

**PARKVILLE WATER DISTRICT  
LEADVILLE, COLORADO**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORT**

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**DECEMBER 31, 2024 and 2023**

**PARKVILLE WATER DISTRICT  
LEADVILLE, COLORADO**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Parkville Water District  
Leadville, Colorado

### *Opinion*

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

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

### *Basis for Opinion*

We conducted our audit 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 Audit of the Financial Statements section of our report. We are required to be independent of Parkville Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Other Matter*

#### *Summarized Comparative Information*

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2023 from which such summarized information was derived.

### ***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 Parkville 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***

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 an audit 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parkville 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkville Water District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parkville Water District's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC  
Centennial, Colorado  
March 13, 2025

## **PARKVILLE WATER DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Parkville Water District (PWD), we offer readers of PWD's financial statements this narrative overview of the financial activities of PWD for the fiscal year ending December 31, 2024. We encourage readers to consider the information presented here in conjunction with PWD's financial statements and notes to the basic financial statements to enhance their understanding of PWD's financial performance.

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### **FINANCIAL HIGHLIGHTS**

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- In 2024, the assets of PWD exceed its liabilities at the close of the 2024 fiscal year by \$10,936,730 (net position). Of this amount \$2,261,609 (unrestricted net position) may be used to meet PWD's ongoing obligations. In 2024, total assets increased \$285,872 while total liabilities decreased \$104,520 resulting in total net position increasing \$390,392
- PWD's operating expenses increased in 2024 by \$341,642. General and administrative expenses increased by \$108,703 in 2024.
- Operating revenues increased by \$133,628 in 2024 primarily due to a rate increase.
- Capital contributions decreased by \$350,591 in 2024.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of PWD. The financial statements also include notes that explain in more detail some of the information in the financial statements.

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## **REQUIRED FINANCIAL STATEMENTS**

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The financial statements of PWD report information of PWD using accounting methods similar to those used by private sector companies. These statements offer short-and long-term financial information about its activities. The Statement of Net Position includes all of PWD’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to PWD creditors (liabilities). It also provides the basis for evaluating the capital structure of PWD and assessing the liquidity and financial flexibility of PWD.

All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of PWD’s operations over the past year and can be used to determine whether PWD has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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## **FINANCIAL ANALYSIS OF PWD**

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The most common financial question posed to PWD is “How did we do financially during 2024?”. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about PWD’s activities in a way that will help answer this question.

These two statements report the net position of PWD and the changes in them. One can think of PWD’s net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in PWD’s net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

## NET POSITION

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To begin our analysis, a summary of PWD's Statement of Net Position is presented in Table A-1.

**Table A-1**  
**Condensed Statements of Net Position**

	FY2024	FY2023	FY2022
Current and Other Assets	\$ 2,991,475	\$ 2,843,810	\$ 2,884,791
Capital Assets	10,683,540	10,545,333	9,183,360
<b>Total Assets</b>	<b>\$13,675,015</b>	<b>\$13,389,143</b>	<b>\$12,068,151</b>
Liabilities	\$ 2,738,285	\$ 2,842,805	\$ 2,441,279
<b>Total Liabilities</b>	<b>2,738,285</b>	<b>2,842,805</b>	<b>2,441,279</b>
Invested in Capital Assets	8,027,215	7,790,924	6,894,580
Restricted Net Position	647,906	612,346	472,570
Unrestricted Net Position	2,261,609	2,143,068	2,259,722
<b>Total Net Position</b>	<b>\$10,936,730</b>	<b>\$10,546,338</b>	<b>\$ 9,626,872</b>

As can be seen from Table A-1 above, net position increased \$390,392 to \$10,936,730 in 2024 from \$10,546,338 in 2023. Changes in Net Position compared to 2023 included a \$138,207 increase in capital assets, \$147,665 increase in current and other assets, and a \$104,520 decrease in current and other liabilities. Cash on hand is up \$248,289 due to net income of \$390,392, due to additional plant investment fees in 2024. Accounts receivable is up from growth in Leadville, new customers and rate increase.

**Table A-2**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Position**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>
Operating Revenues	\$2,462,968	\$2,329,340	\$2,084,067
Non-operating Revenues	<u>452,673</u>	<u>423,142</u>	<u>365,410</u>
Total Revenues	<u>2,915,641</u>	<u>2,752,482</u>	<u>2,449,477</u>
Depreciation Expense	468,518	372,153	428,745
Operating Expense	1,198,982	1,062,408	855,566
General and Administrative Expense	<u>882,258</u>	<u>773,555</u>	<u>686,713</u>
Total Expenses	<u>2,549,758</u>	<u>2,208,116</u>	<u>1,971,024</u>
Income Before Capital Contributions	<u>365,883</u>	<u>544,366</u>	<u>478,453</u>
Capital Contributions – Grant	<u>24,509</u>	<u>375,100</u>	<u>445,058</u>
Changes in Net Position	390,392	919,466	923,511
Beginning Net Position	<u>\$10,546,338</u>	<u>\$9,626,872</u>	<u>\$8,703,361</u>
Ending Net Position	<u>\$10,936,730</u>	<u>\$10,546,338</u>	<u>\$9,626,872</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position of \$390,392 resulted in the increase in net position in 2024.

PWD’s operating revenues and non-operating revenues increased by \$163,159 to \$2,915,641 in 2024 due to a 5% rate increase. In 2024 the grants decreased during the year by \$350,591, related to grant revenue for capital projects.

PWD’s operating expenses increased in 2024 by \$136,574 and general and administrative expenses increased by \$108,703 in 2024. Due to fixing our out dated system, leaks and preparing for our capital plant expansion project due to complete in 2024. Labor increased by 5% in 2024.

## **BUDGETARY HIGHLIGHTS**

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PWD adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. A 2024 budget comparison and analysis is presented to the Board of Directors as interim financial statements.

A 2024 budget comparison and analysis is presented in Table A-3.

**Table A-3**  
**Budget vs. Actual**  
**FY 2024**

	Original	Final	Actual	Variance Over and (Under)
<b>Revenues</b>				
From Operations	\$ 2,150,050	\$ 2,150,050	\$ 2,313,081	\$ 163,031
Non-operating/loan proceeds	613,950	2,789,781	174,396	(2,615,385)
Non-operating revenues	222,000	222,000	452,673	230,673
Total Revenue	2,986,000	5,161,831	2,940,150	(2,221,681)
<b>Operating Expenses</b>				
Source of Supply	10,000	10,000	12,575	2,575
Power and Pumping	126,000	126,000	70,376	(55,624)
Water Treatment	252,000	252,000	216,615	(35,385)
Transmission and Distribution	800,500	800,500	817,979	17,479
Equipment Maintenance	80,000	80,000	81,437	1,437
Business Office	386,800	386,800	371,310	(15,490)
Employee Benefits	286,500	286,500	320,035	33,535
Outside Services and Other	136,000	136,000	111,077	(24,923)
Purchase of Property	705,000	2,880,831	606,726	(2,274,105)
Interest Expense	-	-	79,836	79,836
Loan Principal	203,200	203,200	118,064	(85,136)
Plant, and Equipment Total Expenses	2,986,000	5,161,831	2,806,030	(2,355,801)
Net Loss per Budgetary Basis	\$ -	\$ -	\$ 134,120	\$ 134,120

The revenue from operations was under budget by \$2,221,681 because of grant revenue. 6<sup>th</sup> street project will be completed in 2025 and dry summer. The expenses were under budget by \$2,355,801 The budget for 2024 had our 6<sup>th</sup> street project completed but only engineering started in 2024.

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## CAPITAL ASSETS

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At the end of 2024, PWD had \$18,890,124 invested in capital assets as shown in Table A-4. At the end of 2023, PWD had \$18,323,633 invested in capital assets. Decrease is due to depreciation.

**Table A-4**  
**Capital Assets**

	FY 2024	FY 2023	FY 2022
Source of Supply Plant	\$ 3,882,398	\$ 3,882,398	\$ 3,882,398
Pumping Plant	561,479	286,979	280,543
Water Treatment Plant	3,263,181	3,243,836	3,243,836
Transmission and Distribution Plant	5,712,510	5,651,469	5,541,023
General Plant	5,470,556	5,258,951	2,059,510
Sub-Total	18,890,124	18,323,633	15,007,310
Less Accumulated Depreciation	8,279,266	7,810,748	7,438,595
Net Capital Assets	\$ 10,610,858	\$ 10,512,885	\$ 7,568,715
Construction in progress	\$ 72,682	\$ 32,448	\$ 1,614,645

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## DEBT ADMINISTRATION

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At December 31, 2012, PWD received a loan from the Colorado Water Conservation Board (CWCB) for the Canterbury Tunnel Repair Project for \$1,026,371. The payments are \$59,355 annually for 30 years, beginning February 1, 2014. At December 31, 2024 the balance was \$779,567.

At December 31, 2020 PWD received a loan from the Colorado Water Resources & Power Development Authority (CWR&PDA) for the Water Treatment Upgrade Project for \$1,606,445. The term of the loan is 20 years payable semi-annually beginning November 1, 2020 with an interest rate of 1.5%. The November 1, 2020 payment was \$9,677 and the payment due on May 1, 2021 is \$47,449. The payment due on November 1, 2021 is \$47,456 and remains this amount for the life of the loan. At December 31, 2024 the balance was \$1,308,283.

At December 31, 2024 PWD received a loan from NBA Bank for a purchase of a building and land for \$580,000. The term of the loan is 20 Years payable semi-annually beginning December 1, 2024 with an interest rate of 5.03%. Payments began December 1, 2024 for \$24,051 and remains this amount for the life of the loan. At December 31, 2024 the balance was \$548,495.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Larger projects in the summer of 2024 included a pipeline project on Dexter Street, replacing a block of water main and water services by a local contractor. A short block of water main line and service lines was also replaced on W.10th street by the Parkville crew. Arkansas #2 well was re-built using stainless steel casing to prevent corrosion. Preliminary Design and Engineering was started in 2024 on the East 6th street project on which construction will begin in Spring of 2025. This will replace five blocks of 1879 water main and 27 water service lines. Partial funding will be from a DOLA Mineral Impact Grant of \$1 million.

**Table A-5**  
**Budget Rate History**  
**DISTRICT RATE HISTORY**

<u>Fiscal Year</u>	<u>Minimum Monthly Charges</u>	<u>Gallons Allowed</u>
2013	\$33.00	3,000
	\$ 4.00	1,000
2014	\$36.00	4,000
	\$ 4.50	1,000
2015	\$37.50	4,000
	\$ 4.50	1,000
2018	\$44.00	4,000
	\$ 4.70	1,000
2020	\$51.00	4,000
	\$ 5.45	1,000
2021	\$52.00	4,000
	\$ 5.56	1,000
2022	\$54.00	4,000
	\$ 5.78	1,000
2023	\$57.00	3,000
	\$6.05	1,000
2024	\$60.00	3,000
	\$6.30	1,000
2025	\$66.00	3,000
	\$6.93	1,000

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## **PWD CONTACT INFORMATION**

This financial report is designed to provide our customers and creditors with a general overview of PWD's finances and to demonstrate PWD's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Francine Ortega, Office Manager, Parkville Water District, 2015 N. Poplar, Leadville, CO 80461 or by telephone at 719/486-1449.

**PARKVILLE WATER DISTRICT**  
**Statements of Net Position**  
**December 31, 2024 and 2023**

	2024	2023
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 2,049,868	\$ 1,837,139
Cash - restricted	588,551	552,991
Accounts receivable	176,615	279,210
Grant receivable	24,509	-
Inventory	149,691	172,385
Other	2,241	2,085
<b>Total current assets</b>	<b>2,991,475</b>	<b>2,843,810</b>
<b>Noncurrent assets:</b>		
Capital assets, net of accumulated depreciation	10,610,858	10,512,885
Construction in progress	72,682	32,448
<b>Total noncurrent assets</b>	<b>10,683,540</b>	<b>10,545,333</b>
<b>Total assets</b>	<b>\$ 13,675,015</b>	<b>\$ 13,389,143</b>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 59,518	\$ 41,505
Customer deposits	9,167	9,167
Interest payable	33,255	37,724
Long term debt - due in one year	121,211	118,064
<b>Total current liabilities</b>	<b>223,151</b>	<b>206,460</b>
<b>Noncurrent liabilities, net of current portion:</b>		
Long term debt - due in more than one year	2,515,134	2,636,345
<b>Total non current liabilities</b>	<b>2,515,134</b>	<b>2,636,345</b>
<b>Total liabilities</b>	<b>2,738,285</b>	<b>2,842,805</b>
<b>Net position:</b>		
Net investment in capital assets	8,027,215	7,790,924
Restricted for:		
Drinking water revolving fund loan reserve	500,351	458,991
Pledged revenues loan reserve	59,355	59,355
Labor emergency reserve	88,200	94,000
Unrestricted	2,261,609	2,143,068
<b>Total net position</b>	<b>\$ 10,936,730</b>	<b>\$ 10,546,338</b>

The accompanying notes are an integral part of this financial statement.

**PARKVILLE WATER DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended December 31, 2024 and 2023**

	2024	2023
<b>Operating Revenue</b>		
<b>Revenues:</b>		
Sales of water	\$ 2,313,081	\$ 2,232,812
Other water revenue	149,887	96,528
<b>Total operating revenues</b>	<b>2,462,968</b>	<b>2,329,340</b>
<b>Operating Expenses</b>		
Operations	1,198,982	1,062,408
General and administrative expenses	882,258	773,555
Depreciation	468,518	372,153
<b>Total operating expenses</b>	<b>2,549,758</b>	<b>2,208,116</b>
<b>Net operating income (loss)</b>	<b>(86,790)</b>	<b>121,224</b>
<b>Non-operating revenues:</b>		
Plant investment fee	327,000	319,085
Interest on investments	115,473	93,857
Other non-operating revenue	10,200	10,200
<b>Total non-operating revenue</b>	<b>452,673</b>	<b>423,142</b>
<b>Net income before contributions</b>		
<b>Capital contributions</b>		
Capital contributions - grant income	24,509	375,100
Total capital contributions	24,509	375,100
Change in net position	390,392	919,466
Total net position - beginning of year	10,546,338	9,626,872
<b>Total net position - end of year</b>	<b>\$ 10,936,730</b>	<b>\$ 10,546,338</b>

The accompanying notes are an integral part of this financial statement.

**PARKVILLE WATER DISTRICT**  
**Statements of Cash Flows**  
**For the years ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,541,054	\$ 2,406,111
Cash paid to suppliers	(1,370,076)	(1,285,685)
Cash payments to employees for services	(675,082)	(628,401)
<b>Net cash provided by operating activities</b>	<b>495,896</b>	<b>492,025</b>
<b>Cash flows from capital financing activities:</b>		
Plant investment fees	327,000	319,085
Acquisition of capital assets	(606,726)	(1,734,125)
Principal paid on loans	(118,063)	(114,372)
Proceeds received on new loan	-	580,000
Other non-operating revenue	10,200	10,200
Grant income	24,509	375,100
<b>Net cash used by capital financing activities</b>	<b>(363,080)</b>	<b>(564,112)</b>
<b>Cash flows from investing activities:</b>		
Interest on investments	115,473	93,857
<b>Net cash provided by investing activities</b>	<b>115,473</b>	<b>93,857</b>
<b>Net increase in cash</b>	<b>248,289</b>	<b>21,770</b>
Cash and restricted cash, beginning of year	2,390,130	2,368,360
<b>Cash and restricted cash, end of year</b>	<b>\$ 2,638,419</b>	<b>\$ 2,390,130</b>
<b>Reconciliation of operating income (loss) to net cash provided by operations:</b>		
<b>Net operating income (loss)</b>	<b>\$ (86,790)</b>	<b>\$ 121,224</b>
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>		
Depreciation	468,518	372,153
Decrease (increase) in:		
Accounts receivable	102,595	(47,856)
Grant receivable	(24,509)	124,627
Inventory	22,694	(13,342)
Other assets	(156)	(678)
(Decrease) increase in:		
Accounts payable	18,013	(59,207)
Interest payable	(4,469)	(4,896)
<b>Total adjustments</b>	<b>582,686</b>	<b>370,801</b>
<b>Net cash provided by operating activities</b>	<b>\$ 495,896</b>	<b>\$ 492,025</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 79,836	\$ 89,051

The accompanying notes are an integral part of this financial statement.

**PARKVILLE WATER DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2024**

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**1. Summary of significant accounting policies**

Parkville Water District (the District) is organized under the provisions of Section 32-1-101 et seq., Colorado Revised Statutes (CRS). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASS) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

**Reporting entity**

The District is a Statutory, Single-Purpose, Special District governed by a five-member Board of Directors that are elected by the qualified voters in the District. The Board is accountable only to the voters and has no authority or influence over any other governmental entity. Likewise, the District is not financially dependent upon nor directly influenced by any other level of government. These financial statements reflect the operation of the District only.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

**Measurement focus, basis of accounting and financial statement presentation**

The accompanying financial statements are presented in accordance with GASB Statement No. 34. The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses, and changes in fund net position) report information on the business-type activities of the District, which rely to a significant extent on user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the business-type activities are supported by user fees.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District's operations are classified as an Enterprise fund that accounts for the acquisition, operation, and maintenance of activities that are similar to a business. The business-type fund

**PARKVILLE WATER DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2024**

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distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water. Operating expenses for the fund include water expenses, all revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

**Assets, liabilities, deferred inflows of resources, and net position**

**Cash and restricted cash**

For purposes of the statement of cash flows, the District considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

**Fair value of financial instruments**

The District's financial instruments include cash and investments, accounts receivable, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Inventory**

Inventory of pipe, fittings, and materials is valued at cost utilizing the first-in, first-out method. Inventory was determined based on a physical count at December 31, 2024 and 2023.

**Capital assets**

All purchased capital assets are recorded at cost, or estimated cost if actual cost is not available. Donated fixed assets are valued at their estimated fair market value at date of donation. Major capital outlays for capital assets and improvements are capitalized as projects are completed. The District capitalizes assets in excess of \$5,000.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 7 to 40 years.

### **Leases and Subscription-Based IT Arrangements**

Under GASB 87 and 96, the District recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

### **Long-term obligations**

Long-term obligations of the District consist of principal due on loans from the Colorado Water Conservation Board, Colorado Water Resources and Power Development Authority and a bank loan.

### **Net Position**

Net position is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

### **Budgetary information**

Budgets are adopted on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on capital debt are budgeted and recorded as expenditures. The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District's Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public notice is offered by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

## **2. Detailed notes concerning the funds**

### **Cash and cash equivalents**

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102

**PARKVILLE WATER DISTRICT**  
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percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, repay the public deposits to the depositing government. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Colorado Revised Statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2024, the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

As of December 31, 2024 and 2023, cash and investments consist of the following:

	<u>2024</u>	<u>2023</u>
Deposits with financial institutions	\$ 309,628	\$ 354,868
COLOTRUST	2,328,791	2,035,262
	<u>\$ 2,638,419</u>	<u>\$ 2,390,130</u>

**Restricted Cash**

Restricted Cash - Tabor Emergency Reserve at December 31, 2024 and 2023 of \$88,200 and \$94,000, respectively, represents funds required under Amendment No. 1, the "Tabor Amendment" passed by Colorado voters in November 1992, for "emergency reserves" and may be utilized only for declared emergencies which exclude economic conditions, revenue shortfalls, and district salary and fringe benefit increases.

Restricted Cash - Reserve Fund at December 31, 2024 and 2023 of \$500,351 and \$458,991, respectively, represents funds required for the loan agreement with Colorado Water Resources & Power Development Authority to maintain an operations and maintenance reserve in an amount equal to three months of operating expenses excluding depreciation.

**Investments**

The District is authorized by Colorado Statutes to invest in the following:

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

### **Interest Rate Risk**

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no investment policy that limits its investment choices other than the limitation of state law.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

### **Colostrust**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST EDGE, COLOTRUST PRIME and COLOTRUST PLUS+.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as 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. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. At December 31, 2024, the District had \$2,328,791 invested in COLOTRUST Plus+.

### **Receivables**

Accounts receivable primarily consist of user fees for water services earned as of December 31, 2024 and 2023. The District considers all receivables to be collectible at December 31, 2024 and 2023.

**PARKVILLE WATER DISTRICT**  
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**December 31, 2024**

**Changes in capital assets**

The changes in capital assets for the year ended December 31, 2024 are as follows:

	Balance January 1, 2024	Additions	Reclassifications	Deletions	Balance December 31, 2024
Capital assets being depreciated					
Supply	\$ 3,882,398	\$ --	\$ --	\$ --	\$ 3,882,398
Pumping Plant	286,979	261,397	13,103	--	561,479
Water Treatment	3,243,836	--	19,345	--	3,263,181
Transmission & Distribution	5,651,469	61,041	--	--	5,712,510
General Plant	5,258,951	211,605	--	--	5,470,556
Total capital assets being depreciated	18,323,633	534,043	32,448	--	18,890,124
Accumulated depreciation	(7,810,748)	(468,518)	--	--	(8,279,266)
Net capital assets	10,512,885	65,525	32,448	--	10,610,858
Non-depreciated assets:					
Construction in progress	32,448	72,682	(32,448)	--	72,682
Total net book value	\$ 10,545,333	\$ 138,207	\$ --	\$ --	\$ 10,683,540

**Long-term debt**

As of December 31, 2024 and 2023, the long-term debt of the District consisted of the following:

	2024	2023
<u>Colorado Water Resources &amp; Power Development Authority</u>		
On May 22, 2020 the District entered into a loan contract with the CWR & PDA from the State of Colorado Drinking Water Revolving Fund with an original amount of \$2,000,000 for the Water Treatment Plant Upgrade Project. On November 16, 2020, the loan was reduced to \$1,606,445, with the term of the loan for twenty years and an interest rate of 1.5%. The loan is payable semi-annually beginning November 1, 2020. The payment due on November 1, 2020 was \$9,676.72. The payment due on May 1, 2022 is \$47,448. The payment due on November 1, 2022 is \$47,456 and remains this amount for the life of the loan. The loan is secured by pledged revenues. The accrued interest payable at December 31, 2024 and 2023 is \$3,364 and \$6,821, respectively.	\$ 1,308,283	\$ 1,382,733
<u>Colorado Water Conservation Board (CWCB)</u>		
On January 12, 2012 the District entered into a loan contract with the Colorado Water Conservation Board (CWCB) with an original amount of \$1,838,200 for the Canterbury Tunnel Repair Project. The loan amount was reduced to \$ 1,026,371 on June 6, 2013. The loan is payable annually beginning February 1, 2014 for thirty years in the amount of \$59,355 including principal and interest at the rate of 4.00%. Revenues of the District are pledged in an amount sufficient to pay the annual amount due under the loan contract. Accrued interest payable is \$28,584 and \$29,577 at December 31, 2024 and 2023 respectively.	779,567	806,656
<u>Bank Loan</u>		
On August 21, 2023, the District entered into a loan contract with a bank with an original amount of \$580,000 to purchase a building. The loan is payable semi-annually beginning December 1, 2023 for twenty years in the amount of \$24,058 including principal and interest at a rate of 5.63%. Accrued interest payable is \$1,307 and \$1,326 at December 31, 2024 and 2023, respectively.	548,495	565,020
<b>Total Long-term Debt</b>	<b>\$ 2,636,345</b>	<b>\$ 2,754,409</b>

**PARKVILLE WATER DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2024**

Annual debt service requirements to maturity are as follows:

<b>Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Payment</b>
2025	\$ 81,173	\$ 121,211	\$ 202,384
2026	77,910	124,474	202,384
2027	74,529	127,855	202,384
2028	71,023	131,361	202,384
2029	67,387	134,997	202,384
2030-2034	276,198	734,497	1,010,695
2035-2039	163,296	848,625	1,011,921
2040-2043	39,788	413,324	453,112
<b>Total</b>	<b>\$ 851,303</b>	<b>\$ 2,636,345</b>	<b>\$ 3,487,648</b>

The following is an analysis of changes in long-term obligations for the year ended December 31, 2024.

	<b>Balance January 1, 2024</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance December 31, 2024</b>	<b>Due in One year</b>
CWR & PDA Loan	\$ 1,382,733	\$ --	\$ (74,450)	\$ 1,308,283	\$ 75,570
CWCB Loan	806,656	--	(27,089)	779,567	28,173
Bank Loan	565,020	--	(16,525)	548,495	17,468
<b>Total</b>	<b>\$ 2,754,409</b>	<b>\$ --</b>	<b>\$ (118,064)</b>	<b>\$ 2,636,345</b>	<b>\$ 121,211</b>

**Net position**

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

TABOR - the District has reserved a portion of fund balance for the TABOR emergency reserve - see footnote 3.

Drinking Water Revolving Fund Loan Reserve - fund balance has been reserved in accordance with the loan agreement to reflect three months of operating and maintenance expenses net of depreciation and interest expense.

Pledged Revenues Loan Reserve - fund balance has been reserved in accordance with the loan agreement to reflect the annual payment for the loan.

**3. Other information**

**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.

**PARKVILLE WATER DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2024**

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The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado.

The Pool is an organization created by intergovernmental agreement to provide property, liability, public official liability, and 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.

The District pays annual premiums to the Pool for property, general liability and public official's liability coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2024.

### **TABOR Amendment**

In November of 1992, Colorado voters approved Amendment 1 to the state Constitution which, is commonly known as The Taxpayer's Bill of Rights or the TABOR Amendment.

The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refunding to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as "Enterprises." The Parkville Water District does not qualify as an "Enterprise."

The amendment defined the District's year ending December 31, 1992, as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The District must refund revenue received in excess of the prior year's revenue to the voters, unless the voters were to approve retention of the excess revenue. The District placed a question on the November 1996, ballot that would permit the District to keep and spend all revenues from all sources in 1996 and subsequent years without limiting in any year the amount of other revenues that may be collected. The voters approved this ballot question.

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's spending. Conditions under which these reserves may be spent are severely limited.

The Parkville Water District, Leadville, Colorado, believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

## **4. Pension Plans**

### **Defined Contribution Plan (Money Purchase Pension Plan)**

Parkville Water District adopted a defined contribution plan, "Parkville Water District Money Purchase Pension Plan," effective August 1, 1995 for all of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. The District contributes an amount equal to 8.05% of the employee's base salary each month. The District's contributions for each employee are vested immediately. The plan is administered through Lincoln Trust.

**PARKVILLE WATER DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2024**

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The District's total payroll for 2024 and 2023 was \$815,155 and \$675,082, respectively. The District's contributions were calculated using the eligible base salary amount of \$609,789 for 2024 and \$576,584 for 2023. The total cost to the District in 2024 and 2023 was \$49,088 and \$46,415, respectively, excluding administration fees.

**Deferred Compensation Plan**

Parkville Water District adopted a deferred compensation plan effective August 1, 1995, created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all Parkville Water District employees. Employees defer a portion of their salary until future years. Deferred compensation is available to employees upon termination, retirement, death, or financial hardship. The District is the trustee for a trust established pursuant to IRC 457(g) which is an irrevocable trust. The trust provides that to the extent required by IRC 457(g), the plan trustee has no power to use or divest any part of the plan's trust assets or income other than for the exclusive benefit of the participants and their beneficiaries under the plan.

**5. Grants**

During 2022, the District was awarded two reimbursable grants from Colorado Department of Local Affairs for a total of \$822,150. As of December 31, 2023 the District met the eligibility requirements and as such, recorded a total of \$372,578, of this grant as revenue. This was the remainder of the reimbursable grant.

During 2024, the District was awarded one reimbursable grant from Colorado Department of Local Affairs for a total of \$1,000,000. As of December 31, 2024, the District met the eligibility requirements and as such, recorded a total of \$24,509, of this grant as revenue.

**6. Subsequent Events**

Events occurring subsequent to the statement of net position date have been evaluated for financial statement impact or disclosure through the date the financial statements were available to be issued.

**PARKVILLE WATER DISTRICT**  
**Schedule of Revenues, Expenses and Changes in Net Position -**  
**Budget (Non - US GAAP Basis) and Actual**  
**For the year ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
<b>Sales of Water:</b>				
Bulk water	\$ 2,500	\$ 2,500	\$ 6,673	\$ 4,173
Unmetered	2,300	2,300	1,856	(444)
Metered residential	1,433,250	1,433,250	1,597,474	164,224
Metered commercial	525,000	525,000	513,129	(11,871)
Standby fees	77,000	77,000	76,477	(523)
Sales to public authorities	110,000	110,000	117,472	7,472
<b>Other Revenue:</b>				
Miscellaneous service revenue	50,000	50,000	149,887	99,887
Grant income/loan proceeds	310,000	1,310,000	24,509	(1,285,491)
Unappropriated funds	253,950	1,429,781	--	(1,429,781)
<b>Total revenue</b>	<b>2,764,000</b>	<b>4,939,831</b>	<b>2,487,477</b>	<b>(2,452,354)</b>
<b>Expenditures:</b>				
Source of supply	10,000	10,000	12,575	2,575
Power & pumping	126,000	126,000	70,376	(55,624)
Water treatment	252,000	252,000	216,615	(35,385)
Transmission & distribution	800,500	800,500	817,979	17,479
Equipment maintenance	80,000	80,000	81,437	1,437
Business office	386,800	386,800	371,310	(15,490)
Employee benefits	286,500	286,500	320,035	33,535
Outside services & other	136,000	136,000	111,077	(24,923)
Interest expense	--	--	79,836	79,836
Capital outlay	705,000	2,880,831	606,726	(2,274,105)
<b>Total expenditures</b>	<b>2,782,800</b>	<b>4,958,631</b>	<b>2,687,966</b>	<b>(2,270,665)</b>
<b>Non-Operating Revenues:</b>				
Plant investment fee	177,000	177,000	327,000	150,000
Interest income	15,000	15,000	115,473	100,473
Other non-operating revenue	30,000	30,000	10,200	(19,800)
<b>Total non-operating revenues</b>	<b>222,000</b>	<b>222,000</b>	<b>452,673</b>	<b>230,673</b>
<b>Debt service:</b>				
Loan principal	203,200	203,200	118,064	(85,136)
<b>Total debt service</b>	<b>203,200</b>	<b>203,200</b>	<b>118,064</b>	<b>(85,136)</b>
<b>Net income - non - US GAAP budgetary basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 134,120</b>	<b>\$ 134,120</b>
<b>Adjustments to US GAAP basis:</b>				
Waste water revolving loan principal			118,064	
Capital outlay - capitalized			606,726	
Depreciation expense			(468,518)	
<b>Total adjustments to US GAAP basis</b>			<b>256,272</b>	
<b>Net income - US GAAP basis</b>			<b>\$ 390,392</b>	

The accompanying notes are an integral part of this financial statement.