Orchard City Irrigation District
Financial Statements
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orchard City Irrigation District

Opinions

We have audited the accompanying financial statements of the business-type activities of Orchard City Irrigation District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Orchard City Irrigation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Orchard City Irrigation District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orchard City Irrigation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Orchard City Irrigation District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants
105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

- 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 Orchard City Irrigation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado
June 9, 2025

As management of the Orchard City Irrigation District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- The District's assets exceeded its liabilities by $ 253,607 at the end of the year, an increase of $ 32,903 from the prior year.

- During 2024, the District received capital grants of $ 451,234.

- During 2024, the District's long-term liabilities increased $505,000 because of one new debt issued through Colorado Water Conservation Board.

Overview of the Financial Statements

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

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

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

Financial Analysis

The following summarizes the District's net position as of December 31, 2024 and 2023.

		2024		(Unaudited) 2023
Assets				
Current assets	$	761,755	$	222,594
Liabilities				
Current liabilities		15,211		1,890
Non current liabilities		492,937		-
Total liabilities		508,148		1,890
Net Position				
Unrestricted		253,607		220,704
Total net position	$	253,607	$	220,704

The District does not own or operate any capital assets and has no restrict portions of net position. Therefore, all of the net position of the District is considered unrestricted and available for ongoing operations of the District.

The following summarized the change in the District's net position for the years ended December 31, 2024 and 2023.

		2024		(Unaudited) 2023
Revenues				
Operating revenues		287,694		346,125
Non-operating revenues		467,854		13,851
Total revenues		755,548		359,976
Expenses				
Operating expenses		166,875		136,089
Non-operating expenses		555,770		359,636
Total expenses		722,645		495,725
Changes in net position		32,903		(135,749)
Net position - January 1		220,704		356,453
Net position - December 31	$	253,607	$	220,704

Request for Information

This financial report is designed to provide a general overview of the district's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District at:

Orchard City Irrigation District
P.O. Box 330
Eckert, Colorado 81418

Orchard City Irrigation District
Statements of Net Position
December 31, 2024

		2024
Assets		
Cash	$	42,411
Investments		718,542
Accounts receivable		802
Total assets		761,755
Current Liabilities		
Accounts payable		1,341
Payroll liabilities		1,807
Current portion of loan payable		12,063
Total current liabilities		15,211
Non-current Liabilities		
Loan payable		492,937
Total non-current liabilities		492,937
Total liabilities		508,148
Net Position		
Unrestricted		253,607
Total net position	$	253,607

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

Orchard City Irrigation District
Statements of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2024

		2024
Operating Revenues		
Water assessments	$	164,424
Special assessment income		111,600
Stock certificate income		11,670
Total operating revenues		287,694
Operating Expenses		
General operating and administrative		523
Salaries and wages		91,847
Contract services		5,065
Insurance		6,938
Professional fees		16,403
Repairs and Maintenance		26,276
Office expense		4,611
Rent expense		1,980
Supplies		1,567
Training and education		350
Utilities		1,578
Feasibility study		8,832
Miscellaneous		905
Total operating expenses		166,875
Operating gain before non-operating revenues (expenses)		120,819
Non-operating revenues (expenses)		
Grants		451,234
Interest income		16,620
Capital expenses		(554,565)
Interest expense		(1,205)
Total non-operating revenues (expenses)		(87,916)
Change in net position		32,903
Net position - January 1		220,704
Net position - December 31	$	253,607

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

Orchard City Irrigation District
Statements of Cash Flows
Year Ended December 31, 2024

		2024
Cash flows from operating activities		
Receipts from users and customers	$	290,851
Payments for employee services		(91,930)
Payments to suppliers		(73,687)
Net cash used for operating activities		125,234
Cash flows from capital related financing activities		
Loan proceeds		505,000
Capital grants received		451,234
Capital expenditures		(554,565)
Note payable interest payments		(1,205)
Net cash provided by capital and related financing activities		400,464
Cash flows from investing activities		
Interest earned on deposits and investments		16,620
Purchase of investments		(524,900)
Net cash provided by (used) for investing activities		(508,280)
Net increase (decrease) in cash		17,418
Cash - January		24,993
Cash - December	$	42,411
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$	120,819
Adjustments to reconcile operating loss to net cash used for operating activities:		
Decrease (increase) in accounts receivable		3,157
Increase (decrease) in accounts payable		1,341
Increase (decrease) in payroll liabilities		(83)
Net cash used for operating activities	$	125,234

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

Note A – Summary of Significant Accounting Policies

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

1. Reporting Entity

In 1939, as voted by the owners, the District was formed as a means to collect funds to reconstruct and thereafter operate the previous dam once owned and operated by the Fruitgrowers Ditch and Reservoir Company. The District serves as a supplemental water source to owners within the District's boundaries. The District is governed by an elected five-member board. For financial reporting purposes, the district, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the district is not considered a component unit of another entity.

2. Financial Statement Presentation

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

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

Note A – Summary of Significant Accounting Policies - continued

3. Basis of Accounting

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

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

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

4. Cash and Cash Equivalents

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

5. Fair Value Measurement

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

6. Accounts Receivable

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

Note A – Summary of Significant Accounting Policies – continued

7. Use of Estimates

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

8. Net Position

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

Note B – Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirement of state and local governments.

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

Note C – Budgets

The District adheres to the following budgetary procedures:

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

Note D – Deposits and Investments

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

1. Deposits

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

At December 31, 2024 the carrying amount of the District's deposits was $ 42,411 and the bank balances were $ 45,008. Of the bank balances, all were insured under FDIC.

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District has no investment policy that would further limit its investment choices.

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

Investments Measured at Net Asset Value	
ColoTrust Plus	$ 693,025
ColoTrust Prime	25,517
Total	$ 718,542

Note D – Deposits and Investments – continued

At December 31, 2024 the District had investments of $718,542 in a local government investment pool; the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes (CRS), to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. Separately issued financial statements may be obtained at the following address:

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

Note E – Long-term Liabilities

The district borrowed $500,000 and financed the 1% loan origination fee from the Colorado Water Conservation Board in April 2024 to replace the two outlet gates of Fruitgrowers Reservoir. The loan carries a 2.20% interest rate and is payable over a 30 year term. Annual payments of $23,173 are due on September 1 with the final loan payment due on September 1, 2054. Payments for the years following December 31, 2024 are as follows:

Year	Principal	Interest	Total
2025	$ 12,063	$ 11,110	$ 23,173
2026	12,328	10,845	23,173
2027	12,600	10,573	23,173
2028	12,877	10,296	23,173
2029	13,160	10,013	23,173
2030 - 2034	70,273	45,592	115,865
2035 - 2039	78,350	37,515	115,865
2040 - 2044	87,357	28,508	115,865
2045 - 2049	97,398	18,467	115,865
2050 - 2054	108,594	7,271	115,865
	$ 505,000	$ 190,190	$ 695,190

Note F – Risk Management

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

Orchard City Irrigation District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Available Resources - January 1	$ 218,635	$ 218,635	**$ 220,704**	$ 2,069
Revenues				
Water assessments	162,523	162,523	**164,424**	1,901
Special assessment income	111,600	111,600	**111,600**	-
Stock certificate income	2,400	2,400	**11,670**	9,270
Grants	568,750	568,750	**451,234**	(117,516)
Loan proceeds	505,000	505,000	**505,000**	-
Interest income	20,025	20,025	**16,620**	(3,405)
Total revenues	1,370,298	1,370,298	**1,260,548**	(109,750)
Total available resources	1,588,933	1,588,933	**1,481,252**	(107,681)
Expenditures				
General operating and administrative	1,900	1,900	**523**	1,377
Salaries and wages	87,050	87,050	**91,847**	(4,797)
Contract services	8,000	8,000	**5,065**	2,935
Insurance	6,850	6,850	**6,938**	(88)
Professional fees	15,100	15,100	**16,403**	(1,303)
Repairs and Maintenance	31,100	31,100	**26,276**	4,824
Office expense	9,800	9,800	**4,611**	5,189
Rent expense	5,790	5,790	**1,980**	3,810
Supplies	600	600	**1,567**	(967)
Training and education	1,400	1,400	**350**	1,050
Utilities	1,200	1,200	**1,578**	(378)
Feasibility study	22,500	22,500	**8,832**	13,668
Miscellaneous	-	-	**905**	(905)
Debt service payments	19,650	19,650	**1,205**	18,445
Capital outlay	1,077,750	1,077,750	**554,565**	523,185
Total expenditures	1,288,690	1,288,690	**722,645**	566,045
Available Resources - December 31	$ 300,243	$ 300,243	**758,607**	$ 458,364
Difference in accruals			**(505,000)**	
Available Resources after accrual differences			**$ 253,607**	