
North Weld County Water District

**Financial Report
with Supplementary Information
December 31, 2024**

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Independent Auditor's Report

To the Board of Directors
North Weld County Water District

Opinion

We have audited the financial statements of North Weld County Water District (the "District") as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise North Weld County Water District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of North Weld County Water District as of December 31, 2024 and 2023 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits 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 audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Directors
North Weld County Water District

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

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

Supplementary Information

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

Plante & Moreau, PLLC

May 30, 2025

North Weld County Water District Management's Discussion and Analysis

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

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 12).

2024 Highlights – Business-Type Activities

- On December 31, 2024, the District's net position was \$222,693,773 an increase of \$19,634,528 from the 2023 amount of \$203,059,245. On December 31, 2023, the District's net position was \$203,059,245 an increase of \$11,562,782 from the 2022 amount of \$191,496,463. The District's net position increase was due to acquiring more water rights, construction that is in progress and the decrease of non-current liabilities.
- Operating revenues for 2024 increased by \$4,587,741 from \$20,728,451 in 2023 to \$25,316,192. Operating revenues for 2023 decreased by \$979,847 from \$21,708,298 in 2022 to \$20,728,451. The District's 2024 increase in operating revenue was due to the increase in water sales by implementation of higher surcharges and the regulation of commercial users attributed to the decrease.
- Total operating expenses in 2024 increased by \$861,265 from \$12,640,615 to \$13,501,880. Total operating expenses in 2023 increased by \$779,452 from \$11,861,163 to \$12,640,615. The District's operating expenses have increased due to higher costs related to operating the distribution system.
- Total Non-operating revenue (net of non-operating expenses) increased in 2024 by \$4,345,270 from \$3,474,946 to \$7,820,216. 2024 overall increase was due to an increase in tap/connection fees.
- Total capital assets in 2024 increased by \$25,691,801 from \$201,735,871 to \$227,427,672. Total capital assets in 2023 increased by \$18,767,135 from \$182,968,736 to \$201,735,871.
- Total non-current liabilities decreased by \$909,198 in 2024, from \$56,865,327 in 2023 to \$55,956,129. Total non-current liabilities decreased by \$1,294,216 in 2023, from \$58,159,543 in 2022 to \$56,865,327.

North Weld County Water District Tap Moratorium

The North Weld County Water District Board of Directors voted in October 2021 to place a moratorium on the sale of new taps and plant investments that continued into spring of 2022. Since the initial tap moratorium, the District has periodically been lifting aspects of the moratorium until completion of the regional master plan, approvals by local entities for their respective 1041 process in relation to NEWT III and construction of the NEWT III pipeline. The Draft Regional Master Plan was reviewed by the Board of Directors in November 2024. The NEWT III project construction was completed in 2025 bringing improved infrastructure and services to the region. There is currently no moratorium on tap sale or the development review of new conceptual developments in the district, all restrictive policies have been lifted.

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

Using this Annual Report

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

Statements of Net Position – reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 12).

Statements of Revenues, Expenses and Changes in Net Position – reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 13).

Statements of Cash Flows – reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. (See page 14).

The following tables summarize information from these statements.

Statement of Net Position

| December 31, | 2024 | 2023 | 2022 |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Current assets | \$ 28,930,452 | \$ 22,032,483 | \$ 29,120,937 |
| Restricted assets | 29,397,966 | 42,585,260 | 40,562,086 |
| Capital assets, net | 227,427,672 | 201,735,871 | 182,968,736 |
| Other assets | - | - | 189,911 |
| Total Assets | <u>\$ 285,756,090</u> | <u>\$ 266,353,614</u> | <u>\$ 252,841,670</u> |
| Current Liabilities | \$ 7,106,188 | \$ 6,429,042 | \$ 3,314,811 |
| Non-current liabilities | <u>55,956,129</u> | <u>56,865,327</u> | <u>58,159,543</u> |
| Total Liabilities | <u>\$ 63,062,317</u> | <u>\$ 63,294,369</u> | <u>\$ 61,474,354</u> |
| Net Position | | | |
| Net investment in capital assets | \$ 198,931,621 | \$ 185,592,841 | \$ 163,536,293 |
| Unrestricted | <u>23,762,152</u> | <u>17,466,404</u> | <u>27,960,170</u> |
| Total Net Position | <u>\$ 222,693,773</u> | <u>\$ 203,059,245</u> | <u>\$ 191,496,463</u> |

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

Review of Revenue

| Years Ended December 31, | 2024 | 2023 | 2022 |
|---------------------------------|----------------------|----------------------|----------------------|
| Operating Revenue | | | |
| Water Sales | \$ 24,890,509 | \$ 20,457,821 | \$ 21,382,156 |
| Construction Water | <u>425,683</u> | <u>270,630</u> | <u>326,142</u> |
| Total operating revenue | \$ 25,316,192 | \$ 20,728,451 | \$ 21,708,298 |
| Non-operating revenues | | | |
| Earnings on investments | 2,781,597 | 2,700,628 | 780,724 |
| Other non-operating income | 249,787 | 521,471 | 246,059 |
| Amortization of bond premiums | 396,241 | 456,942 | - |
| Tap/connection fees | <u>6,555,491</u> | <u>2,714,150</u> | <u>7,134,545</u> |
| Total non-operating revenue | 9,983,116 | 6,393,191 | 8,161,328 |
| Total revenue | <u>\$ 35,299,308</u> | <u>\$ 27,121,642</u> | <u>\$ 29,869,626</u> |

Water sales in 2024 increased by \$4,432,688 from \$20,457,821 to \$24,890,509. Water sales decreased from \$21,382,156 in 2022 to \$20,457,851 in 2023, a decrease of \$924,335. Water sales from construction meters increased from \$270,630 in 2023, to \$425,683 an increase of \$155,053. Water sales from construction meters decreased from \$326,142 in 2022, to \$270,630 in 2023, a decrease of \$55,512.

Review of Expenses

| Years Ended December 31, | 2024 | 2023 | 2022 |
|---------------------------------|----------------------|----------------------|----------------------|
| Administrative | \$ 2,979,758 | \$ 2,929,761 | \$ 2,233,343 |
| Distribution | 8,508,537 | 7,738,385 | 7,737,047 |
| Depreciation | <u>2,013,585</u> | <u>1,972,469</u> | <u>1,890,773</u> |
| Total operating expenses | 13,501,880 | 12,640,615 | 11,861,163 |
| Interest Expense | <u>2,162,900</u> | <u>2,918,245</u> | <u>1,117,378</u> |
| Total expense | <u>\$ 15,664,780</u> | <u>\$ 15,558,860</u> | <u>\$ 12,978,541</u> |

Operating expenses were \$15,664,780 of the total expenditures as shown on the budgetary comparison schedule including depreciation of \$2,013,585. The major contributors to the increase were slightly higher administrative expenses and higher costs related to operating the distribution system.

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

Capital Contribution/Tap and Connection Fees

| Years Ended December 31, | 2024 | 2023 | 2022 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Tap fees - customers | \$ 4,950,000 | \$ 2,223,750 | \$ 3,453,950 |
| Meter set fees | 47,615 | 22,400 | 176,255 |
| Reimbursement for water rights | 330,750 | (32,250) | 2,367,250 |
| Distance Fees | 809,500 | 245,850 | 403,725 |
| Reimbursement for line extension | 417,626 | 254,400 | 737,615 |
| Miscellaneous | - | - | (4,250) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net capital contribution/ tap and connection fees | <u>\$ 6,555,491</u> | <u>\$ 2,714,150</u> | <u>\$ 7,134,545</u> |

Net contributed capital/tap and connection fees were \$6,555,491 of the total revenues as shown on the budgetary comparison schedule.

Capital Assets, Net of Depreciation

| Years Ended December 31, | 2024 | 2023 | 2022 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Transmission and distribution system | \$ 97,229,640 | \$ 87,222,044 | \$ 83,274,480 |
| Facilities | 1,667,567 | 1,667,567 | 1,667,567 |
| Vehicle and field equipment | 2,861,811 | 2,600,942 | 2,389,047 |
| Other | 307,362 | 78,221 | 78,221 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total depreciable assets | 102,066,380 | 91,568,774 | 87,409,315 |
| Less: accumulated depreciation | (35,724,479) | (33,711,207) | (31,738,738) |
| Total depreciable assets, net | <u>66,341,901</u> | <u>57,857,567</u> | <u>55,670,577</u> |
| SCWTA Treatment Capacity | 22,849,611 | 22,849,610 | 22,849,610 |
| Land, easements, and water rights | 118,766,175 | 112,695,553 | 104,425,836 |
| Construction in progress | <u>19,469,985</u> | <u>8,333,141</u> | <u>22,713</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total capital assets, net | <u>\$ 227,427,672</u> | <u>\$ 201,735,871</u> | <u>\$ 182,968,736</u> |

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

Major capital asset additions in 2024 were:

| | |
|---|----------------------|
| 2024 FORD F150 | \$ 46,507 |
| 2024 FORD F150 | 46,507 |
| 2025 FORD F750 | 102,628 |
| SCADA Equipment | 65,226 |
| GREELEY INTERCONNECT AT HARMONY / TERRY RANCH | 314,180 |
| 30" WATERLINE CR72_31-33 | 7,221,242 |
| EATON PIPELINE CONSTRUCTION OBSERVATION PIC | 102,214 |
| Newt 3 PIC Ditesco | 620,674 |
| ZONE 1 WATERLINE PROJECT DITESCO PIC | 281,215 |
| Newt 3 PIC Providence | 78,156 |
| EATON PIPELINE PHASE 3 PIC | 442,730 |
| EATON PIPELINE PH2CA PIC | 37,307 |
| CR 84 SMALL DIAMETER WATER LINE TRIHYDRO PIC | 91,314 |
| TIMNATH 36" WATER LINE LOWERING PIC | 31,477 |
| HIGHWAY 85 PIPELINE REPLACEMENT PIC | 12,554 |
| Tank 7A | 28,458 |
| Tank 4B | 157,491 |
| Tank 7 Improvements PIC | 9,158 |
| 2024 Blacktop Repaving | 229,142 |
| TIMNATH 36" WATER LINE LOWERING | 259,756 |
| Newt 3 | 15,100,333 |
| Newt 3 Surveying | 6,669 |
| Easement Projects 2024 | 358,558 |
| William & Teri Johnson - 15 Units CBT (Earnest Money) | 50,000 |
| William & Terri Johnson - 15 Units CBT | 850,000 |
| LAS & JGS Properties - Final - 73 Units CBT | 4,380,000 |
| Kent Opel - Earnest Money - 60 Units CBT | 50,000 |
| Kevin & Kelly Walker - Earnest Money - 20 Units CBT | 50,000 |
| Shable Land CO. LLC - Earnest Money - 15 Units CBT | 50,000 |
| Water Resources Consulting: Element Engineering | 23,768 |
| SCWTA | 32,361 |
| Storage Projects 2024 (Stantec) | 130,424 |
| Longs Peak Farm Recharge Basin - HWY 14 | 95,511 |
| Pump Station 13 Saddler Non-Potable | 22,010 |
| Pump Station 9 | 19,258 |
| Pump Station 15 Harmony | 523,849 |
| Pump Station 15 Harmony PIC | 14,625 |
| | <u>\$ 31,935,300</u> |

Construction in Progress

The following projects will be ongoing in 2025:

- Newt 3
- Eaton Pipeline Phase 3
- CR 84 & CR 15 Water Line Replacement
- Zone 1 Water Line
- Timnath Line Lowering
- Pump Station 1 Upgrades

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

Debt Administration

On December 31, 2024, the District had \$55,283,611 in outstanding debt obligations, a decrease of \$2,411,167 from 2023. In 2023, the District's outstanding debt decreased by \$2,449,795, from \$60,144,543 in 2022 to \$57,694,778 in 2023.

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--------------------------------------|----------------------|---------------|--------------------|-------------------|
| 2019 revenue bonds | 16,160,000 | - | (460,000) | \$ 15,700,000 |
| 2020 refunding revenue bonds | 2,640,000 | - | (415,000) | \$ 2,225,000 |
| 2022 revenue bonds | 34,615,000 | - | (1,150,000) | \$ 33,465,000 |
| Compensated absences | 162,037 | 10,075 | - | \$ 172,112 |
| Total | 53,577,037 | 10,075 | (2,025,000) | 51,562,112 |
| Current portion of long-term debt | (2,025,000) | | | (2,110,000) |
| Net bond premiums | 4,117,741 | | | 3,721,499 |
| Total non-current liabilities | 55,669,778 | | | 53,173,611 |

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 6,618 taps, 93%, of which, are residential. All water service is metered and read electronically. The following table is a breakdown of water consumption and revenue billed by customer class in 2024.

| Classification | 2024 Water Consumption (Per 1000 Gal.) | Percent of Total | Total Billed in 2024 | Percent of Total |
|--------------------|---|------------------|----------------------|---------------------|
| Residence Only | 27,230 | 0.86% | 167,163 | 0.67% |
| Standard | 559,142 | 17.68% | 2,945,682 | 11.85% |
| Standard ½ | 62,778 | 1.99% | 374,565 | 1.51% |
| Standard ¾ | 16,095 | 0.51% | 84,613 | 0.34% |
| Flow Control | 149,337 | 4.72% | 530,110 | 2.13% |
| Commercial | 944,782 | 29.88% | 4,472,305 | 17.98% |
| Municipal | 1,164,960 | 36.84% | 4,135,813 | 16.63% |
| Conservation Blue | 141,473 | 4.47% | 798,666 | 3.21% |
| Fire Meters | 939 | 0.03% | 8,707 | 0.04% |
| Non-Potable Meters | 95,232 | 3.02% | 142,848 | 0.57% |
| Unset Meters | - | - | 23,407 | 0.09% |
| Adjustments | - | - | 2,494,348 | 10.03% |
| Surcharges (PI) | - | - | 3,413,142 | 13.73% |
| Surcharges (W) | - | - | 5,276,136 | 21.22% |
| Total | 3,161,968 | 100% | 24,867,505 | 100% |

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

Basic Service Fees, Rates and Changes

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

In establishing the current rate schedule, it was determined that the rate must both pay for increasing operating costs, including debt service, and allow for some system deferred maintenance funds while not overburdening District customers on the lower end of the usage scale with excessive rates. The following table is a comparison of basic service fees for a Standard Tap (Class 1). The 2021 rates increased from \$3.73 to \$3.88. Monthly minimum for usage between 0-6 (Kgals) was \$23.28. The 2022 rates increased from \$3.88 to \$4.15. Monthly minimum for usage between 0-6 (Kgals) was \$24.90. The 2023 rates increased from \$4.15 to \$4.44. Monthly minimum for usage between 0-6 (Kgals) was \$26.64. The 2024 rates increased from \$4.44 to \$4.75. Monthly minimum for usage between 0-6 (Kgals) was \$28.50. The 2025 rates increased from \$4.75 to \$4.99. Monthly minimum for usage between 0-6 (Kgals) is \$29.94.

Comparative Residential System User Charges 2021 - 2025

| | January 2021 | January 2022 | January 2023 | January 2024 | January 2025 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Monthly Minimum Usage (Kgals) 0-6 | \$23.28 | \$24.90 | \$26.64 | \$28.50 | \$29.94 |
| 6 and greater | \$3.88 | \$4.15 | \$4.44 | \$4.75 | \$4.99 |

Comparative Town's User Charges 2021-2025

| | | | | | |
|----------------------|--------|--------|--------|--------|--------|
| 75% Residential Rate | \$2.91 | \$3.11 | \$3.33 | \$3.56 | \$3.74 |
|----------------------|--------|--------|--------|--------|--------|

Tap Fees

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

The total tap fee for a Water Class 1 and Plant Investment Class 1 is; cash in lieu - raw water for 2024 was \$73,500, approximately the cost of 1 unit of CBT. The plant investment was \$21,900, a distance fee of \$500 per mile from the District's main tank site at Highway 14 and Highway 257 to the property following section lines with a minimum of 5 miles or \$1,500, and a meter pit installation which averages \$2,100.

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

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

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

Historical Plant Investment Collections

| Year | Number of Pls | Tap Fee Revenue |
|------|---------------|-----------------|
| 2018 | 299 | \$2,246,250 |
| 2019 | 188 | \$1,606,125 |
| 2020 | 260 | \$2,478,065 |
| 2021 | 188 | \$1,790,750 |
| 2022 | 195 | \$3,453,950 |
| 2023 | 109 | \$2,223,750 |
| 2024 | 226 | \$4,950,000 |

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2025 thru 2029 is driven by the growth within the District and Northern Colorado. The CIP for this report is split into the following categories and amounts for each category:

| Project | Proposed CIP | | | | | Total |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | |
| Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations | \$24,800,000 | \$15,000,000 | \$11,000,000 | \$14,750,000 | \$7,200,000 | \$72,750,000 |
| Water Resources | 6,380,000 | 6,330,000 | 6,380,000 | 5,880,000 | 5,880,000 | 30,850,000 |
| Land /Easements | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 900,000 |
| Total | \$31,360,000 | \$21,510,000 | \$17,560,000 | \$20,810,000 | \$13,260,000 | <u>\$104,500,000</u> |

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

North Weld County Water District Management's Discussion and Analysis

Contracts and Agreements

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

Economic and Other Factors

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

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

Financial Contact

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

North Weld County Water District

Statement of Net Position

| | December 31, 2024 and 2023 | |
|---|-----------------------------------|------------------------------|
| | <u>2024</u> | <u>2023</u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (Note 4) | \$ 25,117,689 | \$ 18,348,808 |
| Receivables | 1,620,607 | 1,600,779 |
| Inventory | 2,064,328 | 1,983,213 |
| Prepaid expenses and other assets | <u>127,828</u> | <u>99,683</u> |
| Total current assets | 28,930,452 | 22,032,483 |
| Noncurrent assets: | | |
| Restricted assets and cash equivalents (Note 4) | 29,397,966 | 42,585,260 |
| Capital assets: (Note 5) | | |
| Assets not subject to depreciation | 161,085,771 | 143,878,304 |
| Assets subject to depreciation - Net | <u>66,341,901</u> | <u>57,857,567</u> |
| Total noncurrent assets | <u>256,825,638</u> | <u>244,321,131</u> |
| Total assets | 285,756,090 | 266,353,614 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 4,135,484 | 3,704,119 |
| Accrued liabilities and other | 860,704 | 699,923 |
| Current portion of bonds payable (Note 6) | <u>2,110,000</u> | <u>2,025,000</u> |
| Total current liabilities | 7,106,188 | 6,429,042 |
| Noncurrent liabilities: | | |
| Compensated absences (Note 6) | 172,112 | 162,037 |
| Payable from restricted assets (Note 2) | 2,782,518 | 1,195,549 |
| Long-term debt - Net (Note 6) | <u>53,001,499</u> | <u>55,507,741</u> |
| Total noncurrent liabilities | <u>55,956,129</u> | <u>56,865,327</u> |
| Total liabilities | <u>63,062,317</u> | <u>63,294,369</u> |
| Net Position | | |
| Net investment in capital assets | 198,931,621 | 185,592,841 |
| Unrestricted | <u>23,762,152</u> | <u>17,466,404</u> |
| Total net position | <u>\$ 222,693,773</u> | <u>\$ 203,059,245</u> |

North Weld County Water District

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|------------------------------|------------------------------|
| Operating Revenue | | |
| Water sales - Treated | \$ 24,890,509 | \$ 20,457,821 |
| Construction water | <u>425,683</u> | <u>270,630</u> |
| Total operating revenue | 25,316,192 | 20,728,451 |
| Operating Expenses | | |
| Administrative | 2,979,758 | 2,929,761 |
| Distribution | 8,508,537 | 7,738,385 |
| Depreciation | <u>2,013,585</u> | <u>1,972,469</u> |
| Total operating expenses | <u>13,501,880</u> | <u>12,640,615</u> |
| Operating Income | 11,814,312 | 8,087,836 |
| Nonoperating Revenue (Expense) | | |
| Interest earnings | 2,781,597 | 2,700,628 |
| Interest expense | (2,162,900) | (2,918,245) |
| Other nonoperating income | 249,787 | 521,471 |
| Amortization of bond premiums | 396,241 | 456,942 |
| Tap/Connection fees | <u>6,555,491</u> | <u>2,714,150</u> |
| Total nonoperating revenue | <u>7,820,216</u> | <u>3,474,946</u> |
| Change in Net Position | 19,634,528 | 11,562,782 |
| Net Position - Beginning of year | <u>203,059,245</u> | <u>191,496,463</u> |
| Net Position - End of year | <u><u>\$ 222,693,773</u></u> | <u><u>\$ 203,059,245</u></u> |

North Weld County Water District

Statement of Cash Flows

Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 25,296,364 | \$ 20,302,122 |
| Payments to suppliers | (8,341,793) | (5,005,671) |
| Payments to employees and fringes | (2,653,539) | (2,525,829) |
| Net cash and cash equivalents provided by operating activities | 14,301,032 | 12,770,622 |
| Cash Flows Provided by Noncapital Financing Activities - Other nonoperating revenue | 249,787 | 521,471 |
| Cash Flows from Capital and Related Financing Activities | | |
| Tap/Connection fees | 6,555,491 | 2,714,150 |
| Principal paid on long-term debt | (2,025,000) | (1,985,000) |
| Interest paid on long-term debt | (2,582,142) | (3,016,294) |
| Acquisition of land, easements, and water rights | (6,070,622) | (8,269,717) |
| Acquisition and construction of capital assets | (19,628,556) | (11,176,284) |
| Net cash and cash equivalents used in capital and related financing activities | (23,750,829) | (21,733,145) |
| Cash Flows Provided by Investing Activities - Earnings on investments | 2,781,597 | 2,700,626 |
| Net Decrease in Cash and Cash Equivalents | (6,418,413) | (5,740,426) |
| Cash and Cash Equivalents - Beginning of year | 60,934,068 | 66,674,494 |
| Cash and Cash Equivalents - End of year | \$ 54,515,655 | \$ 60,934,068 |
| Classification of Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 25,117,689 | \$ 18,348,808 |
| Restricted cash | 29,397,966 | 42,585,260 |
| Total cash and cash equivalents | \$ 54,515,655 | \$ 60,934,068 |
| Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities | | |
| Operating income | \$ 11,814,312 | \$ 8,087,836 |
| Adjustments to reconcile operating income to net cash and cash equivalents from operating activities: | | |
| Depreciation | 2,013,585 | 1,972,469 |
| Bond issuance cost write-off | - | 170,061 |
| Changes in assets and liabilities: | | |
| Receivables | (19,828) | (426,329) |
| Inventories | (81,115) | (226,641) |
| Prepaid items | (28,145) | (22,176) |
| Accounts payable | 431,367 | 2,931,059 |
| Accrued expenses | 160,781 | 272,319 |
| Compensated absences | 10,075 | 12,024 |
| Total adjustments | 2,486,720 | 4,682,786 |
| Net cash and cash equivalents provided by operating activities | \$ 14,301,032 | \$ 12,770,622 |

December 31, 2024 and 2023

Note 1 - Nature of Business

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

Note 2 - Significant Accounting Policies

Reporting Entity

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

Joint Venture

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

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

On April 16, 2019, the District entered into a revised and restated creation agreement with the Authority and other participating districts, which expanded the plant capacity from 45 MGD to 60 MGD, increasing the District's capacity share to 23.24 MGD, or 38.73 percent.

Note 2 - Significant Accounting Policies (Continued)

On January 11, 2024, the District entered into a second revised and restated creation agreement with the Authority. The District's capacity in the treatment plant was not modified; however, the District now holds capacity in the Pleasant Valley Pipeline (PVP), a transmission line that delivers raw water to the Plant; the PVP Munroe Turnout Screen; and the sedimentation basin of 33.78 percent, 15.88 percent, and 16.89 percent, respectively.

Basis of Accounting

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Restricted Assets

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

Receivables and Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District's service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. In 2020, the District adopted a policy allowing for the certification of delinquent accounts to the County Treasurer for collection - Resolution 2020121407: Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. The District had no allowance for doubtful accounts as of December 31, 2024 and 2023, as the District considers amounts fully collectible.

Capital Contributions

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

Inventories and Prepaid Items

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

Capital Assets

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

Note 2 - Significant Accounting Policies (Continued)

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

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

Net Position

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

Net Position Flow Assumption

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

Compensated Absences (Vacation and Sick Leave)

A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It is the District’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the District expects will be used subsequent to year end; vacation pay is accrued when incurred.

The District has recorded a liability of \$172,112 and \$162,037 at December 31, 2024 and 2023, respectively.

Payable from Restricted Assets

Accounts payable from restricted asset balances recorded on the statement of net position as of December 31, 2024 and 2023 include retainages and arbitrage liabilities to be paid from unspent bond proceeds.

Retainages payable totaled approximately \$1,309,000 and \$455,000 for the years ended December 31, 2024 and 2023, respectively, and will be disbursed upon project completion.

Obligations pertaining to the 2019 and 2022 unspent tax-exempt bond proceeds totaled approximately \$1,473,000 and \$740,000 as of December 31, 2024 and 2023, respectively. Of the total, approximately \$1,459,000 is due to be remitted to the Internal Revenue Service (IRS) in November 2027, while the approximate remaining balance of \$14,000 is not required to be remitted until July 2029.

Long-term Obligations

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

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. There was no significant unbilled revenue at December 31, 2024 and 2023.

Operating Revenue and Expenses

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

Water Rights

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

Adoption of New Accounting Pronouncement

During the current year, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the calculation of compensated absences in the statement of net position reflects the provisions of this new standard. As the impact was not material, the financial statements for the years ended December 31, 2023 and 2022 were not restated to adopt this new standard in 2024.

Upcoming Accounting Pronouncements

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

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

Note 2 - Significant Accounting Policies (Continued)

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 30, 2025, which is the date the financial statements were available to be issued.

On January 8, 2025, the Company agreed to purchase 80 units of additional water rights at a total cost of \$4,950,750. On February 10, 2025, the Company agreed to purchase 15 units of additional water rights at a total cost of \$902,500.

Note 3 - Budgets and Budgetary Accounting

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

The budget process timeline is as follows:

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

Refer to the supplementary information section for an overview of budgeted and actual expenditures for fiscal year 2024.

Note 4 - Cash and Cash Equivalents

The District had cash and cash equivalents as follows:

| | 2024 | 2023 |
|--------------------------------------|---------------|---------------|
| Cash and cash equivalents | \$ 25,117,689 | \$ 18,348,808 |
| Restricted cash and cash equivalents | 29,397,966 | 42,585,260 |
| Total | \$ 54,515,655 | \$ 60,934,068 |

Note 4 - Cash and Cash Equivalents (Continued)

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits. At December 31, 2024 and 2023, the District had deposits with a financial institution with a carrying amount of \$3,323,032 and \$2,954,346, respectively, of which \$250,000 was covered by federal depository insurance for each of the years ended December 31, 2024 and 2023. The remaining balances of \$3,073,032 and \$2,704,346, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

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

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

External Investment Pool

At December 31, 2024 and 2023, the District had invested \$51,192,423 and \$57,979,522, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and the highest-rate commercial paper. COLOTRUST EDGE is an enhanced cash, variable NAV pool that offers next-day liquidity. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. All of the District's invested balances are held in COLOTRUST PRIME. The Trust is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 4 - Cash and Cash Equivalents (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. The COLOTRUST PRIME portfolio has a target weighted-average maturity of 60 days or less. Actual weighted-average maturity was 98 and 69 days for the years ended December 31, 2024 and 2023, respectively.

Credit Risk

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

Note 5 - Capital Assets

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

| | Balance January 1, 2024 | Additions | Disposals and Adjustments | Balance December 31, 2024 |
|---------------------------------------|----------------------------|---------------|------------------------------|---------------------------------|
| Capital assets not being depreciated: | | | | |
| Land, easements, and water rights | \$ 112,695,553 | \$ 6,070,622 | \$ - | \$ 118,766,175 |
| SCWTA treatment capacity | 22,849,610 | - | - | 22,849,610 |
| Construction in progress | 8,333,141 | 16,488,497 | (5,351,652) | 19,469,986 |
| Subtotal | 143,878,304 | 22,559,119 | (5,351,652) | 161,085,771 |
| Capital assets being depreciated: | | | | |
| Transmission and distribution system | 87,222,044 | 4,656,257 | 5,351,652 | 97,229,953 |
| Facilities | 1,667,567 | - | - | 1,667,567 |
| Vehicles and field equipment | 2,600,942 | 260,869 | - | 2,861,811 |
| Other | 78,221 | 229,141 | - | 307,362 |
| Subtotal | 91,568,774 | 5,146,267 | 5,351,652 | 102,066,693 |
| Accumulated depreciation: | | | | |
| Transmission and distribution system | 31,057,177 | 1,869,961 | - | 32,927,138 |
| Facilities | 568,176 | 41,690 | - | 609,866 |
| Vehicles and field equipment | 2,007,633 | 96,207 | - | 2,103,840 |
| Other | 78,221 | 5,727 | - | 83,948 |
| Subtotal | 33,711,207 | 2,013,585 | - | 35,724,792 |
| Net capital assets being depreciated | 57,857,567 | 3,132,682 | 5,351,652 | 66,341,901 |
| Net capital assets | \$ 201,735,871 | \$ 25,691,801 | \$ - | \$ 227,427,672 |

December 31, 2024 and 2023

Note 5 - Capital Assets (Continued)

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

Depreciation expense was \$2,013,585 and \$1,972,469 for the years ended December 31, 2024 and 2023, respectively.

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2024 and 2023 can be summarized as follows:

| | 2024 | | | | |
|--|----------------------|------------------|-----------------------|----------------------|------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
| Bonds and contracts payable: | | | | | |
| Direct borrowings and placements - | | | | | |
| Revenue bonds: | | | | | |
| 2019 revenue bonds | \$ 16,160,000 | \$ - | \$ (460,000) | \$ 15,700,000 | \$ 480,000 |
| 2020 revenue bonds | 2,640,000 | - | (415,000) | 2,225,000 | 425,000 |
| 2022 revenue bonds | 34,615,000 | - | (1,150,000) | 33,465,000 | 1,205,000 |
| Total direct borrowings principal outstanding | 53,415,000 | - | (2,025,000) | 51,390,000 | 2,110,000 |
| Net bond premiums | 4,117,741 | - | (396,242) | 3,721,499 | - |
| Long-term borrowings - Net of premiums | 57,532,741 | - | (2,421,242) | 55,111,499 | 2,110,000 |
| Compensated absences | 162,037 | 60,536 | (50,461) | 172,112 | - |
| Total long-term debt | <u>\$ 57,694,778</u> | <u>\$ 60,536</u> | <u>\$ (2,471,703)</u> | <u>\$ 55,283,611</u> | <u>\$ 2,110,000</u> |

December 31, 2024 and 2023

Note 6 - Long-term Debt (Continued)

| | 2023 | | | | |
|---|----------------------|-------------------|-----------------------|----------------------|---------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
| Bonds and contracts payable: | | | | | |
| Direct borrowings and placements - | | | | | |
| Revenue bonds: | | | | | |
| 2012 refunding revenue bonds | \$ 1,575,000 | \$ - | \$ (1,575,000) | \$ - | \$ - |
| 2019 revenue bonds | 16,160,000 | - | - | 16,160,000 | 460,000 |
| 2020 revenue bonds | 3,050,000 | - | (410,000) | 2,640,000 | 415,000 |
| 2022 revenue bonds | 34,615,000 | - | - | 34,615,000 | 1,150,000 |
| Total direct borrowings principal outstanding | 55,400,000 | - | (1,985,000) | 53,415,000 | 2,025,000 |
| Net bond premiums | 4,594,530 | - | (476,789) | 4,117,741 | - |
| Long-term borrowings - Net of premiums | 59,994,530 | - | (2,461,789) | 57,532,741 | 2,025,000 |
| Compensated absences | 150,013 | 115,037 | (103,013) | 162,037 | - |
| Total long-term debt | <u>\$ 60,144,543</u> | <u>\$ 115,037</u> | <u>\$ (2,564,802)</u> | <u>\$ 57,694,778</u> | <u>\$ 2,025,000</u> |
| | | | | 2024 | 2023 |

2019 Revenue Bonds

\$16,160,000 Water Enterprise Revenue Bonds, Series 2019 due in principal installments of \$480,000 in 2025 with additional increases up until the maturity date of 2039; interest ranging from 4.0 to 5.0 percent for the years ended December 31, 2024 and 2023. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$89,267 and \$93,100 as of December 31, 2024 and 2023, respectively

\$ 15,700,000 \$ 16,160,000

2020 Refunding Revenue Bonds

\$3,850,000 Water Enterprise Revenue Refunding Loan, Series 2020 due in principal installments of \$425,000 in 2025 with additional increases up until the maturity date of 2029; interest at 4.0 percent for each of the years ended December 31, 2024 and 2023. These bonds were issued to refund the 2009 Colorado Water Resource and Power Development Authority (CWRPDA) loan. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$8,344 and \$9,900 as of December 31, 2024 and 2023, respectively

2,225,000 2,640,000

December 31, 2024 and 2023

Note 6 - Long-term Debt (Continued)

| | 2024 | 2023 |
|--|---------------|---------------|
| 2022 Revenue Bonds | | |
| <p>\$34,615,000 Water Enterprise Revenue Bonds, Series 2022 due in principal installments of \$1,205,000 in 2025 with additional increases up until the maturity date of 2042; interest ranging from 4.0 to 5.0 percent at December 31, 2024 and 2023, respectively. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$503,383 and \$522,550 as of December 31, 2024 and 2023, respectively</p> | | |
| | \$ 33,465,000 | \$ 34,615,000 |
| Total debt | \$ 51,390,000 | \$ 53,415,000 |

Debt Service Requirements to Maturity

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

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|---------------|---------------|---------------|
| 2025 | \$ 2,110,000 | \$ 2,095,813 | \$ 4,205,813 |
| 2026 | 2,215,000 | 2,002,000 | 4,217,000 |
| 2027 | 2,305,000 | 1,903,213 | 4,208,213 |
| 2028 | 2,415,000 | 1,800,200 | 4,215,200 |
| 2029 | 2,510,000 | 1,697,562 | 4,207,562 |
| 2030-2034 | 14,540,000 | 6,714,850 | 21,254,850 |
| 2035-2039 | 17,755,000 | 3,496,600 | 21,251,600 |
| 2040-2042 | 7,540,000 | 611,200 | 8,151,200 |
| Total | \$ 51,390,000 | \$ 20,321,438 | \$ 71,711,438 |

Note 7 - Risk Management

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

At December 31, 2023 (the most current audited financial statements), CSDPLP has total admitted assets of \$81,143,798, liabilities of \$58,670,068, and unassigned surplus of \$22,473,730. The liability amount includes no long-term debt. Total revenue for 2023 amounted to \$29,593,851, investment income was \$1,695,393, and total expenses were \$31,416,477, resulting in a net loss of \$127,233. The amount of the District's share of these amounts is less than 1 percent.

Note 8 - Deferred Compensation

During 1993, the District established an Internal Revenue Code Section 457 deferred compensation plan, which also provides for contributions from the employee and the employer. The District makes matching contributions of up to 3.0 percent of an employee's eligible salary. During 2024 and 2023, the District's contributions to this plan totaled \$123,941 and \$90,294, respectively.

Note 9 - TABOR Compliance

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

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

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

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

Supplementary Information

North Weld County Water District

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

December 31, 2024 and 2023

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

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Excess of non-GAAP revenue over expenditures (budgetary basis) | \$ (8,478,514) | \$ (9,646,291) |
| Adjustments required to reconcile: | | |
| Non-GAAP revenue/expenditures: | | |
| Bond principal | 2,025,000 | 1,985,000 |
| Capital asset acquisition | 27,705,386 | 20,739,600 |
| GAAP revenue/expense - Adjustments: | | |
| Depreciation expense | (2,013,585) | (1,972,469) |
| Amortization of bond premiums | 396,241 | 456,942 |
| Change in net position GAAP basis | \$ 19,634,528 | \$ 11,562,782 |

| | Final Budget | Actual - Budgetary Basis | Variance - Favorable (Unfavorable) | Year Ended December 31, 2023 Actual - Budgetary Basis |
|----------------------------------|---------------|--------------------------|------------------------------------|---|
| Revenue: | | | | |
| Operating revenue: | | | | |
| Metered sales | \$ 14,417,718 | \$ 13,713,979 | \$ (703,739) | \$ 12,568,134 |
| Surcharges | 4,300,000 | 5,304,912 | 1,004,912 | 4,970,952 |
| PI surcharge | 2,800,000 | 3,413,142 | 613,142 | 2,976,609 |
| Adjustments | - | 2,458,476 | 2,458,476 | (57,874) |
| Construction water | 219,576 | 425,683 | 206,107 | 270,630 |
| Total operating revenue | 21,737,294 | 25,316,192 | 3,578,898 | 20,728,451 |
| Nonoperating revenue: | | | | |
| Earnings on investments | 1,500,845 | 2,781,597 | 1,280,752 | 2,700,628 |
| Water lease and rental | 18,571 | - | (18,571) | 18,780 |
| Miscellaneous | 18,221 | 249,787 | 231,566 | 364,442 |
| Farm revenue | 9,572 | - | (9,572) | 1,000 |
| Mineral, oil, and gas rights | 66,245 | - | (66,245) | 137,249 |
| Sale of property | 563 | - | (563) | - |
| Total nonoperating revenue | 1,614,017 | 3,031,384 | 1,417,367 | 3,222,099 |
| Capital contributions: | | | | |
| Tap fees - Customers | 3,300,000 | 4,950,000 | 1,650,000 | 2,223,750 |
| Meter set fees | 559,538 | 47,615 | (511,923) | 22,400 |
| Reimbursement for water rights | - | 330,750 | 330,750 | (32,250) |
| Distance fees | 180,186 | 809,500 | 629,314 | 245,850 |
| Reimbursement for line extension | 156,060 | 408,146 | 252,086 | 254,400 |
| Miscellaneous | - | 9,480 | 9,480 | - |
| Total capital contributions | 4,195,784 | 6,555,491 | 2,359,707 | 2,714,150 |
| Total revenue | 27,547,095 | 34,903,067 | 7,355,972 | 26,664,700 |

North Weld County Water District

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

December 31, 2024 and 2023

| | Final Budget | Actual - Budgetary Basis | Variance - Favorable (Unfavorable) | Year Ended December 31, 2023 Actual - Budgetary Basis |
|--|------------------------|--------------------------|------------------------------------|---|
| Expenditures: | | | | |
| Administrative: | | | | |
| Personnel - Administrative | \$ 538,541 | \$ 1,399,408 | \$ 860,867 | \$ 1,262,013 |
| Payroll taxes | 144,068 | 162,699 | 18,631 | 156,994 |
| Health insurance | 61,200 | 53,590 | (7,610) | 48,969 |
| Office utilities | 211,907 | 355,173 | 143,266 | 237,358 |
| Office expense | 204,939 | 347,648 | 142,709 | 329,158 |
| Professional fees | 787,934 | 639,479 | (148,455) | 867,444 |
| Miscellaneous | 110,000 | 21,761 | (88,239) | 27,825 |
| Total administrative | 2,058,589 | 2,979,758 | 921,169 | 2,929,761 |
| Distribution: | | | | |
| Water | 3,994,485 | 4,300,523 | 306,038 | 4,089,865 |
| Personnel operations | 2,042,823 | 1,878,956 | (163,867) | 1,872,902 |
| Operation and maintenance | 2,183,198 | 1,654,614 | (528,584) | 1,397,746 |
| Electricity | 184,722 | 205,720 | 20,998 | 191,967 |
| Communications | 51,000 | 1,201 | (49,799) | 1,203 |
| Insurance | 172,400 | 152,485 | (19,915) | 137,872 |
| Miscellaneous | - | 315,038 | 315,038 | 46,830 |
| Total distribution | 8,628,628 | 8,508,537 | (120,091) | 7,738,385 |
| Debt service: | | | | |
| Interest expense | 2,395,825 | 2,162,900 | (232,925) | 2,918,245 |
| Principal paid | 2,025,000 | 2,025,000 | - | 1,985,000 |
| Total debt service | 4,420,825 | 4,187,900 | (232,925) | 4,903,245 |
| Capital improvements: | | | | |
| Storage tanks | 1,000,000 | 185,945 | (814,055) | 937,378 |
| Pump stations | 75,000 | - | (75,000) | 286,990 |
| Equipment | 220,000 | - | (220,000) | 211,895 |
| System | 21,700,000 | 9,242,220 | (12,457,780) | 2,723,192 |
| Water rights, storage, and infrastructure | 6,510,000 | 7,140,376 | 630,376 | 7,406,984 |
| Land and easements | 180,000 | - | (180,000) | 862,734 |
| Construction in progress | - | 11,136,845 | 11,136,845 | 8,310,427 |
| Total capital improvements | 29,685,000 | 27,705,386 | (1,979,614) | 20,739,600 |
| Total budgeted expenditures | 44,793,042 | 43,381,581 | (1,411,461) | 36,310,991 |
| Excess of budgeted expenditures over budgeted revenue | \$ (17,245,947) | \$ (8,478,514) | \$ 8,767,433 | \$ (9,646,291) |

North Weld County Water District

Rate Maintenance - Unaudited

December 31, 2024 and 2023

The District's 2019 and 2022 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 110 percent of the principal and interest payable on the 2022 Bonds, the 2020 Bonds, and the 2019 Bonds and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

The District's 2020 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 135 percent of the principal and interest payable on the 2020 Bonds, and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Operating revenue | \$ 25,316,192 | \$ 20,728,451 |
| Nonoperating revenue | 3,031,384 | 3,222,099 |
| Tap/Connection fees | 6,555,491 | 2,714,150 |
| Operation and maintenance expense (excluding depreciation expense) | <u>(11,488,295)</u> | <u>(10,668,146)</u> |
| Net revenue as defined in loan resolution | 23,414,772 | 15,996,554 |
| Bonds principal due | 2,025,000 | 1,985,000 |
| Bonds interest due | <u>2,185,650</u> | <u>3,047,932</u> |
| Subtotal | <u>4,210,650</u> | <u>5,032,932</u> |
| Required revenue as defined in loan resolution | 4,631,715 | 5,536,236 |