

CENTRAL WELD COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024

CENTRAL WELD COUNTY WATER DISTRICT  
TABLE OF CONTENTS

Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 9
Basic Financial Statements	
Statement of Net Position	10 – 11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13 – 14
Notes to the Financial Statements	15 – 28
Supplementary Information	
Schedule of Revenues and Expenditures – Budget to Actual Budgetary Basis	29 – 30



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Central Weld County Water District  
Greeley, Colorado

### **Opinions**

We have audited the accompanying financial statements of the Central Weld County Water District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2024, and the changes in financial position and 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 Auditors' 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 opinions.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, 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 District's basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) are presented for purposes of additional analysis and are 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 Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*The Adams Group, LLC*

Greenwood Village, Colorado  
July 29, 2025

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Introduction

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

Management’s Discussion and Analysis (“MD&A”) is intended to provide the reader and user of our financial statements with:

- an understanding of the financial issues of the District,
- an overview of the District’s financial activities,
- an explanation of the changes in the District’s financial position,
- an explanatory analysis of the variation of the annual, approved budget, and
- an assessment of any future financial or operating issues of the District.

The MD&A is intended to focus on the 2024 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with the District’s basic financial statements.

Financial Highlights for 2024 compared to 2023:

- Total operating revenues were \$18,950,324, an increase of \$2,685,348
- Total operating expenses were \$10,948,265, an increase of \$469,456. The increase was mainly attributed to an increase in distribution expenses when compared to the prior year.
- Total debt service principal and interest were \$3,510,350.
- Total non-operating revenues (expenses) and capital contributions were \$4,729,300, a decrease of \$4,518,935 which was a direct result of the decrease in capital contributions.
- Total capital outlay, including water right purchases was \$6,947,395. The largest component was construction in progress which amounted to \$5,582,297.
- The total budgetary basis expenditures were \$21,406,009, a decrease of \$14,793,726.
- Principal paid on long term debt was \$1,735,000 and amortization of bond premium was \$821,022
- Total long-term debt decreased by \$2,559,773, which includes compensated absences.
- Net capital assets were \$195,101,393, an increase of \$4,124,286.

Overview of the Financial Statements

The financial statements included in this annual report are those of a political subdivision of the State of Colorado, governed by Colorado Revised Statutes Title 32 Special District engaged only in a business-type activity. As an enterprise fund, the District’s basic financial statements 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.

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Required Financial Statements

The District's financial statements report information using accounting methods that conform with U.S. generally accepted accounting principles and similar to those used by the private sector. These statements provide both long-term and short-term information about the District's overall financial status. The audited financial statements and related notes are shown on pages 10 – 28.

Statements of Net Position

Reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. It provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. However, other non-financial factors should be considered, such as changes in economic conditions and the effects of new or changed governmental legislation.

Statements of Revenues, Expenses and Changes in Net Position

Reports the District's operating and nonoperating revenues and expenses. Operating expenses include all operational costs of the District including depreciation. Non-operating expenses include the net loss from joint venture and debt interest expense.

Statements of Cash Flows

Reports the District's cash flows from operating activities, investing, capital and non-capital activities.

Notes to Financial Statements

Provide additional, required disclosures about the District, including its accounting policies and practices, its financial positions and operating activities, and other required information. The information included in the notes is essential to a full understanding of the information contained in the financial statements.

Other Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

Provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. Though this schedule is not required as part of the audited financial statements, it is added for review as other supplementary information.

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Condensed Comparative of Financial Information

The following tables of condensed comparative financial information offer summaries of the financial information contained in the District's financial statements.

Condensed Comparative of Financial Information  
Statements of Net Position

	2024	2023
<u>Assets</u>		
Current assets	\$ 42,235,641	\$ 33,744,300
Restricted assets	5,149,996	7,260,439
Capital assets, net	195,101,393	190,977,107
Other assets	2,970,928	3,023,129
Total assets	245,457,958	235,004,975
<u>Liabilities</u>		
Current liabilities	3,282,560	2,956,282
Long-term liabilities	45,331,601	47,936,255
Total liabilities	48,614,161	50,892,537
<u>Net Position</u>		
Net investment in capital assets	147,295,478	147,875,609
Restricted	5,005,086	7,112,493
Unrestricted	44,543,233	29,124,336
Total Net Position	\$ 196,843,797	\$ 184,112,438

The net position of the District increased to \$196,843,797 during 2024. The District's net position reflected an increase of \$12,731,359.

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Condensed Comparative of Financial Information  
Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
<u>Operating revenues</u>		
Water sales and other revenue	\$ 18,950,326	\$ 16,264,976
Total operating revenues	18,950,326	16,264,976
<u>Operating expenses</u>		
Operating expenses	10,948,267	10,478,809
Operating income (loss)	8,002,059	5,786,167
 <u>Nonoperating revenues (expenses)</u>		
Earnings on investments	2,040,210	1,860,334
Loss on disposal of assets	-	(39,484)
Bad debt expense	(21,330)	(444,685)
Equity (loss) from joint venture	(52,201)	110,470
Interest expense	(951,292)	(1,138,966)
Total nonoperating revenues (expenses)	1,015,387	347,669
 <u>Net income before contributions</u>	 9,017,446	 6,133,836
 <u>Capital contributions</u>	 3,713,913	 8,900,566
 Net position, beginning of year	 184,112,438	 169,078,036
Net position, end of year	<u>\$ 196,843,797</u>	<u>\$ 184,112,438</u>

Analysis of Financial Position and Operating Results

Operating revenues were \$18,950,324, which is an increase of 16.5% from 2023. The largest component was increased water usage by customers within the District. Earnings on investments were up \$179,876 from 2023 due to higher average balances of funds invested.

Total expenditures were more than the final budget amount by \$815,952, which includes capital expenditures which were \$6,947,395 of the total. Additional explanations to follow with the changes from 2023 to 2024:

- Distribution costs increased in 2024 by \$207,758 which is a direct result of increases in system maintenance and water treatment charges when compared to the prior year.
- Administrative expenses increased in 2024 by \$261,697 which can be attributed to an increase in salaries and insurance when compared to 2023.
- Total capital expenditures were \$6,947,395 during 2024. See Note 4 for additional information.
- Depreciation expense was \$2,823,109 in 2024, a small increase from 2023.

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Capital Assets (net of depreciation)

	2024	2023
Land, easements, water rights and reservoir	\$ 103,481,785	\$ 103,438,295
Construction in progress	20,637,378	15,055,081
Transmission and distribution system	70,125,715	71,533,696
Facilities	322,505	338,395
Vehicles and field equipment	492,148	564,008
Office equipment	41,862	47,632
Total	\$ 195,101,393	\$ 190,977,107

During 2024, major capital asset additions consisted of construction in progress. See Note 4 for additional information related to capital assets.

Debt and other Financial Obligations

The District’s long-term debt, excluding compensated absences was \$47,805,915 at December 31, 2024. During 2020, the District issued Series 2020 Water Revenue Bonds to finance capital improvements. In 2024 and 2023, the District paid principal of \$1,735,000 and \$1,650,000, respectively. See Note 5 for additional information.

Capital Improvement Program

The District has an existing policy regarding capital improvements in the District’s system. All line extensions are paid for by the individual customers as determined by a study for new service. The individual towns and/or entities the District serves are required to pay additional fees for filter plan enhancement and infrastructure improvements for growth in the towns pursuant to existing contracts.

The district has anticipated the need for additional raw water supplies and delivery systems to fulfill the needs of the growth in the District. The District is participating in the Northern Integrated Supply Project (NISP) through the Northern Colorado Water Conservancy District (NCWCD). This project will provide new yield of water rights deliverable through the NCWCD system. The NISP project is presented as construction in progress within the financial statements.

Contracts and Agreements

The District is party to several contracts and agreements concerning the delivery of domestic potable water. The contracts and agreements have been approved by the District’s Board of Directors after review by the District’s legal counsel.

CENTRAL WELD COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Agreements with Cities and Towns

The District has agreements with nine municipalities for the treatment and delivery of domestic potable water. The rates, delivery points and termination dates vary according to the individual negotiated agreements.

Economic and Other Factors

Overall, the District has shown increases in water revenues as a result of new developments and bulk water sales. Operating expenses have been consistent over the last few years and reflect only minimal increases. Construction costs have increased due to needed system improvements and purchase of water rights.

The annual rate and extent of future growth and development within the District will be materially affected by management, zoning, and land use procedures and policies established by Weld County and the individual Towns the District services.

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 our staff and Central Weld County Water District; 2235 2<sup>nd</sup> Avenue; Greeley, CO 80631.

## BASIC FINANCIAL STATEMENTS

CENTRAL WELD COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION

*December 31,*

2024

Assets

Current assets

Cash and investments	\$ 40,658,348
Investments	95,000
Receivables	1,080,487
Inventories	253,509
Prepaid items	148,297
Total current assets	42,235,641

Noncurrent assets

Restricted assets

Cash and investments	5,149,996
----------------------	-----------

Capital assets

Transmission and distribution system	109,700,310
Facilities	614,736
Vehicles and field equipment	1,044,048
Office equipment	251,982
Total depreciable assets	111,611,076
Less: accumulated depreciation	(40,628,846)
Total depreciable assets, net	70,982,230
Land, easements, water rights and reservoir	103,481,785
Construction in progress	20,637,378
Total capital assets, net	195,101,393

Other assets

Investment in joint venture	2,970,928
Total non-current assets	203,222,317

Total assets	245,457,958
--------------	-------------

*(Continued)*

CENTRAL WELD COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION  
(CONTINUED)

*December 31,*

2024

Liabilities

Current liabilities

Accounts payable	536,747
Accrued interest expense	144,910
Current portion of bonds and premium	2,600,903
Total current liabilities	<u>3,282,560</u>

Noncurrent liabilities

Accrued compensated absences	126,589
Bonds and notes payable, net of current portion	45,205,012
Total noncurrent liabilities	<u>45,331,601</u>

Total liabilities	<u>48,614,161</u>
-------------------	-------------------

Net Position

Net investment in capital assets	147,295,478
Restricted	5,005,086
Unrestricted	44,543,233
Total Net Position	<u>\$ 196,843,797</u>

CENTRAL WELD COUNTY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGE IN NET POSITION

<i>For the Year Ended December 31,</i>	<i>2024</i>
<u>Operating revenues</u>	
Water sales	\$ 17,314,582
Grant income	312,233
Other income	1,323,511
Total operating revenues	<u>18,950,326</u>
<u>Operating expenses</u>	
Administrative	2,662,068
Distribution	5,463,090
Depreciation	2,823,109
Total operating expenses	<u>10,948,267</u>
Operating income (loss)	8,002,059
<u>Nonoperating revenues (expenses)</u>	
Earnings on investments	2,040,210
Gain (loss) from joint venture	(52,201)
Bad debt expense	(21,330)
Interest expense	(951,292)
Total nonoperating revenues (expenses)	<u>1,015,387</u>
Net income (loss) before contributions	9,017,446
Capital contributions	<u>3,713,913</u>
Change in net position	12,731,359
Net position, beginning of year	<u>184,112,438</u>
Net position, end of year	<u>\$ 196,843,797</u>

CENTRAL WELD COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS

<i>For the Year Ended December 31,</i>	2024
<hr/>	
<u>Cash flows from operating activities</u>	
Cash received from customers	\$ 18,825,597
Cash paid to suppliers	(6,351,475)
Cash paid to employees	(1,492,876)
Net cash provided by operating activities	<u>10,981,246</u>
<u>Cash flows from noncapital financing activities</u>	
Other non-operating revenues (expenses)	<u>(21,330)</u>
Net cash used by noncapital financing activities	<u>(21,330)</u>
<u>Cash flows from capital and related financing activities</u>	
Contributed capital	3,713,913
Acquisition and construction of capital assets	(6,947,395)
Principal paid on long-term debt	(1,735,000)
Interest paid	(1,775,350)
Net cash used in capital and related financing activities	<u>(6,743,832)</u>
<u>Cash flows from investing activities</u>	
Earnings on investments	<u>2,040,210</u>
Net cash provided by investing activities	<u>2,440,210</u>
Net increase (decrease) in cash and cash equivalents	6,656,294
Cash and cash equivalents, beginning of year	<u>39,152,050</u>
Cash and cash equivalents, end of year	<u>\$ 45,808,344</u>

CENTRAL WELD COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
(CONTINUED)

*For the Year Ended December 31,*

2024

Reconciliation of income from operations to net cash  
provided by operating activities:

Operating income (loss)	\$ 8,002,059
Adjustments to reconcile loss from operations to net cash flows provided by operating activities:	
Depreciation expense	2,823,109
(Increase) decrease in accounts receivable	(124,729)
(Increase) decrease in prepaid items	30,289
(Increase) decrease in inventories	(30,164)
Increase (decrease) in accounts payable	284,433
Increase (decrease) in other liabilities	-
Increase (decrease) in compensated absences	(3,751)
Net cash provided by operating activities	<u>\$ 10,981,246</u>

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Form of Organization

The Central Weld County Water District (the District) is organized under the provisions of Colorado Revised Statutes (“CRS”) Section 32-1-305(6). It is a quasi-municipal corporation and political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of 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 principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an “other stand-alone government.”

Basic Financial Statements

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

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Basis of Accounting (continued)

Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included in 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 net investment in capital assets, restricted net position, and unrestricted net position. 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 net income is necessary or useful to sound financial administration.

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 revenues. The budget process timeline is as follows:

- 1) On or about October 15, the District staff submits to the Board a proposed operating 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 taxpayer comments.
- 3) Prior to December 15, the budget is legally adopted by the Board.
- 4) Unused appropriations lapse at the end of each year.

The following is a summary of the original budget, total revisions, and revised budget for 2024. For the year ended December 31, 2024, actual expenditures exceeded final budgeted expenditures by \$815,952 which might be a violation of Colorado budget law.

	Original Budget	Total Revisions	Revised Budget
Enterprise fund expenses	\$ 26,314,600	\$ (5,724,541)	\$ 20,590,059

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Cash and Cash Equivalents

The District considers all highly liquid investments with original maturities of three months or less which are available for operating expenditures to be cash equivalents.

Investments

Investments consisting of certificates of deposit with original maturities greater than three months are measured in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value or amortized cost, which approximates fair value. See Note 2 for additional information.

Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2024, based on historical collection experience, and the ability to place liens on property.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financials statements.

Inventories

Inventories, consisting primarily of operating supplies for water meter repair and installation and supplies for repairs and maintenance of water mains, valves, and fire hydrants, have been valued at cost, using the average cost method of accounting.

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed once a month on 30-day cycles. At December 31, 2024, there was no unbilled revenue.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expense and nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues 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 revenues consist of charges to customers for the delivery of water and bulk water sales. Operating expenses include the cost of service, administrative expenses, and depreciation expense. All revenues and expenses not meeting those definitions are reported as nonoperating revenues and expenses or capital contributions.

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 valued at acquisition cost or estimated acquisition cost if actual acquisition cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are expensed. The District’s intangible assets are software which is being amortized over its estimated useful life as shown below.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Description</u>	<u>Estimated Useful Lives</u>
Transmission and distribution system	10 - 50 years
Facilities	20 - 40 years
Vehicles and field equipment	5 - 10 years
Office equipment	5 - 10 years

Joint Venture

The District is a participant with Little Thompson Water District (“LTWD”) in a joint venture to operate Carter Lake Filter Plant (the “Plant”), the filter plant from which the District and CWCWD purchase 100% of their water (Note 4). The Plant is governed by a six-member board of directors composed of three appointees from the District and three from LTWD. The District and LTWD are each charged for their respective share of the water purchased from the Plant and may be assessed for capital improvements made at the Plant on a periodic basis.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Joint Venture (continued)

Beginning in 2008, the District and LTWD revised the joint venture agreement in order to change the way that major improvements to the Plant are funded. Major capital improvements to the Plant are no longer funded by the Plant, with assessments issued to each district; but rather, they are funded by the individual districts independently and included in each of the district's capital assets. As such, the depreciation expense for these assets has also been reflected in the financial statements of the District and LTWD.

The District's net investment and its share of the operating results of the District are reported in the accompanying statements of net position, and revenues, expenses, and changes in net position. The District's equity interest in the Plant was \$2,970,928 at December 31, 2024. Complete financial statements for the Plant may be obtained from the Plant's administrative office at 7100 W. County Road 8-E, Berthoud, Colorado 80521.

Debt Related Deferrals

Premiums, discounts, and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt. Bond issuance costs are recognized as an expense during the period of issuance.

Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability.

Contributions in Aid of Construction

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

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Net Position

Net position is classified in the following categories:

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

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the District which is not restricted for any project or other purpose. A deficit will require future funding.

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

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

For the year ended December 31, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which aligned the recognition and measurement guidance for compensated absences for governments. The implementation of the new standard had no impact on the District’s net position as of December 31, 2024.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 2 – CASH AND INVESTMENTS

Cash 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services 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 District had deposits with financial institutions with a carrying amount of \$1,451,375. The bank balances with the financial institution were \$1,470,386. All balances were either covered by FDIC or PDPA.

At December 31, 2024, the District had cash and investment balances as follows (includes restricted cash and investments):

Cash on hand	\$ 492
Bank deposits	1,451,375
Investments	<u>44,451,477</u>
Total cash and investments	<u><u>\$ 45,903,344</u></u>

Cash and investment balances are reflected on the statement of net position at December 31, 2024, as follows:

Cash and investments	\$ 40,753,348
Restricted cash and investments	<u>5,149,996</u>
Total	<u><u>\$ 45,903,344</u></u>

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments

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

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
Colorado Local Government	Weighted average		
Liquid Asset Trust	under 60 days	\$ 39,286,209	AAAm
Certificates of	Less than 1 year		
Deposit	to 3 years	95,000	N/A
CSAFE	Weighted average		
	under 60 days	5,070,268	AAAm
		<u>\$ 44,451,477</u>	

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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.

Local Government Investment Pool

At December 31, 2024, the District had invested \$39,286,209 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.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pool (continued)

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. All District investments are in ColoTrust Prime or ColoTrust Plus+. ColoTrust Prime invests only in U.S. Treasury and government agencies. ColoTrust Plus+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

At December 31, 2024, the district had invested \$5,070,268 in CSAFE Core, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE Core is a highly liquid fund operating similarly to a money market fund and each share is equal in value to \$2.00. CSAFE Core measures its investment at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

At December 31, 2024, the District's certificates of deposit had a balance of \$95,000 at December 31, 2024 and is measured at Level 2.

Interest Rate Risk

The District has a formal written investment policy that limits the type and maturities of permitted securities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District investments adhere to Colorado Revised Statutes which limit investment maturities to five years or less from the date of purchase.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counterparty, the District would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2024, the District had no investments exposed to custodial credit risk.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 – RESTRICTED ASSETS

Amounts shown as restricted cash and investments have been restricted by bond indentures to be used for specified purposes. The balance restricted as of December 31, 2024 was \$5,149,996. See Note 5 for additional information.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Capital assets, not being depreciated				
Land, easements, water rights and reservoir	\$ 103,438,295	\$ 43,490	\$ -	\$ 103,481,785
Construction in progress	15,055,081	5,582,297	-	20,637,378
Total capital assets, not being depreciated	<u>118,493,376</u>	<u>5,625,787</u>	<u>-</u>	<u>124,119,163</u>
Capital assets, being depreciated				
Transmission and distribution system	108,467,860	1,232,450	-	109,700,310
Facilities	614,736	-	-	614,736
Vehicles and field equipment	954,890	89,158	-	1,044,048
Office equipment	251,982	-	-	251,982
Total capital assets, being depreciated	<u>110,289,468</u>	<u>1,321,608</u>	<u>-</u>	<u>111,611,076</u>
Less accumulated depreciation				
Transmission and distribution system	(36,934,164)	(2,640,431)	-	(39,574,595)
Facilities	(276,341)	(15,890)	-	(292,231)
Vehicles and field equipment	(390,882)	(161,018)	-	(551,900)
Office equipment	(204,350)	(5,770)	-	(210,120)
Total accumulated depreciation	<u>(37,805,737)</u>	<u>(2,823,109)</u>	<u>-</u>	<u>(40,628,846)</u>
Total capital assets, being depreciated, net	<u>72,483,731</u>	<u>(1,501,501)</u>	<u>-</u>	<u>70,982,230</u>
Total capital assets	<u>\$ 190,977,107</u>	<u>\$ 4,124,286</u>	<u>\$ -</u>	<u>\$ 195,101,393</u>

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 5 – LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue Bonds					
2020	\$ 42,350,000	\$ -	\$ 1,735,000	\$ 40,615,000	\$ 1,820,000
Bond premium	8,011,937	-	821,022	7,190,915	780,903
Compensated absences*	130,340	-	3,751	126,589	-
Total long-term obligations	<u>\$ 50,492,277</u>	<u>\$ -</u>	<u>\$ 2,559,773</u>	<u>\$ 47,932,504</u>	<u>\$ 2,600,903</u>

\* The change in the compensated absences liability is reported as a net change

The annual requirements and future payments on debt outstanding as of December 31, 2024, is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,820,000	\$ 1,688,600	\$ 3,508,600
2026	1,915,000	1,597,600	3,512,600
2027	1,950,000	1,559,300	3,509,300
2028	2,050,000	1,461,800	3,511,800
2029	2,150,000	1,359,300	3,509,300
2030-2034	12,330,000	5,222,800	17,552,800
2035-2039	15,025,000	2,525,000	17,550,000
2040	3,375,000	135,000	3,510,000
Total	<u>\$ 40,615,000</u>	<u>\$ 15,549,400</u>	<u>\$ 56,164,400</u>

Series 2020 Revenue Bonds

On December 1, 2020, the District issued Water Revenues Bonds, Series 2020, totaling \$47,020,000, to finance certain capital improvements to the System (the “Project”) to update, modernize, replace, and provide the infrastructure to meet the needs of the recent and anticipated future growth of the District, and to pay the costs of issuing the Bonds including the costs related to bond insurance and surety bond premiums. Interest, with rates ranging from 2.0% to 5.0%, is payable semiannually through maturity in December 2040. The bonds are a special revenue obligation of the District, payable from 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 expense of the system. As of December 31, 2024, there was accrued interest of \$144,910 on the bonds.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 6 – RATE MAINTENANCE

The District’s 2020 Revenue Bonds, require the District to establish, maintain, enforce and collect rates, fees, plant investment fees, availability fees, tolls and charges for services furnished by the System to create Gross Revenue each fiscal year sufficient to pay operation and maintenance expenses and to create net revenue in an amount equal to not less than 100% of the amount necessary to pay when due the principal of and interest on the bonds and any parity lien obligations due during such fiscal year.

As shown below, the District is in compliance with this requirement of the 2020 Water Revenue Bonds for the year ended December 31, 2024:

Net revenue as defined in 2020 agreements			
Operating revenues	\$	18,950,326	
Tap fees		2,905,980	
Subtotal		21,856,306	
Operating expenses (excluding depreciation expense)		(8,125,158)	
Net revenues as defined in 2020 bond agreement	\$	13,731,148	

NOTE 7 – JOINT VENTURE

The District is a 50 percent owner of the Plant and utilizes the equity method of accounting for its investment in the Plant. The District’s share of the Plant’s net position, shown in the following table, is reflected in the accompanying statements of net position under the caption “Investment in joint venture.”

Summary financial information of the Plant as of and for the year ended December 31, 2024 follows:

Current assets			
Capital assets, net	\$	1,168,705	
Total assets		4,957,029	
	\$	6,125,734	
Current liabilities	\$	183,877	
Net position		5,941,857	
Total liabilities and net position	\$	6,125,734	
Operating revenues	\$	4,153,253	
Operating expenses		(4,011,118)	
Depreciation		(267,839)	
Non-operating (expense) revenue		6,472	
Increase (decrease) in net position	\$	(119,232)	

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance covering specific and general risks of loss, 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 fiscal years. There have been no significant reductions in insurance coverage.

NOTE 9 – TABOR COMPLIANCE

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

NOTE 10 – DEFERRED COMPENSATION PENSION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the “Plan”). The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The District matches up to 6% of eligible salary. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For the year ended December 31, 2024, the District contributed \$52,707.

CENTRAL WELD COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 10 – DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

The Plan complies with Section 457 of the Internal Revenue Code, whereby trust provisions are incorporated so that plan assets are held in a trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31, 2024, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is subject to various claims and legal proceedings that arise in the ordinary course of business. The District believes that adequate insurance coverage exists in situations where monetary damages are claimed and that the final settlements of these matters will not materially affect the financial statements of the District.

NOTE 12 – NORTHERN INTEGRATED SUPPLY PROJECT

The District has entered into an agreement with the Northern Colorado Water Conservancy District (“NCWCD”), acting by and through its Northern Integrated Supply Project (“NISP”) Water Activity Enterprise. NISP is a collaborative effort between NCWCD and 15 northern Front Range municipalities and water districts to increase the water quantity and reliability of their water supplies. As of December 31, 2024, the District has paid \$13,437,162 to enter this project, which has been classified as construction in progress.

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events through July 29, 2025, the date these financial statements were available to be issued. On May 1, 2025, The District issued Water Revenue Bonds with a par value of \$47,285,000, an issue premium of \$1,353,081, and \$224,604 in costs of issuance. Interest rates on the bonds range from 4% to 5%.

## SUPPLEMENTARY INFORMATION

**CENTRAL WELD COUNTY WATER DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31,

2024

	Budget Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<u>Operating revenues</u>				
Water sales - treated	\$ 14,200,000	\$ 14,200,000	\$ 17,314,582	\$ 3,114,582
Grant Income	-	-	312,233	312,233
Other income	1,575,000	1,575,000	1,323,511	(251,489)
Total operating revenues	15,775,000	15,775,000	18,950,326	3,175,326
<u>Non-operating revenues (expenses)</u>				
Earnings on investments	1,050,000	1,050,000	2,040,210	990,210
Total non-operating revenues	1,050,000	1,050,000	2,040,210	990,210
<u>Contributions</u>				
Capital contributions	2,750,000	2,750,000	3,636,455	(886,455)
Line extensions	275,000	275,000	77,458	(197,542)
Total contributions	3,025,000	3,025,000	3,713,913	(1,083,997)
Total revenues	19,850,000	19,850,000	24,704,449	3,081,539
<b>Expenditures</b>				
<u>Administrative</u>				
Salaries	1,275,000	1,275,000	1,324,327	(49,327)
Insurance	398,000	398,000	484,726	(86,726)
Professional fees	250,000	250,000	445,408	(195,408)
Office expenses and supplies	270,000	270,000	242,809	27,191
Payroll taxes	87,250	87,250	106,691	(19,441)
Deferred compensation	-	-	52,707	(52,707)
Directors' fees and board meetings	7,000	7,000	5,400	1,600
Total administrative	2,287,250	2,287,250	2,662,068	(374,818)
<u>Distribution system</u>				
Depreciation	2,532,000	2,532,000	2,823,109	(291,109)
System maintenance	1,925,000	1,925,000	2,493,932	(568,932)
Water treatment charges	2,300,000	2,300,000	2,249,119	50,881
Water assessments	435,000	435,000	404,890	30,110
Automotive	80,000	80,000	73,287	6,713
Office and field utilities	55,000	55,000	69,362	(14,362)
Dry Creek Reservoir operating costs	55,000	55,000	152,810	(97,810)
Water samples	-	-	9,632	(9,632)
Water rental	100,000	100,000	-	100,000
Office and warehouse maintenance	-	-	10,057	(10,057)
Total distribution system	7,482,000	7,482,000	8,286,198	(804,198)

CENTRAL WELD COUNTY WATER DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31,

2024

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (continued)</u>				
<u>Debt service</u>				
Principal retired	1,735,000	1,735,000	1,735,000	-
Interest	1,775,350	1,775,350	1,775,350	-
Total debt service	<u>3,510,350</u>	<u>3,510,350</u>	<u>3,510,350</u>	<u>-</u>
<u>Capital improvement</u>				
Distribution system	450,000	450,000	1,232,450	(782,450)
Land, easements and water rights	1,600,000	875,459	43,490	831,969
Construction in progress	5,885,000	5,885,000	5,582,297	302,703
Office and field equipment	100,000	100,000	89,158	10,842
Filter plant and Dry Creek Reservoir	5,000,000	-	-	-
Total capital improvement	<u>13,035,000</u>	<u>7,310,459</u>	<u>6,947,395</u>	<u>363,064</u>
Total expenditures	<u>26,314,600</u>	<u>20,590,059</u>	<u>21,406,011</u>	<u>(815,952)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,464,600)</u>	<u>\$ (740,059)</u>	3,298,438	<u>\$ 2,265,587</u>
<u>Reconciling items to GAAP basis</u>				
Capital improvements			6,947,395	
Principal paid on debt			1,735,000	
Bad debt expense			(21,330)	
Joint venture income (loss)			(52,201)	
Change in accrued interest expense			3,036	
Amortization of deferred loss and premiums			<u>821,022</u>	
Change in net position			<u>\$ 12,731,359</u>	