

WEST FORT COLLINS WATER  
DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2024



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Independent Auditors' Report

Board of Directors  
West Fort Collins Water District  
LaPorte, Colorado

**Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

**Other Matters**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 14 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

*Anderson's Whitley, P.C.*

April 18, 2025

# WEST FORT COLLINS WATER DISTRICT

## STATEMENT OF NET POSITION

December 31	2024
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 55,184
Investments	4,031,552
Accounts receivable	146,007
Inventory	107,618
Total Current Assets	4,340,361
Capital Assets:	
Land	60,694
Building	124,001
Machinery and equipment	177,638
Water rights	3,504,376
Construction-in-process	25,892
Water system	10,417,903
Accumulated depreciation	(3,701,053)
Total Capital Assets	10,609,451
<b>TOTAL ASSETS</b>	<b>\$ 14,949,812</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 44,923
Accrued payroll taxes	3,037
Total Current Liabilities	47,960
<b>TOTAL LIABILITIES</b>	<b>47,960</b>
<b>NET POSITION</b>	
Investment in capital assets	10,609,451
Unrestricted net position	4,292,401
<b>TOTAL NET POSITION</b>	<b>\$ 14,901,852</b>

See Accompanying Notes to Financial Statements.

# WEST FORT COLLINS WATER DISTRICT

## STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31	2024
Operating Revenue:	
Water billings	\$ 1,586,338
Miscellaneous income	38,856
Water rental	19,730
<b>Total Operating Revenue</b>	<b>1,644,924</b>
Operating Expenses:	
Administration	553,452
Water operating expenses	963,362
<b>Total Operating Expenses</b>	<b>1,516,814</b>
Operating Income	128,110
Non-operating Revenue (Expenses):	
Interest income	202,471
<b>Net Non-operating Revenue</b>	<b>202,471</b>
Income Before Contributions	330,581
Tap Fees - contributed capital	126,000
Capital contributions	2,160,000
Net income	2,616,581
Net Position, Beginning of Year	12,285,271
Net Position, End of Year	\$ 14,901,852

See Accompanying Notes to Financial Statements.

# WEST FORT COLLINS WATER DISTRICT

## STATEMENT OF CASH FLOWS

Year Ended December 31	2024
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 1,636,711
Payments to suppliers and employees	(1,531,951)
Cash Provided from Operating Activities	104,760
Capital and Related Financing Activities:	
Capital contributions	126,000
Cash Provided from Capital and Related Financing Activities	126,000
Investing Activities:	
Purchase of property, plant and equipment	(635,891)
Interest and dividends received	202,471
Redemption of investments	217,530
Cash Used from Investing Activities	(215,890)
Net Increase in Cash and Cash Equivalents	14,870
Cash and Cash Equivalents, Beginning of Year	40,314
Cash and Cash Equivalents, End of Year	\$ 55,184

### Reconciliation of Operating Income to Net Cash Provided by

Operating Activities:	
Operating income	\$ 128,110
Depreciation and amortization	219,077
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(24,832)
Inventories	16,619
Increase (decrease) in:	
Accounts payable and accrued expenses	(234,214)
Net Cash Provided by Operating Activities	\$ 104,760

### Supplemental Schedule of Noncash Investing and Financing Activities:

Capital contribution of water shares	\$ 2,160,000
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See Accompanying Notes to Financial Statements.

# WEST FORT COLLINS WATER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies:

This summary of the West Fort Collins Water District's significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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#### Form of Organization:

West Fort Collins Water District is an independent governmental entity organized under the provisions of the Colorado Revised Statutes. The District's Board of Directors is elected by property owners of the District and has the responsibilities for designation of management, operational decisions, and budget matters. The District is fully responsible for its financial matters and is not financially interdependent with another governmental unit. Revenues are derived by service charges determined by the Board. The District exists for the benefit of its residents and services of the District are generally available to the residents of the District.

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#### Scope of Reporting Entity:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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#### Financial Reporting Entity:

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District's ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

Based on the criteria mentioned above, no other entities are considered to be component units of the District, nor is the District a component unit of any other governmental entity.

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# WEST FORT COLLINS WATER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Basis of Accounting:

The District currently operates as an “Enterprise Fund” as prescribed in governmental accounting standards because the intent of the Board is that costs and expenses (including depreciation) of providing services to its customers be financed or recovered primarily through user charges. The accrual basis of accounting is utilized for its operations. The District does not use encumbrance accounting.

The Enterprise Fund is accounted for on a cost of services “capital maintenance” measurement focus. Under this concept, all assets and all liabilities (whether current or noncurrent) associated with the activity are reported on the statement of net position. The reported fund equity (net position) is segregated into investment in capital and unrestricted components. The proprietary fund type operations statement reports increases (revenues) and decreases (expenses) in net position.

Enterprise funds distinguish *operating* revenues from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the District are water charges and related services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

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#### Cash Equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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#### Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at cost except for property received by donation or contribution, which is stated at its estimated fair market value at the time it is received by the District. The cost of maintenance and repairs is charged against income as incurred; significant renewals, betterments, and improvements are capitalized.

Depreciation has been computed using the straight-line method based on lives of 30 to 50 years for the water system and 5 to 10 years for service equipment.

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# WEST FORT COLLINS WATER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Inventories:

Inventories of water supplies and equipment are valued at cost using first-in/first-out (FIFO) method.

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#### Customer Advances:

Customer advances for tap fees consist of 51 stand-by taps. As each tap is activated, \$174.76 of this account is recognized as contributed capital.

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#### Vacation and Sick Leave:

Compensated absences are recorded as current salary when paid. It is the District's practice that compensated absences do not accumulate to a material amount. In 2024, West Fort Collins Water District has evaluated the requirements of GASB Statement No. 101, *Compensated Absences*, and determined that the impact of these requirements is immaterial to the financial statements for the current reporting period. As a result, no additional recognition or disclosures related to compensated absences have been included in these financial statements.

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#### Tap Fees and Contributed Lines:

Tap fees are recorded as non-operating revenue when received. Lines contributed to the District by developers, if any, are recorded as non-operating revenue and additions to the systems at the developer's cost.

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# WEST FORT COLLINS WATER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Budgets:

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from accounting principles generally accepted in the United States, in that:

- \* Capital outlays are budgeted as expenses.
- \* Depreciation is not budgeted.

The District's Board of Directors adopts total budget appropriations for each of its funds. This is normally done in December of each year when notice is published in local newspapers and the proposed budget is held open for inspection by the taxpayers and a public hearing is held. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total fund appropriations.

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### NOTE 2 – Cash and Investments:

The District's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

Credit Risk- The District does not have a specific policy regarding credit risk but is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

At December 31, 2024, the District had invested \$4,031,552 in the Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+, an investment vehicle established for local government entities in Colorado to pool surplus funds.

# WEST FORT COLLINS WATER DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Cash and Investments- Continued:

COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAAM by S&P Global Ratings. The District’s interest is valued at NAV.

Interest Rate Risk- Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District has interest rate risk related to its investments in COLOTRUST. The dollar weighted average days to maturity (WAM) of COLOTRUST PLUS+ at December 31, 2024, was 41 days and the weighted average life (WAL) was 85 days.

### NOTE 3 – Capital Assets:

	Balance 1/1/24	Additions	Transfers/ Deletions	Balance 12/31/24
Not depreciable:				
Land	\$ 60,694	\$ -	\$ --	\$ 60,694
Water rights	1,344,376	2,160,000	--	3,504,376
Construction-in-process	49,105	635,891	(659,104)	25,892
Depreciable capital assets:				
Building	124,001	--	--	124,001
Collection and distribution system	9,758,799	659,104	--	10,417,903
Office equipment	63,074	--	--	63,074
Vehicles and equipment	114,564	--	--	114,564
	11,514,613	3,454,995	(659,104)	14,310,504
Less Accumulated Depreciation	(3,481,976)	(219,077)	--	(3,701,053)
<b>Net Capital Assets</b>	<b>\$ 8,032,637</b>	<b>\$ 3,235,918</b>	<b>\$ (659,104)</b>	<b>\$ 10,609,451</b>

## WEST FORT COLLINS WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **NOTE 3 – Capital Assets - Continued:**

On January 4, 2024 the District received nine shares of North Poudre Irrigation Company common stock for taking over 35 customer accounts from the City of Greeley, in service effective January 1, 2024. The District will service and maintain these taps and the associated infrastructure. A capital contribution of \$2,160,000 is reflected on the Statement of Revenue, Expenses and Changes in Net Position, and the addition of the water rights are shown on the Statement of Net position.

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#### **NOTE 4 – Water Treatment:**

The District acquires its treated water from the City of Fort Collins, Colorado. Amounts charged are for actual deliveries only. The rates are adjusted periodically.

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#### **NOTE 5 – Risk Management:**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization composed of approximately 2,000 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public officials' coverage for claims up to \$1,000,000.

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#### **NOTE 6 – Commitments and Contingencies:**

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from District enterprise activities. The District believes it is in compliance with the requirements of TABOR.

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**SUPPLEMENTARY INFORMATION**

# WEST FORT COLLINS WATER DISTRICT

## Schedule of Revenue and Expenses Compared with Budget (Non-GAAP Budget Basis)

Year Ended December 31, 2024	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Water sales	\$ 1,586,338	\$ 1,590,000	\$ (3,662)
Stand-by tap income	612	650	(38)
Water rental	19,730	100,000	(80,270)
Tap Fees	126,000	42,000	84,000
Miscellaneous income	38,244	6,000	32,244
<b>Non-operating revenue:</b>			
Interest income	202,471	200,000	2,471
Capital Contributions	2,160,000	-	2,160,000
<b>Total Revenue</b>	<b>4,133,395</b>	<b>1,938,650</b>	<b>2,194,745</b>
<b>Expenses:</b>			
<b>General Administration:</b>			
Payroll	288,472	230,000	(58,472)
Employee benefits	7,902	30,000	22,098
Payroll taxes	22,177	10,000	(12,177)
Office expenses	95,874	60,000	(35,874)
Travel	17,873	25,000	7,127
Utilities	28,137	35,000	6,863
Advertising	54	1,000	946
Insurance	69,437	40,000	(29,437)
Director fees	5,000	6,000	1,000
Legal and accounting	18,526	25,000	6,474
<b>Total Administration</b>	<b>553,452</b>	<b>462,000</b>	<b>(91,452)</b>
<b>Water Expenses:</b>			
Water assessments	98,188	120,000	21,812
Repairs and maintenance	191,892	300,000	108,108
Water treatment	454,205	450,000	(4,205)
<b>Total Water Expenses</b>	<b>744,285</b>	<b>870,000</b>	<b>125,715</b>
<b>Capital Outlay:</b>			
Water shares	-	600,000	600,000
Water lines	635,891	1,000,000	364,109
<b>Total Capital Outlay</b>	<b>635,891</b>	<b>1,600,000</b>	<b>964,109</b>
<b>Total Expenses</b>	<b>1,933,628</b>	<b>2,932,000</b>	<b>998,372</b>
<b>NET INCOME - (LOSS) BUDGET BASIS</b>	<b>\$ 2,199,767</b>	<b>\$ (993,350)</b>	<b>\$ 3,193,117</b>
<b>Reconciliation of Net Loss - Budget Basis to Net Income - GAAP Basis:</b>			
Capital Outlay	635,891		
Depreciation Expense	(219,077)		
<b>Net Income - GAAP Basis</b>	<b>\$ 2,616,581</b>		