
North Weld County Water District

**Financial Report
with Supplementary Information
December 31, 2024**

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Independent Auditor's Report

To the Board of Directors
North Weld County Water District

Opinion

We have audited the financial statements of North Weld County Water District (the "District") as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise North Weld County Water District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of North Weld County Water District as of December 31, 2024 and 2023 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits 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 audits. 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 for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Directors
North Weld County Water District

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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

Management is responsible for the accompanying schedules of revenue and expenditures - budget to actual (budgetary basis) and rate maintenance, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

Plante & Moreau, PLLC

May 30, 2025

North Weld County Water District Management's Discussion and Analysis

Management's discussion and analysis is designed to provide an analysis of the financial condition and operating results and to also inform the reader on financial issues and activities of the North Weld County Water District (the "District").

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 12).

2024 Highlights – Business-Type Activities

- On December 31, 2024, the District's net position was \$222,693,773 an increase of \$19,634,528 from the 2023 amount of \$203,059,245. On December 31, 2023, the District's net position was \$203,059,245 an increase of \$11,562,782 from the 2022 amount of \$191,496,463. The District's net position increase was due to acquiring more water rights, construction that is in progress and the decrease of non-current liabilities.
- Operating revenues for 2024 increased by \$4,587,741 from \$20,728,451 in 2023 to \$25,316,192. Operating revenues for 2023 decreased by \$979,847 from \$21,708,298 in 2022 to \$20,728,451. The District's 2024 increase in operating revenue was due to the increase in water sales by implementation of higher surcharges and the regulation of commercial users attributed to the decrease.
- Total operating expenses in 2024 increased by \$861,265 from \$12,640,615 to \$13,501,880. Total operating expenses in 2023 increased by \$779,452 from \$11,861,163 to \$12,640,615. The District's operating expenses have increased due to higher costs related to operating the distribution system.
- Total Non-operating revenue (net of non-operating expenses) increased in 2024 by \$4,345,270 from \$3,474,946 to \$7,820,216. 2024 overall increase was due to an increase in tap/connection fees.
- Total capital assets in 2024 increased by \$25,691,801 from \$201,735,871 to \$227,427,672. Total capital assets in 2023 increased by \$18,767,135 from \$182,968,736 to \$201,735,871.
- Total non-current liabilities decreased by \$909,198 in 2024, from \$56,865,327 in 2023 to \$55,956,129. Total non-current liabilities decreased by \$1,294,216 in 2023, from \$58,159,543 in 2022 to \$56,865,327.

North Weld County Water District Tap Moratorium

The North Weld County Water District Board of Directors voted in October 2021 to place a moratorium on the sale of new taps and plant investments that continued into spring of 2022. Since the initial tap moratorium, the District has periodically been lifting aspects of the moratorium until completion of the regional master plan, approvals by local entities for their respective 1041 process in relation to NEWT III and construction of the NEWT III pipeline. The Draft Regional Master Plan was reviewed by the Board of Directors in November 2024. The NEWT III project construction was completed in 2025 bringing improved infrastructure and services to the region. There is currently no moratorium on tap sale or the development review of new conceptual developments in the district, all restrictive policies have been lifted.

**North Weld County Water District
Management's Discussion and Analysis**

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statements of Net Position – reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 12).

Statements of Revenues, Expenses and Changes in Net Position – reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 13).

Statements of Cash Flows – reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. (See page 14).

The following tables summarize information from these statements.

Statement of Net Position

December 31,	2024	2023	2022
Current assets	\$ 28,930,452	\$ 22,032,483	\$ 29,120,937
Restricted assets	29,397,966	42,585,260	40,562,086
Capital assets, net	227,427,672	201,735,871	182,968,736
Other assets	-	-	189,911
Total Assets	<u>\$ 285,756,090</u>	<u>\$ 266,353,614</u>	<u>\$ 252,841,670</u>
Current Liabilities	\$ 7,106,188	\$ 6,429,042	\$ 3,314,811
Non-current liabilities	<u>55,956,129</u>	<u>56,865,327</u>	<u>58,159,543</u>
Total Liabilities	<u>\$ 63,062,317</u>	<u>\$ 63,294,369</u>	<u>\$ 61,474,354</u>
Net Position			
Net investment in capital assets	\$ 198,931,621	\$ 185,592,841	\$ 163,536,293
Unrestricted	<u>23,762,152</u>	<u>17,466,404</u>	<u>27,960,170</u>
Total Net Position	<u>\$ 222,693,773</u>	<u>\$ 203,059,245</u>	<u>\$ 191,496,463</u>

**North Weld County Water District
Management's Discussion and Analysis**

Review of Revenue

Years Ended December 31,	2024	2023	2022
Operating Revenue			
Water Sales	\$ 24,890,509	\$ 20,457,821	\$ 21,382,156
Construction Water	<u>425,683</u>	<u>270,630</u>	<u>326,142</u>
Total operating revenue	\$ 25,316,192	\$ 20,728,451	\$ 21,708,298
Non-operating revenues			
Earnings on investments	2,781,597	2,700,628	780,724
Other non-operating income	249,787	521,471	246,059
Amortization of bond premiums	396,241	456,942	-
Tap/connection fees	<u>6,555,491</u>	<u>2,714,150</u>	<u>7,134,545</u>
Total non-operating revenue	9,983,116	6,393,191	8,161,328
Total revenue	<u>\$ 35,299,308</u>	<u>\$ 27,121,642</u>	<u>\$ 29,869,626</u>

Water sales in 2024 increased by \$4,432,688 from \$20,457,821 to \$24,890,509. Water sales decreased from \$21,382,156 in 2022 to \$20,457,851 in 2023, a decrease of \$924,335. Water sales from construction meters increased from \$270,630 in 2023, to \$425,683 an increase of \$155,053. Water sales from construction meters decreased from \$326,142 in 2022, to \$270,630 in 2023, a decrease of \$55,512.

Review of Expenses

Years Ended December 31,	2024	2023	2022
Administrative	\$ 2,979,758	\$ 2,929,761	\$ 2,233,343
Distribution	8,508,537	7,738,385	7,737,047
Depreciation	<u>2,013,585</u>	<u>1,972,469</u>	<u>1,890,773</u>
Total operating expenses	13,501,880	12,640,615	11,861,163
Interest Expense	<u>2,162,900</u>	<u>2,918,245</u>	<u>1,117,378</u>
Total expense	<u>\$ 15,664,780</u>	<u>\$ 15,558,860</u>	<u>\$ 12,978,541</u>

Operating expenses were \$15,664,780 of the total expenditures as shown on the budgetary comparison schedule including depreciation of \$2,013,585. The major contributors to the increase were slightly higher administrative expenses and higher costs related to operating the distribution system.

**North Weld County Water District
Management's Discussion and Analysis**

Capital Contribution/Tap and Connection Fees

Years Ended December 31,	2024	2023	2022
Tap fees - customers	\$ 4,950,000	\$ 2,223,750	\$ 3,453,950
Meter set fees	47,615	22,400	176,255
Reimbursement for water rights	330,750	(32,250)	2,367,250
Distance Fees	809,500	245,850	403,725
Reimbursement for line extension	417,626	254,400	737,615
Miscellaneous	-	-	(4,250)
	<u> </u>	<u> </u>	<u> </u>
Net capital contribution/ tap and connection fees	<u>\$ 6,555,491</u>	<u>\$ 2,714,150</u>	<u>\$ 7,134,545</u>

Net contributed capital/tap and connection fees were \$6,555,491 of the total revenues as shown on the budgetary comparison schedule.

Capital Assets, Net of Depreciation

Years Ended December 31,	2024	2023	2022
Transmission and distribution system	\$ 97,229,640	\$ 87,222,044	\$ 83,274,480
Facilities	1,667,567	1,667,567	1,667,567
Vehicle and field equipment	2,861,811	2,600,942	2,389,047
Other	307,362	78,221	78,221
	<u> </u>	<u> </u>	<u> </u>
Total depreciable assets	102,066,380	91,568,774	87,409,315
Less: accumulated depreciation	(35,724,479)	(33,711,207)	(31,738,738)
Total depreciable assets, net	<u>66,341,901</u>	<u>57,857,567</u>	<u>55,670,577</u>
SCWTA Treatment Capacity	22,849,611	22,849,610	22,849,610
Land, easements, and water rights	118,766,175	112,695,553	104,425,836
Construction in progress	<u>19,469,985</u>	<u>8,333,141</u>	<u>22,713</u>
Total capital assets, net	<u>\$ 227,427,672</u>	<u>\$ 201,735,871</u>	<u>\$ 182,968,736</u>

**North Weld County Water District
Management's Discussion and Analysis**

Major capital asset additions in 2024 were:

2024 FORD F150	\$ 46,507
2024 FORD F150	46,507
2025 FORD F750	102,628
SCADA Equipment	65,226
GREELEY INTERCONNECT AT HARMONY / TERRY RANCH	314,180
30" WATERLINE CR72_31-33	7,221,242
EATON PIPELINE CONSTRUCTION OBSERVATION PIC	102,214
Newt 3 PIC Ditesco	620,674
ZONE 1 WATERLINE PROJECT DITESCO PIC	281,215
Newt 3 PIC Providence	78,156
EATON PIPELINE PHASE 3 PIC	442,730
EATON PIPELINE PH2CA PIC	37,307
CR 84 SMALL DIAMETER WATER LINE TRIHYDRO PIC	91,314
TIMNATH 36" WATER LINE LOWERING PIC	31,477
HIGHWAY 85 PIPELINE REPLACEMENT PIC	12,554
Tank 7A	28,458
Tank 4B	157,491
Tank 7 Improvements PIC	9,158
2024 Blacktop Repaving	229,142
TIMNATH 36" WATER LINE LOWERING	259,756
Newt 3	15,100,333
Newt 3 Surveying	6,669
Easement Projects 2024	358,558
William & Teri Johnson - 15 Units CBT (Earnest Money)	50,000
William & Terri Johnson - 15 Units CBT	850,000
LAS & JGS Properties - Final - 73 Units CBT	4,380,000
Kent Opel - Earnest Money - 60 Units CBT	50,000
Kevin & Kelly Walker - Earnest Money - 20 Units CBT	50,000
Shable Land CO. LLC - Earnest Money - 15 Units CBT	50,000
Water Resources Consulting: Element Engineering	23,768
SCWTA	32,361
Storage Projects 2024 (Stantec)	130,424
Longs Peak Farm Recharge Basin - HWY 14	95,511
Pump Station 13 Saddler Non-Potable	22,010
Pump Station 9	19,258
Pump Station 15 Harmony	523,849
Pump Station 15 Harmony PIC	14,625
	<u>\$ 31,935,300</u>

Construction in Progress

The following projects will be ongoing in 2025:

- Newt 3
- Eaton Pipeline Phase 3
- CR 84 & CR 15 Water Line Replacement
- Zone 1 Water Line
- Timnath Line Lowering
- Pump Station 1 Upgrades

**North Weld County Water District
Management's Discussion and Analysis**

Debt Administration

On December 31, 2024, the District had \$55,283,611 in outstanding debt obligations, a decrease of \$2,411,167 from 2023. In 2023, the District's outstanding debt decreased by \$2,449,795, from \$60,144,543 in 2022 to \$57,694,778 in 2023.

	Beginning Balance	Additions	Retirements	Ending Balance
2019 revenue bonds	16,160,000	-	(460,000)	\$ 15,700,000
2020 refunding revenue bonds	2,640,000	-	(415,000)	\$ 2,225,000
2022 revenue bonds	34,615,000	-	(1,150,000)	\$ 33,465,000
Compensated absences	162,037	10,075	-	\$ 172,112
Total	53,577,037	10,075	(2,025,000)	51,562,112
Current portion of long-term debt	(2,025,000)			(2,110,000)
Net bond premiums	4,117,741			3,721,499
Total non-current liabilities	55,669,778			53,173,611

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 6,618 taps, 93%, of which, are residential. All water service is metered and read electronically. The following table is a breakdown of water consumption and revenue billed by customer class in 2024.

Classification	2024 Water Consumption (Per 1000 Gal.)	Percent of Total	Total Billed in 2024	Percent of Total
Residence Only	27,230	0.86%	167,163	0.67%
Standard	559,142	17.68%	2,945,682	11.85%
Standard ½	62,778	1.99%	374,565	1.51%
Standard ¾	16,095	0.51%	84,613	0.34%
Flow Control	149,337	4.72%	530,110	2.13%
Commercial	944,782	29.88%	4,472,305	17.98%
Municipal	1,164,960	36.84%	4,135,813	16.63%
Conservation Blue	141,473	4.47%	798,666	3.21%
Fire Meters	939	0.03%	8,707	0.04%
Non-Potable Meters	95,232	3.02%	142,848	0.57%
Unset Meters	-	-	23,407	0.09%
Adjustments	-	-	2,494,348	10.03%
Surcharges (PI)	-	-	3,413,142	13.73%
Surcharges (W)	-	-	5,276,136	21.22%
Total	3,161,968	100%	24,867,505	100%

**North Weld County Water District
Management's Discussion and Analysis**

Basic Service Fees, Rates and Changes

The District has established a schedule of rates, fees and charges for the connection to and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed according to customer classification and usage. Each customer is subject to a minimum monthly charge, which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a monthly charge is assessed.

In establishing the current rate schedule, it was determined that the rate must both pay for increasing operating costs, including debt service, and allow for some system deferred maintenance funds while not overburdening District customers on the lower end of the usage scale with excessive rates. The following table is a comparison of basic service fees for a Standard Tap (Class 1). The 2021 rates increased from \$3.73 to \$3.88. Monthly minimum for usage between 0-6 (Kgals) was \$23.28. The 2022 rates increased from \$3.88 to \$4.15. Monthly minimum for usage between 0-6 (Kgals) was \$24.90. The 2023 rates increased from \$4.15 to \$4.44. Monthly minimum for usage between 0-6 (Kgals) was \$26.64. The 2024 rates increased from \$4.44 to \$4.75. Monthly minimum for usage between 0-6 (Kgals) was \$28.50. The 2025 rates increased from \$4.75 to \$4.99. Monthly minimum for usage between 0-6 (Kgals) is \$29.94.

Comparative Residential System User Charges 2021 - 2025

	January 2021	January 2022	January 2023	January 2024	January 2025
Monthly Minimum Usage (Kgals) 0-6	\$23.28	\$24.90	\$26.64	\$28.50	\$29.94
6 and greater	\$3.88	\$4.15	\$4.44	\$4.75	\$4.99

Comparative Town's User Charges 2021-2025

75% Residential Rate	\$2.91	\$3.11	\$3.33	\$3.56	\$3.74
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Tap Fees

The District charges tap fees to recover costs of system acquisition, construction and expansion. A tap fee is a one-time charge that must be paid in full before the meter will be installed and the account is considered active. The District's tap fee is calculated based upon plant investment fee, distance fee, raw water fee and storage fee. Effective July 1, 2018 the storage fee is no longer a requirement.

The total tap fee for a Water Class 1 and Plant Investment Class 1 is; cash in lieu - raw water for 2024 was \$73,500, approximately the cost of 1 unit of CBT. The plant investment was \$21,900, a distance fee of \$500 per mile from the District's main tank site at Highway 14 and Highway 257 to the property following section lines with a minimum of 5 miles or \$1,500, and a meter pit installation which averages \$2,100.

In 2010, the District made Conservation Blue Taps available to customers purchasing a new tap. A Conservation Blue Tap allows the customer to purchase a tap and not pay the plant investment fee nor pay the distance fee. These taps are automatically in the plant investment surcharge as soon as usage occurs. With the purchase of Conservation Blue Taps, the number of plant investments will decrease while water class allocations will increase.

**North Weld County Water District
Management's Discussion and Analysis**

Per Resolution 20180813-02 – Elimination of Conservation Blue Taps, effective August 13, 2018, Conservation Blue Taps are only available to certain pending subdivisions that have already received conditional or final approval from the District. Plat for such subdivisions shall be recorded on or before August 13, 2019 and the taps, including payment or transfer of water, as applicable, shall be purchased on or before August 13, 2023.

Historical Plant Investment Collections

Year	Number of Pls	Tap Fee Revenue
2018	299	\$2,246,250
2019	188	\$1,606,125
2020	260	\$2,478,065
2021	188	\$1,790,750
2022	195	\$3,453,950
2023	109	\$2,223,750
2024	226	\$4,950,000

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2025 thru 2029 is driven by the growth within the District and Northern Colorado. The CIP for this report is split into the following categories and amounts for each category:

Project	Proposed CIP					Total
	2025	2026	2027	2028	2029	
Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations	\$24,800,000	\$15,000,000	\$11,000,000	\$14,750,000	\$7,200,000	\$72,750,000
Water Resources	6,380,000	6,330,000	6,380,000	5,880,000	5,880,000	30,850,000
Land /Easements	180,000	180,000	180,000	180,000	180,000	900,000
Total	\$31,360,000	\$21,510,000	\$17,560,000	\$20,810,000	\$13,260,000	<u>\$104,500,000</u>

Upcoming expenditures are to expand and improve the piping network and storage capabilities of the District.

North Weld County Water District Management's Discussion and Analysis

Contracts and Agreements

The District is a party to contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities.

Economic and Other Factors

Overall, the District has shown increases in water revenues and tap sales as a result of continued growth throughout the District, the Towns served by the District, and generally in Weld and Larimer counties. Operating expenses have increased due to construction and needed system improvements but will assure future water revenues and tap sales to be generated.

Land use, zoning and management procedures and policies as established by Weld and Larimer County will materially affect the extent of future growth and development within the District.

Financial Contact

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact Eric Reckentine, District Manager, North Weld County Water District, P.O. Box 56, Lucerne, CO 80646.

North Weld County Water District

Statement of Net Position

	December 31, 2024 and 2023	
	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 25,117,689	\$ 18,348,808
Receivables	1,620,607	1,600,779
Inventory	2,064,328	1,983,213
Prepaid expenses and other assets	<u>127,828</u>	<u>99,683</u>
Total current assets	28,930,452	22,032,483
Noncurrent assets:		
Restricted assets and cash equivalents (Note 4)	29,397,966	42,585,260
Capital assets: (Note 5)		
Assets not subject to depreciation	161,085,771	143,878,304
Assets subject to depreciation - Net	<u>66,341,901</u>	<u>57,857,567</u>
Total noncurrent assets	<u>256,825,638</u>	<u>244,321,131</u>
Total assets	285,756,090	266,353,614
Liabilities		
Current liabilities:		
Accounts payable	4,135,484	3,704,119
Accrued liabilities and other	860,704	699,923
Current portion of bonds payable (Note 6)	<u>2,110,000</u>	<u>2,025,000</u>
Total current liabilities	7,106,188	6,429,042
Noncurrent liabilities:		
Compensated absences (Note 6)	172,112	162,037
Payable from restricted assets (Note 2)	2,782,518	1,195,549
Long-term debt - Net (Note 6)	<u>53,001,499</u>	<u>55,507,741</u>
Total noncurrent liabilities	<u>55,956,129</u>	<u>56,865,327</u>
Total liabilities	<u>63,062,317</u>	<u>63,294,369</u>
Net Position		
Net investment in capital assets	198,931,621	185,592,841
Unrestricted	<u>23,762,152</u>	<u>17,466,404</u>
Total net position	<u>\$ 222,693,773</u>	<u>\$ 203,059,245</u>

North Weld County Water District

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenue		
Water sales - Treated	\$ 24,890,509	\$ 20,457,821
Construction water	<u>425,683</u>	<u>270,630</u>
Total operating revenue	25,316,192	20,728,451
Operating Expenses		
Administrative	2,979,758	2,929,761
Distribution	8,508,537	7,738,385
Depreciation	<u>2,013,585</u>	<u>1,972,469</u>
Total operating expenses	<u>13,501,880</u>	<u>12,640,615</u>
Operating Income	11,814,312	8,087,836
Nonoperating Revenue (Expense)		
Interest earnings	2,781,597	2,700,628
Interest expense	(2,162,900)	(2,918,245)
Other nonoperating income	249,787	521,471
Amortization of bond premiums	396,241	456,942
Tap/Connection fees	<u>6,555,491</u>	<u>2,714,150</u>
Total nonoperating revenue	<u>7,820,216</u>	<u>3,474,946</u>
Change in Net Position	19,634,528	11,562,782
Net Position - Beginning of year	<u>203,059,245</u>	<u>191,496,463</u>
Net Position - End of year	<u><u>\$ 222,693,773</u></u>	<u><u>\$ 203,059,245</u></u>

North Weld County Water District

Statement of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from customers	\$ 25,296,364	\$ 20,302,122
Payments to suppliers	(8,341,793)	(5,005,671)
Payments to employees and fringes	(2,653,539)	(2,525,829)
Net cash and cash equivalents provided by operating activities	14,301,032	12,770,622
Cash Flows Provided by Noncapital Financing Activities - Other nonoperating revenue	249,787	521,471
Cash Flows from Capital and Related Financing Activities		
Tap/Connection fees	6,555,491	2,714,150
Principal paid on long-term debt	(2,025,000)	(1,985,000)
Interest paid on long-term debt	(2,582,142)	(3,016,294)
Acquisition of land, easements, and water rights	(6,070,622)	(8,269,717)
Acquisition and construction of capital assets	(19,628,556)	(11,176,284)
Net cash and cash equivalents used in capital and related financing activities	(23,750,829)	(21,733,145)
Cash Flows Provided by Investing Activities - Earnings on investments	2,781,597	2,700,626
Net Decrease in Cash and Cash Equivalents	(6,418,413)	(5,740,426)
Cash and Cash Equivalents - Beginning of year	60,934,068	66,674,494
Cash and Cash Equivalents - End of year	\$ 54,515,655	\$ 60,934,068
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 25,117,689	\$ 18,348,808
Restricted cash	29,397,966	42,585,260
Total cash and cash equivalents	\$ 54,515,655	\$ 60,934,068
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities		
Operating income	\$ 11,814,312	\$ 8,087,836
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation	2,013,585	1,972,469
Bond issuance cost write-off	-	170,061
Changes in assets and liabilities:		
Receivables	(19,828)	(426,329)
Inventories	(81,115)	(226,641)
Prepaid items	(28,145)	(22,176)
Accounts payable	431,367	2,931,059
Accrued expenses	160,781	272,319
Compensated absences	10,075	12,024
Total adjustments	2,486,720	4,682,786
Net cash and cash equivalents provided by operating activities	\$ 14,301,032	\$ 12,770,622

December 31, 2024 and 2023

Note 1 - Nature of Business

North Weld County Water District (the "District") is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (CRS). The District was organized on November 28, 1962 as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services to customers in northern Weld and eastern Larimer counties.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The accounting policies of the District conform to generally accepted accounting principles, as applicable to governmental units accounted for as a business-type activity. The business-type activities reporting model is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Note 2 - Significant Accounting Policies

Reporting Entity

The District is governed by an elected five-member board of directors. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Joint Venture

Prior to February 1, 2017, the District was a participant with East Larimer County Water District (ELCO) and Ft. Collins/Loveland Water District (FLWD) in a joint venture to operate Soldier Canyon Filter Plant (the "Plant"), the filter plant from which the District, ELCO, and FLWD purchase 100 percent of their water. Each district was charged for their respective share of the water purchased from the Plant and for capital improvements made at the Plant on a periodic basis. Major capital improvements to the Plant were funded by the individual districts independently and included in each district's capital assets. As such, the depreciation expense for these assets was also reflected in the financial statements of the District, ELCO, and FLWD. The District's net investment and its share of the operating results of the Plant were reported in the accompanying statement of net position and statement of revenue, expenses, and changes in net position.

On February 1, 2017, the District transferred all of the filter plant assets to a new entity, Solider Canyon Water Treatment Authority (the "Authority"). In exchange for the District's share of the Plant's assets, the District received treatment capacity share. The treatment capacity is considered an intangible asset with an indefinite life and is included in capital assets not subject to depreciation. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 4424 LaPorte Avenue, Ft. Collins, CO 80521.

On April 16, 2019, the District entered into a revised and restated creation agreement with the Authority and other participating districts, which expanded the plant capacity from 45 MGD to 60 MGD, increasing the District's capacity share to 23.24 MGD, or 38.73 percent.

Note 2 - Significant Accounting Policies (Continued)

On January 11, 2024, the District entered into a second revised and restated creation agreement with the Authority. The District's capacity in the treatment plant was not modified; however, the District now holds capacity in the Pleasant Valley Pipeline (PVP), a transmission line that delivers raw water to the Plant; the PVP Munroe Turnout Screen; and the sedimentation basin of 33.78 percent, 15.88 percent, and 16.89 percent, respectively.

Basis of Accounting

The District is a special-purpose government engaged in business activities. This proprietary fund uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Restricted Assets

The revenue bonds require unspent bond proceeds to be set aside for construction, debt service payments, and other related reserves, as further discussed in Note 6. These amounts have been classified as restricted assets.

Receivables and Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District's service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. In 2020, the District adopted a policy allowing for the certification of delinquent accounts to the County Treasurer for collection - Resolution 2020121407: Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. The District had no allowance for doubtful accounts as of December 31, 2024 and 2023, as the District considers amounts fully collectible.

Capital Contributions

Contributions of cash, transmission lines, and water rights to the District by developers, customers, or agreements with others are treated as capital contributions on the District's statement of revenue, expenses, and changes in net position.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items, when applicable.

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Facilities	40
Transmission and distribution system	10-100
Vehicles and field equipment	5-10
Other	5-20

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The District will sometimes 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, 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.

Compensated Absences (Vacation and Sick Leave)

A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It is the District’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the District expects will be used subsequent to year end; vacation pay is accrued when incurred.

The District has recorded a liability of \$172,112 and \$162,037 at December 31, 2024 and 2023, respectively.

Payable from Restricted Assets

Accounts payable from restricted asset balances recorded on the statement of net position as of December 31, 2024 and 2023 include retainages and arbitrage liabilities to be paid from unspent bond proceeds.

Retainages payable totaled approximately \$1,309,000 and \$455,000 for the years ended December 31, 2024 and 2023, respectively, and will be disbursed upon project completion.

Obligations pertaining to the 2019 and 2022 unspent tax-exempt bond proceeds totaled approximately \$1,473,000 and \$740,000 as of December 31, 2024 and 2023, respectively. Of the total, approximately \$1,459,000 is due to be remitted to the Internal Revenue Service (IRS) in November 2027, while the approximate remaining balance of \$14,000 is not required to be remitted until July 2029.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. There was no significant unbilled revenue at December 31, 2024 and 2023.

Operating Revenue and Expenses

The District distinguishes between operating revenue and expenses and nonoperating items in the statement of revenue, expenses, and changes in net position. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenue consists of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

Water Rights

The District's water rights are primarily composed of those acquired by the District. The cost of water rights includes acquisition cost and legal and engineering costs related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed when incurred.

Adoption of New Accounting Pronouncement

During the current year, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the calculation of compensated absences in the statement of net position reflects the provisions of this new standard. As the impact was not material, the financial statements for the years ended December 31, 2023 and 2022 were not restated to adopt this new standard in 2024.

Upcoming Accounting Pronouncements

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

Note 2 - Significant Accounting Policies (Continued)

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 30, 2025, which is the date the financial statements were available to be issued.

On January 8, 2025, the Company agreed to purchase 80 units of additional water rights at a total cost of \$4,950,750. On February 10, 2025, the Company agreed to purchase 15 units of additional water rights at a total cost of \$902,500.

Note 3 - Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the board of directors (the "Board") in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenue.

The budget process timeline is as follows:

1. On or before October 15, the District staff submits to the Board a proposed budget for the fiscal year commencing on the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular board meetings to obtain public comments.
3. Prior to December 31, the budget is adopted by the Board.
4. Unused appropriations lapse at the end of each year.

Refer to the supplementary information section for an overview of budgeted and actual expenditures for fiscal year 2024.

Note 4 - Cash and Cash Equivalents

The District had cash and cash equivalents as follows:

	2024	2023
Cash and cash equivalents	\$ 25,117,689	\$ 18,348,808
Restricted cash and cash equivalents	29,397,966	42,585,260
Total	\$ 54,515,655	\$ 60,934,068

December 31, 2024 and 2023

Note 4 - Cash and Cash Equivalents (Continued)

The District's cash and short-term investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits. At December 31, 2024 and 2023, the District had deposits with a financial institution with a carrying amount of \$3,323,032 and \$2,954,346, respectively, of which \$250,000 was covered by federal depository insurance for each of the years ended December 31, 2024 and 2023. The remaining balances of \$3,073,032 and \$2,704,346, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which special districts may invest, which include the following:

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

External Investment Pool

At December 31, 2024 and 2023, the District had invested \$51,192,423 and \$57,979,522, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and the highest-rate commercial paper. COLOTRUST EDGE is an enhanced cash, variable NAV pool that offers next-day liquidity. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. All of the District's invested balances are held in COLOTRUST PRIME. The Trust is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 4 - Cash and Cash Equivalents (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in 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; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. The COLOTRUST PRIME portfolio has a target weighted-average maturity of 60 days or less. Actual weighted-average maturity was 98 and 69 days for the years ended December 31, 2024 and 2023, respectively.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. COLOTRUST PRIME is rated AAAM by Standard and Poor's Global Credit Ratings.

Note 5 - Capital Assets

Capital asset activity of the District's business-type activities was as follows:

	Balance January 1, 2024	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated:				
Land, easements, and water rights	\$ 112,695,553	\$ 6,070,622	\$ -	\$ 118,766,175
SCWTA treatment capacity	22,849,610	-	-	22,849,610
Construction in progress	8,333,141	16,488,497	(5,351,652)	19,469,986
Subtotal	143,878,304	22,559,119	(5,351,652)	161,085,771
Capital assets being depreciated:				
Transmission and distribution system	87,222,044	4,656,257	5,351,652	97,229,953
Facilities	1,667,567	-	-	1,667,567
Vehicles and field equipment	2,600,942	260,869	-	2,861,811
Other	78,221	229,141	-	307,362
Subtotal	91,568,774	5,146,267	5,351,652	102,066,693
Accumulated depreciation:				
Transmission and distribution system	31,057,177	1,869,961	-	32,927,138
Facilities	568,176	41,690	-	609,866
Vehicles and field equipment	2,007,633	96,207	-	2,103,840
Other	78,221	5,727	-	83,948
Subtotal	33,711,207	2,013,585	-	35,724,792
Net capital assets being depreciated	57,857,567	3,132,682	5,351,652	66,341,901
Net capital assets	\$ 201,735,871	\$ 25,691,801	\$ -	\$ 227,427,672

December 31, 2024 and 2023

Note 5 - Capital Assets (Continued)

	Balance January 1, 2023	Additions	Balance December 31, 2023
Capital assets not being depreciated:			
Land, easements, and water rights	\$ 104,425,836	\$ 8,269,717	\$ 112,695,553
SCWTA treatment capacity	22,849,610	-	22,849,610
Construction in progress	22,713	8,310,428	8,333,141
Subtotal	127,298,159	16,580,145	143,878,304
Capital assets being depreciated:			
Transmission and distribution system	83,274,480	3,947,564	87,222,044
Facilities	1,667,567	-	1,667,567
Vehicles and field equipment	2,389,047	211,895	2,600,942
Other	78,221	-	78,221
Subtotal	87,409,315	4,159,459	91,568,774
Accumulated depreciation:			
Transmission and distribution systems	29,311,201	1,745,976	31,057,177
Facilities	526,487	41,689	568,176
Vehicles and field equipment	1,822,829	184,804	2,007,633
Other	78,221	-	78,221
Subtotal	31,738,738	1,972,469	33,711,207
Net capital assets being depreciated	55,670,577	2,186,990	57,857,567
Net capital assets	<u>\$ 182,968,736</u>	<u>\$ 18,767,135</u>	<u>\$ 201,735,871</u>

Depreciation expense was \$2,013,585 and \$1,972,469 for the years ended December 31, 2024 and 2023, respectively.

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2024 and 2023 can be summarized as follows:

	2024				Due within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Bonds and contracts payable:					
Direct borrowings and placements -					
Revenue bonds:					
2019 revenue bonds	\$ 16,160,000	\$ -	\$ (460,000)	\$ 15,700,000	\$ 480,000
2020 revenue bonds	2,640,000	-	(415,000)	2,225,000	425,000
2022 revenue bonds	34,615,000	-	(1,150,000)	33,465,000	1,205,000
Total direct borrowings principal outstanding	53,415,000	-	(2,025,000)	51,390,000	2,110,000
Net bond premiums	4,117,741	-	(396,242)	3,721,499	-
Long-term borrowings - Net of premiums	57,532,741	-	(2,421,242)	55,111,499	2,110,000
Compensated absences	162,037	60,536	(50,461)	172,112	-
Total long-term debt	<u>\$ 57,694,778</u>	<u>\$ 60,536</u>	<u>\$ (2,471,703)</u>	<u>\$ 55,283,611</u>	<u>\$ 2,110,000</u>

December 31, 2024 and 2023

Note 6 - Long-term Debt (Continued)

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and placements -					
Revenue bonds:					
2012 refunding revenue bonds	\$ 1,575,000	\$ -	\$ (1,575,000)	\$ -	\$ -
2019 revenue bonds	16,160,000	-	-	16,160,000	460,000
2020 revenue bonds	3,050,000	-	(410,000)	2,640,000	415,000
2022 revenue bonds	34,615,000	-	-	34,615,000	1,150,000
Total direct borrowings principal outstanding	55,400,000	-	(1,985,000)	53,415,000	2,025,000
Net bond premiums	4,594,530	-	(476,789)	4,117,741	-
Long-term borrowings - Net of premiums	59,994,530	-	(2,461,789)	57,532,741	2,025,000
Compensated absences	150,013	115,037	(103,013)	162,037	-
Total long-term debt	<u>\$ 60,144,543</u>	<u>\$ 115,037</u>	<u>\$ (2,564,802)</u>	<u>\$ 57,694,778</u>	<u>\$ 2,025,000</u>
				2024	2023

2019 Revenue Bonds

\$16,160,000 Water Enterprise Revenue Bonds, Series 2019 due in principal installments of \$480,000 in 2025 with additional increases up until the maturity date of 2039; interest ranging from 4.0 to 5.0 percent for the years ended December 31, 2024 and 2023. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$89,267 and \$93,100 as of December 31, 2024 and 2023, respectively

\$ 15,700,000 \$ 16,160,000

2020 Refunding Revenue Bonds

\$3,850,000 Water Enterprise Revenue Refunding Loan, Series 2020 due in principal installments of \$425,000 in 2025 with additional increases up until the maturity date of 2029; interest at 4.0 percent for each of the years ended December 31, 2024 and 2023. These bonds were issued to refund the 2009 Colorado Water Resource and Power Development Authority (CWRPDA) loan. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$8,344 and \$9,900 as of December 31, 2024 and 2023, respectively

2,225,000 2,640,000

December 31, 2024 and 2023

Note 6 - Long-term Debt (Continued)

	2024	2023
2022 Revenue Bonds		
<p>\$34,615,000 Water Enterprise Revenue Bonds, Series 2022 due in principal installments of \$1,205,000 in 2025 with additional increases up until the maturity date of 2042; interest ranging from 4.0 to 5.0 percent at December 31, 2024 and 2023, respectively. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$503,383 and \$522,550 as of December 31, 2024 and 2023, respectively</p>		
	\$ 33,465,000	\$ 34,615,000
Total debt	\$ 51,390,000	\$ 53,415,000

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Principal	Interest	Total
2025	\$ 2,110,000	\$ 2,095,813	\$ 4,205,813
2026	2,215,000	2,002,000	4,217,000
2027	2,305,000	1,903,213	4,208,213
2028	2,415,000	1,800,200	4,215,200
2029	2,510,000	1,697,562	4,207,562
2030-2034	14,540,000	6,714,850	21,254,850
2035-2039	17,755,000	3,496,600	21,251,600
2040-2042	7,540,000	611,200	8,151,200
Total	\$ 51,390,000	\$ 20,321,438	\$ 71,711,438

Note 7 - Risk Management

The District is a member of the Colorado Special District Property and Liability Pool (CSDPLP). The District has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays annual contributions for its property, casualty, and worker's compensation insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention.

At December 31, 2023 (the most current audited financial statements), CSDPLP has total admitted assets of \$81,143,798, liabilities of \$58,670,068, and unassigned surplus of \$22,473,730. The liability amount includes no long-term debt. Total revenue for 2023 amounted to \$29,593,851, investment income was \$1,695,393, and total expenses were \$31,416,477, resulting in a net loss of \$127,233. The amount of the District's share of these amounts is less than 1 percent.

Note 8 - Deferred Compensation

During 1993, the District established an Internal Revenue Code Section 457 deferred compensation plan, which also provides for contributions from the employee and the employer. The District makes matching contributions of up to 3.0 percent of an employee's eligible salary. During 2024 and 2023, the District's contributions to this plan totaled \$123,941 and \$90,294, respectively.

Note 9 - TABOR Compliance

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

Supplementary Information

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2024 and 2023

The District prepares its annual budget on a non-GAAP basis of accounting. Below is the reconciliation from the budget basis of accounting to GAAP basis:

	2024	2023
Excess of non-GAAP revenue over expenditures (budgetary basis)	\$ (8,478,514)	\$ (9,646,291)
Adjustments required to reconcile:		
Non-GAAP revenue/expenditures:		
Bond principal	2,025,000	1,985,000
Capital asset acquisition	27,705,386	20,739,600
GAAP revenue/expense - Adjustments:		
Depreciation expense	(2,013,585)	(1,972,469)
Amortization of bond premiums	396,241	456,942
Change in net position GAAP basis	\$ 19,634,528	\$ 11,562,782

	Final Budget	Actual - Budgetary Basis	Variance - Favorable (Unfavorable)	Year Ended December 31, 2023 Actual - Budgetary Basis
Revenue:				
Operating revenue:				
Metered sales	\$ 14,417,718	\$ 13,713,979	\$ (703,739)	\$ 12,568,134
Surcharges	4,300,000	5,304,912	1,004,912	4,970,952
PI surcharge	2,800,000	3,413,142	613,142	2,976,609
Adjustments	-	2,458,476	2,458,476	(57,874)
Construction water	219,576	425,683	206,107	270,630
Total operating revenue	21,737,294	25,316,192	3,578,898	20,728,451
Nonoperating revenue:				
Earnings on investments	1,500,845	2,781,597	1,280,752	2,700,628
Water lease and rental	18,571	-	(18,571)	18,780
Miscellaneous	18,221	249,787	231,566	364,442
Farm revenue	9,572	-	(9,572)	1,000
Mineral, oil, and gas rights	66,245	-	(66,245)	137,249
Sale of property	563	-	(563)	-
Total nonoperating revenue	1,614,017	3,031,384	1,417,367	3,222,099
Capital contributions:				
Tap fees - Customers	3,300,000	4,950,000	1,650,000	2,223,750
Meter set fees	559,538	47,615	(511,923)	22,400
Reimbursement for water rights	-	330,750	330,750	(32,250)
Distance fees	180,186	809,500	629,314	245,850
Reimbursement for line extension	156,060	408,146	252,086	254,400
Miscellaneous	-	9,480	9,480	-
Total capital contributions	4,195,784	6,555,491	2,359,707	2,714,150
Total revenue	27,547,095	34,903,067	7,355,972	26,664,700

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2024 and 2023

	Final Budget	Actual - Budgetary Basis	Variance - Favorable (Unfavorable)	Year Ended December 31, 2023 Actual - Budgetary Basis
Expenditures:				
Administrative:				
Personnel - Administrative	\$ 538,541	\$ 1,399,408	\$ 860,867	\$ 1,262,013
Payroll taxes	144,068	162,699	18,631	156,994
Health insurance	61,200	53,590	(7,610)	48,969
Office utilities	211,907	355,173	143,266	237,358
Office expense	204,939	347,648	142,709	329,158
Professional fees	787,934	639,479	(148,455)	867,444
Miscellaneous	110,000	21,761	(88,239)	27,825
Total administrative	2,058,589	2,979,758	921,169	2,929,761
Distribution:				
Water	3,994,485	4,300,523	306,038	4,089,865
Personnel operations	2,042,823	1,878,956	(163,867)	1,872,902
Operation and maintenance	2,183,198	1,654,614	(528,584)	1,397,746
Electricity	184,722	205,720	20,998	191,967
Communications	51,000	1,201	(49,799)	1,203
Insurance	172,400	152,485	(19,915)	137,872
Miscellaneous	-	315,038	315,038	46,830
Total distribution	8,628,628	8,508,537	(120,091)	7,738,385
Debt service:				
Interest expense	2,395,825	2,162,900	(232,925)	2,918,245
Principal paid	2,025,000	2,025,000	-	1,985,000
Total debt service	4,420,825	4,187,900	(232,925)	4,903,245
Capital improvements:				
Storage tanks	1,000,000	185,945	(814,055)	937,378
Pump stations	75,000	-	(75,000)	286,990
Equipment	220,000	-	(220,000)	211,895
System	21,700,000	9,242,220	(12,457,780)	2,723,192
Water rights, storage, and infrastructure	6,510,000	7,140,376	630,376	7,406,984
Land and easements	180,000	-	(180,000)	862,734
Construction in progress	-	11,136,845	11,136,845	8,310,427
Total capital improvements	29,685,000	27,705,386	(1,979,614)	20,739,600
Total budgeted expenditures	44,793,042	43,381,581	(1,411,461)	36,310,991
Excess of budgeted expenditures over budgeted revenue	\$ (17,245,947)	\$ (8,478,514)	\$ 8,767,433	\$ (9,646,291)

North Weld County Water District

Rate Maintenance - Unaudited

December 31, 2024 and 2023

The District's 2019 and 2022 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 110 percent of the principal and interest payable on the 2022 Bonds, the 2020 Bonds, and the 2019 Bonds and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

The District's 2020 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 135 percent of the principal and interest payable on the 2020 Bonds, and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

	2024	2023
Operating revenue	\$ 25,316,192	\$ 20,728,451
Nonoperating revenue	3,031,384	3,222,099
Tap/Connection fees	6,555,491	2,714,150
Operation and maintenance expense (excluding depreciation expense)	(11,488,295)	(10,668,146)
Net revenue as defined in loan resolution	23,414,772	15,996,554
Bonds principal due	2,025,000	1,985,000
Bonds interest due	2,185,650	3,047,932
Subtotal	4,210,650	5,032,932
Required revenue as defined in loan resolution	4,631,715	5,536,236