
North Weld County Water District

**Financial Report
with Supplementary Information
December 31, 2023**

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Independent Auditor's Report

To the Board of Directors
North Weld County Water District

Opinion

We have audited the financial statements of North Weld County Water District (the "District") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise North Weld County Water District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of North Weld County Water District as of December 31, 2023 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The basic financial statements of North Weld County Water District as of and for the year ended December 31, 2022 were audited by other auditors, who expressed an unmodified opinion on October 6, 2023.

As discussed in Note 2 to the financial statements, certain amounts reported in the December 31, 2022 financial statements were reclassified to conform to the 2023 presentation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
North Weld County Water District

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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, which 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.

Other Supplementary Information

Management is responsible for the accompanying schedule of revenue and expenditures - budget to actual (budgetary basis) and rate maintenance, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.



June 28, 2024

North Weld County Water District Management's Discussion and Analysis

Management's discussion and analysis is designed to provide an analysis of the financial condition and operating results and to also inform the reader on financial issues and activities of the North Weld County Water District (the "District").

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 11).

2023 Highlights – Business-Type Activities

- On December 31, 2023, the District's net position was \$203,059,245 an increase of \$11,562,782 from the 2022 amount of \$191,496,463. On December 31, 2022, the District's net position was \$191,496,463 an increase of \$16,891,085 from the 2021 amount of \$174,605,378. The District's net position increase was due to acquiring more water rights, construction that is in progress and the decrease of non-current liabilities.
- Operating revenues for 2023 decreased by \$979,847 from \$21,708,298 in 2022 to \$20,728,451. Operating revenues for 2022 increased by \$4,847,454 from \$16,860,844 in 2021 to \$21,708,298. The District's 2023 decrease in operating revenue was due to the decrease in water sales by implementation of higher surcharges and the regulation of commercial users attributed to the decrease.
- Total operating expenses in 2023 increased by \$779,452 from \$11,861,163 to \$12,640,615. Total operating expenses in 2022 increased by \$1,123,330 from \$10,737,833 to \$11,861,163. The District's operating expenses have increased due to construction and needed system improvements.
- Total non-operating revenue/expense decreased in 2023 by \$3,569,004 from \$7,043,950 to \$3,474,946. 2023 overall decrease was due to a decrease in tap/connection fees somewhat offset by an increase in interest expense.
- Total capital assets in 2023 increased by \$18,767,135 from \$182,968,736 to \$201,735,871. Total capital assets in 2022 increased by \$9,410,018 from \$173,558,718 to \$182,968,736.
- Total non-current liabilities decreased by \$1,294,216 in 2023, from \$58,159,543 in 2022 to \$56,865,327. Total non-current liabilities increased by \$36,252,743 in 2022, from \$21,906,800 in 2021 to \$58,159,543.

North Weld County Water District Tap Moratorium

The North Weld County Water District Board of Directors voted in October 2021 to place a moratorium on the sale of new taps and plant investments that continued into winter of 2022. Since the initial tap moratorium, NWCWD has lifted the restrictions in certain zones and allowed the sale of taps. Larimer County has given its approval to NWCWD's 1041 application for the NEWTIII Project, project construction is underway, and the project should be completed in October 2024 bringing improved infrastructure and services to the region. NWCWD has since allowed tap sales for single lot development, opened up plant investment sales to the six Towns (whole customers), and is finalizing a regional master plan that will be completed the fall of 2024 that will allow for the development review of new conceptual developments in the District once approved.

**North Weld County Water District
Management's Discussion and Analysis**

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statements of Net Position – reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 11).

Statements of Revenues, Expenses and Changes in Net Position – reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 12).

Statements of Cash Flows – reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. (See page 13).

The following tables summarize information from these statements.

Statement of Net Position

December 31,	2023	2022	2021
Current assets	\$ 22,032,483	\$ 29,120,937	\$ 21,263,662
Restricted assets	42,585,260	40,562,086	4,321,345
Capital assets, net	201,735,871	182,968,736	173,558,718
Other assets	-	189,911	211,176
Total Assets	<u>\$ 266,353,614</u>	<u>\$ 252,841,670</u>	<u>\$ 199,354,901</u>
Resources			
Current Liabilities	\$ 6,429,042	\$ 3,314,811	\$ 2,842,723
Non-current liabilities	<u>56,865,327</u>	<u>58,159,543</u>	<u>21,906,800</u>
Total Liabilities	<u>\$ 63,294,369</u>	<u>\$ 61,474,354</u>	<u>\$ 24,749,523</u>
Net Position			
Net investment in capital assets	\$ 185,592,841	\$ 163,536,293	\$ 154,188,851
Unrestricted	<u>17,466,404</u>	<u>27,960,170</u>	<u>20,416,527</u>
Total Net Position	<u>\$ 203,059,245</u>	<u>\$ 191,496,463</u>	<u>\$ 174,605,378</u>

Capital assets increased by \$18,767,135 during 2023, compared to an increase of \$9,410,018 in 2022 and \$14,626,046 in 2021.

**North Weld County Water District
Management's Discussion and Analysis**

Review of Revenue

Years Ended December 31,	2023	2022	2021
Operating Revenue			
Water Sales	\$ 20,457,821	\$ 21,382,156	\$ 16,463,770
Construction Water	<u>270,630</u>	<u>326,142</u>	<u>397,074</u>
Total operating revenue	\$ 20,728,451	\$ 21,708,298	\$ 16,860,844
Non-operating revenues			
Earnings on investments	2,700,628	780,724	2,997
Other non-operating income	521,471	246,059	85,037
Amortization of bond premiums	456,942	-	-
Tap/connection fees	<u>2,714,150</u>	<u>7,134,545</u>	<u>3,453,950</u>
Total non-operating revenue	6,393,191	8,161,328	3,541,984
Total revenue	<u>\$ 27,121,642</u>	<u>\$ 29,869,626</u>	<u>\$ 20,402,828</u>

Water sales in 2023 decreased by \$924,335 from \$21,382,156 to \$20,457,821. Water sales increased from \$16,463,770 in 2021 to \$21,382,156 in 2022, an increase of \$4,918,386. Water sales from construction meters decreased from \$326,142 in 2022, to \$270,630 a decrease of \$55,512. Water sales from construction meters decreased from \$397,074 in 2021, to \$326,142 in 2022, a decrease of \$70,932.

Review of Expenses

Years Ended December 31,	2023	2022	2021
Administrative	\$ 2,929,761	\$ 2,233,343	\$ 1,825,409
Distribution	7,738,385	7,737,047	7,094,729
Depreciation	<u>1,972,469</u>	<u>1,890,773</u>	<u>1,817,695</u>
Total operating expenses	12,640,615	11,861,163	10,737,833
Interest expense	<u>2,918,245</u>	<u>1,117,378</u>	<u>689,673</u>
Total expense	<u>\$ 15,558,860</u>	<u>\$ 12,978,541</u>	<u>\$ 11,427,506</u>

Operating expenses were \$12,640,615 of the total expenditures as shown on the budgetary comparison schedule including depreciation of \$1,972,469. The major contributors to the increase were administrative expenses and interest expenses.

**North Weld County Water District
Management's Discussion and Analysis**

Capital Contribution/Tap and Connection Fees

Years Ended December 31,	2023	2022	2021
Tap fees - customers	\$ 2,223,750	\$ 3,453,950	\$ 1,790,750
Meter set fees	22,400	176,255	206,075
Reimbursement for water rights	(32,250)	2,367,250	3,495,026
Distance Fees	245,850	403,725	359,400
Reimbursement for line extension	254,400	737,615	785,031
Miscellaneous	<u>-</u>	<u>(4,250)</u>	<u>5,000</u>
Net capital contribution/ tap and connection fees	<u>\$ 2,714,150</u>	<u>\$ 7,134,545</u>	<u>\$ 6,641,282</u>

Net contributed capital/tap and connection fees were \$2,714,150 of the total revenues as shown on the budgetary comparison schedule.

Capital Assets, Net of Depreciation

Years Ended December 31,	2023	2022	2021
Transmission and distribution system	\$ 87,222,044	\$ 83,274,480	\$ 78,865,986
Facilities	1,667,567	1,667,567	1,644,153
Vehicle and field equipment	2,600,942	2,389,047	2,204,382
Other	78,221	78,221	78,221
Total depreciable assets	<u>91,568,774</u>	<u>87,409,315</u>	<u>82,792,742</u>
Less: accumulated depreciation	<u>(33,711,207)</u>	<u>(31,738,738)</u>	<u>(29,847,965)</u>
Total depreciable assets, net	<u>57,857,567</u>	<u>55,670,577</u>	<u>52,944,777</u>
SCWTA Treatment Capacity	22,849,610	22,849,610	22,849,610
Land, easements, and water rights	112,695,553	104,425,836	94,928,149
Construction in progress	<u>8,333,141</u>	<u>22,713</u>	<u>2,836,182</u>
Total capital assets, net	<u>\$ 201,735,871</u>	<u>\$ 182,968,736</u>	<u>\$ 173,558,718</u>

Major capital asset additions in 2023 were:

Tank Improvements	\$ 937,376
Pump Station Improvements	286,989
Greeley Interconnect at Harmony/Terry Ranch	1,367,793
Waterline at CR72 & 31-33	5,084,070
Newt 3 Waterline	3,191,605
Water Rights	<u>6,990,000</u>
	<u>\$ 17,857,833</u>

**North Weld County Water District
Management's Discussion and Analysis**

Construction in Progress

The following projects will be ongoing in 2024:

- Newt 3
- Eaton Pipeline Phase 2
- Eaton Pipeline Phase 3
- Harmony Interconnect
- CR 84 & CR 15 Water Line Replacement
- Zone 1 Water Line

Debt Administration

On December 31, 2023, the District had \$57,694,778 in outstanding debt obligations, a decrease of \$2,449,765 from 2022. In 2022, the District's outstanding debt increased by \$32,498,359, from \$22,057,866 in 2021 to \$54,556,225 in 2022. The increase in 2022 was due to the issuance of the 2022 revenue bond.

	Beginning Balance	Additions	Retirements	Ending Balance
2012 refunding revenue bonds	\$ 1,575,000	\$ -	\$ (1,575,000)	\$ -
2019 revenue bonds	16,160,000	-	-	\$ 16,160,000
2020 refunding revenue bonds	3,050,000	-	(410,000)	\$ 2,640,000
2022 revenue bonds	34,615,000	-	-	\$ 34,615,000
Compensated absences	150,013	115,037	(103,013)	\$ 162,037
Total	55,550,013	115,037	(2,088,013)	53,577,037
Current portion of long-term debt	(1,985,000)			(2,025,000)
Net bond premiums	4,594,530			4,117,741
Total non-current liabilities	58,159,543			55,669,778

**North Weld County Water District
Management's Discussion and Analysis**

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 6,582 taps, 95%, of which, are residential. All water service is metered and read electronically. The following table is a breakdown of water consumption and revenue billed by customer class in 2023.

Classification	2023 Water Consumption (Per 1000 Gal.)	Percent of Total	Total Billed in 2023	Percent of Total
Residence Only	17,177	0.59%	104,546	0.52%
Standard	476,806	16.49%	2,397,422	11.83%
Standard ½	55,779	1.93%	325,077	1.60%
Standard ¾	13,002	0.45%	66,512	0.33%
Flow Control	148,168	5.13%	491,165	2.42%
Commercial	1,020,296	35.30%	4,512,763	22.26%
Municipal	980,609	33.92%	3,686,116	18.18%
Conservation Blue	119,885	4.15%	659,320	3.25%
Fire Meters	242	0.01%	5,320	0.03%
Non-Potable Meters	58,647	2.03%	87,971	0.43%
Unset Meters	-	-	13,434	0.07%
Adjustments	-	-	-26,390	-0.13%
Surcharges (PI)	-	-	2,976,609	14.68%
Surcharges (W)	-	-	4,970,952	24.52%
Total	2,890,611	100%	20,270,817	100%

Basic Service Fees, Rates and Changes

The District has established a schedule of rates, fees and charges for the connection to and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed according to customer classification and usage. Each customer is subject to a minimum monthly charge, which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a monthly charge is assessed.

In establishing the current rate schedule, it was determined that the rate must both pay for increasing operating costs, including debt service, and allow for some system deferred maintenance funds while not overburdening District customers on the lower end of the usage scale with excessive rates. The following table is a comparison of basic service fees for a Standard Tap (Class 1). The 2020 rates increased from \$3.39 to \$3.73. Monthly minimum for usage between 0-6 (Kgals) was \$22.38. The 2021 rates increased from \$3.73 to \$3.88. Monthly minimum for usage between 0-6 (Kgals) was \$23.28. The 2022 rates increased from \$3.88 to \$4.15. Monthly minimum for usage between 0-6 (Kgals) was \$24.90. The 2023 rates increased from \$4.15 to \$4.44. Monthly minimum for usage between 0-6 (Kgals) was \$26.64. The 2024 rates increased from \$4.44 to \$4.75. Monthly minimum for usage between 0-6 (Kgals) is \$28.50.

**North Weld County Water District
Management's Discussion and Analysis**

Comparative Residential System User Charges 2020 - 2024

	January 2020	January 2021	January 2022	January 2023	January 2024
Monthly Minimum Usage (Kgals) 0-6	\$22.38	\$23.28	\$24.90	\$26.64	\$28.50
6 and greater	\$3.73	\$3.88	\$4.15	\$4.44	\$4.75

Comparative Town's User Charges 2020-2024

75% Residential Rate	\$2.80	\$2.91	\$3.11	\$3.33	\$3.56
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Tap Fees

The District charges tap fees to recover costs of system acquisition, construction and expansion. A tap fee is a one-time charge that must be paid in full before the meter will be installed and the account is considered active. The District's tap fee is calculated based upon plant investment fee, distance fee, raw water fee and storage fee. Effective July 1, 2018 the storage fee is no longer a requirement.

The total tap fee for a Water Class 1 and Plant Investment Class 1 is; cash in lieu - raw water for 2023 was \$73,500, approximately the cost of 1 unit of CBT. The plant investment was \$20,250, a distance fee of \$300 per mile from the District's main tank site at Highway 14 and Highway 257 to the property following section lines with a minimum of 5 miles or \$1,500, and a meter pit installation which averages \$2,100.

In 2010, the District made Conservation Blue Taps available to customers purchasing a new tap. A Conservation Blue Tap allows the customer to purchase a tap and not pay the plant investment fee nor pay the distance fee. These taps are automatically in the plant investment surcharge as soon as usage occurs. With the purchase of Conservation Blue Taps, the number of plant investments will decrease while water class allocations will increase.

Per Resolution 20180813-02 – Elimination of Conservation Blue Taps, effective August 13, 2018, Conservation Blue Taps are only available to certain pending subdivisions that have already received conditional or final approval from the District. Plat for such subdivisions shall be recorded on or before August 13, 2019 and the taps, including payment or transfer of water, as applicable, shall be purchased on or before August 13, 2023.

Historical Plant Investment Collections

Year	Number of PIs	Tap Fee Revenue
2017	250.25	\$1,876,875
2018	299.50	\$2,246,250
2019	188.75	\$1,606,125
2020	260.84	\$2,478,065
2021	188.50	\$1,790,750
2022	195.69	\$3,453,950
2023	109.81	\$2,223,750

**North Weld County Water District
Management's Discussion and Analysis**

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2024 thru 2028 is driven by the growth within the District and Northern Colorado. The CIP for this report is split into the following categories and amounts for each category:

Project	Proposed CIP					Total
	2024	2025	2026	2027	2028	
Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations	\$22,995,000	\$16,100,000	\$12,950,000	\$7,500,000	\$7,950,000	\$67,495,000
Water Resources	6,510,000	6,380,000	6,330,000	6,380,000	6,380,000	31,980,000
Land /Easements	180,000	180,000	180,000	180,000	180,000	900,000
Total	\$29,685,000	\$22,660,000	\$19,460,000	\$14,060,000	\$14,510,000	<u>\$100,375,000</u>

Upcoming expenditures are to expand and improve the piping network and storage capabilities of the District.

Contracts and Agreements

The District is a party to contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities.

Economic and Other Factors

Overall, the District has shown increases in water revenues and tap sales as a result of continued growth throughout the District, the Towns served by the District, and generally in Weld and Larimer counties. Operating expenses have increased due to construction and needed system improvements but will assure future water revenues and tap sales to be generated.

Land use, zoning and management procedures and policies as established by Weld and Larimer County will materially affect the extent of future growth and development within the District.

Financial Contact

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact Eric Reckentine, District Manager, North Weld County Water District, P.O. Box 56, Lucerne, CO 80646.

North Weld County Water District

Statement of Net Position

	December 31, 2023 and 2022	
	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 18,348,808	\$ 26,112,408
Receivables	1,600,779	1,174,450
Inventory	1,983,213	1,756,572
Prepaid items	99,683	77,507
Total current assets	<u>22,032,483</u>	<u>29,120,937</u>
Noncurrent assets:		
Restricted cash and cash equivalents (Note 4)	42,585,260	40,562,086
Capital assets:		
Assets not subject to depreciation (Note 5)	143,878,304	127,298,159
Assets subject to depreciation - Net (Note 5)	57,857,567	55,670,577
Debt issuance costs - Net (Note 2)	-	189,911
Total noncurrent assets	<u>244,321,131</u>	<u>223,720,733</u>
Total assets	<u>266,353,614</u>	<u>252,841,670</u>
Liabilities		
Current liabilities:		
Accounts payable	3,704,119	773,060
Accrued liabilities and other	699,923	556,751
Current portion of bonds payable (Note 6)	2,025,000	1,985,000
Total current liabilities	<u>6,429,042</u>	<u>3,314,811</u>
Noncurrent liabilities:		
Compensated absences (Note 6)	162,037	150,013
Payable from restricted assets (Note 2)	1,195,549	-
Long-term debt - Net (Note 6)	55,507,741	58,009,530
Total noncurrent liabilities	<u>56,865,327</u>	<u>58,159,543</u>
Total liabilities	<u>63,294,369</u>	<u>61,474,354</u>
Net Position		
Net investment in capital assets	185,592,841	163,536,293
Unrestricted	17,466,404	27,960,170
Total net position	<u><u>\$ 203,059,245</u></u>	<u><u>\$ 191,496,463</u></u>

North Weld County Water District

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Water sales - Treated	\$ 20,457,821	\$ 21,382,156
Construction water	<u>270,630</u>	<u>326,142</u>
Total operating revenue	20,728,451	21,708,298
Operating Expenses		
Administrative	2,929,761	2,233,343
Distribution	7,738,385	7,737,047
Depreciation (Note 5)	<u>1,972,469</u>	<u>1,890,773</u>
Total operating expenses	<u>12,640,615</u>	<u>11,861,163</u>
Operating Income	8,087,836	9,847,135
Nonoperating Revenue (Expense)		
Interest earnings	2,700,628	780,724
Interest expense	(2,918,245)	(1,117,378)
Other nonoperating income	521,471	246,059
Amortization of bond premiums	456,942	-
Tap/Connection fees	<u>2,714,150</u>	<u>7,134,545</u>
Total nonoperating revenue	<u>3,474,946</u>	<u>7,043,950</u>
Change in Net Position	11,562,782	16,891,085
Net Position - Beginning of year	<u>191,496,463</u>	<u>174,605,378</u>
Net Position - End of year	<u><u>\$ 203,059,245</u></u>	<u><u>\$ 191,496,463</u></u>

North Weld County Water District

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	\$ 20,302,122	\$ 21,805,624
Payments to suppliers	(5,005,671)	(7,577,402)
Payments to employees and fringes	(2,525,829)	(2,217,397)
Net cash and cash equivalents provided by operating activities	12,770,622	12,010,825
Cash Flows Provided by Noncapital Financing Activities - Other nonoperating revenue	521,471	246,059
Cash Flows from Capital and Related Financing Activities		
Tap/connection fees	2,714,150	7,134,545
Principal paid on long-term debt	(1,985,000)	(1,915,000)
Interest paid	(3,016,294)	(1,005,659)
Proceeds from issuance of debt	-	38,353,291
Acquisition of land, easements, and water rights	(8,269,717)	(9,497,691)
Acquisition and construction of capital assets	(11,176,284)	(2,157,678)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(21,733,145)	30,911,808
Cash Flows Provided by Investing Activities - Earnings on investments	2,700,626	780,728
Net (Decrease) Increase in Cash and Cash Equivalents	(5,740,426)	43,949,420
Cash and Cash Equivalents - Beginning of year	66,674,494	22,725,074
Cash and Cash Equivalents - End of year	\$ 60,934,068	\$ 66,674,494
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 18,348,808	\$ 26,112,408
Restricted cash	42,585,260	40,562,086
Total cash and cash equivalents	\$ 60,934,068	\$ 66,674,494
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 8,087,836	\$ 9,847,135
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	1,972,469	1,890,773
Bond issuance cost write-off	170,061	-
Changes in assets and liabilities:		
Receivables	(426,329)	97,326
Inventories	(226,641)	(278,439)
Prepaid items	(22,176)	32,517
Accounts payable	2,931,059	114,663
Accrued expenses	272,319	287,425
Compensated absences	12,024	19,425
Total adjustments	4,682,786	2,163,690
Net cash and cash equivalents provided by operating activities	\$ 12,770,622	\$ 12,010,825

December 31, 2023 and 2022

Note 1 - Nature of Business

North Weld County Water District (the "District") is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (CRS). The District was organized on November 28, 1962 as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services to customers in northern Weld and eastern Larmer counties.

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.

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

The accounting policies of the District conform to generally accepted accounting principles, as applicable to governmental units accounted for as a business-type activity. The business-type activities reporting model is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Note 2 - Significant Accounting Policies

Reporting Entity

The District is governed by an elected five-member board of directors. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Joint Venture

Prior to February 1, 2017, the District was a participant with East Larimer County Water District (ELCO) and Ft. Collins/Loveland Water District (FLWD) in a joint venture to operate Soldier Canyon Filter Plant (the "Plant"), the filter plant from which the District, ELCO, and FLWD purchase 100 percent of their water. Each district was charged for their respective share of the water purchased from the Plant and for capital improvements made at the Plant on a periodic basis. Major capital improvements to the Plant were funded by the individual districts independently and included in each district's capital assets. As such, the depreciation expense for these assets was also reflected in the financial statements of the District, ELCO, and FLWD. The District's net investment and its share of the operating results of the Plant were reported in the accompanying statement of net position and statement of revenue, expenses, and changes in net position.

On February 1, 2017, the District transferred all of the filter plant assets to a new entity, Solider CanyonWater Treatment Authority (the "Authority"). In exchange for the District's share of the Plant's assets, the District received treatment capacity share of 16.238 million gallons per day (MGD) or 36.084 percent. The treatment capacity is considered an intangible asset with an indefinite life and is included in capital assets not subject to depreciation. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 4424 LaPorte Avenue, Ft. Collins, Colorado 80521.

On April 16, 2019, the District entered into a revised and restated creation agreement with the Authority and other participating districts, which expanded the plant capacity from 45 MGD to 60 MGD, increasing the District's capacity share to 23.238 MGD or 38.730 percent.

Note 2 - Significant Accounting Policies (Continued)

On January 11, 2024, the District entered into a second revised and restated creation agreement with the Authority. The District's capacity in the treatment plant was not modified; however, the District now holds capacity in the Pleasant Valley Pipeline (PVP), a transmission line that delivers raw water to the Plant, along with the PVP Munroe Turnout Screen and Sedimentation Basin of 33.780 percent, 15.88 percent, and 16.89 percent, respectively.

Basis of Accounting

The District is a special-purpose government engaged in business activities. This proprietary fund uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Restricted Assets

The revenue bonds require unspent bond proceeds to be set aside for construction, debt service payments, and other related reserves, as further discussed in Note 6. These amounts have been classified as restricted assets.

Receivables and Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District's service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. In 2020, the District adopted a policy allowing for the certification of delinquent accounts to the County Treasurer for collection - Resolution 2020121407: Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. The District had no allowance for doubtful accounts at December 31, 2023 and 2022, as they consider amounts fully collectible.

Capital Contributions

Contributions of cash, transmission lines, and water rights to the District by developers, customers, or agreements with others are treated as capital contributions on the District's statement of revenue, expenses, and changes in net position.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items, when applicable.

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

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

Capital Asset Class	Depreciable Life - Years
Facilities	40
Transmission and distribution system	10-100
Vehicles and field equipment	5-10
Other	5-20

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Payable from Restricted Assets

Accounts payable from restricted asset balances recorded on the statement of net position as of December 31, 2023 include arbitrage and related liabilities pertaining to the 2019 and 2022 unspent tax-exempt bond proceeds totaling approximately \$740,000. These amounts represent computed obligations through the period ended December 31, 2023. Of the total, approximately \$50,000 is due to be remitted to the Internal Revenue Service (IRS) in July 2024, while the remaining amount is not required to be remitted until 2027.

Remaining amounts recorded in payable from restricted assets at December 31, 2023 relate to construction retainages that will be disbursed upon project completion.

Compensated Absences (Vacation and Sick Leave)

It is the District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the District will pay upon employment termination; vacation pay is accrued when incurred.

The District has recorded a liability of \$203,059,245 and \$150,013 at December 31, 2023 and 2022, respectively.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. There was no significant unbilled revenue at December 31, 2023 and 2022.

Operating Revenue and Expenses

The District distinguishes between operating revenue and expenses and nonoperating items in the statement of revenue, expenses, and changes in net position. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenue consists of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

Water Rights

The District's water rights are primarily composed of those acquired by the District. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed when incurred.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2024.

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2025.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 28, 2024, which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 - Significant Accounting Policies (Continued)

As of December 31, 2022, restricted assets on the statement of net position of \$40,562,086 pertained to unspent bond proceeds and have been adjusted as such in these financial statements, as they were previously reported at \$42,799,926. In addition, classification of net position categories was also updated for this and other items. Net investment in capital assets as of December 31, 2022 is now reported at \$163,536,293, with unrestricted reported at \$27,960,170. Restricted cash balances described above all relate to unspent bond proceeds and are, therefore, reported as a component of net investment in capital assets. The total net position of \$191,496,463 remains unchanged as of December 31, 2022.

Additionally, amounts in the statement of cash flows as of December 31, 2022 were reclassified to align with the presentation as of December 31, 2023. The most significant of which was the inclusion of restricted cash and equivalents of approximately \$4.3 million and \$42.8 million as of the beginning and end of year respectively within the cash flow reconciliation, as required under GAAP. As a result of this change, net cash provided (used) by capital and related financing activities was adjusted by approximately \$38 million.

Note 3 - Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the board of directors (the "Board") in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenue.

The budget process timeline is as follows:

1. On or before October 15, the District staff submits to the Board a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain public comments.
3. Prior to December 31, the budget is adopted by the Board.
4. Unused appropriations lapse at the end of each year.

Refer to supplemental section for an overview of budgeted and actual expenditures for fiscal year 2023.

Note 4 - Cash and Cash Equivalents

The District had cash and cash equivalents as follows:

	2023	2022
Cash and cash equivalents	\$ 18,348,808	\$ 26,112,408
Restricted cash and cash equivalents	42,585,260	40,562,086
Total	\$ 60,934,068	\$ 66,674,494

December 31, 2023 and 2022

Note 4 - Cash and Cash Equivalents (Continued)

Of the total cash and cash equivalents held by the District, \$57,979,623 and \$65,446,877 as of December 31, 2023 and 2022, respectively, consists of short-term investments held in a portfolio with a target weighted-average maturity of 60 days or less.

The District's cash and short-term investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits. At December 31, 2023 and 2022, the District had deposits with a financial institution with a carrying amount of \$2,954,346 and \$1,227,418, respectively. The bank balances with the financial institution were \$2,285,533 and \$1,357,932, respectively, of which \$250,000 was covered by federal depository insurance. The remaining balances of \$2,035,533 and \$1,107,932, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which special districts may invest, which include the following:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Note 4 - Cash and Cash Equivalents (Continued)

External Investment Pool

At December 31, 2023 and 2022, the District had invested \$57,979,522 and \$65,446,876, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and the highest-rate commercial paper. COLOTRUST EDGE is an enhanced cash, variable NAV pool that offers next-day liquidity. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. All of the District's invested balances are held in COLOTRUST PRIME. The Trust is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. The COLOTRUST PRIME portfolio had a weighted-average maturity of 69 and 100 days for the years ended December 31, 2023 and 2022, respectively.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. COLOTRUST PRIME is rated AAAM by Standard and Poor's Global Credit Ratings.

December 31, 2023 and 2022

Note 5 - Capital Assets

Capital asset activity of the District's business-type activities was as follows:

	Balance January 1, 2023	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:				
Land, easements, and water rights	\$ 104,425,836	\$ 8,269,717	\$ -	\$ 112,695,553
SCWTA treatment capacity	22,849,610	-	-	22,849,610
Construction in progress	22,713	8,310,428	-	8,333,141
Subtotal	127,298,159	16,580,145	-	143,878,304
Capital assets being depreciated:				
Transmission and distribution system	83,274,480	3,947,564	-	87,222,044
Facilities	1,667,567	-	-	1,667,567
Vehicles and field equipment	2,389,047	211,895	-	2,600,942
Other	78,221	-	-	78,221
Subtotal	87,409,315	4,159,459	-	91,568,774
Accumulated depreciation:				
Transmission and distribution system	29,311,201	1,745,976	-	31,057,177
Facilities	526,487	41,689	-	568,176
Vehicles and field equipment	1,822,829	184,804	-	2,007,633
Other	78,221	-	-	78,221
Subtotal	31,738,738	1,972,469	-	33,711,207
Net capital assets being depreciated	55,670,577	2,186,990	-	57,857,567
Net capital assets	<u>\$ 182,968,736</u>	<u>\$ 18,767,135</u>	<u>\$ -</u>	<u>\$ 201,735,871</u>

December 31, 2023 and 2022

Note 5 - Capital Assets (Continued)

	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:				
Land, easements, and water rights	\$ 94,928,149	\$ 9,497,687	\$ -	\$ 104,425,836
SCWTA treatment capacity	22,849,610	-	-	22,849,610
Construction in progress	2,836,182	22,713	(2,836,182)	22,713
Subtotal	120,613,941	9,520,400	(2,836,182)	127,298,159
Capital assets being depreciated:				
Transmission and distribution system	78,865,986	4,408,494	-	83,274,480
Facilities	1,644,153	23,414	-	1,667,567
Vehicles and field equipment	2,204,382	184,665	-	2,389,047
Other	78,221	-	-	78,221
Subtotal	82,792,742	4,616,573	-	87,409,315
Accumulated depreciation:				
Transmission and distribution systems	27,637,789	1,673,412	-	29,311,201
Facilities	485,334	41,153	-	526,487
Vehicles and field equipment	1,646,621	176,208	-	1,822,829
Other	78,221	-	-	78,221
Subtotal	29,847,965	1,890,773	-	31,738,738
Net capital assets being depreciated	52,944,777	2,725,800	-	55,670,577
Net capital assets	<u>\$173,558,718</u>	<u>\$ 12,246,200</u>	<u>\$ (2,836,182)</u>	<u>\$ 182,968,736</u>

Depreciation expense was \$1,972,469 and \$1,890,773 for the years ended December 31, 2023 and 2022, respectively.

December 31, 2023 and 2022

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2023 and 2022 can be summarized as follows:

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -					
Direct borrowings and placements - Revenue bonds:					
2012 refunding revenue bonds	\$ 1,575,000	\$ -	\$ (1,575,000)	\$ -	\$ -
2019 revenue bonds	16,160,000	-	-	16,160,000	460,000
2020 refunding revenue bonds	3,050,000	-	(410,000)	2,640,000	415,000
2022 revenue bonds	34,615,000	-	-	34,615,000	1,150,000
Total direct borrowings principal outstanding	55,400,000	-	(1,985,000)	53,415,000	2,025,000
Net bond premiums	4,594,530	-	(476,789)	4,117,741	-
Long-term borrowings - Net of premiums	59,994,530	-	(2,461,789)	57,532,741	2,025,000
Compensated absences	150,013	115,037	(103,013)	162,037	-
Total long-term debt	<u>\$ 60,144,543</u>	<u>\$ 115,037</u>	<u>\$ (2,564,802)</u>	<u>\$ 57,694,778</u>	<u>\$ 2,025,000</u>
	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -					
Direct borrowings and placements - Revenue bonds:					
2012 refunding revenue bonds	\$ 3,090,000	\$ -	\$ (1,515,000)	\$ 1,575,000	\$ 1,575,000
2019 revenue bonds	16,160,000	-	-	16,160,000	-
2020 revenue bonds	3,450,000	-	(400,000)	3,050,000	410,000
2022 revenue bonds	-	34,615,000	-	34,615,000	-
Total direct borrowings principal outstanding	22,700,000	34,615,000	(1,915,000)	55,400,000	1,985,000
Net bond premiums	991,212	3,603,318	-	4,594,530	-
Long-term borrowings - Net of premiums	23,691,212	38,218,318	(1,915,000)	59,994,530	1,985,000
Compensated absences	130,588	118,463	(99,038)	150,013	-
Total long-term debt	<u>\$ 23,821,800</u>	<u>\$ 38,336,781</u>	<u>\$ (2,014,038)</u>	<u>\$ 60,144,543</u>	<u>\$ 1,985,000</u>

December 31, 2023 and 2022

Note 6 - Long-term Debt (Continued)

A summary of the District's long-term debt as of December 31, 2023 and 2022 is as follows:

Source	2023	2022
2012 Revenue Refunding Bonds		
<p>\$13,440,000 Refunding Revenue Bonds, Series 2012 due in yearly installments of \$1,230,000 through 2015 with additional increases up until the date of maturity of November 1, 2023; interest at 2.0% to 5.0%. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$0 and \$9,188 at December 31, 2023 and 2022, respectively. The bond principal was paid in full during 2023</p>	\$0	\$1,575,000
2019 Revenue Bonds		
<p>\$16,160,000 Water Enterprise Revenue Bonds, Series 2019 due in principal installments of \$460,000 in 2024 with additional increases up until the date of maturity in 2036; interest at 3.0% to 5.0%. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$93,100 and \$80,800 at December 31, 2023 and 2022, respectively</p>	\$16,160,000	\$16,160,000
2020 Refunding Revenue Bonds		
<p>\$3,850,000 Water Enterprise Revenue Refunding Loan, Series 2020 due in principal installments of \$400,000 in 2021 with additional increases up until the date of maturity in 2029; interest at 2.25%. The bonds were issued to refund the 2009 Colorado Water Resource and Power Development Authority (CWRPDA) loan. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$9,900 and \$11,438 at December 31, 2023 and 2022, respectively</p>	\$2,640,000	\$3,050,000
2022 Revenue Bonds		
<p>\$34,615,000 Water Enterprise Revenue Bonds, Series 2022 due in principal installments of \$1,150,000 in 2024 with additional increases up until the date of maturity in 2042; interest at 4.0% to 5.0%. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$522,550 and \$129,806 at December 31, 2023 and 2022, respectively</p>	<u>\$34,615,000</u>	<u>\$34,615,000</u>
Totals	<u>\$53,415,000</u>	<u>\$55,400,000</u>

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds are as follows:

Years Ending December 31	Annual Maturities	Interest	Total
2024	\$ 2,025,000	\$ 2,185,650	\$ 4,210,650
2025	2,110,000	2,095,813	4,205,813
2026	2,215,000	2,002,000	4,217,000
2027	2,305,000	1,903,213	4,208,213
2028	2,415,000	1,800,200	4,215,200
2029-2033	13,890,000	7,318,863	21,208,863
2034-2038	17,100,000	4,150,850	21,250,850
Thereafter	11,355,000	1,050,500	12,405,500
Total	<u>\$ 53,415,000</u>	<u>\$ 22,507,089</u>	<u>\$ 75,922,089</u>

Note 7 - Risk Management

The District is a member of the Colorado Special District Property and Liability Pool (CSDPLP). The District has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays annual contributions for its property, casualty, and worker's compensation insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention.

At December 31, 2022 (the most current audited financial statements), CSDPLP has total admitted assets of \$69,212,177, liabilities of \$45,329,704, and unassigned surplus of \$23,882,473. The liability amount includes no long-term debt. Total revenue for 2022 amounted to \$27,064,468, investment income was \$462,530, and total expenses were \$25,447,966, resulting in a net income of \$2,079,032. The amount of the District's share of these amounts is less than 1 percent.

Note 8 - Deferred Compensation

During 1993, the District established an Internal Revenue Code Section 457 deferred compensation plan, which also provides for contributions from the employee and the employer. The District makes matching contributions of up to 3.0 percent of an employee's eligible salary. During 2023 and 2022, the District's contributions to this plan totaled \$90,294 and \$114,839, respectively.

Note 9 - TABOR Compliance

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

December 31, 2023 and 2022

Note 9 - TABOR Compliance (Continued)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

Other Supplementary Information

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2023

The District prepares its annual budget on a non-GAAP basis of accounting. Below is the reconciliation from the budget basis of accounting to GAAP basis:

	2023	2022
Excess of non-GAAP revenue over expenditures (budgetary basis)	\$ (9,646,291)	\$ 40,180,604
Adjustments required to reconcile:		
Non-GAAP revenue/expenditures:		
Bond principal	1,985,000	1,915,000
Debt proceeds	-	(34,615,000)
Capital asset acquisition	20,739,600	11,301,254
GAAP revenue/expense- adjustments:		
Depreciation expense	(1,972,469)	(1,890,773)
Amortization of bond premiums	456,942	-
Change in net position GAAP basis	<u>\$ 11,562,782</u>	<u>\$ 16,891,085</u>

	Final Budget	Actual - Budgetary Basis	Variance - Favorable (Unfavorable)	Year Ended December 31, 2022 Actual - Budgetary Basis
Revenue:				
Operating revenue:				
Metered sales	\$ 12,215,468	\$ 12,568,134	\$ 352,666	\$ 12,720,143
Surcharges	3,490,134	4,970,952	1,480,818	5,130,584
PI surcharge	2,268,587	2,976,609	708,022	3,551,492
Adjustments	-	(57,874)	57,874	(20,063)
Construction water	215,271	270,630	55,359	326,142
Total operating revenue	18,189,460	20,728,451	2,654,739	21,708,298
Nonoperating revenue:				
Earnings on investments	130,384	2,700,628	2,570,244	780,724
Water lease and rental	18,207	18,780	573	39,292
Miscellaneous	36,490	364,442	327,952	206,767
Farm revenue	9,385	1,000	(8,385)	-
Mineral, oil, and gas rights	64,946	137,249	72,303	-
Sale of property	552	-	(552)	-
Total nonoperating revenue	259,964	3,222,099	2,962,135	1,026,783
Proceeds from issuance of debt	-	-	-	34,615,000
Capital contributions:				
Tap fees - Customers	3,000,000	2,223,750	(776,250)	3,453,950
Meter set fees	704,646	22,400	(682,246)	176,255
Reimbursement for water rights	-	(32,250)	(32,250)	2,367,250
Distance fees	176,653	245,850	69,197	403,725
Reimbursement for line extension	153,000	254,400	101,400	737,615
Miscellaneous	140,665	-	(140,665)	(4,250)
Total capital contributions	4,174,964	2,714,150	(1,460,814)	7,134,545
Total revenue	22,624,387	26,664,700	-	64,484,626

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2023

	Final Budget	Actual - Budgetary Basis	Variance - Favorable (Unfavorable)	Year Ended December 31, 2022 Actual - Budgetary Basis
Expenditures:				
Administrative				
Personnel - Administrative	\$ 932,658	\$ 1,262,013	\$ 329,355	\$ 547,332
Payroll taxes	134,969	156,994	22,025	139,672
Health insurance	60,000	48,969	(11,031)	56,389
Office utilities	191,105	237,358	46,253	243,112
Office expense	199,949	329,158	129,209	267,816
Professional fees	620,820	867,444	246,624	865,616
Miscellaneous	7,729	27,825	20,096	113,406
Total administrative	2,147,230	2,929,761	782,531	2,233,343
Distribution				
Water	3,864,011	4,089,865	225,854	3,066,466
Personnel operations	1,824,953	1,872,902	47,949	1,678,276
Operation and maintenance	1,055,153	1,397,746	342,593	1,327,931
Engineering	50,000	-	(50,000)	-
Electricity	181,100	191,967	10,867	189,117
Communications	50,000	1,203	(48,797)	9,764
Insurance	140,000	137,872	(2,128)	170,022
Miscellaneous	-	46,830	46,830	1,295,471
Total distribution	7,165,217	7,738,385	573,168	7,737,047
Debt service:				
Interest expense	3,142,288	2,918,245	(224,043)	1,117,378
Principal paid	1,985,000	1,985,000	-	1,915,000
Total debt service	5,127,288	4,903,245	(224,043)	3,032,378
Capital improvements:				
Soldier Canyon Filter Plant	312,000	-	(312,000)	-
Storage tanks	1,600,000	937,378	(662,622)	83,361
Pump stations	-	286,990	286,990	50,761
Equipment	25,700	211,895	186,195	422,858
System	15,740,000	2,723,192	(13,016,808)	1,223,874
Water rights, storage, infrastructure	10,080,000	7,406,984	(2,673,016)	9,370,787
Land and easements	180,000	862,734	682,734	126,900
Construction in progress	-	8,310,427	8,310,427	22,713
Total capital improvements	28,239,700	20,739,600	(7,198,100)	11,301,254
Total budgeted expenditures	42,679,435	36,310,991	-	24,304,022
Excess of budgeted revenue (under) over budgeted expenditures	\$ (20,055,048)	\$ (9,646,291)	\$ -	\$ 40,180,604

North Weld County Water District

Rate Maintenance - Unaudited

December 31, 2023 and 2022

The District's loan agreement with the CWRPDA requires the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) comply with all covenants in the loan resolution, and (3) pay at least 100 percent of the debt service on all indebtedness or 110 percent of such debt service if connection fees are included as a source of repayment.

	2023	2022
Operating revenue	\$ 20,728,451	\$ 21,708,298
System connections fees (limited to 15% of revenue)	2,714,150	3,256,245
Operation and maintenance expense (excluding depreciation expense)	(10,668,146)	(9,970,390)
Net revenue as defined in loan agreement	12,774,455	14,994,153
2023 principal due	1,985,000	1,915,000
2023 interest due	2,422,992	1,117,378
Subtotal	4,407,992	3,032,378
Required revenue as defined in loan agreement	4,848,791	2,959,633

North Weld County Water District

Rate Maintenance - Unaudited

December 31, 2023 and 2022

The District's 2019 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 110 percent of both the principal and interest on the 2022 Bonds and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

The District's 2022 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 110 percent of both the principal and interest on the 2022 Bonds and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

	2023	2022
Operating revenue	\$ 20,728,451	\$ 21,708,298
Nonoperating revenue	3,222,099	-
Tap/connection fees	2,714,150	-
Operation and maintenance expense (excluding depreciation expense)	<u>(10,668,146)</u>	<u>(9,970,390)</u>
Net revenue as defined in loan resolution	15,996,554	11,737,908
2023 principal	1,985,000	1,915,000
2023 interest	<u>3,047,932</u>	<u>1,117,378</u>
Subtotal	<u>5,032,932</u>	<u>3,032,378</u>
Required revenue as defined in loan resolution	<u>\$ 4,848,791</u>	<u>\$ 2,959,633</u>