depreciable assets	13,986,631	39,155	-	-	14,025,786
Less accumulated depreciation	2,155,794	367,257	-	-	2,523,051
Net depreciable assets	11,830,837	(328,102)	-	-	11,502,735
Total capital assets	\$ 14,012,406	\$ (84,315)	\$ -	\$ -	\$ 13,928,091

Depreciation expense for the year ended December 31, 2023 was \$367,257.

La Plata Archuleta Water District
Notes to Basic Financial Statements
December 31, 2023 and 2022 (continued)

4. Capital Assets (continued)

A summary of changes in capital assets in 2022 are as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Assets					
Land	\$ 428,419	\$ -	\$ -	\$ -	\$ 428,419
Construction in progress	111,136	49,407	-	-	160,543
Raw water supply	1,592,607	-	-	-	1,592,607
Total nondepreciable assets	2,132,162	49,407	-	-	2,181,569
Depreciable Assets					
Pipelines	12,673,161	43,833	-	-	12,716,994
Subdivision lines	596,917	45,350	-	-	642,267
Water fill station	273,309	-	-	-	273,309
Pump station	108,049	-	-	-	108,049
Service lines	101,342	-	-	-	101,342
Equipment	30,229	-	-	-	30,229
Vehicles	96,737	-	-	-	96,737
Facilities	10,204	-	-	-	10,204
Software	7,500	-	-	-	7,500
Total depreciable assets	13,897,448	89,183	-	-	13,986,631
Less accumulated depreciation	1,786,513	369,281	-	-	2,155,794
Net depreciable assets	12,110,935	(280,098)	-	-	11,830,837
Total capital assets	\$ 14,243,097	\$ (230,691)	\$ -	\$ -	\$ 14,012,406

Depreciation expense for the year ended December 31, 2022 was \$369,281.

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La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

5. Long-Term Liabilities

A summary of changes in long-term obligations at December 31, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2013 Limited Tax					
General Obligation	\$ 2,860,000	\$ -	\$ 240,000	\$ 2,620,000	\$ 255,000
2016 CWRPDA Loan	1,825,020	-	119,020	1,706,000	121,412
2018 CWRPDA Loan	532,050	-	27,513	504,537	28,066
	5,217,070	-	386,533	4,830,537	404,478
Unamortized premium	86,450	-	10,807	75,644	-
Total	\$ 5,303,520	\$ -	\$ 397,340	\$ 4,906,181	\$ 404,478

A summary of changes in long-term obligations at December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2013 Limited Tax					
General Obligation	\$ 3,085,000	\$ -	\$ 225,000	\$ 2,860,000	\$ 240,000
2016 CWRPDA Loan	1,941,695	-	116,675	1,825,020	119,020
2018 CWRPDA Loan	559,021	-	26,971	532,050	27,513
	5,585,716	-	368,646	5,217,070	386,533
Unamortized premium	97,256	-	10,807	86,450	-
Total	\$ 5,682,972	\$ -	\$ 379,453	\$ 5,303,520	\$ 386,533

Limited Tax General Obligation Bonds - Series 2013

Limited Tax General Obligation Bonds in the face amount of \$5,000,000 were issued at a premium of \$191,817 with a date of April 3, 2013. The interest rate varies from 2.0% to 4.0% payable semi-annually on June 15 and December 15. Principal is due and payable on December 15. Final maturity date is December 15, 2032. The District has covenanted to levy ad valorem taxes on all taxable property within its boundaries in amount sufficient to pay the principal and interest on the bonds, but not in excess of 2.5 mills. In the event that the District does not comply with continuing disclosure requirements, bondholders may seek necessary and appropriate remedy under law.

Colorado Water Resources and Power Development Authority (CWRPDA) 2016 Note Payable

A note payable in the amount of \$2,500,000 was issued to CWRPDA during 2016. Payments, including interest at 2% per annum, of \$77,464 are payable on May 1st and November 1st through May 1, 2036. The District has covenanted to levy ad valorem taxes on all taxable property within its boundaries in amount sufficient to pay the principal and interest on the loan, but not in excess of 2.5 mills.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

5. Long-Term Liabilities (continued)

Colorado Water Resources and Power Development Authority (CWRPDA) 2018 Note Payable

A note payable in the amount of \$1,000,000 (subsequently reduced by unspent note proceeds of \$301,967) was issued to CWRPDA during 2018. Payments, including interest at 2% per annum, of \$19,009 are payable on May 1st and November 1st through May 1, 2039. The District has covenanted to levy ad valorem taxes on all taxable property within the Sundance/Farraday Subdistrict in amount sufficient to pay the principal and interest on the loan.

Significant events of default under the loans include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect and (v) a petition is filed for bankruptcy or insolvency.

The total annual requirements to amortize the long-term debt are as follows:

Year	Principal	Interest	Total
2024	\$ 404,478	\$ 139,648	\$ 544,126
2025	402,483	127,719	530,202
2026	420,548	115,903	536,451
2027	433,674	103,502	537,176
2028	451,864	90,687	542,551
2029-2033	2,144,449	233,192	2,377,641
2034-2038	554,221	23,186	577,407
2039	18,821	188	19,009
	\$4,830,537	\$ 834,025	\$5,664,563

On November 1, 2011, the electors of the District approved the incurrence of debt not to exceed \$25,000,000. \$7,500,000 of this authorization has been issued with \$17,500,000 remaining as authorized, but not issued. On November 7, 2017, the electors of Sundance/Farraday Subdistrict approved the incurrence of debt not to exceed \$1,000,000. The full \$1,000,000 was issued during 2018.

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La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

6. Contractual Matters

Town of Bayfield

The District entered into an intergovernmental agreement with the Town of Bayfield (the Town). Pursuant to this agreement, the District paid costs to expand the water treatment plant owned by the Town in the amount of \$8,322,243. The plant was placed into service in 2017. The plant will continue to be owned and operated by the Town.

The District participates in the operating and maintenance costs of the expanded plant. The District will also provide its share of raw water to the treatment plant.

The Town will provide treated water to the District which the District will distribute to its users through the District's distribution system.

The costs paid by the District that are associated with the expansion of the Town's water treatment plant are reflected in the Statement of Net Position as Prepaid Costs of Water. These prepaid costs are being amortized over 25 years from the date the expanded water treatment plant was placed in service to match the costs of providing water to the revenues generated. If the agreement is terminated prior to 25 years after the date the expanded water treatment plant is placed in service, the Town will reimburse the District for the unamortized costs of the expansion. Amortization of these costs commenced in 2017. The following is a schedule of costs and related amortization at December 31, 2023 and 2022.

	2023	2022
Prepaid Costs of Water	8,322,243	8,322,243
Accumulated Amortization	(2,325,677)	(1,992,788)
	<u>\$5,996,566</u>	<u>\$6,329,455</u>

Amortization of prepaid water costs was \$332,889 (2023) and (2022).

If neither the Town nor the District terminates the agreement at the end of its term (including renewals if applicable), the agreement renews for additional terms of five years.

Colorado Water Conservation Board

The District has entered into a contract with the Colorado Water Conservation Board to acquire long-term municipal and industrial water supply. The agreement provides the District with the option to acquire up to 2,500 acre-feet of water stored in Lake Nighthorse. The agreement provides that the District may acquire additional acre-feet of water supply until the cumulative supply acquired equals the allotted 2,500 acre-feet of water. The minimum purchase each year is the lesser of 60-acre feet or the remaining allotment of the 2,500 acre-feet. If the District fails to exercise its option for two consecutive years the Colorado Water Conservation Board may terminate the agreement. The agreement expires when the District acquires its full allotment or in the year 2054 if the District has not acquired its full allotment.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

6. Contractual Matters (continued)

During 2023 the District acquired 30 acre-feet of state depletion, or 59.9 acre-feet of state supply allocation for \$207,731. During 2022 the District made no purchase. Cumulative purchases through December 31, 2023 total 260 acre-feet of state depletion, which corresponds to 520 acre-feet of state supply allocation, at a cost of \$1,800,338.

Pine River Irrigation District

The District leases 200 acre-feet of water per year from the Pine River Irrigation District. Leased water and standby water is billed per acre-foot plus a required surcharge. The lease does not have a stated expiration date. The District paid \$34,311 (2023) and \$34,423 (2022) pursuant to this agreement.

7. Retirement Plans

401(a) Retirement Plan

The District provides a 401(a) retirement plan for eligible District employees through the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan). The Plan is a defined contribution money purchase plan. Employees participate in the Plan after 90 days of employment. The employees and the District each contribute 5% of gross wages. The District's contributions for each employee plus earnings are fully vested after five years of continuous service. District contributions and related interest forfeited by employees who leave employment before fully vesting are returned to the Plan to reduce future retirement requirements. The District contributed \$14,613 (2023) and \$12,727 (2022) to the Plan.

Deferred Compensation Plan

The District has a deferred compensation plan (the Plan), administered by CCOERA, and created in accordance with Internal Revenue Code Section 457. The Plan permits the District's employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation in the Plan is optional. There have been no contributions to the 457 plan.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The District has no ownership interest in the Plan, nor is the District liable for any losses under the Plan.

La Plata Archuleta Water District

Notes to Basic Financial Statements

December 31, 2023 and 2022 (continued)

8. Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

Some provisions of TABOR are unclear and will require further judicial interpretation.

No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs, or to engage in any subsequent financing activities.

TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The statement of net position carries a balance of \$43,354 (2023) and \$44,682 (2022) restricted for emergencies.

On May 4, 2010, the District's constituents voted to authorize a 5.0 mill levy rate and to exempt the District from the revenue limitations included in TABOR.

TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The District believes it has complied with all aspects of the TABOR amendment.

9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the government immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage.

La Plata Archuleta Water District
Notes to Basic Financial Statements
December 31, 2023 and 2022 (continued)

10. Subsequent Events

The district has evaluated subsequent events through September 26, 2024 the date that the financial statements were available to be issued.

Supplementary Information

La Plata Archuleta Water District
Statement of Revenue, Expenditures and Changes in Funds Available
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue			
Charges for service	\$ 170,000	\$ 204,049	\$ 34,049
Total Operating Revenue	<u>\$ 170,000</u>	<u>\$ 204,049</u>	<u>\$ 34,049</u>
Operating Expenses:			
Compensation and benefits	308,600	309,471	(871)
Employee benefits and taxes	91,500	97,648	(6,148)
Miscellaneous	100,600	81,225	19,375
Contract costs for water treatment plant operation and maintenance	64,000	55,366	8,634
Subdistricts Expense	15,000	15,440	(440)
Legal fees	40,000	39,707	293
Capital outlay	15,000	22,290	(7,290)
Accounting and auditing	28,000	28,946	(946)
Engineering	30,000	7,668	22,332
Rent	15,000	17,491	(2,491)
Insurance	15,000	12,029	2,971
Pass-thru of Grant to Subdistrict	150,000	-	150,000
Repairs and maintenance	10,000	8,471	1,529
Raw water operating and maintenance assessment	48,000	49,247	(1,247)
Total Expenses	<u>\$ 930,700</u>	<u>\$ 744,999</u>	<u>\$ 185,701</u>
Total Operating Income (Loss)	(760,700)	(540,950)	219,750
Non-operating Revenue and Expenses:			
Property taxes	1,646,506	1,644,269	(2,237)
Specific ownership taxes	132,500	166,629	34,129
Tap fees	33,300	45,850	12,550
Payments in lieu of taxes	30,000	34,520	4,520
Grant income	150,000	4,304	(145,696)
Interest income	2,575	163,488	160,913
Other income	3,150	3,951	801
Treasurer fees - La Plata County	(49,395)	(48,959)	436
Emergency/Contingency Reserve	(599,844)	-	599,844
Total Non-operating Revenues (Expenses)	1,348,792	2,014,052	665,260
Income (Loss) Before Debt Service & Capital Outlay	588,092	1,473,102	885,010
Other Financing Sources			
Grant Proceeds	150,000	-	(150,000)
Bond proceeds	800,000	-	(800,000)
Total Other Financing Sources	950,000	-	(950,000)
Debt Service			
Interest expense	(161,736)	(141,386)	20,350
Principal payments	(399,647)	(386,533)	13,114
Total Debt Service	(561,383)	(527,919)	33,464
Capital Outlay	(3,990,224)	(282,942)	3,707,282
Change in Net Position, Budgetary Basis	(3,013,515)	662,241	3,675,756
Funds Available - beginning of the year	1,111,916	5,201,696	4,089,780
Funds Available - end of the year, budgetary basis	<u>\$ (1,901,599)</u>	<u>\$ 5,863,937</u>	<u>\$ 12,075,026</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):			
Amortization of prepaid water costs		(332,889)	
Depreciation expense		(367,257)	
Principal payments on debt		386,533	
Capital Outlay		282,942	
Change in Net Position (GAAP Basis)		<u>\$ 631,570</u>	