
Menoken Water District
Financial Statements
December 31, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Statements of Net Position	6
Statements of Revenue, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to the Financial Statements	9
Supplementary Information	18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Menoken Water District

Opinions

We have audited the accompanying financial statements of the business-type activities of Menoken Water District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Menoken Water 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 Menoken Water District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Menoken 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 Menoken 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Menoken Water District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- 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 Menoken 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 and budgetary comparison information 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.

Blair and Associates, P.C.

Cedaredge, Colorado
May 22, 2024

Menoken Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2023

As management of the Menoken Water District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- The District's assets exceeded its liabilities by \$ 1,261,636 at the end of the year, a decrease of \$ 125,438 from the prior year, after \$ 183,226 of depreciation expense.
- The District's unrestricted net position was \$ 498,561, an increase of \$ 51,418 from the prior year.
- During 2023, the District received capital contributions of \$ 40,690 from tap fees and \$ 10,307 from developer extensions.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of four components: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, (3) statement of cash flows, and (4) notes to the financial statements.

- The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve a useful indicator of whether the financial position of the District is improving or deteriorating (see page 6).
- The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The statement reports the District's operating and non-operating revenue by source along with operating and non-operating expenses and capital contributions (see page 7).
- The statements of cash flows report the District's cash flows from operating, investing and capital activities (see page 8).
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 9 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons. This information can be found beginning on page 18 of this report.

Financial Analysis

The following summarizes the District's net position as of December 31, 2023 and 2022.

	2023	2022
Assets		
Current assets	\$ 539,889	\$ 483,287
Capital assets	763,075	939,931
Total assets	<u>1,302,964</u>	<u>1,423,218</u>
Liabilities		
Current liabilities	26,543	22,850
Non current liabilities	14,785	13,294
Total liabilities	<u>41,328</u>	<u>36,144</u>
Net Position		
Net investment in capital assets	763,075	939,931
Unrestricted	498,561	447,143
Total net position	<u>\$ 1,261,636</u>	<u>\$ 1,387,074</u>

The largest portion of the District's net position, 60%, reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its users; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining \$ 498,561 is unrestricted and available for on-going obligations of the District.

The following summarized the change in the District's net position for the years ended December 31, 2023 and 2022.

	2023	2022
Revenues		
Operating revenues	846,940	795,985
Non-operating revenues	6,785	93,072
Capital contributions	50,997	145,805
Total revenues	<u>904,722</u>	<u>1,034,862</u>
Expenses		
Operating expenses	846,934	909,589
Depreciation	183,226	180,697
Total expenses	<u>1,030,160</u>	<u>1,090,286</u>
Changes in net position	(125,438)	(55,424)
Net position - January 1	1,387,074	1,442,498
Net position - December 31	<u>\$ 1,261,636</u>	<u>\$ 1,387,074</u>

Capital Assets

The District's net investment in capital assets amounts to \$ 763,075, net of \$ 5,448,289 of accumulated depreciation, as of December 31, 2023. This investment consists of land, storage and distributions system, building and improvements, equipment and furniture and fixtures.

Additional information on the District's capital assets can be found on page 16.

Economic Factors and Next Year's Budgets

Water Rates:

Water rates were increased in 2023. The Project 7 Water Authority Treatment plant increased rates by \$.50 per 1,000 gallons on January 2023. Project 7 is currently preparing to construct a second treatment plant near ridgeway reservoir which will require rate increases each year. The district board raised the rates \$.50 per 1,000 gallons plus an additional \$.08 per 1,000 gallons to cover operating costs and increased unaccounted for water.

Water usage was up 3.1 % over 2022 for District customers.

Cost of Service: Per 1,000 gallons sold	2023 = 161,774,000 gallons	
Raw water	\$ 0.35	
Water treatment	1.41	
Office & administrative	0.73	
System O&M	1.97	
Capital improvement	0.11	
Cost of service	<u>4.57</u>	\$ 4.57
Water sold in 2023	\$ 5.20	
Service fees	0.03	
Tap fees, Pipe extensions	0.32	
Investments	0.04	
Income	<u>5.59</u>	\$ 5.59
net income per 1,000 gal.		<u>\$ 1.02</u>

Capital expenditure for 2023

Capital expenditures estimated for 2024:
Meter change out program \$ 48,000
Replace dump truck \$45,000.00
Install zone prv vault on juniper rd. \$ 48,000.00

Request for Information

This financial report is designed to provide a general overview of the district's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District Manager, 4386 6225 Road, Montrose, Colorado 81401.

**Menoken Water District
Statements of Net Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 149,877	\$ 85,617
Certificates of deposit	109,641	217,696
Investments	168,724	54,038
Accounts receivable		
Customers	51,957	66,246
Inventory	59,690	59,690
Total current assets	<u>539,889</u>	<u>483,287</u>
Capital Assets		
Land	51,465	51,465
Distribution System, net	620,230	785,956
Equipment, net	67,943	77,473
Buildings, net	23,437	25,037
Total capital assets	<u>763,075</u>	<u>939,931</u>
Total assets	<u>1,302,964</u>	<u>1,423,218</u>
Current Liabilities		
Accounts payable	21,255	18,811
Accrued compensated absences, current portion	5,288	4,039
Total current liabilities	<u>26,543</u>	<u>22,850</u>
Non-current Liabilities		
Accrued compensated absences	14,785	13,294
Total liabilities	<u>41,328</u>	<u>36,144</u>
Net Position		
Net investment in capital assets	763,075	939,931
Unrestricted	498,561	447,143
Total net position	<u>\$ 1,261,636</u>	<u>\$ 1,387,074</u>

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

Menoken Water District
Statements of Revenues, Expenses and Changes in Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Water sales	\$ 827,324	\$ 779,789
Other sales and charges for services	12,894	6,113
Miscellaneous	6,722	10,083
Total operating revenues	<u>846,940</u>	<u>795,985</u>
Operating Expenses		
Personal services	372,824	460,137
Water purchase and treatment	291,480	265,148
Other operating	97,771	113,391
General administrative	84,859	70,913
Total operating expenses	<u>846,934</u>	<u>909,589</u>
Operating loss before depreciation	6	(113,604)
Depreciation	<u>(183,226)</u>	<u>(180,697)</u>
Operating loss	<u>(183,220)</u>	<u>(294,301)</u>
Non-operating revenues (expenses)		
Interest income	6,785	826
Gain on sale of assets	-	92,246
Total non-operating revenues (expenses)	<u>6,785</u>	<u>93,072</u>
Loss before capital contributions	<u>(176,435)</u>	<u>(201,229)</u>
Capital contributions		
Tap fees	40,690	108,000
Developers	10,307	37,805
Total capital contributions	<u>50,997</u>	<u>145,805</u>
Change in net position	<u>(125,438)</u>	<u>(55,424)</u>
Net position - January 1	<u>1,387,074</u>	<u>1,442,498</u>
Net position - December 31	<u>\$ 1,261,636</u>	<u>\$ 1,387,074</u>

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

**Menoken Water District
Statements of Cash Flows
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from users and customers	\$ 861,229	\$ 776,540
Payments for employee services	(370,084)	(464,240)
Payments to suppliers	(471,665)	(444,844)
Net cash used for operating activities	<u>19,480</u>	<u>(132,544)</u>
Cash flows from capital related financing activities		
Tap fees	40,690	108,000
Developers	10,307	37,805
Proceeds from sale of assets	-	106,093
Capital expenditures	(6,371)	(122,072)
Net cash provided by capital and related financing activities	<u>44,626</u>	<u>129,826</u>
Cash flows from investing activities		
Interest earned on deposits and investments	6,785	826
Purchase of investments	(6,631)	(824)
Net cash provided by (used) for investing activities	<u>154</u>	<u>2</u>
Net increase (decrease) in cash	64,260	(2,716)
Cash - January	85,617	88,333
Cash - December	\$ 149,877	\$ 85,617
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (183,220)	\$ (294,301)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	183,226	180,697
Decrease (increase) in accounts receivable	14,289	(19,445)
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable	2,445	4,608
Increase in compensated absences payable	2,740	(4,103)
Net cash used for operating activities	<u>\$ 19,480</u>	<u>\$ (132,544)</u>

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

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note A – Summary of Significant Accounting Policies

The financial statements of Menoken Water District, (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles:

1. Reporting Entity

The District was originally incorporated as Menoken Water Company (the Company) in 1960 as a Colorado nonprofit entity. On November 4, 1997, the electors approved changing the Company to a political subdivision of the State of Colorado and changing the Company's name to Menoken Water District. The District provides domestic water to customers in northeast Montrose County, Colorado. The District is governed by an elected five-member board. For financial reporting purposes, the district, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the district is not considered a component unit of another entity.

2. Financial Statement Presentation

The accounts of the District have been organized on the basis of a single enterprise fund. Enterprise funds are used to account for operation that are financed and operated in a manner similar to private business enterprises. It is the intent of the governing body that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to users for water sales which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and give up essentially equal values. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note A – Summary of Significant Accounting Policies - continued

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The District utilized the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted assets first, then unrestricted resources as they are needed.

The assets, liabilities, and net position of the District are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the District's programs.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of cash certificates of deposits and highly liquid investments purchased with an initial maturity of three months or less.

5. Fair Value Measurement

The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The District's investments consist of ColoTrust Prime which is stated at net asset value.

6. Accounts Receivable

The District considers accounts receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is maintained. If amounts become uncollectible, they are charged to operations when that determination is made.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note A – Summary of Significant Accounting Policies – continued

7. Inventory

Inventory consists of materials and supplies which are stated at cost on a first-in/first-out method.

8. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets that have a useful life of more than one year and that have an initial cost of \$ 5,000 or more. Replacements, which improve or extend the lives of property, are capitalized. The District capitalizes labor and equipment costs for self-constructed capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Storage and distribution	30 to 45 years
Building and improvements	25 years
Equipment, furniture and fixtures	5 to 10 years

9. Compensated Absences

Vacation time accrues at the rate of one week after one year of employment and two weeks after two years of employment. Sick leave accrues at the rate of ½ day per month up to 15 days, after which unused sick leave is paid monthly.

10. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note A – Summary of Significant Accounting Policies – continued

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Note B – Tax, Spending and Debt Limitations

In November 1992, 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 requirement of state and local governments.

The amendment excludes enterprises from its provisions; Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provision of the amendment. It is the District's opinion that qualifies for the exclusion and is therefore excluded from the provisions of the amendment.

Note C – Budgets

The District adheres to the following budgetary procedures:

- Budgets are required by state law.
- The budget officer is required to submit a proposed budget by October 15.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Expenditures may not legally exceed total appropriations. Board approval is required for changes in the adopted budget. Budget appropriations lapse at the end of the year. The District could be in violation of Colorado Budget Law because actual expenditures exceeded budgetary amounts.
- The District's budgets are prepared based on the flow of current financial resources using a modified accrual basis of accounting.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note C – Budgets – continued

Following is a summary of the adjustment necessary to convert to the budgetary basis from GAAP:

	Revenues	Expenditures
GAAP Basis	\$ 904,722	\$ 1,030,160
Adjustments:		
Capital Outlay	-	6,371
Depreciation	-	(183,226)
Budgetary Basis	904,722	853,305
Budget	890,080	812,468
Variance - Favorable (unfavorable)	\$ 14,642	\$ (40,837)

Note D – Deposits and Investments

The District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, effective for periods beginning after June 15, 2004. This statement establishes and modifies disclosure requirements related to investment credit risk; including custodial credit risk and concentrations of credit risk; interest rate risk and foreign currency risk; as well as deposit custodial credit risk and foreign currency risk.

1. Deposits

Colorado State Statutes govern the District's deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to one hundred and two percent of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023 the carrying amount of the District's deposits was \$ 259,017 and the bank balances were \$ 254,877. Of the bank balances, \$ 250,000 were insured under FDIC and the remaining \$ 4,877 was insured under PDPA.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note D – Deposits and Investments – continued

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of 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 has no investment policy that would further limit its investment choices.

Fair Value Hierarchy: the District categories its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments required to be reported under the fair value hierarchy.

Investments Measured at Net Asset Value

ColoTrust Prime \$168,724

At December 31, 2023 and 2022 the District had investments of \$168,724 and \$ 54,038, respectively, in a local government investment pool; the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes (CRS), to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 pool. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, Colorado 80202 www.colotrust.com

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note D – Deposits and Investments – continued

3. Reconciliation of Cash and Investments as Shown on the Statements of Net Position as of December 31, 2023:

Cash and investments:	
Cash on hand	\$ 500
Carrying amount of deposits	259,018
Carrying amount of investments	<u>168,724</u>
	<u>\$ 428,242</u>

Statements of net position classification:	
Cash	\$ 149,877
Certificates of deposit	109,641
Investments	<u>168,724</u>
	<u>\$ 428,242</u>

Note E – Non-current Liabilities

Non-current liability activity for compensated absences for the year ended December 31, 2023, was as follows:

Balance January 1, 2022	\$ 17,333
Additions	2,740
Reductions	-
Balance December 31, 2022	<u>\$ 20,073</u>
Current portion	<u>\$ 5,288</u>

Note F – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, including employee health insurance and workman’s compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three years.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note G – Capital Assets

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 51,465	\$ -	\$ -	\$ 51,465
Total capital assets, not being depreciated	<u>51,465</u>	<u>-</u>	<u>-</u>	<u>51,465</u>
Capital, being depreciated				
Storage and distribution system	5,547,437	6,371	-	5,553,808
Building and improvements	168,280	-	-	168,280
Equipment	400,661	-	-	400,661
Furniture and fixtures	37,152	-	-	37,152
Total capital assets, being depreciated	<u>6,153,530</u>	<u>6,371</u>	<u>-</u>	<u>6,159,901</u>
Less accumulated depreciation for:				
Storage and distribution system	(4,761,480)	(172,097)		(4,933,577)
Building and improvements	(143,244)	(1,599)		(144,843)
Equipment	(323,188)	(9,530)		(332,718)
Furniture and fixtures	(37,152)	-		(37,152)
Total accumulated depreciation	<u>(5,265,064)</u>	<u>(183,226)</u>	<u>-</u>	<u>(5,448,290)</u>
Total capital assets, being depreciated, net	<u>888,466</u>	<u>(176,855)</u>	<u>-</u>	<u>711,611</u>
Net investment in capital assets	<u>\$ 939,931</u>	<u>\$ (176,855)</u>	<u>\$ -</u>	<u>\$ 763,076</u>

Note H – Commitments

The District purchases all of its treated water from the Project 7 Water Authority. The District is committed to paying for the treatment of a minimum of 45 million gallons of water annually from the Project 7 Water Authority. During the years ended December 31, 2023 and 2022 the District's actual usage was 161.9 million and 160.4 million gallons at a cost of \$ 234,819 and \$ 208,547, respectively.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

Note H – Commitments – continued

Pursuant to a contract with the Tri-County Water Conservancy District, the District is committed to purchasing an allotment of raw water from the Dallas Creek Water Projects. The allotment amounts are as follows:

Blocks One and Two	565 acre feet annually
Block Three	<u>75</u> acre feet annually
Total	<u>640</u> acre feet annually

Payment for the cost of the water will be paid annually for fifty years at which time the District will own water rights in the amount listed. Required payments for the additional acre feet in Block Three began in 2000. The required payment was \$ 55,113 and \$ 55,113 for 2023 and 2022 respectively, including operations and maintenance costs.

Note I – Employee Retirement Plan

The District provides pension benefits for all of its full time employees in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

All full time employees are eligible to participate in the plan that is administered by the District from the date of hire. The District will match up to 6% of each employee base salary. District contributions for all employees are a 100% vested.

The District's total payroll for the year 2023 was \$ 274,171. The District's contributions were calculated using the base salary of \$ 229,328. The District made the required contributions of \$ 7,223 and the employees made required contributions of \$ 7,223.

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable)
Available Resources - January 1	\$ 444,145	\$ 444,145	\$ 433,296	\$ (10,849)
Revenues				
Water sales	836,400	836,400	827,324	(9,076)
Material sold to customers	3,500	3,500	10,307	6,807
Service charges	4,500	4,500	3,694	(806)
Lock-off fees	2,380	2,380	1,024	(1,356)
Penalties	3,500	3,500	190	(3,310)
Extension labor and equipment	2,500	2,500	12,894	10,394
Tap fees	36,000	36,000	40,690	4,690
Interest	800	800	6,785	5,985
Miscellaneous	500	500	1,814	1,314
Total revenues	<u>890,080</u>	<u>890,080</u>	<u>904,722</u>	<u>14,642</u>
Total available resources	<u>1,334,225</u>	<u>1,334,225</u>	<u>1,338,018</u>	<u>3,793</u>
Expenditures				
Personal services:				
Salaries	283,405	283,405	280,648	2,757
Employee medical insurance	10,032	10,032	6,626	3,406
Payroll taxes	18,793	18,793	21,476	(2,683)
Workmen's compensation	4,680	4,680	5,267	(587)
Unemployment insurance	707	707	548	159
Medical expense reimbursement	75,729	75,729	50,016	25,713
Miscellaneous labor	500	500	1,020	(520)
Employee retirement	9,163	9,163	7,223	1,940
Water				
Raw water	56,399	56,399	56,611	(212)
Treatment	227,321	227,321	234,819	(7,498)
UVWUA	50	50	50	-
Operating:				
Gas, oil and fuel	15,000	15,000	11,851	3,149
Vehicle maintenance and repair	3,500	3,500	2,133	1,367
Shop supplies	2,500	2,500	4,803	(2,303)
Equipment maintenance and repair	10,000	10,000	5,867	4,133
Small tools	4,000	4,000	1,673	2,327
System maintenance and repair	35,100	35,100	58,067	(22,967)
Materials sold to customers	1,000	1,000	-	1,000
Permits	1,500	1,500	557	943
Water Samples	1,500	1,500	1,194	306
Other	5,700	5,700	1,067	4,633
	<u>766,579</u>	<u>766,579</u>	<u>751,516</u>	<u>15,063</u>

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
General Administrative:				
Insurance	25,000	25,000	27,474	(2,474)
Office equipment and computers	4,500	4,500	11,839	(7,339)
Accounting and audit	8,000	8,000	7,980	20
Telephone	7,360	7,360	5,423	1,937
Postage	7,000	7,000	7,384	(384)
Office supplies	2,500	2,500	4,066	(1,566)
Director's fees	1,900	1,900	2,000	(100)
Electricity	9,000	9,000	7,142	1,858
Pest control and trash removal	500	500	319	181
Heat	4,000	4,000	2,417	1,583
Office equipment maintenance and repair	2,000	2,000	1,010	990
Dues and memberships	900	900	1,509	(609)
Legal	1,000	1,000	1,437	(437)
Employee advancement	7,000	7,000	2,112	4,888
Building maintenance and repair	3,000	3,000	1,838	1,162
Refunds	-	-	419	(419)
Water system tax	490	490	490	-
Capital expenditures:				
New meter pit installations	7,500	7,500	2,830	4,670
System improvements	45,000	45,000	-	45,000
Capital equipment	20,000	20,000	11,600	8,400
Customer extensions	-	-	2,500	(2,500)
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>933,229</u>	<u>933,229</u>	<u>853,305</u>	<u>79,924</u>
Available Resources December 31	<u>\$ 400,996</u>	<u>\$ 400,996</u>	<u>\$ 484,713</u>	<u>\$ 83,717</u>