

STRATMOOR HILLS WATER DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
With Independent Auditors' Report

December 31, 2024 and 2023

**STRATMOOR HILLS WATER DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stratmoor Hills Water District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Stratmoor Hills Water District, which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stratmoor Hills Water District, as of December 31, 2024 and 2023, and the changes in its net position and its cash flows for the years 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. 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 the Stratmoor Hills 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stratmoor Hills 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stratmoor Hills 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 the Stratmoor Hills 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 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 an opinion on the financial statements as a whole. The accompanying supplementary information 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
September 29, 2025

STRATMOOR HILLS WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2024

As management of Stratmoor Hills Water District (the District) we offer readers of the District’s annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The District’s assets of \$9,863,754 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,060,405 (*net position*). Of this amount, \$2,068,351 represents unrestricted net position, which may be used to meet the District’s ongoing obligations.
- The District’s total net position increased during the year by \$87,609.
- Capital assets net of depreciation decreased \$314,499 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of the following components: (1) Statement of Net Position, (2) Statement of Revenue, Expenses and Changes in Fund Net Position, (3) Statement of Cash Flows, and (4) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Statement of Net Position - This statement reports all financial and capital resources (assets), obligations (liabilities), and deferred inflows and outflows. The difference between assets, liabilities, and deferred inflows and outflows is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

Statement of Revenue, Expenses and Changes in Fund Net Position - All revenue and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the District’s rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, non-capital financing, capital and related financing, and investing activities.

OVERALL FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2024, the District's assets exceeded liabilities and deferred inflows of resources by \$6,060,405 resulting in a positive net position. The following reflects key financial information in a condensed format:

Condensed Statements of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 3,259,800	\$ 3,033,923
Capital assets, net	<u>6,603,954</u>	<u>6,918,453</u>
Total assets	<u>9,863,754</u>	<u>9,952,376</u>
Long-term liabilities	2,515,616	2,611,900
Other liabilities	<u>317,649</u>	<u>373,090</u>
Total liabilities	<u>2,833,265</u>	<u>2,984,990</u>
Deferred inflows of resources		
Deferred lease revenue	<u>970,084</u>	<u>994,590</u>
Net position:		
Investment in capital assets	3,992,054	4,210,748
Unrestricted	<u>2,068,351</u>	<u>1,762,048</u>
Total net position	<u>\$ 6,060,405</u>	<u>\$ 5,972,796</u>

Unrestricted net position of the District at the end of the year was \$2,068,351, a \$306,303 increase from the prior year.

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 2,384,478	\$ 2,239,991
Operating expenses	<u>(2,744,380)</u>	<u>(2,373,310)</u>
Operating income (loss)	(359,902)	(133,319)
Non-operating revenue and expenses, net	<u>174,082</u>	<u>115,569</u>
Income (loss) before contributions	(185,820)	(17,750)
Capital contributions	<u>273,429</u>	<u>194,867</u>
Change in net position	87,609	177,117
Net position, beginning, as restated	<u>5,972,796</u>	<u>5,795,679</u>
Net position, ending	<u>\$ 6,060,405</u>	<u>\$ 5,972,796</u>

BUDGETARY HIGHLIGHTS

The District’s budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- Water sales came in \$81,937 less than anticipated in 2024 due primarily to lower usage during the year.
- Operating expenses were \$66,430 more than anticipated in 2024. Most significant reasons for this were higher personnel costs and higher maintenance expenses than planned.
- Capital outlays were \$1,548,824 less than anticipated in 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets as of December 31, 2024 amounts to \$6,603,954. This investment in capital assets includes land and easements, water rights, plant, office building, equipment and vehicles, and construction in progress.

	<u>2024</u>	<u>2023</u>
Capital assets, not being depreciated	\$ 515,612	\$ 486,410
Capital assets, being depreciated	9,986,466	9,990,345
Less accumulated depreciation	<u>(3,898,24)</u>	<u>(3,558,302)</u>
Total capital assets, net	<u>\$ 6,603,954</u>	<u>\$ 6,918,453</u>

Long-Term Debt

At December 31, 2024, the District had a \$2,611,900 remaining principal balance on its Drinking Water Revolving Fund loan for the construction of its water treatment plant. The District paid debt payments in compliance with debt agreements.

ECONOMIC FACTORS AND OUTLOOK

Budgetary Highlights – Water assessments and tap fees increased in 2024. The District increased water rates by 3% across the board for water services. The District also received ARPA grant funding for the design of a Colorado Springs Utilities interconnect. Construction of the interconnect began in 2024, and will also be paid for using ARPA Grant funding.

Economic and Environmental Factors – More stringent drinking water regulations and water delivery expenses will continue to drive up the costs for providing drinking water. The District is committed to providing the necessary treatment to improve water quality and the District utilizing the treatment facility for PFAS removal.

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers, creditors and other financial users with a general overview of the District's finances. If you have questions about this report or need additional financial information, please contact the District's Manager, Darren Adame at 719-576-0311 or 1811 B Street, Colorado Springs, CO 80906.

BASIC FINANCIAL STATEMENTS

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,426,692	\$ 1,665,580
Accounts receivable, users	300,347	221,722
Accounts receivable, Air Force	33,154	14,870
Accounts receivable, other	-	416
Lease receivable	970,084	994,590
Inventory	148,730	136,745
Prepaid expenses	380,793	-
Total current assets	3,259,800	3,033,923
Noncurrent assets:		
Capital assets, not being depreciated	515,612	486,410
Capital assets being depreciated, net	6,088,342	6,432,043
Total noncurrent assets	6,603,954	6,918,453
Total assets	9,863,754	9,952,376
LIABILITIES		
Current liabilities:		
Accounts payable, trade	35,684	29,736
Accounts payable, Stratmoor Hills Sanitation District	105,159	163,176
Accrued interest	2,177	2,256
Escrow deposits	4,561	4,561
Payroll taxes payable	12,021	3,152
Compensated absences	35,918	23,515
Customer deposits	25,845	27,490
Unearned revenue, rent	-	23,399
Current portion, notes payable	96,284	95,805
Total current liabilities	317,649	373,090
Noncurrent liabilities:		
Notes payable, less current portion	2,515,616	2,611,900
Total liabilities	2,833,265	2,984,990
DEFERRED INFLOWS OF RESOURCES		
Deferred lease revenue	970,084	994,590
NET POSITION		
Net investment in capital assets	3,992,054	4,210,748
Unrestricted	2,068,351	1,762,048
Total net position	\$ 6,060,405	\$ 5,972,796

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

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Water sales	\$ 1,685,563	\$ 1,544,730
Water lease income	46,980	30,954
Maintenance contract income	420,000	420,000
Billing fees	186,778	177,980
Late fees	43,875	42,585
Other income	1,282	23,742
	2,384,478	2,239,991
OPERATING EXPENSES		
Water operations	2,122,023	1,750,268
General administration	279,069	256,544
Depreciation	343,288	366,498
	2,744,380	2,373,310
Total operating expenses	2,744,380	2,373,310
Operating income (loss)	(359,902)	(133,319)
NON-OPERATING REVENUE (EXPENSES)		
Investment income	77,922	59,994
Rental income	75,499	69,277
Grants	37,840	59,791
Interest expense	(13,339)	(13,817)
Fountain Valley Authority debt service	(3,427)	(5,533)
Gain (loss) on disposal of fixed assets	(413)	(54,143)
	174,082	115,569
Total non-operating revenue (expenses)	174,082	115,569
Income (loss) before capital contributions	(185,820)	(17,750)
Capital contributions - tap fees	193,817	124,683
Capital contributions - Air Force	79,612	70,184
	273,429	194,867
Total capital contributions	273,429	194,867
Change in net position	87,609	177,117
Net position-beginning, as restated	5,972,796	5,795,679
	5,972,796	5,795,679
Net position-ending	\$ 6,060,405	\$ 5,972,796

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

**STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,304,624	\$ 2,277,836
Cash payments to suppliers for goods and services	(1,986,613)	(1,368,210)
Cash payments to employees for services	(838,054)	(722,236)
Cash received from other governments	61,328	57,061
Cash received from miscellaneous income	75,499	69,277
Net cash provided (used) by operating activities	(383,216)	313,728
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	170,418	125,591
Capital grants	37,840	59,791
Purchase of capital assets	(29,202)	(178,135)
Fountain Valley Authority debt service	(3,427)	(5,533)
Loan principal payments	(95,805)	(95,328)
Interest paid	(13,418)	(13,897)
Net cash provided (used) by capital and related financing activities	66,406	(107,511)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	77,922	59,994
Net increase (decrease) in cash and cash equivalents	(238,888)	266,211
Cash and cash equivalents at beginning of year	1,665,580	1,399,369
Cash and cash equivalents at ending of year	\$ 1,426,692	\$ 1,665,580

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

STRATMOOR HILLS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	<u>\$ 1,426,692</u>	<u>\$ 1,665,580</u>
Total cash and cash equivalent at end of year	<u><u>\$ 1,426,692</u></u>	<u><u>\$ 1,665,580</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	<u>\$ (359,902)</u>	<u>\$ (133,319)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	343,288	366,498
Miscellaneous income	75,499	69,277
Cash received from other governments	61,328	57,061
Change in assets and liabilities:		
<i>(Increase) decrease in:</i>		
Accounts receivable, users	(78,625)	33,435
Accounts receivable, other	416	3,335
Inventory	(11,985)	(42,228)
Other prepaid expenses	(380,793)	(45,383)
<i>Increase (decrease) in:</i>		
Accounts payable	(52,069)	7,684
Compensated absences payable	12,403	1,506
Payroll taxes payable	8,869	(5,213)
Customer deposits	<u>(1,645)</u>	<u>1,075</u>
Total Adjustments	<u>(23,314)</u>	<u>447,047</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (383,216)</u></u>	<u><u>\$ 313,728</u></u>
Non cash investing, capital and financing activities	None	None

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

NOTES TO FINANCIAL STATEMENTS

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stratmoor Hills Water District (the District) was organized under the laws of the State of Colorado to operate and maintain a special district for the purpose of transmission and distribution of water to the residents of the Stratmoor Hills subdivision located adjacent to the City of Colorado Springs, Colorado.

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments and promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies used in the preparation of these financial statements follows.

A. REPORTING ENTITY

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in fund net position) report information on all of the non-fiduciary activities of the District.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District accounts for all of its activities in a single proprietary – enterprise fund for its activities which are similar to those found in the private sector, where the determination of changes in net position is necessary or useful to sound financial administration. The business type activities of the District rely significantly upon service charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's 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 related cash flows.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts receivable, users

The accounts receivable are due from a large number of customers for the purchase of water and for sanitation assessments. An allowance for doubtful accounts is not required as the District can place a lien on property for unpaid water sales.

Inventory

Inventory consists of materials and supplies and is valued at cost, which approximates market, using the first-in, first-out method.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

Water rights

The cost of water rights includes acquisition costs, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of buildings, equipment and vehicles is computed using the straight-line method over the estimated useful lives of the depreciable property. The estimated useful lives are as follows:

Plant:	
Transmission and distribution lines	5 to 45 years
Storage facilities	10 to 60 years
Equipment	10 to 45 years
Office building:	
Building and improvements	5 to 25 years
Land improvements	5 years
Equipment and vehicles:	
Office equipment	5 to 7 years
Other equipment	5 to 12 years
Vehicles	5 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

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

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES AND EXPENSES

Compensated Absences

Employees earn two weeks of paid time off after one year of service, three weeks after two or more years of service and four weeks after ten or more years of service. Paid time off is earned on an employee's anniversary. Employees can accrue a maximum of 110 days of paid time off and carry it over from year to year. Upon termination, employees with accrued but unused paid time off shall be paid at their current regular hourly rate for such time. A liability is recorded in the amount of the earned accumulated rights to receive paid time off benefits.

Operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the fund are water and sanitation assessments, late and reconnect charges, and inspection fees. Operating expenses include all expenses incurred to provide water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Budgets are adopted on a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences are that bond and note proceeds are treated as a budget source and capital expenditures and bond and note principal payments are treated as a budget use. Depreciation expense is not considered a budget expense. An annual appropriated budget is adopted for the proprietary fund. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenses represent the original budget adopted or as amended by the Board.

Expenditures may not legally exceed budgeted appropriations.

The District follows these procedures in establishing the budgetary data reflected in the Financial Statements.

1. Prior to October 15, administrative personnel submit to the Board of Directors a proposed operating budget for the following fiscal year (calendar) beginning January 1. The operating budget includes proposed expenses and the means for financing them.
2. The proposed budget is advertised as available for inspection and comment by the electorate of the District.
3. Prior to December 15, the Board legally adopts the budget.
4. In December, the Board certifies the mill levy to El Paso County.
5. During the year, formal budgetary integration is employed as a management control device.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

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

As of December 31, 2024 and 2023, the carrying amounts of the District's deposits were \$405,245 and \$697,162, respectively and the bank balances were \$580,628 and \$809,320, respectively. Of the total bank balances, \$250,000 were covered by FDIC insurance for the year ended December 31, 2024 and 2023. The remaining balances of \$330,628 and \$559,320 at December 31, 2024 and 2023, respectively, fall under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

- ◆ Bonds and other interest-bearing obligations of the United States government.
- ◆ Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- ◆ Bonds which are a direct obligation of the State of Colorado, or of any city, county or school district therein.
- ◆ Notes or bonds issued to the “National Housing Act”.
- ◆ Repurchase agreements.
- ◆ Local government investment pools.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: The State law limits investments as described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2024, the District’s investments were rated AAA by Standard & Poor’s.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
CSAFE	\$ 847,939	\$ 847,939	\$ -	\$ -	\$ -
COLOTRUST	<u>173,508</u>	<u>173,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,021,447</u>	<u>\$ 1,024,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
CSAFE	\$ 803,844	\$ 803,844	\$ -	\$ -	\$ -
COLOTRUST	<u>164,574</u>	<u>164,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 968,418</u>	<u>\$ 968,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST 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 COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Colorado Surplus Asset Fund Trust (CSAFE) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to CSAFE in connection with the direct investment and withdrawal functions of CSAFE. All securities owned by CSAFE 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 CSAFE. Investments of CSAFE consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes

Reconciliation of Deposits and Investments to the Statements of Net Position

The District’s restricted and unrestricted deposits and investments consist of the following at December 31, 2024:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Demand accounts	\$ 405,245	\$ -	\$ 405,245
CSAFE	847,939	-	847,939
COLOTRUST	<u>173,508</u>	<u>-</u>	<u>173,508</u>
Total deposits and investments	<u>\$ 1,426,692</u>	<u>\$ -</u>	<u>\$ 1,426,692</u>

The District’s restricted and unrestricted deposits and investments consist of the following at December 31, 2023:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Demand accounts	\$ 697,162	\$ -	\$ 697,162
CSAFE	803,844	-	803,844
COLOTRUST	<u>164,574</u>	<u>-</u>	<u>164,574</u>
Total deposits and investments	<u>\$ 1,665,580</u>	<u>\$ -</u>	<u>\$ 1,665,580</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and easements	\$ 215,424	\$ -	\$ -	\$ 215,424
Water rights	210,863	-	-	210,863
Construction in progress	<u>60,123</u>	<u>29,202</u>	<u>-</u>	<u>89,325</u>
Total capital assets, not being depreciated	<u>486,410</u>	<u>29,202</u>	<u>-</u>	<u>515,612</u>
Capital assets, being depreciated:				
Plant	8,977,304	-	(3,879)	8,973,425
Office building	288,643	-	-	288,643
Equipment and vehicles	<u>724,398</u>	<u>-</u>	<u>-</u>	<u>724,398</u>
Total capital assets, being depreciated	9,990,345	-	(3,879)	9,986,466
Less accumulated depreciation	<u>(3,558,302)</u>	<u>(343,288)</u>	<u>3,466</u>	<u>(3,898,124)</u>
Total capital assets, being depreciated, net	<u>6,432,043</u>	<u>(343,288)</u>	<u>(413)</u>	<u>6,088,342</u>
Total capital assets, net	<u>\$ 6,918,453</u>	<u>\$ (314,086)</u>	<u>\$ (413)</u>	<u>\$ 6,603,954</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and easements	\$ 215,424	\$ -	\$ -	\$ 215,424
Water rights	210,863	-	-	210,863
Construction in progress	<u>-</u>	<u>60,123</u>	<u>-</u>	<u>60,123</u>
Total capital assets, not being depreciated	<u>426,287</u>	<u>60,123</u>	<u>-</u>	<u>486,410</u>
Capital assets, being depreciated:				
Plant	9,376,054	119,827	(518,577)	8,977,304
Office building	288,643	-	-	288,643
Equipment and vehicles	<u>764,854</u>	<u>-</u>	<u>(40,456)</u>	<u>724,398</u>
Total capital assets, being depreciated	10,429,551	119,827	(559,033)	9,990,345
Less accumulated depreciation	<u>(3,696,692)</u>	<u>(366,498)</u>	<u>504,888</u>	<u>(3,558,302)</u>
Total capital assets, being depreciated, net	<u>6,732,859</u>	<u>(246,671)</u>	<u>(54,145)</u>	<u>6,432,043</u>
Total capital assets, net	<u>\$ 7,159,146</u>	<u>\$ (186,548)</u>	<u>\$ (54,145)</u>	<u>\$ 6,918,453</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5 - WATER RIGHTS

Water rights were composed of the following as of December 31, 2024 and 2023:

Acquired from the J. Fred Abrahamson Trust in 1986:

Rights to successive use water - up to 40 acre feet annually	\$ 9,000
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Acquired from the Hassler and Bates Company:

38.7961% ownership of water rights for 5.616 cubic feet per second of Laughlin Ditch and 1.736 cubic feet per second of Laughlin Ditch Enlargement	<u>201,863</u>
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Total Water Rights	<u>\$ 210,863</u>
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NOTE 6 - WATER LEASE

The District has entered into an agreement to lease up to 61.2039% of water rights for 5.616 cubic feet per second of Laughlin Ditch and 1.736 cubic feet per second of Laughlin Ditch Enlargement. The lease may be terminated by either party, lessor or lessee, upon 30 days written notice to the other party. The District has the first right of refusal upon the sale of this water. The District will be assessed a lease rental of \$75 per acre-foot for water used for municipal purposes under this lease agreement. The District has no obligation to lease any water under this lease agreement.

NOTE 7 – STANDBY REGIONAL WATER SERVICE AGREEMENT

The District has entered into an agreement with Colorado Springs Utilities for water service whereby Colorado Springs Utilities infrastructure is used on a temporary basis when the District’s normal operations are disrupted. The agreement is effective for January 1, 2024 through December 31, 2049. The District is only entitled to deliveries of up to 175 acre-feet per year through the point of connection while maintaining daily delivery of 0.54 million gallons per day. The District will be assessed the current WRSFAF annual charge per acre-foot of \$2,263 for a total per acre-foot charge of \$396,025. The District has elected to prepay the lump sum of \$396,025 upon the execution of the agreement. As of December 31, 2024 and 2023 the District had a prepaid balance of \$380,793 and \$0, respectively.

NOTE 8 - LONG-TERM DEBT

Loan Payable

On December 3, 2019, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$3,000,000. The loan is payable semiannually with payments of \$54,612 beginning May 1, 2021 and an initial payment of \$8,984 due November 1, 2020, including interest at 0.5%. This loan is to be repaid from and secured by a pledge of net revenues.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the CWRPDA loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	96,284	12,939
2026	96,766	12,457
2027	97,251	11,973
2028	97,738	11,486
2029	98,227	10,997
2030 – 2034	498,561	47,558
2035 – 2039	511,166	34,952
2040 – 2044	524,090	22,029
2045 – 2049	537,341	8,778
2050	<u>54,476</u>	<u>136</u>
Total	<u>\$ 2,611,900</u>	<u>\$ 173,305</u>

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2024:

	<u>Balance</u> <u>12/31/23</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/24</u>	<u>Due Within</u> <u>One year</u>
Loans	<u>\$ 2,707,705</u>	<u>\$ -</u>	<u>\$ (95,805)</u>	<u>\$ 2,611,900</u>	<u>\$ 96,284</u>

NOTE 9 - NET POSITION

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024 and 2023, net investment in capital assets was as follows:

	<u>2024</u>	<u>2023</u>
Net investment in Capital Assets:		
Capital assets, net of depreciation	\$ 6,603,954	\$ 6,918,453
Related debt	<u>(2,611,900)</u>	<u>(2,707,705)</u>
Total	<u>\$ 3,992,054</u>	<u>\$ 4,210,748</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 - NET POSITION (CONTINUED)

Net position-restricted is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). The District had no restricted balances for the years ended December 31, 2024 and 2023.

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted. The District utilizes net position-unrestricted before using net position-restricted.

NOTE 10 - TRANSACTIONS WITH RELATED DISTRICTS

The District provides substantially all maintenance operations for the Stratmoor Hills Sanitation District. In exchange for these services, the Sanitation District paid \$420,000 and \$420,000 to the Stratmoor Hills Water District for the years ended December 31, 2024 and 2023, respectively.

The District also bills and collects the Sanitation District's user charges each month, issuing a joint billing to the customers. The District paid the Sanitation District 85% of the sanitation assessments in 2024 and 2023. For the amount remaining, the District prepares and mails the monthly bills, pays postage, and bears all losses from uncollectible amounts. The totals received by the District for 2024 and 2023 were \$186,778 and \$177,980, respectively.

The District's five-member board is the same as that of the Stratmoor Hills Sanitation District. As a matter of expedience, the Stratmoor Hills Sanitation District pays all members of the board for director's fees and related payroll taxes for both districts. The Sanitation District then bills Stratmoor Hills Water District for their share of the director's fees and related payroll taxes.

As of December 31, 2024 and 2023 the District had accounts payable to the Stratmoor Hills Sanitation District of \$105,159 and \$163,176, respectively.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The District owns a 2.99% share in the Fountain Valley Authority (the Authority) which was established on July 10, 1979, for the primary purpose of construction and operating a water treatment plant for its five customers, each of which owns and operates a water system.

The Authority is empowered to acquire, operate, manage, and maintain all facilities required to deliver treated potable water to its customers. Customers include the City of Colorado Springs, the City of Fountain, the Security Water District, the Stratmoor Hills Water District, and the Widefield Water and Sanitation District.

The United States Department of Interior, Bureau of Reclamation (Bureau), has agreed to supply to these five customers, up to 20,100 acre-feet of water annually from the Frying Pan Arkansas Project. The District has been allocated 2.99% of this total.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 11 – JOINTLY GOVERNED ORGANIZATION (CONTINUED)

In addition, the Bureau constructed a pipeline (the Fountain Valley Conduit) to transport this water from the Pueblo Reservoir, approximately 25 miles north, to the site of each system.

The Bureau’s pipeline is operated by the Authority which pays all operating expenses plus a conveyance charge. The conveyance charge is designed to amortize the cost of the pipeline over a forty-year period. At the end of this period, title to the pipeline may be transferred by Congress to the Authority. The conveyance charge is to be allocated among the governments, based on their participation percentage and scheduled water deliveries.

The Authority has constructed an 18,000,000 gallon-per-day water treatment plant located approximately 17 miles south of the City of Colorado Springs. The purpose of this treatment plant is to treat water obtained by the customers from the Frying Pan Arkansas Project. All water transmitted through the Fountain Valley Conduit is treated at this plant. All costs incurred by the Authority will be recovered through charges to be paid by the member governments.

The water treatment and delivery charges paid by the District to the Authority are recorded as operating expenses in the accompanying financial statements while debt service charges are budgeted and recorded separately.

The following payments were made by the District to the Authority during the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Conveyance and treatment	\$ 489,731	\$ 384,660
Debt service	<u>3,427</u>	<u>5,533</u>
Total	<u>\$ 493,158</u>	<u>\$ 390,193</u>

The joint venture summary financial information as of December 31, 2024 and 2023 (most recent available) is as follows:

	<u>2024</u>	<u>2023</u>
Assets and Deferred outflows	<u>\$ 76,235,184</u>	<u>\$ 71,046,256</u>
Liabilities	1,140,770	769,425
Net Position (deficit)	<u>75,094,414</u>	<u>70,276,831</u>
Total Liabilities and Net Position	<u>\$ 76,235,184</u>	<u>\$ 71,046,256</u>
Revenues	\$ 14,735,330	\$ 13,286,105
Expenditures	<u>(9,917,747)</u>	<u>(6,753,864)</u>
Change in Net Position	<u>\$ 4,817,583</u>	<u>\$ 6,532,241</u>

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 11 – JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Long-term liability activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Loans payable	\$ 196,113	\$ -	\$ (196,113)	\$ -	\$ -

NOTE 12 - RISK MANAGEMENT

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

The District carries commercial insurance for these risks of loss, including worker’s compensation. No settled claims resulting from these risks exceeded commercial insurance coverage during the last three fiscal years.

NOTE 13 – EMPLOYEE IRA

The District has set up a Simple IRA for substantially all employees. Employees contribute at least 3% of compensation and the District contributes 3% of compensation. The employer’s contributions for 2024 and 2023 were \$12,503 and \$11,234, respectively.

NOTE 14 - AMENDMENT TO COLORADO CONSTITUTION

Colorado’s voters passed an amendment to the State Constitution, Article X, Section 20 (“Amendment”), which has several limitations, including raising revenue, spending abilities and other specific requirements of state and local governments. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10.0% of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. The District is of the opinion that it qualifies for this exclusion. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendments’ language in order to determine its compliance.

**STRATMOOR HILLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 15 – PRIOR PERIOD ADJUSTMENT

The district has restated beginning balance to correct prepaid balance. The effect of this restatement decreased prepaid balance and decreased net position balances by \$54,612.

These restatements had the following effect on net position:

Net Position, January 1, 2024, as originally stated	\$ 6,027,408
Prior period adjustment	<u>(54,612)</u>
Net Position, January 1, 2024, as Restated	<u>\$ 5,972,796</u>
Net Position, January 1, 2023, as originally stated	\$ 5,850,291
Prior period adjustment	<u>(54,612)</u>
Net Position, January 1, 2023, as Restated	<u>\$ 5,795,679</u>

SUPPLEMENTAL INFORMATION

STRATMOOR HILLS WATER DISTRICT
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Water operations:		
Cost of water	\$ 23,408	\$ 40,754
Fountain Valley Authority - water conveyance, operations, etc.	489,731	384,660
Salaries and wages	846,822	707,295
Outside labor	24,759	44,266
Employee health insurance	132,708	113,533
FICA expense	61,671	52,103
Unemployment insurance	1,838	646
Workers compensation insurance	14,146	10,831
Retirement expense	12,503	11,234
Plant maintenance	270,479	144,539
Vehicle and equipment maintenance	54,170	49,871
Office building maintenance	11,244	13,308
Repairs and maintenance	(269)	2,895
Utilities	59,209	72,068
Engineering	550	-
Gas and oil	26,333	28,868
Supplies	31,357	11,142
Small tools	8,898	16,450
Uniforms	10,053	11,737
Testing and analysis	18,057	16,246
Equipment leases	18,749	11,594
Trash and recycling	5,607	6,228
Total water operations	\$ 2,122,023	\$ 1,750,268
General administration:		
Insurance	\$ 57,616	\$ 53,591
Billing	18,597	17,915
Postage	14,421	13,381
Meeting	8,902	9,285
Telephone	3,194	3,481
Audit	18,026	11,400
Legal	16,339	2,381
Office supplies	7,621	9,248
Dues and subscriptions	16,647	11,112
Training and education	2,219	14,123
Miscellaneous	38,350	49,544
Election expense	-	747
Bank/service charges	55,965	55,427
Other utilities	21,172	4,909
Total general administration	\$ 279,069	\$ 256,544

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Water sales	\$ 1,767,500	\$ 1,685,563	\$ (81,937)
Water lease income	69,500	46,980	(22,520)
Maintenance contract income	420,000	420,000	-
Billing fees	200,000	186,778	(13,222)
Investment income	60,000	77,922	17,922
Rental income	50,000	75,499	25,499
Late charges	70,000	43,875	(26,125)
Miscellaneous income	10,400	1,282	(9,118)
Operating contributions - Air Force	100,000	79,612	(20,388)
Capital contributions - tap fees	150,000	193,817	43,817
Grant Funding	634,777	37,840	(596,937)
Beginning fund balance	-	1,762,047	1,762,047
TOTAL REVENUES	3,532,177	4,611,215	1,079,038
EXPENDITURES			
Operating expenditures:			
Cost of water	45,000	23,408	21,592
Fountain Valley Authority - water conveyance, treatment, operating, etc.	513,702	489,731	23,971
Salaries and wages	745,742	846,822	(101,080)
Outside labor	28,000	24,759	3,241
Employee health insurance	150,000	132,708	17,292
FICA expense	57,049	61,671	(4,622)
Unemployment insurance	2,100	1,838	262
Workers compensation insurance	18,000	14,146	3,854
Retirement expense	17,000	12,503	4,497
Plant maintenance	52,000	270,479	(218,479)
Vehicle and equipment maintenance	54,000	54,170	(170)
Office building maintenance	10,000	11,244	(1,244)
Repairs and maintenance	-	(269)	269
Utilities	97,000	59,209	37,791
Engineering	20,000	550	19,450
Gas and oil	30,000	26,333	3,667
Supplies	22,000	31,357	(9,357)
Small tools	10,000	8,898	1,102
Uniforms	12,000	10,053	1,947
Testing and analysis	\$ 20,000	\$ 18,057	\$ 1,943

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (continued)			
Equipment leases	\$ 2,000	\$ 18,749	\$ (16,749)
Distribution system maintenance	150,000	-	150,000
Trash and recycling	-	5,607	(5,607)
TOTAL OPERATING EXPENDITURES	2,055,593	2,122,023	(66,430)
General and administrative expenditures:			
Insurance	59,700	57,616	2,084
Billing	20,000	18,597	1,403
Postage	13,000	14,421	(1,421)
Meeting	3,000	8,902	(5,902)
Telephone	11,550	3,194	8,356
Audit	14,000	18,026	(4,026)
Legal	5,000	16,339	(11,339)
Office supplies	10,000	7,621	2,379
Dues and subscriptions	12,500	16,647	(4,147)
Licenses and fees	2,500	-	2,500
Training and education	10,000	2,219	7,781
Miscellaneous	2,000	38,350	(36,350)
Election Expense	205	-	205
Bank/service charges	45,300	55,965	(10,665)
Other utilities	-	21,172	(21,172)
TOTAL GENERAL AND ADMINISTRATIVE EXPENDITURES	208,755	279,069	(70,314)
LOAN PRINCIPAL PAYMENT	95,805	95,805	-
LOAN INTEREST EXPENSE	13,419	13,339	80
FOUNTAIN VALLEY AUTHORITY DEBT SERVICE	10,000	3,427	6,573
CAPITAL EXPENDITURES	1,578,025	29,201	1,548,824
TOTAL EXPENDITURES	\$ 3,961,597	\$ 2,542,864	\$ 1,418,733

See the accompanying independent auditors' report.

STRATMOOR HILLS WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>Actual</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 2,068,351
Less:	
Beginning fund balance	(1,762,047)
Loss on disposal of assets	(413)
Depreciation	(343,288)
Add:	
Capital expenditures	29,201
Loan principal payment	95,805
CHANGE IN NET POSITION	<u><u>\$ 87,609</u></u>

Ending fund balance is calculated as follows:

Current assets	3,259,800
Current liabilities	(317,649)
Loan payable, current portion	96,284
Deferred lease revenue	(970,084)
	<u><u>\$ 2,068,351</u></u>

See the accompanying independent auditors' report.