

**PROJECT 7 WATER AUTHORITY  
MONTROSE, COLORADO**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

**PROJECT 7 WATER AUTHORITY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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## **FINANCIAL SECTION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

## **Management's Discussion and Analysis**

As management of the Project 7 Water Authority, (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2023 and 2022.

### **Financial Highlights**

- The assets of the Authority exceeded its liabilities at December 31, 2023 and 2022 by \$16,559,504 and \$14,488,604 respectively, (net position). Of this amount, \$4,847,930 and \$11,358,087, at December 31, 2023 and 2022, respectively, (unrestricted net position), may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by \$2,070,900 and \$2,356,411 for the years ended December 31, 2023, and 2022, respectively.
- The Authority's operating expenses increased from 2022 to 2023 due to increased chemical costs and another full-time employee being added. Water sales increased by 6.0% even though there was a decrease in consumption of 1%. There was a rate increase from \$1.30 per thousand gallons to \$1.45 per thousand gallons of treated water to the contracting parties.
- The cost per 1000 gallons has increased due to the increase in chemical costs and employee costs.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements in an enterprise fund. As an enterprise fund, the Authority's basic financial statements are presented as a special purpose government engaged only in business type activities, i.e. providing water treatment services and are comprised of two components: 1) the financial statements and 2) notes to financial statements used to explain in more detail some of the information in the financial statements.

The Statement of Net Position reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The statements provide information about the nature and the amounts of investments (assets) and the obligations owed by the Authority (liabilities). It provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. However, other non-financial factors should be considered, such as changes in economic conditions and the effects of new or changed governmental legislation.

The Statement of Revenues, Expenses and Changes in Net Position reports the Authority's operating and non-operating revenues and expenses. Operating expenses include all operational costs of the Authority including depreciation. Non-operating revenue includes interest income and non-operating expense includes interest expense.

The Statement of Cash Flows report the Authority's cash flows from operating, capital and investing activities. Also presented are beginning and end of year cash and cash equivalents.

The basic financial statements can be found on pages 4 through 6 of this report.

Notes to the Financial Statements. The notes 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 on pages 7 through 15 of the report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's budgetary comparisons for revenues and expenditures. Supplementary information can be found on page 16 of this report.

#### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$14,488,604 at the close of the most recent fiscal year.

A majority of the Authority's net position, (approximately 62 percent), reflects its investment in capital assets, (e.g. land, buildings, equipment, water tanks and distribution system), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to members; consequently, these assets are not available for future spending. Restricted net position of \$542,218, are those net assets legally restricted for loan covenants.

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

	<u>2023</u>	<u>2022</u>
ASSETS		
Current and Other Assets	\$ 11,425,708	\$ 11,990,246
Capital Assets	<u>17,742,339</u>	<u>14,074,964</u>
Total Assets	<u>29,168,047</u>	<u>26,065,210</u>
LIABILITIES		
Current Liabilities	1,605,856	91,562
Noncurrent Liabilities	<u>11,002,687</u>	<u>11,485,044</u>
Total Liabilities	<u>12,608,543</u>	<u>11,576,606</u>
NET POSITION		
Net Investment in Capital Assets	11,169,356	2,646,403
Restricted	542,218	484,114
Unrestricted	<u>4,847,930</u>	<u>11,358,087</u>
<b>Total Net Position</b>	<b><u>\$ 16,559,504</u></b>	<b><u>\$ 14,488,604</u></b>

The Authority's net position increased by \$2,070,900 and \$2,356,411, respectively, during the fiscal years ended December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Operating Revenues	\$ 4,471,520	\$ 4,182,420
Non-Operating Revenues	27,780	29,469
Total Revenues	<u>4,499,300</u>	<u>4,211,889</u>
OPERATING EXPENSES		
Source of Supply	1,956	1,922
Collection, Transmission and Distribution	23,540	55,791
Production and Treatment	1,596,268	1,331,710
Administration	401,604	323,201
Depreciation Expense	522,699	517,132
Total Expenses	<u>2,546,067</u>	<u>2,229,756</u>
OTHER INCOME(EXPENSE)		
Investment Earnings	143,930	19,202
Other Revenue	15,396	13,959
Interest Expense	(169,306)	(180,195)
Total Other Income(Expense)	<u>(9,980)</u>	<u>(147,034)</u>
CONTRIBUTED CAPITAL		
Intergovernmental Revenue	<u>127,647</u>	<u>521,312</u>
Change in Net Position	2,070,900	2,356,411
NET POSITION, BEGINNING	<u>14,488,604</u>	<u>12,132,193</u>
<b>NET POSITION, ENDING</b>	<b><u>16,559,504</u></b>	<b><u>14,488,604</u></b>

The end of year cash and investment balances increased due to decreased employee costs and the rate per thousand gallons charged to the member entities increased from 2022 to 2023.

## Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets as of December 31, 2023 and 2022 amounted to \$17,742,339 and \$14,074,964, respectively, (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, water tanks and distribution system. The major capital asset event during the past fiscal years are engineering and design for the additional water plant being constructed.

	<b>Balance 1/1/23</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/23</b>
Assets not being depreciated:				
Land and Rights of Way	\$ 1,412,134	\$ -	\$ -	\$ 1,412,134
Construction in Progress	<u>3,308,672</u>	<u>3,938,421</u>	<u>-</u>	<u>7,247,093</u>
Total assets not being depreciated	<u>4,720,806</u>	<u>3,938,421</u>	<u>-</u>	<u>8,659,227</u>
Assets being depreciated:				
Storage Reservoir & Transmission Line	1,333,704	-	-	1,333,704
Buildings and Improvements	362,390	-	-	362,390
Water Treatment Plant	14,659,777	199,805	-	14,859,582
Equipment	829,169	-	-	829,169
Vehicles	102,386	51,848	-	154,234
Transmission, Storage & Distrib Sys	<u>13,700,285</u>	<u>-</u>	<u>-</u>	<u>13,700,285</u>
Total assets being depreciated	<u>30,987,711</u>	<u>251,653</u>	<u>-</u>	<u>31,239,364</u>
Less: Accumulated depreciation				
Storage Reservoir & Transmission Line	(1,327,653)	(706)	-	(1,328,359)
Buildings and Improvements	(225,218)	(11,772)	-	(236,990)
Water Treatment Plant	(7,818,194)	(273,046)	-	(8,091,240)
Equipment	(626,151)	(59,368)	-	(685,519)
Vehicles	(90,386)	(7,704)	-	(98,090)
Transmission, Storage & Distrib Sys	<u>(11,545,951)</u>	<u>(170,103)</u>	<u>-</u>	<u>(11,716,054)</u>
Total accumulated depreciation	<u>(21,633,553)</u>	<u>(522,699)</u>	<u>-</u>	<u>(22,156,252)</u>
<b>Net Capital Assets</b>	<b><u>\$ 14,074,964</u></b>	<b><u>\$ 3,667,375</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 17,742,339</u></b>

Additional information on the Authority's capital assets can be found in Note 3 on page 12 of this report.

Long-term debt. At the end of the current fiscal year, the Authority had \$ 11,002,687 of loans with the Colorado Water Resources and Power Development Authority secured by the revenues of the Authority.

	<u>Balance</u> <u>1/1/23</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/23</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>	<u>Accrued</u> <u>Interest</u>
2008 CWRPDA Loan	\$ 4,428,561	\$ -	\$ 487,601	\$ 3,940,960	\$ 499,074	\$ 169,306	\$ (71,394)
2021 CWRPDA Interim Loan	7,000,000	-	-	7,000,000	-	-	-
Accrued Compensated Leave	<u>56,483</u>	<u>5,244</u>	<u>-</u>	<u>61,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>\$ 11,485,044</u>	<u>\$ 5,244</u>	<u>\$ 487,601</u>	<u>\$ 11,002,687</u>	<u>\$ 499,074</u>	<u>\$ 169,306</u>	<u>\$ (71,394)</u>

Additional information on the Authority’s long-term debt can be found in note 4 on page 13 of this report.

### **Economic Factors and Next Year’s Budgets**

In 2024, the Design/Build Team will continue to progress from 30% design to 75% Design. This will incorporate getting most of the details of the new project decided and begin generating a Guaranteed Maximum Price (GMP) for the Resiliency Program. This should be delivered before the end of the year. We are hoping to begin construction of the Raw Water delivery line, 6 MGD Water Treatment Plant, and Finished Water Transmission Line in 2025.

In 2023, the State of Colorado SRF program, administered by Colorado Water and Power Development Authority, CWRPDA informed Project 7 that they were over committed and cutting the amount of loan available from \$80 Million to \$30M. US Environmental Protection Agency (USEPA) Water Infrastructure Finance and Innovation Act (WIFIA) program informed P7WA that they could bump the amount of funding available from \$79M to \$129M, or up to 80% of the program cost.

P7WA applied for several grants; USEPA Title XVI grant of up to \$30M, DOLA for up to \$1M, BIL for \$5M, etc.

P7 continues to upgrade remote stations on the pipeline via Browns Hill Engineering. We should get all the remote sites upgraded by end of 2025.

### **Request for Information**

This financial report is designed to provide a general overview of the Project 7 Water Authority’s finances for all those with an interest in the Authority’s finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Project 7 Water Authority, 69128 E. Hwy 50, P.O. Box 1185, Montrose, Colorado, 81402.

# Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Project 7 Water Authority  
Montrose, Colorado

### **Opinion**

We have audited the accompanying financial statements of Project 7 Water Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise Project 7 Water Authority'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 Project 7 Water Authority as of December 31, 2023, and the respective changes in financial position and cash flow 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Project 7 Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Project 7 Water Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 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 Project 7 Water Authority 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 Project 7 Water Authority'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.

***Report on Summarized Comparative Information***

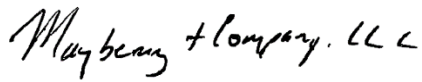
We have previously audited the Project 7 Water Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project 7 Water Authority's basic financial statements. The individual fund financial statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Mayberry & Company, LLC". The signature is written in a cursive, flowing style.

Englewood, Colorado  
November 19, 2024

## **BASIC FINANCIAL STATEMENTS**

**PROJECT 7 WATER AUTHORITY**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**DECEMBER 31, 2023**

**With Comparative Totals for December 31, 2022**

	<b>Business-type Activities</b>		
	<b>Water</b>	<b>Total</b>	
	<b>Fund</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash and Investments	\$ 6,209,228	\$ 6,209,228	\$ 4,320,709
Restricted Cash and Investments	542,218	542,218	1,275,853
Receivables			
Utility Receivable	211,358	211,358	208,528
Cash with Fiscal Agent	4,367,977	4,367,977	6,092,984
Inventory	60,810	60,810	61,095
Prepaid Expenses	34,117	34,117	31,077
Total Current Assets	<u>11,425,708</u>	<u>11,425,708</u>	<u>11,990,246</u>
<b>Noncurrent Assets</b>			
Capital Assets not being depreciated	8,659,227	8,659,227	4,720,806
Capital Assets being depreciated	31,239,364	31,239,364	30,987,711
Accumulated Depreciation	<u>(22,156,252)</u>	<u>(22,156,252)</u>	<u>(21,633,553)</u>
Total Noncurrent Assets	<u>17,742,339</u>	<u>17,742,339</u>	<u>14,074,964</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 29,168,047</u>	<u>\$ 29,168,047</u>	<u>\$ 26,065,210</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 1,517,846	\$ 1,517,846	\$ -
Accrued Liabilities	159	159	159
Accrued Salaries and Benefits	16,457	16,457	16,096
Accrued Interest Payable	71,394	71,394	75,307
Total Current Liabilities	<u>1,605,856</u>	<u>1,605,856</u>	<u>91,562</u>
<b>Noncurrent Liabilities</b>			
Due within one year	499,074	499,074	-
Due in more than one year	10,503,613	10,503,613	11,485,044
Total Noncurrent Liabilities	<u>11,002,687</u>	<u>11,002,687</u>	<u>11,485,044</u>
TOTAL LIABILITIES	<u>12,608,543</u>	<u>12,608,543</u>	<u>11,576,606</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,169,356	11,169,356	2,646,403
Restricted Net Position	542,218	542,218	484,114
Unrestricted Net Position	4,847,930	4,847,930	11,358,087
TOTAL NET POSITION	<u>16,559,504</u>	<u>16,559,504</u>	<u>14,488,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 29,168,047</u>	<u>\$ 29,168,047</u>	<u>\$ 26,065,210</u>

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

**PROJECT 7 WATER AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**With Comparative Totals for the Year Ended December 31, 2022**

	<b><u>Business-type Activities</u></b>		
	<b>Water</b>	<b>Total</b>	
	<b>Fund</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>			
Utility Charges	\$ 4,471,520	\$ 4,471,520	\$ 4,182,420
Rents	21,600	21,600	23,745
Other Charges for Services	6,180	6,180	5,724
Total Revenues	<u>4,499,300</u>	<u>4,499,300</u>	<u>4,211,889</u>
<b>Operating Expenses</b>			
Source of Supply	1,956	1,956	1,922
Collection, Transmission and Distribution	23,540	23,540	55,791
Production and Treatment	1,596,268	1,596,268	1,331,710
Administration	401,604	401,604	323,201
Depreciation Expense	522,699	522,699	517,132
Total Expenditures	<u>2,546,067</u>	<u>2,546,067</u>	<u>2,229,756</u>
Operating Income (Loss)	<u>1,953,233</u>	<u>1,953,233</u>	<u>1,982,133</u>
<b>Other Income (Expense)</b>			
Investment Earnings	143,930	143,930	19,202
Other Revenue	15,396	15,396	13,959
Interest Expense	(169,306)	(169,306)	(180,195)
Total Other Income (Expense)	<u>(9,980)</u>	<u>(9,980)</u>	<u>(147,034)</u>
Net Income (Loss) before Transfers	1,943,253	1,943,253	1,835,099
<b>Contributed Capital</b>			
Intergovernmental Revenue	<u>127,647</u>	<u>127,647</u>	<u>521,312</u>
<b>Change in Net Position</b>	2,070,900	2,070,900	2,356,411
<b>Net Position, Beginning</b>	<u>14,488,604</u>	<u>14,488,604</u>	<u>12,132,193</u>
<b>Net Position, Ending</b>	<u>\$ 16,559,504</u>	<u>\$ 16,559,504</u>	<u>\$ 14,488,604</u>

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

**PROJECT 7 WATER AUTHORITY**

**STATEMENT OF CASH FLOWS -**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**With Comparative Totals for the Year Ended December 31, 2022**

	<b><u>Business-type Activities</u></b>		
	<b>Water</b>	<b>Total</b>	
	<b>Fund</b>	<b>2023</b>	<b>2022</b>
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 4,496,470	\$ 4,496,470	\$ 4,179,860
Cash Paid to Suppliers	809,871	809,871	(724,182)
Cash Paid to and for the Benefit of Employees	<u>(1,312,543)</u>	<u>(1,312,543)</u>	<u>(1,109,975)</u>
Net Cash Provided by Operating Activities	<u>3,993,798</u>	<u>3,993,798</u>	<u>2,345,703</u>
Cash Flows From Capital and Related Financing Activities:			
Loan Proceeds	1,725,007	1,725,007	907,016
Debt Principal Payments	(487,601)	(487,601)	(481,864)
Grant Proceeds	127,647	127,647	521,312
Interest Payments	(173,219)	(173,219)	(177,487)
Acquisition of Capital Assets	<u>(4,190,074)</u>	<u>(4,190,074)</u>	<u>(2,103,255)</u>
Cash Flows Used by Capital and Related Financing Activities	<u>(2,998,240)</u>	<u>(2,998,240)</u>	<u>(1,334,278)</u>
Cash Flows (Uses) From Noncapital Financing Activities:			
Other Revenues (Expense)	15,396	15,396	13,959
Cash Flows (Uses) From Investing Activities:			
Interest Received	<u>143,930</u>	<u>143,930</u>	<u>19,202</u>
Net Increase (Decrease) in Cash	1,154,884	1,154,884	1,044,586
Cash - Beginning	<u>5,596,562</u>	<u>5,596,562</u>	<u>4,551,976</u>
Cash - Ending	<u>\$ 6,751,446</u>	<u>\$ 6,751,446</u>	<u>\$ 5,596,562</u>
Cash and Investments	\$ 6,209,228	\$ 6,209,228	\$ 4,320,709
Restricted Cash and Investments	<u>542,218</u>	<u>542,218</u>	<u>1,275,853</u>
Total	<u>\$ 6,751,446</u>	<u>\$ 6,751,446</u>	<u>\$ 5,596,562</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	<u>\$ 1,953,233</u>	<u>\$ 1,953,233</u>	<u>\$ 1,982,133</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	522,699	522,699	517,132
Changes in Assets and Liabilities Related to Operations:			
(Increase) Decrease in:			
Utility Receivable	(2,830)	(2,830)	(32,029)
Inventory	285	285	(32,540)
Prepaid Expenses	(3,040)	(3,040)	(84)
(Increase) Decrease in:			
Accounts Payable	1,517,846	1,517,846	(91,315)
Accrued Salaries and Benefits	361	361	5,843
Accrued Compensated Absences	<u>5,244</u>	<u>5,244</u>	<u>(3,437)</u>
Total Adjustments	<u>2,040,565</u>	<u>2,040,565</u>	<u>363,570</u>
Net Cash Used for Operating Activities	<u>\$ 3,993,798</u>	<u>\$ 3,993,798</u>	<u>\$ 2,345,703</u>

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

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Project 7 Water Authority, (Authority), operates under a contract that established the Authority as a separate governmental entity on September 29, 1977, under Colorado Revised Statutes, 29-1-203. The contracting parties that the Authority provides treated water to are the Cities of Delta and Montrose, Colorado, the Town of Olathe, Colorado, Tri-County Water Conservancy District, Menoken Water District and the Chipeta Water District. The Authority is governed by a board consisting of an appointed representative from each of the contracting parties.

**Financial Reporting Entity**

Pursuant to the GASB Codification, the Authority applies the criteria outlined commencing at Section 2100.119, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the Authority has no includable component units. The Authority is also not included in the financial statements of any other entity.

**Basis of Accounting**

The Authority is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service and loan reserves, and unrestricted net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the change in net position is necessary or useful to sound financial administration. Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to contracting parties for sales of treated water. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Equivalents**

For purposes of the statement of cash flows, the Authority treats all demand and money market bank accounts as cash and equivalents.

**Investments**

The Authority policy is to invest in certificates of deposit and securities guaranteed or issued by the Federal government or its agencies. Investments are stated at fair value.

**Inventory**

Inventory, consisting primarily of operating supplies for water treatment, is stated at the lower of cost or market. Cost is determined by using last invoice cost.

**Receivables**

Under the accrual basis of accounting, receivables consist of all revenues earned at year-end and not yet received. Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is required.

**Restricted Assets**

These assets consist of certificate of deposit, investments and investments classified as cash and cash equivalents restricted for debt service.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of the unexpended bond proceeds. It is the Authority's policy to capitalize all capital expenditures over \$1,000 with an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives and no depreciation is recorded in the year of acquisition or construction. The estimated useful lives are as follows:

Storage Reservoir	40 years
Buildings and Improvements	5 to 25 years
Water Treatment Plant	15 to 40 years
Equipment	3 to 10 years
Vehicles	5 years
Transmission and Distribution System	40 years

**Compensated Absences.**

The liability for compensated absences consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Debt Issuance Costs.**

Debt issuance costs are recognized as an expense during the period of issuance.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets**

The Authority follows these procedures in establishing the budget. The Authority's manager submits a proposed operating budget to the Board and a public hearing is held prior to December for the following calendar year. The operating budget includes proposed expenditures and the means of financing them. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles, (GAAP), except that grants and loan proceeds are budgeted as revenues, principal payments and capital outlays are budgeted as expenditures, and no provision is made for depreciation or system abandonments. Budgeted expenditures are appropriated in total for the Authority and the level of control is in total. The Board of Directors may authorize supplemental appropriations during the year. Unused appropriations lapse at the end of the year.

**Use of Estimates in the Preparation of Financial Statements**

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, liabilities, revenues, and expenses during the period. Actual results could differ from those estimates.

**Equity**

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets". This net position is available for future operations or distributions.

It is the Authority's policy to fund operations through the most restricted available equity first.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 2: CASH AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act, (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least equal the aggregate uninsured deposits.

Cash deposits and investments are comprised of and are allocated on the December 31, 2023 statement of net position as follows:

Cash	\$ 3,598,229
Investments	3,153,217
<b>Total Cash and Investments</b>	<b><u>\$ 6,751,446</u></b>
Restricted Cash and Investments	\$ 542,218
Unrestricted Cash and Investments	6,209,228
<b>Total Cash and Investments</b>	<b><u>\$ 6,751,446</u></b>

**CASH DEPOSITS**

At December 31, 2023, the Authority's cash deposits had bank and carrying balances as follows:

	<b>Bank Balance</b>	<b>Carrying Balance</b>
FDIC Insured	\$ 500,000	\$ 500,000
PDPA Collateralized (not in District's name)	3,351,227	3,098,229
<b>Total</b>	<b><u>\$ 3,851,227</u></b>	<b><u>\$ 3,598,229</u></b>

**INVESTMENTS**

**Credit Risk**

Eligible investments shall conform to state law and may include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

At December 31, 2023, the Authority had invested in the Colorado Local Government Liquid, Asset Trust (COLOTRUST), a local government investment pool. As an Investment pool, COLOTRUST operates under the Colorado Revised Statutes (2476-701) and is overseen by the

Colorado Securities Commissioner. COLOTRUST invests in securities that are specified by the Colorado Revised Statutes (2475-601). Authorized securities included US Treasuries, US Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). COLOTRUST operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. COLOTRUST is rated AAA by the Standard & Poor's Corporation. A designated custodial bank provides banking services and trust custody for securities held on behalf of the participating governments in COLOTRUST. The custodian's internal records identify the investments owned by the participating governments. This investment is reported at amortized cost which approximates fair value.

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 U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance 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.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to decline in fair value due to rising interest rates, the Authority's investment policy requires that the majority of its investments have a maturity date of 1 year or less.

**Concentration of Credit Risk**

The Authority places no limit on the amount the Authority may invest in any one issuer and all of the investments for the year ended 2023 were in ColostrustPlus.

**RESTRICTED CASH AND INVESTMENTS**

Restricted cash and investments for the operations and maintenance reserve for 2023 represent an amount equal to three months of subsequent year's budgeted operating expenses as required by the 2008 loan agreements with the Colorado Water Resources and Power Development Authority (CWRPDA) (see Note 4). These monies, per agreement with CWRPDA, can be used for emergency operating purposes, if necessary.

Restricted for Debt Repayment	\$ <u>542,218</u>
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**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 3: CAPITAL ASSETS**

Summaries of changes to capital assets for 2023 are as follows:

	<b>Balance 1/1/23</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/23</b>
Assets not being depreciated:				
Land and Rights of Way	\$ 1,412,134	\$ -	\$ -	\$ 1,412,134
Construction in Progress	<u>3,308,672</u>	<u>3,938,421</u>	<u>-</u>	<u>7,247,093</u>
Total assets not being depreciated	<u>4,720,806</u>	<u>3,938,421</u>	<u>-</u>	<u>8,659,227</u>
Assets being depreciated:				
Storage Reservoir & Transmission Line	1,333,704	-	-	1,333,704
Buildings and Improvements	362,390	-	-	362,390
Water Treatment Plant	14,659,777	199,805	-	14,859,582
Equipment	829,169	-	-	829,169
Vehicles	102,386	51,848	-	154,234
Transmission, Storage & Distrib Sys	<u>13,700,285</u>	<u>-</u>	<u>-</u>	<u>13,700,285</u>
Total assets being depreciated	<u>30,987,711</u>	<u>251,653</u>	<u>-</u>	<u>31,239,364</u>
Less: Accumulated depreciation				
Storage Reservoir & Transmission Line	(1,327,653)	(706)	-	(1,328,359)
Buildings and Improvements	(225,218)	(11,772)	-	(236,990)
Water Treatment Plant	(7,818,194)	(273,046)	-	(8,091,240)
Equipment	(626,151)	(59,368)	-	(685,519)
Vehicles	(90,386)	(7,704)	-	(98,090)
Transmission, Storage & Distrib Sys	<u>(11,545,951)</u>	<u>(170,103)</u>	<u>-</u>	<u>(11,716,054)</u>
Total accumulated depreciation	<u>(21,633,553)</u>	<u>(522,699)</u>	<u>-</u>	<u>(22,156,252)</u>
<b>Net Capital Assets</b>	<b><u>\$ 14,074,964</u></b>	<b><u>\$ 3,667,375</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 17,742,339</u></b>

Depreciation expense for the year ended December 31, 2023 was charged to the following operations:

Source of Supply	\$ 706
Water Treatment	339,948
Transmission and Distribution	177,807
Administrative and General	<u>4,238</u>
Total	<b><u>\$ 522,699</u></b>

**Future Expansion – Construction in Progress**

The Authority has purchased property near Ridgeway, Colorado with the intention of building an additional water treatment plant in order to increase treatment capacity for the long-term. The Authority is still in the development stages of planning and designing the additional water treatment plant. Some construction costs were incurred during fiscal year 2023. The total cost of construction is estimated to be approximately \$70,000,000.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 4: LONG TERM DEBT**

The following is an analysis of changes in long-term debt:

	<u>Balance</u> <u>1/1/23</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/23</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>	<u>Accrued</u> <u>Interest</u>
2008 CWRPDA Loan	\$ 4,428,561	\$ -	\$ 487,601	\$ 3,940,960	\$ 499,074	\$ 169,306	\$ (71,394)
2021 CWRPDA Interim Loan	7,000,000	-	-	7,000,000	-	-	-
Accrued Compensated Leave	56,483	5,244	-	61,727	-	-	-
Total Noncurrent Liabilities	<u>\$ 11,485,044</u>	<u>\$ 5,244</u>	<u>\$ 487,601</u>	<u>\$ 11,002,687</u>	<u>\$ 499,074</u>	<u>\$ 169,306</u>	<u>\$ (71,394)</u>

The Authority has an outstanding loan with the Colorado Water Resources and Power Development Authority. In 2008, the Authority entered into a loan agreement to complete the improvements of the existing water treatment plant. The loan contains various covenants and a revenue pledge.

Among the covenants are rate maintenance provisions, operations and maintenance reserve requirements and provisions against providing free service or capacity to any person, firm, corporation, public agency or instrumentality.

The 2008 loan requires semiannual payments through August 2030 with interest at an effective rate of approximately 3.82 percent. The Authority has the option to repay the loan in whole or in part upon prior written notice.

The Authority has pledged the revenue from the operation and use of the water treatment facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above loans. The loan agreements contain restrictive covenants and requirements, including a rate covenant (See Note 9) and maintenance of a three-month operating reserve for the 2008 loan (See Note 2). The Authority was in compliance with the covenants and requirements of the loan agreements at December 31, 2023.

A schedule of future loan payments is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 499,074	\$ 162,684	\$ 661,758
2025	504,810	156,666	661,476
2026	527,756	127,457	655,213
2027	550,702	112,085	662,787
2028	585,121	77,164	662,285
2029-2030	1,273,497	28,189	1,301,686
<b>Total</b>	<b><u>\$ 3,940,960</u></b>	<b><u>\$ 664,245</u></b>	<b><u>\$ 4,605,205</u></b>

**Short-Term Loan**

In August 2021, the Authority obtained an interim loan from the Colorado Water Resources and Power Development Authority in the principal amount of \$7,000,000 for up to 24 months at an interest rate of 3% for constructing the Ridgeway Water Treatment Plant. As of December 31, 2023, the Authority had drawn \$2,632,023 of the loan with the remaining \$4,367,977 shown as Cash with Fiscal Agent on the balance sheet.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 5: BENEFIT PLANS**

The Authority provides pension benefits for all employees through a Simplified Employee Pension (SEP) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 14.20% of the employee’s base salary each month. Contributions are transferred to an insurance company under terms of a group contract. Employees are not permitted to contribute to the plan. Full vesting of benefits begins immediately.

The Authority’s total payroll, base salary and contribution amounts were as follows:

	<u>2023</u>
Total Payroll	\$ 763,730
Base Salary	751,295
Contributions	106,625

**NOTE 6: RECONCILIATION OF PROPRIETARY (GAAP) REVENUES AND EXPENSES TO BUDGETARY REVENUES AND EXPENDITURES**

The Authority prepares its budget annually. The following reconciliation is presented to reconcile the annual budgeted revenues and expenditures to the GAAP basis financial statements.

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis	\$ 6,511,280	\$ 6,870,349
GAAP Basis Adjustments		
Capital Outlay	-	(4,190,074)
Debt Proceeds	(1,725,007)	-
Debt Service Principal	-	(487,601)
Depreciation Expense	-	522,699
<b>GAAP Basis</b>	<b><u>\$ 4,786,273</u></b>	<b><u>\$ 2,715,373</u></b>

**NOTE 7: COMMITMENTS AND CONTIGENCIES**

**TABOR Amendment**

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

TABOR 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 Authority's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of qualification as an Enterprise will require judicial interpretation.

**Commitments**

The Authority has entered into construction commitments as of year-end in the remaining amount of \$8,068,869.

**PROJECT 7 WATER AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023**

**NOTE 8: RISK MANAGEMENT**

The Authority is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure, except for the distribution system, is covered by purchase of commercial insurance, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 9: RATE MAINTENANCE**

The 2008 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

Operating revenues	\$ 4,499,300
Other revenue	159,326
Capital contributions	<u>127,647</u>
Total revenue	<u>4,786,273</u>
Operating expenses	(2,546,067)
Less: Depreciation	<u>522,699</u>
Adjusted operating expenses	<u>(2,023,368)</u>
Net revenue	<u>2,762,905</u>
Total debt service	
2008 CWRPDA	661,758
Required rate	<u>110%</u>
Net revenue required	<u>727,934</u>
Excess (deficit)	<u>\$ 2,034,971</u>

**NOTE 10: RELATED PARTIES**

The following is a summary of total charges and year end receivables by participating entity for the current fiscal year.

<u>Customer</u>	<u>Sales</u>	<u>% of Sales</u>	<u>Receivable</u>
City of Montrose	\$ 1,829,511	41%	\$ 65,586
Tri-County Water	1,328,718	30%	74,826
City of Delta	751,797	17%	33,320
Menoken Water District	234,819	5%	16,546
Chipeta Water District	215,976	5%	13,730
Town of Olathe	<u>110,781</u>	<u>2%</u>	<u>5,101</u>
Total	<u>\$ 4,471,602</u>	<u>100%</u>	<u>\$ 209,109</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**PROJECT 7 WATER AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**

**Water Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**With Comparative Totals for the Year Ended December 31, 2022**

	<b>2023</b>			<b>2022</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	
<b>Operating Revenues</b>				
Utility Charges	\$ 4,785,000	\$ 4,471,520	\$ (313,480)	\$ 4,182,420
Rents	-	21,600	21,600	23,745
Other Charges for Services	-	6,180	6,180	5,724
Total Revenues	<u>4,785,000</u>	<u>4,499,300</u>	<u>(285,700)</u>	<u>4,211,889</u>
<b>Operating Expenses</b>				
Source of Supply	3,000	1,956	1,044	1,922
Collection, Transmission and Distribution	54,500	23,540	30,960	55,791
Production and Treatment	1,494,940	1,596,268	(101,328)	1,331,710
Administration	388,079	401,604	(13,525)	323,201
Other Capital Outlay	7,500,000	4,190,074	3,309,926	2,103,255
Total Expenditures	<u>9,440,519</u>	<u>6,213,442</u>	<u>3,227,077</u>	<u>3,815,879</u>
Operating Income (Loss)	<u>(4,655,519)</u>	<u>(1,714,142)</u>	<u>2,941,377</u>	<u>396,010</u>
<b>Other Income (Expense)</b>				
Investment Earnings	15,000	143,930	128,930	19,202
Other Revenue	7,020,000	1,740,403	(5,279,597)	920,975
Debt Service	(695,441)	(656,907)	38,534	(662,059)
Total Other Income (Expense)	<u>6,339,559</u>	<u>1,227,426</u>	<u>(5,112,133)</u>	<u>278,118</u>
Net Income (Loss), Budget Basis	1,684,040	(486,716)	(2,170,756)	674,128
<b>Contributed Capital</b>				
Intergovernmental Revenue	-	127,647	127,647	521,312
Change in Net Position (Budget Basis)	<u>\$ 1,684,040</u>	<u>(359,069)</u>	<u>\$ (2,043,109)</u>	<u>1,195,440</u>
<b>Budget to GAAP Reconciliation</b>				
Debt Proceeds		(1,725,007)		(907,016)
Principal Paid		487,601		481,864
Depreciation Expense		(522,699)		(517,132)
Capital Outlay		4,190,074		2,103,255
<b>Change in Net Position - GAAP Basis</b>		2,070,900		2,356,411
<b>Net Position, Beginning</b>		<u>14,488,604</u>		<u>12,132,193</u>
<b>Net Position, Ending</b>		<u>\$ 16,559,504</u>		<u>\$ 14,488,604</u>

See accompanying Independent Auditors' Report.