

**PINE BROOK WATER DISTRICT
Boulder, CO**

**FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pine Brook Water District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Pine Brook Water District as of and for the years ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pine Brook Water District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pine Brook 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.

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; this includes 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 Pine Brook 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 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, including omissions, 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.

PO Box 1576
Fort Collins, CO 80522

Green & Associates • LLC

PHONE (720) 839-6458
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of 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 Pine Brook 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 Pine Brook 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 and the Budgetary Comparison Schedule – General Fund, as listed in the table of contents, 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 Pine Brook Water District's basic financial statements. The budgetary comparison schedule – Water Fund, as listed in the table of contents, 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 our opinion, the Budgetary Comparison Schedule – Water Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, Colorado

March 20, 2025

Management's Discussion and Analysis

Pine Brook Water District

Management's Discussion and Analysis

Introduction:

Pine Brook Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Important notes are that;

1. The Pine Brook Water District did not amend the budget in 2024.
2. The Pine Brook Water District considers its water operations as an Enterprise Fund since it is funded by water sales, the district also operates a governmental fund which property taxes are used to fund the debt service.

Because this discussion and analysis is intended to focus on the 2024 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District:

This management discussion and analysis ("MD&A") is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal period (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government. The business-type activities of the District include water operations

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The governmental funds statements provide a detailed short-term view of governmental fund operations and the basic services it provides. These statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between governmental activities reported in the statement of net position and the statement of activities and governmental funds are described in the accompanying reconciliations. The basic governmental fund financial statements can be in the following report as listed in the table of contents.

Proprietary funds. The District maintains one type of proprietary fund, enterprise fund. The District uses enterprise funds to account for its water operations.

The proprietary fund is prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operating of the District are included in the statement of net position. The basic proprietary funds financial statements can be in the following report as listed in the table of contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the following report as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the District's budget comparison schedule for enterprise funds.

Financial Analysis

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related accumulated depreciation and debt used to acquire those assets that is still outstanding. The District

uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. Our analysis below focuses on the net position of the District's governmental and business-type activities.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 426,924	\$ 415,188	\$ 999,052	\$ 757,354	\$ 1,425,976	\$ 1,172,542
Capital Assets	4,275,363	4,328,745	5,766,410	4,507,176	10,041,773	8,835,921
Total Assets	<u>4,702,287</u>	<u>4,743,933</u>	<u>6,765,462</u>	<u>5,264,530</u>	<u>11,467,749</u>	<u>10,008,463</u>
Current Liabilities	314,728	281,900	284,853	84,249	599,581	366,149
Long Term Liabilities	1,186,223	1,493,610	1,434,304	143,092	2,620,527	1,636,702
Total Liabilities	<u>1,500,951</u>	<u>1,775,510</u>	<u>1,719,157</u>	<u>227,341</u>	<u>3,220,108</u>	<u>2,002,851</u>
Deferred Inflows of	<u>330,000</u>	<u>331,064</u>	<u>-</u>	<u>-</u>	<u>330,000</u>	<u>331,064</u>
Net Position						
Net investment in capital	2,781,753	2,561,919	4,233,394	4,320,753	7,015,147	6,882,672
Restricted	89,583	75,440	-	-	89,583	75,440
Unrestricted	-	-	812,911	716,616	812,911	716,616
Total Net Position	<u>\$ 2,871,336</u>	<u>\$ 2,637,359</u>	<u>\$ 5,046,305</u>	<u>\$ 5,037,369</u>	<u>\$ 7,917,641</u>	<u>\$ 7,674,728</u>

The restricted portion of net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

Condensed Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Program Expenses	\$ 109,831	\$ 115,945	\$ 869,496	\$ 884,968	\$ 979,327	\$ 1,000,913
Program Revenues	-	-	813,114	796,119	813,114	796,119
Net Program Expense (Revenue)	<u>109,831</u>	<u>115,945</u>	<u>56,382</u>	<u>88,849</u>	<u>166,213</u>	<u>204,794</u>
General Revenues	343,808	346,742	65,318	61,071	409,126	407,813
Change in Net Position	<u>233,977</u>	<u>230,797</u>	<u>8,936</u>	<u>(27,778)</u>	<u>242,913</u>	<u>203,019</u>
Net Position, Beginning of Year	2,637,359	2,406,562	5,037,369	5,065,147	7,674,728	7,471,709
Net Position, End of Year	<u>\$ 2,871,336</u>	<u>\$ 2,637,359</u>	<u>\$ 5,046,305</u>	<u>\$ 5,037,369</u>	<u>\$ 7,917,641</u>	<u>\$ 7,674,728</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results:

Net position increased in 2024 by \$242,913 This is the result of the net program expenses of \$166,213, plus general revenues of \$409,126. The main driver of the increase is higher water sales which were offset by higher costs of maintenance to the

system. Property taxes collected for debt service is the main factor in the change in net position. Unrestricted cash, cash equivalents, and investments of the District at December 31, 2024, totaled \$808,378. The increase in net position is primarily related to an increase in revenues and conservative spending.

Operating revenues for the water fund were \$813,114 which was offset by operating expenses of \$839,876. The primary drivers of these expenses are depreciation, sludge disposal, employee costs, and routine maintenance costs.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2024, totaled \$10,041,773 which is an increase over the prior year. Operating loss for 2024 was (\$166,213). Net non-operating revenues for 2024 were \$409,126. For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 6.

General Fund – At the end of the year the General Fund had a fund balance of \$96,924 which was an increase of \$12,800 due to taxes received exceeding the debt service requirement.

Actual budgetary basis revenues in 2024 for the general fund were \$1,256 less than the final budgeted revenues for the District. Actual revenues for the water fund were \$88,503 less than budget due to lower water sales and tap fees.

The District's actual expenditures for the general fund in 2024 were \$56 less than the final budgeted expenditures. The actual expenditures for the water fund were \$338,047 less than budget. This is principally due to lower-than-expected capital outlay. For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, in the accompanying audited financial statements.

Capital Asset and Long Term Debt Activity:

The District had capital spending in 2024 of \$1,461,435. For more information about the District's capital assets see the related Notes to Financial Statements. The District disposed of multiple assets during the year that were no longer in service and sold two pieces of equipment that were substantially depreciated.

Long-Term Debt:

The district entered into a loan with the State Revolving Fund for the rehabilitation of infrastructure. The remaining activity relating to long term debt in 2024 was scheduled principal and interest payments. For a complete description see Note 5 in the accompanying financial statements.

Other:

There are no currently known facts, decisions, or conditions, which are expected to or may likely have a significant effect on the financial condition and results of operation in subsequent reporting periods.

Requests for Information. This financial report is designed to provide a general overview of Pine Brook Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at 1903 Linden Drive, Boulder, CO 80304.

Basic Financial Statements

Pine Brook Water District
Statement of Net Position
December 31, 2024

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 95,517	\$ 712,861	\$ 808,378
Cash at County Treasurer	1,407	-	1,407
Accounts receivable	-	68,665	68,665
Loan proceeds receivable	-	177,981	177,981
Property taxes receivable	330,000	-	330,000
Prepaid expenses	-	39,545	39,545
Total Current Assets	<u>426,924</u>	<u>999,052</u>	<u>1,425,976</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	-	2,044,350	2,044,350
Depreciable	5,284,824	7,521,913	12,806,737
Total Capital Assets	<u>5,284,824</u>	<u>9,566,263</u>	<u>14,851,087</u>
Less accumulated depreciation	<u>(1,009,461)</u>	<u>(3,799,853)</u>	<u>(4,809,314)</u>
Net Capital Assets	<u>4,275,363</u>	<u>5,766,410</u>	<u>10,041,773</u>
Total Noncurrent Assets	<u>4,275,363</u>	<u>5,766,410</u>	<u>10,041,773</u>
Total Assets	<u>4,702,287</u>	<u>6,765,462</u>	<u>11,467,749</u>
Liabilities			
Current Liabilities			
Accounts payable	-	151,386	151,386
Compensated absences	-	5,517	5,517
Other accrued liabilities	-	10,203	10,203
Unearned revenue	-	11,087	11,087
Accrued interest payable	7,341	7,948	15,289
Long-term debt - current portion	281,385	98,712	380,097
Total Current Liabilities	<u>288,726</u>	<u>284,853</u>	<u>573,579</u>
Noncurrent Liabilities			
Long-term debt	1,212,225	1,434,304	2,646,529
Total Long Term Liabilities	<u>1,212,225</u>	<u>1,434,304</u>	<u>2,646,529</u>
Total Liabilities	<u>1,500,951</u>	<u>1,719,157</u>	<u>3,220,108</u>
Deferred Inflows of Resources			
Deferred property taxes	330,000	-	330,000
Total Deferred Inflows of Resources	<u>330,000</u>	<u>-</u>	<u>330,000</u>
Net Position			
Net Investment in capital assets	2,781,753	4,233,394	7,015,147
Restricted - debt service	89,583	-	89,583
Unrestricted	-	812,911	812,911
Total Net Position	<u>\$ 2,871,336</u>	<u>\$ 5,046,305</u>	<u>\$ 7,917,641</u>

The accompanying notes are an integral part of these financial statements

**Pine Brook Water District
Statement of Activities
For the Year Ended December 31, 2024**

Functions / Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government					
Governmental activities:					
General government	\$ 109,831	\$ -	\$ -	\$ -	\$ (109,831)
Total Governmental Activities	<u>109,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,831)</u>
Business-type activities:					
Water operations	869,496	813,114	-	-	(56,382)
Total Business-Type Activities	<u>869,496</u>	<u>813,114</u>	<u>-</u>	<u>-</u>	<u>(56,382)</u>
TOTAL PRIMARY GOVERNMENT	\$ 979,327	\$ 813,114	\$ -	\$ -	(166,213)
General Revenues					
Property taxes					330,965
Specific ownership taxes					12,843
Investment income					27,753
Gain on sale of assets					16,924
Other					20,641
Total General Revenues					<u>343,808</u>
Change in Net Position					233,977
Net Position - Beginning					2,637,359
Net Position - Ending					\$ 2,871,336
					\$ 5,046,305
					\$ 7,917,641

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

**Pine Brook Water District
Balance Sheet
Governmental Fund
December 31, 2024**

	General Fund
Assets	
Cash and cash equivalents	\$ 95,517
Cash at county treasurer	1,407
Property taxes receivable	330,000
Total Assets	\$ 426,924
Deferred Inflows of Resources	
Deferred property taxes	\$ 330,000
Total Deferred Inflows of Resources	330,000
Fund Balance	
Restricted	96,924
Total Fund Balance	96,924
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 426,924

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 96,924
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets	5,284,824
Accumulated depreciation	(1,009,461)
Long-term debt and the accrued interest are not a current financial resource and, therefore, are not reported in the funds.	
	(1,500,951)
Net position of governmental activities	\$ 2,871,336

The accompanying notes are an integral part of these financial statements

Pine Brook Water District
Statement of Revenues, Expenditures and Change in Fund Balances
Governmental Fund
For the Year Ended December 31, 2024

	General Fund
Revenues	
Property taxes	\$ 330,965
Specific ownership taxes	12,843
Total Revenues	343,808
Expenditures	
County Treasurer fees	4,964
Debt Service:	
Principal	273,216
Interest	52,828
Total Expenditures	331,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,800
Fund Balance, Beginning	84,124
Fund Balance, Ending	\$ 96,924

Amounts reported for governmental activities in the statement of activities are different because:

Net change in Fund Balances - total governmental funds	\$ 12,800
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities	
Depreciation	(53,382)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Principal payments on bonds are reported as expenditures on governmental funds but reduce the amount of the liability on the statement of net position.	1,343
	273,216
Change in net position - governmental activities	\$ 233,977

The accompanying notes are an integral part of these financial statements

**Pine Brook Water District
Statement of Net Position
Proprietary Fund
December 31, 2024**

Assets

Current Assets

Cash and cash equivalents - unrestricted	\$ 712,861
Accounts receivable	68,665
Loan proceeds receivable	177,981
Prepaid expenses	39,545
Total Current Assets	999,052

Noncurrent Assets

Capital Assets

Nondepreciable	2,044,350
Depreciable	7,521,913
Total Capital Assets	9,566,263
Less accumulated depreciation	(3,799,853)
Net Capital Assets	5,766,410

Total Noncurrent Assets	5,766,410
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Total Assets	6,765,462
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Liabilities

Current Liabilities

Accounts payable	151,386
Compensated absences	5,517
Other accrued liabilities	10,203
Unearned revenue	11,087
Accrued interest payable	7,948
Notes payable - current portion	98,712
Total Current Liabilities	284,853

Long Term Liabilities

Notes payable	1,434,304
Total Long Term Liabilities	1,434,304
Total Liabilities	1,719,157

Net Position

Investment in capital assets	4,233,394
Unrestricted	812,911
Total Net Position	\$ 5,046,305

The accompanying notes are an integral part of these financial statements

Pine Brook Water District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2024

Operating Revenues	
Water sales	\$ 813,114
Total Operating Revenues	813,114
 Operating Expenses	
Administrative and general	111,266
Water operating expenses	205,736
Employee and benefit costs	321,749
Depreciation and amortization	201,125
Total Operating Expenses	839,876
Operating Loss	(26,762)
 Nonoperating Revenues (Expenses)	
Investment income	27,753
Donations	10,000
Miscellaneous income	10,641
Gain on sales of assets	16,924
Interest expense and related fees	(29,620)
Total Nonoperating Revenues (Expenses)	35,698
Change in Net Position	8,936
Net Position, beginning of year	5,037,369
Net Position, end of year	\$ 5,046,305

The accompanying notes are an integral part of these financial statements

**Pine Brook Water District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024**

Cash Flows From Operating Activities

Cash received from customers	\$ 808,180
Cash paid to suppliers	(199,578)
Cash paid to employees	(296,022)
Net cash provided (used) by operating activities	312,580

Cash Flows From Non-Capital Financing Activities

Donations	10,000
Grant proceeds	33,136
Miscellaneous income	10,641
Net cash provided (used) by non-capital financing activities	53,777

Cash Flows From Capital And Related Financing Activities

Acquisitions and construction of capital assets	(1,461,435)
Proceeds from sale of capital assets	18,000
Proceeds from issuance of long-term debt	1,229,669
Principal paid on long-term debt	(61,057)
Interest paid on long-term debt	(23,097)
Net cash provided (used) in capital and related financing activities	(297,920)

Cash Flows From Investing Activities

Investment income received	27,753
Net cash provided (used) by investing activities	27,753

Net increase (decrease) in cash and cash equivalents

96,190

Cash and cash equivalents, beginning of year

616,671

Cash and cash equivalents, end of year

\$ 712,861

**Reconciliation of Operating Income (Loss) to Net
Cash Provided (Used) by Operating Activities**

Operating Loss \$ (26,762)

Adjustments to reconcile operating loss to
cash provided / (used) by operating activities

Depreciation and amortization	201,125
Allowance for bad debt	11,997
Changes in assets and liabilities	
Accounts receivable	(4,934)
Prepaid expenses	(7,546)
Accounts payable	128,916
Deferred revenue	11,087
Other accrued liabilities	(1,303)
Net Cash Provided (Used) by Operating Activities	\$ 312,580

The accompanying notes are an integral part of these financial statements

Pine Brook Water District
Notes to Financial Statements
December 31, 2024

Note 1 Summary of Significant Accounting Policies

Pine Brook Water District is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water services within its jurisdictional boundaries.

The financial statements of the Pine Brook Water District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District follows all pronouncement issued by GASB. The significant accounting policies are described below.

Financial Reporting Entity

In accordance with governmental accounting standards, the Pine Brook Water District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability and financial benefits or burdens.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental and business-type activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the primary government activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each function is self-financing or draws from the general revenue of the District.

Fund Accounting

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

The accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. In the fund financial statements, the District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial activities except those required to be accounted for in another fund.

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be recovered primarily through user charges. The District reports the following major enterprise funds:

Water Fund – The Water Fund accounts for the costs related to providing water services to the District.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Change in Fund Balances.

The Statement of Revenues, Expenditures, and Change in Fund Balances reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Proprietary funds, which include enterprise funds, are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities

Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted; and unrestricted.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15.

Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Allowance for Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the property owners for water services, and the District has the ability to place liens on the property.

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed once a month on 30 day cycles.

Prepaid Expense

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

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

**Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024**

Note 1 Summary of Significant Accounting Policies (Continued)

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Expenditures for maintenance and repairs are charge to operations as incurred. Property replacements and improvements which extend the lives of assets are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. Property and equipment of the District is depreciated using the straight line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Reservoir	100 years
Water systems	5-60 years
Firehouse	10-40 years
Meter-read equipment	7 years
Transportation	5-10 years
Office Equipment	3-7 years

Accrued vacation and sick pay - In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability. The net change in compensated absences was \$1,810 for the year ended.

Deferred Inflows of Resources

Deferred inflows of resources include property taxes, which have been certified but not yet collected.

Net position

Equity is classified as net position and displayed in three components:

- a. 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.
- b. 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. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance

Nonspendable - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$0 at December 31, 2024.

Restricted – Restricted fund balances include those that can only be used for specific purposes due to contractual requirements or enabling legislation. At December 31, 2024 the District had \$96,924 restricted fund balances for debt service.

Committed- Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The committed fund balance was \$0 as of December 31, 2024.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2024, the assigned fund balance was \$0.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

The District has not adopted fund balance policies; therefore, the District follows the guidance in accordance with GASB 54 and apply resources in the following order: restricted, committed, assigned and unassigned.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows). In accordance with GASB 65 the District changed the reporting of debt issuance costs. The District now reports such costs as an outflow of resources in the period they are incurred and not as an amortizable asset.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition.

Use of Estimates in the Preparation of Financial Statements

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 and disclosures. Accordingly, actual results could differ from those estimates.

Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2024 the District's cash deposits had a carrying balance of \$219,511 and a corresponding bank balance of \$195,059, respectively. The balance on deposit was insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had \$0 collateralized under PDPA at December 31, 2024.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-1-1, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. As of December 31, 2024 none of the District's deposits were exposed to custodial credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing 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 arising from increasing interest rates.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

**Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024**

Note 2 Cash and Investments (Continued)

The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), established for Colorado local governments surplus fund pooling. The pool is regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. C-SAFE is a 2a7-like investment pools and is rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. CSAFE is valued at amortized cost. There are no limitations on withdrawals. The redemption frequency is daily and there is no redemption notice period. At December 31, 2023 the District had \$513,382 invested in CSAFE.

A summary of cash and investments at December 31, 2024, is as follows:

Cash deposits	\$ 219,511
CSAFE	513,382
Money markets	<u>75,485</u>
Total cash and cash equivalents	<u>\$ 808,378</u>

The money market account was not rated as of December 31, 2024.

Note 3 Accounts Receivable

Accounts receivable at December 31, 2024, was comprised of the following:

Water customers	\$ 67,454
Other receivables	1,211
Less: Allowance for doubtful accounts	-
Net receivables	<u>\$ 68,665</u>

Note 4 Capital Assets

A summary of changes to capital assets for 2024 is as follows:

Governmental Activities	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Depreciable				
Reservoir	\$ 5,284,824	\$ -	\$ -	\$ 5,284,824
TOTAL	<u>5,284,824</u>	<u>-</u>	<u>-</u>	<u>5,284,824</u>
Less Accumulated Depreciation	<u>(956,079)</u>	<u>(53,382)</u>	<u>-</u>	<u>(1,009,461)</u>
Net Capital Assets	<u>\$ 9,436,432</u>	<u>\$ (53,382)</u>	<u>\$ -</u>	<u>\$ 4,275,363</u>

Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024

Note 4 Capital Assets (Continued)

Business- Type Activities	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Water rights	\$ 616,571	\$ -	\$ -	\$ 616,571
Construction in progress	65,373	1,362,406	-	1,427,779
Total Nondepreciable	<u>681,944</u>	<u>1,362,406</u>	<u>-</u>	<u>2,044,350</u>
Depreciable				
Water systems	7,105,027	32,529	-	7,137,556
Firehouse	143,189	-	-	143,189
Equipment	35,466	-	(930)	34,536
Transportation	161,587	66,500	(21,455)	206,632
Total Depreciable	<u>7,445,269</u>	<u>99,029</u>	<u>(22,385)</u>	<u>7,521,913</u>
TOTAL	<u>8,127,213</u>	<u>1,461,435</u>	<u>(22,385)</u>	<u>9,566,263</u>
Less Accumulated Depreciation	<u>(3,620,037)</u>	<u>(201,125)</u>	<u>21,309</u>	<u>(3,799,853)</u>
Net Capital Assets	<u>\$ 4,507,176</u>	<u>\$ 1,260,310</u>	<u>\$ (1,076)</u>	<u>\$ 5,766,410</u>

Note 5 Long-term Debt

The District's long-term debt is as follows:

On May 23, 2008, the District issued an Enterprise Revenue Note Series 2008 in the amount of \$685,039. The note is a limited and special obligation of the District payable from all legally available revenues of the District from operations. The note is a twenty-year obligation, which accrues interest at 4.65%, and is payable annually in the amount of \$52,000 principal and interest beginning November 1, 2008.

On December 5, 2013 the District issued a general obligation bond in the amount of \$4,140,000. The proceeds of the bonds were used for refunding of the 2004 series general obligation bonds. The interest rate on the bonds is 2.99% and the final bond payment is due August 1, 2029. The District is authorized to collect up to \$420,000 annually for the purpose of paying the costs of the District debt issued for the bonds. The mill levy shall be increased in any year without limitation as to rate, but only in an amount sufficient to pay the principal and interest of such debt.

On June 28, 2024 the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority under the Drinking Water Revolving Loan Fund in the amount of \$1,407,650. The note is a twenty-year obligation, which accrues interest at 3.00%, and is payable semi-annually in the amount of \$47,333 principal and interest beginning November 1, 2024. The full amount of the loan was recorded at the date of execution per the terms of the loan agreement and a corresponding receivable for unspent draws was established. As of December 31, 2024 the District had \$177,981 remaining to be drawn.

Changes in Long-term Debt during 2024 were as follows:

**Pine Brook Water District
Notes to Financial Statements (Continued)
December 31, 2024**

Note 5 Long-term Debt (Continued)

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental Activities					
2013 Series Bond	1,766,826	-	273,216	1,493,610	281,385
Total Long-term Debt	<u>\$ 1,766,826</u>	<u>\$ -</u>	<u>\$ 273,216</u>	<u>\$ 1,493,610</u>	<u>\$ 281,385</u>
	Balance			Balance	Due Within
	12/31/2023	Additions	Reductions	12/31/2024	One Year
Business-Type Activities					
2008 revenue note	\$ 186,423	\$ -	\$ 43,332	\$ 143,091	\$ 45,346
2024 CWRPDA	-	1,407,650	17,725	1,389,925	53,366
Total Long-term Debt	<u>\$ 186,423</u>	<u>\$ 1,407,650</u>	<u>\$ 61,057</u>	<u>\$ 1,533,016</u>	<u>\$ 98,712</u>

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2025	\$ 380,097	\$ 92,613	\$ 472,710
2026	392,232	80,478	472,710
2027	404,765	67,945	472,710
2028	365,740	54,970	420,710
2029	376,695	44,016	420,711
2030-2034	328,963	144,371	473,334
2035-2039	381,775	91,559	473,334
2040-2044	396,359	30,269	426,628
Total	<u>\$ 3,026,626</u>	<u>\$ 606,221</u>	<u>\$ 3,632,847</u>

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Pine Brook Water District
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 331,064	\$ 330,965	\$ (99)
Specific ownership taxes	14,000	12,843	(1,157)
Total Revenues	<u>345,064</u>	<u>343,808</u>	<u>(1,256)</u>
Expenditures and Transfers Out			
Debt Service	326,064	326,044	20
County Treasurer fees	5,000	4,964	36
Total Expenditures and Transfers Out	<u>331,064</u>	<u>331,008</u>	<u>56</u>
Net Change in Fund Balance	<u>\$ 14,000</u>	12,800	<u>\$ (1,200)</u>
Fund Balance, Beginning		<u>84,124</u>	
Fund Balance, Ending		<u>\$ 96,924</u>	

See the accompanying Independent Auditor's report

OTHER SUPPLEMENTARY INFORMATION

**Pine Brook Water District
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2024**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water sales	900,000	\$ 813,114	\$ (86,886)
Investment income	25,000	27,753	2,753
Tap fees	40,000	-	(40,000)
Loan proceeds	1,407,650	1,407,650	-
Gain on sale of assets	-	16,924	16,924
Other income	1,935	20,641	18,706
Total Revenues	<u>2,374,585</u>	<u>2,286,082</u>	<u>(88,503)</u>
Expenses			
Administrative and general	88,800	111,266	(22,466)
Water operating expenses	227,500	205,736	21,764
Employee and benefit costs	347,198	321,749	25,449
Debt Service and related expenditures	99,000	90,677	8,323
Capital expenditures	1,766,412	1,461,435	304,977
Total Expenses	<u>2,528,910</u>	<u>2,190,863</u>	<u>338,047</u>
Revenues Over (Under) Expenditures - Budgetary Basis	<u>\$ (154,325)</u>	<u>95,219</u>	<u>\$ 249,544</u>
Depreciation and amortization		(201,125)	
Loan proceeds		(1,407,650)	
Principal payments		61,057	
Capital outlay		1,461,435	
Net Income GAAP Basis		<u>\$ 8,936</u>	

See the accompanying Independent Auditor's report