

PARK FOREST WATER DISTRICT

ANNUAL FINANCIAL REPORT

AND SUPPLEMENTARY INFORMATION

FOR THE

YEAR ENDED DECEMBER 31, 2024

PARK FOREST WATER DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

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PARK FOREST WATER DISTRICT

**ROSTER OF DISTRICT OFFICIALS
DECEMBER 31, 2024**

BOARD OF DIRECTORS

- Jason Kerekes.....President
- Marni Huller.....Vice President
- Bob TillmanTreasurer
- Tim ConnellySecretary
- Mark Kneebone.....Director

ADMINISTRATIVE STAFF

Tracy MacDonald
Office Manager

Lynn Willow
Operator in Responsible Charge

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

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Salida, CO 81201
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Park Forest Water District
Colorado Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Park Forest Water 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park Forest Water District as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, I:

- 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 Park Forest Water 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Forest Water District's ability to continue as a going concern for a reasonable period of time.

I am 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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Park Forest Water District's basic financial statements. The supplementary

budget comparison identified in the table of contents is presented to supplement the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary and other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scott Wright

February 28, 2025
Salida, Colorado

PARK FOREST WATER DISTRICT

STATEMENT OF NET POSITION DECEMBER 31, 2024

	<u>2024</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,527,377
Receivables:	
- Accounts Receivable	3,026
- Taxes Receivable	211,988
Prepaid Expenses	<u>1,897</u>
Total Current Assets	<u>1,744,288</u>
Noncurrent Assets:	
Capital Assets:	
- Land and Land Improvements	168,619
- Construction in Progress	184,067
- Buildings and Facilities	170,092
- Water Systems	1,855,816
- Wells	1,843,044
- Machinery and Equipment	<u>43,529</u>
	4,265,167
Less: Accumulated Depreciation	<u>(2,041,792)</u>
Net Capital Assets	<u>2,223,375</u>
Total Assets	<u><u>\$ 3,967,663</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	<u>\$ 17,459</u>
Total Current Liabilities	<u>17,459</u>
Total Liabilities	<u>17,459</u>
Deferred Inflows of Resources:	
Unavailable Revenue - Property Taxes	<u>210,373</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,223,375
Restricted for TABOR Emergency Reserve	25,808
Unrestricted	<u>1,490,648</u>
Total Net Position	<u><u>\$ 3,739,831</u></u>

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

PARK FOREST WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>
Operating Revenues	
Charges for Services	\$ 552,445
Other Operating Revenue	<u>5,875</u>
Total Operating Revenues	<u>558,320</u>
Operating Expenses	
Accounting	2,075
Depreciation	88,007
Director's Fees	6,100
Dues and Subscriptions	806
Health & Life Insurance	10,083
Insurance	20,662
Legal	75,045
Office Administration	39,000
Office Supplies and Expenses	2,192
Part-time Contract Labor	3,231
Payroll Taxes	5,222
Repairs and Maintenance	21,788
Salaries and Wages	67,000
Telephone and Internet	3,593
Training and Seminars	349
Truck and Equipment	11,452
Utilities	82,248
Water Testing	2,470
Water Treatment Chemicals	<u>6,476</u>
Total Operating Expenses	<u>447,799</u>
Operating Income	<u>110,521</u>
Nonoperating Revenues (Expenses)	
General Property Taxes	220,443
Specific Ownership Taxes	19,746
Legal Settlement	145,689
Interest Earnings	61,763
County Treasurer Fees	<u>(3,307)</u>
Net Nonoperating Revenues (Expenses)	<u>444,334</u>
Change in Net Position	554,855
Total Net Position, Beginning of Year	<u>3,184,976</u>
Total Net Position, End of Year	<u><u>\$ 3,739,831</u></u>

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

PARK FOREST WATER DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
Cash Flows From Operating Activities	
Cash Received From Customers	\$ 551,154
Cash Payments to Suppliers for Goods and Services	(287,120)
Cash Payments to Employees for Services	(72,222)
Other Operating Revenues	<u>5,875</u>
Net Cash Provided by Operating Activities	<u>197,687</u>
Cash Flows From Noncapital Financing Activities	
Cash Received From Property Taxes	220,443
Cash Received From Specific Ownership Taxes	19,504
Cash Received From Legal Settlement	145,689
County Treasurer's Fees Paid	<u>(3,307)</u>
Net Cash Provided by Noncapital Financing Activities	<u>382,329</u>
Cash Flows From Capital Financing Activities	
Acquisition and Construction of Capital Assets	<u>(181,867)</u>
Net Cash Used in Capital Financing Activities	<u>(181,867)</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>61,763</u>
Net Cash Provided by Investing Activities	<u>61,763</u>
Net Increase in Cash and Cash Equivalents	459,912
Cash and Cash Equivalents, Beginning of Year	<u>1,067,465</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,527,377</u></u>

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

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITES	<u>2024</u>
Operating Income	<u>\$ 110,521</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	88,007
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(1,291)
Increase In Prepaid Expenses	(42)
Increase in Accounts Payable and Accrued Liabilities	<u>492</u>
Total Adjustments	<u>87,166</u>
Net Cash Provided by Operating Activities	<u><u>\$ 197,687</u></u>

PARK FOREST WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

The financial statements of the Park Forest Water District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by GAAP, these financial statements present the Park Forest Water District (the primary government). The District does not have any component units for which the District is considered financially accountable.

Primary Government. The Park Forest Water District was created on March 12, 1959, under the provisions of the Colorado Special District Act. The District was formed to provide for the construction and installation of a complete water system, including wells, pump, storage and pressure system, and main trunk lines and connecting lines delivering water to community residents in the Park Forest Estates subdivision in Black Forest, Colorado. The District is governed by a board consisting of five elected public officials and has authority to impose service fees and taxes and to adopt Rules and Regulations governing the use of the District's system.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses.

Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The transactions of the District are accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of debt obligations are recorded as a reduction in liabilities. All assets and all liabilities associated with the operations are included on the statements of net position.

Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted for emergency reserves; and unrestricted components.

C. Budgets

The District's budget is prepared on a modified accrual basis. All annual appropriations lapse at calendar year-end. Governmental accounting standards require a comparison of the budget to expenditures with an accompanying explanation of the difference between the GAAP basis financial statements and the budget.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

E. Capital Assets

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of the donation. The District's capital assets consist of land and land improvements, construction in progress, buildings and facilities, water systems, wells, and machinery and equipment. The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Facilities	10-40 Years
Water Systems	30-50 Years
Wells	30-50 Years
Machinery and Equipment	5-20 Years

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be

PARK FOREST WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2024

recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any items that qualify.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Property Taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the El Paso County Assessor, generally as of January 1 of each year. The levy is normally set by December 15, by certification to the County Commissioners to place the tax lien on the individual properties as of January 1, of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer’s election paid in equal installments, by February 28 and June 15, respectively.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

H. Compensated Absences

The District does not provide for the accumulation or carryover of leave benefits. As a result, no liability for compensated absences has been recorded in the financial statements in accordance with GASB Statement No. 101, *Compensated Absences*.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP involves the use of management’s estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management’s best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District’s capital assets as reflected in the Statement of Net Position.

J. Net Position

Net position represents the residual of all other elements presented in the statement of net position

which equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, including accounts, contract and retainage payables. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Note 2. Legal Compliance - Budgets

No later than October 15, the District budget officer must submit a proposed budget to the Board of Directors for the upcoming calendar year. The budget presents a complete financial plan by fund and by spending agency. The budget must be described with explanatory schedules or statements classifying expenditures by object and revenues by source. Estimated beginning and ending fund balances must be shown along with three years of comparable data: the prior year’s actuals, current year estimates, and appropriations and estimated revenues for the next calendar year. The District must adopt the budget before certifying its mill levy to the county by the statutory deadline of December 15. The Board of Directors must also enact a resolution to appropriate funds for the ensuing year.

The Board of Directors is authorized to transfer budgeted amounts between line items. Expenditures may not legally exceed budgeted appropriations at the fund level. The Board of Directors must approve any amendments that increase total expenditures in a supplemental appropriation. There were no supplemental budget amendments in 2024.

Note 3. Deposits and Investments

Deposits and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	<u>\$ 1,527,377</u>
Total	<u>\$ 1,527,377</u>

Deposits and investments as of December 31, 2024 consist of the following:

Deposits with Financial Institutions	\$ 895,854
Deposits with Local Government Investment Pools	<u>631,523</u>
Total	<u>\$ 1,527,377</u>

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the vent of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

PARK FOREST WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2024

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits 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 with the Town being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

Local Government Investment Pools

As of December 31, 2024, the District held investments in the Colorado Local Government Liquid Asset Trust (Colotrust). Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trusts' 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 trusts. The Trusts may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies.

Investments

Credit Risk. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. These investments include local government investment pools and certain obligations of the United States government. State law limits investments in commercial paper, corporate bonds, and money market mutual funds 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.

Presented below is the minimum rating, as required by Colorado State Statutes, for investments held by the District as of December 31, 2024.

Ratings S&P	Local Government Investment Pools
AAAm	<u>\$ 631,523</u>

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District does

not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. The District invests in one local government investment pool – Colotrust. The investment is not categorized because the investment is not evidenced by securities that exist in physical or book entry form. At December 31, 2024, the District had an investment of \$631,523 for both market and carrying value.

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2024 the District had no investments measured at fair value and had the following investments measured at net asset value:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	<u>\$ 631,523</u>
Total	<u>\$ 631,523</u>

At December 31, 2024, there were no unrealized losses reflective of changes in the fair market value of investments.

Note 4. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for significant insurable risks. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

PARK FOREST WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2024

Note 5. Capital Assets

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

	Balance January 1, <u>2024</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2024</u>
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 153,820	\$ -	\$ -	\$ 153,820
Construction in Progress	<u>-</u>	<u>184,067</u>	<u>-</u>	<u>184,067</u>
Total Capital Assets, Not Being Depreciated	<u>153,820</u>	<u>184,067</u>	<u>-</u>	<u>337,887</u>
Capital Assets, Being Depreciated:				
Buildings and Facilities	184,891	-	-	184,891
Water Systems	1,855,816	-	-	1,855,816
Wells	1,843,044	-	-	1,843,044
Machinery and Equipment	<u>43,529</u>	<u>-</u>	<u>-</u>	<u>43,529</u>
Total Capital Assets, Being Depreciated	<u>3,927,280</u>	<u>-</u>	<u>-</u>	<u>3,927,280</u>
Less: Accumulated Depreciation:				
Buildings and Facilities	(143,840)	(2,209)	-	(146,049)
Water Systems	(666,548)	(48,281)	-	(714,829)
Wells	(1,110,435)	(35,095)	-	(1,145,530)
Machinery and Equipment	<u>(32,962)</u>	<u>(2,422)</u>	<u>-</u>	<u>(35,384)</u>
Total Accumulated Depreciation	<u>(1,953,785)</u>	<u>(88,007)</u>	<u>-</u>	<u>(2,041,792)</u>
Total Capital Assets Being Depreciated, Net	<u>1,973,495</u>	<u>(88,007)</u>	<u>-</u>	<u>1,885,488</u>
Total Capital Assets, Net	<u>\$ 2,127,315</u>	<u>\$ 96,060</u>	<u>\$ -</u>	<u>\$ 2,223,375</u>

Depreciation expense was \$88,007 for the year ended December 31, 2024.

Note 6. Commitments and Contingencies

Litigation. The District is involved in certain legal proceedings arising in the normal course of business. While the outcome of these matters cannot be predicted with certainty, management believes that any potential liability resulting from these proceedings, if any, will not have a material adverse effect on the District's financial position.

Park Forest Water District collected \$145,689 in September 2024 owed by IQ Investors, LLC and Casas Limited Partnership for attorney fees, penalties, and interest from two judgements and existing recorded liens as a result of the award of fees in Case No. 17CW3038.

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments. 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. TABOR also generally requires voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

On November 1, 2005, qualified electors of the District approved a ballot question that property taxes be increased by approximately \$30,000 annually from an increase of four mills (from 10.437 to 14.437) to the existing Park Forest Water District property tax rate, and continue thereafter by continuing to collect, retain and spend such revenues for the purpose of defraying the capital and operating expenses as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is extremely complex and subject to interpretation. The ultimate impact and implementation of TABOR may depend upon litigation and legislative guidance. The tax and spending limitations contained in TABOR may impact future financial activity.

TABOR requires that an emergency reserve be established based on the District's level of fiscal year spending. The amount that is required to be reserved for emergencies for 2024 is 3% of 2024 fiscal year spending. Emergency reserves in the amount of \$25,808 have been established for the year ended December 31, 2024.

PARK FOREST WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Original and Final	Actual Amounts	Variance Positive (Negative)
Revenues			
Taxes:			
General Property Taxes	\$ 210,318	\$ 220,443	\$ 10,125
Specific Ownership Taxes	15,000	19,746	4,746
Charges for Service:			
Water Sales - Base Rate	380,628	459,434	78,806
Water Sales - Overages	30,000	-	(30,000)
Bulk Water Sales	50,000	93,011	43,011
Penalties and Fees	-	4,250	4,250
Unauthorized Fees	-	1,500	1,500
Interest Earnings	1,000	61,763	60,763
Other Revenue:			
Miscellaneous Income	1,000	-	(1,000)
Returned Check Charges	-	125	125
Legal Settlement	-	145,689	145,689
Total Revenues	687,946	1,005,961	318,015
Expenditures			
Current:			
Accounting	3,150	2,075	1,075
Director's Fees	9,000	6,100	2,900
District Assessment	10,000	-	10,000
Dues and Subscriptions	1,400	806	594
Health & Life Insurance	14,000	10,083	3,917
Insurance	31,500	20,662	10,838
Legal	85,000	75,045	9,955
Miscellaneous Expense	750	-	750
Office Administration	39,000	39,000	-
Office Supplies and Expenses	6,350	2,192	4,158
Part-time Contract Labor	3,231	3,231	-
Payroll Taxes	6,000	5,222	778
Repairs and Maintenance	56,600	21,788	34,812
Salaries and Wages	71,769	67,000	4,769
Telephone and Internet	5,650	3,593	2,057
Training and Seminars	1,500	349	1,151
Truck and Equipment	9,800	11,452	(1,652)
Utilities	80,630	82,248	(1,618)
Water Treatment Chemicals	10,000	6,476	3,524
Water Testing	8,000	2,470	5,530
Treasurer's Fees	2,750	3,307	(557)
Capital Improvements	285,000	184,067	100,933
Total Expenditures	741,080	547,166	193,914

	<u>Budget</u> Original and Final	<u>Actual</u> Amounts	<u>Variance</u> Positive (Negative)
Net Change in Fund Balances	\$ (53,134)	\$ 458,795	\$ 511,929
Fund Balances, Beginning of Year	<u>1,037,536</u>	<u>1,057,661</u>	<u>20,125</u>
Fund Balances, End of Year	<u><u>\$ 984,402</u></u>	<u><u>\$ 1,516,456</u></u>	<u><u>\$ 532,054</u></u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 458,795</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	184,067
Depreciation	<u>(88,007)</u>
Total Adjustments	<u>96,060</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 554,855</u></u>