

Dear Ms. Hoffman, Broomfield Staff, and Broomfield City Council,

Thank you for making the Annual Comprehensive Financial Report for the Fiscal Year Ended December 31, 2024 (2024 ACFR) available for public review.

Upon our review of the 2024 ACFR, we have a number of questions provided in this document and that we respectfully request your response to further clarify the information provided in the 2024 ACFR.

Here is a summary of our questions and concerns regarding the 2024 ACFR:

- Our continuing concern with the state of Broomfield water funds, including the state of the Water Reclamation Fund shortfall. The apparent strategy of the City and County of Broomfield is to “stabilize” the water related funds on the backs of Broomfield residents through ongoing water rate increases and then tout those increases the basis for improved bond ratings for the City and County to incur an additional \$264,000,000 in debt in early 2026. (see pages 38 and 39 of the Economic & Fiscal Update 2026 Budget Highlights presentation, August 19, 2025)

In addition to the ACFR, review of the recent [July 2025 Quarterly Enterprise Funds Status Memo-WU Capital Infrastructure Inventory Supply](#) may also prove beneficial.

1. Enterprise Fund Model

Colorado law requires water, sewer, and stormwater services to be operated as *enterprise funds*. This means the costs to deliver clean drinking water, treat wastewater, and manage stormwater must be covered by the users of those systems—not by sales tax or the General Fund. In other words, these services are self-funded, not subsidized by other taxpayer dollars.

2. Historical Under-Recovery

For many years, Broomfield residents and businesses paid less than the actual cost of providing these services. Rates did not keep up with rising costs of infrastructure, federal/state regulatory mandates, and inflation in construction and treatment costs. The recent and planned adjustments are not about “stabilizing on the backs of residents” but rather ensuring that the utility system is sustainable and that today’s ratepayers are paying the true cost of service.

3. Water Reclamation Fund Shortfall

The Water Reclamation Fund has been under-recovering for several years. The adopted financial plan is specifically designed to close that shortfall gradually, rather than all at once, in order to minimize the annual impact on ratepayers while still protecting system reliability.

4. Bond Ratings and Debt

A strong financial footing—including stable, predictable revenues—does help maintain Broomfield’s bond ratings. That benefits residents by lowering interest costs when the community invests in major water infrastructure projects. But the purpose of the rate increases is not to improve bond ratings; it is to pay for the actual costs of delivering water and wastewater services. Any future debt issuance, such as the anticipated \$264 million in 2026, will be tied to specific capital projects needed to serve the community long-term.

- Raising base water rates which appears to be the City and County of Broomfield response after dramatically missing the budget projections for water and sewer license fee revenue starting in 2023.

The raising of the base water rates on residents starting that year has resulted in a 77% increase in the average water bill in only three years, with the average water bill expected to increase by 148% between 2023 (\$67.83/month) and 2030 (\$168.11/month (est)).

The decision to raise base water rates was **not** a reaction to “missing budget projections” for license fee revenue. In fact, staff had identified that Broomfield’s water and sewer base rates were significantly below the true cost of providing safe and reliable service, primarily due to the rates not being increased.

From 2022 through 2025, **staff explored multiple strategies to minimize the impact on residents:**

- **Leveraging options regarding consumption tiered rates.**
- **Adjusting license fees and other revenue sources to delay increases.**
- **Phasing in smaller annual adjustments to spread out the impact.**

After pulling three different “levers” to avoid steep increases, it became clear that the structure of the rates themselves had to change. While difficult, staff presented Council with a **five-year financial plan** to stabilize the enterprise funds by increasing both base rates and usage rates in a measured, predictable way. Council implemented the first year of that plan in 2025 through the approval of the 2025 utility rates.

It is important to note that:

- The increases are part of a long-term correction after many years of under-charging, not a sudden reaction to one year’s budget variance.
- Base rates had not been keeping pace with infrastructure replacement, regulatory requirements, and inflation in construction and treatment costs.
- Developing a sustainable program ensures the long-term viability of water, sewer, and stormwater services, rather than relying on temporary fixes.
- Continued growth in spending, and in some cases over expenditures (page 109 of the 2024 ACFR) of the City and County of Broomfield, at a time when Broomfield citizens are struggling to make ends meet on our family budgets.

We recognize the concern that has been raised regarding overall spending and specific instances of over-expenditures. A few key points of clarification may help:

1. Deliberate and Transparent Decisions

None of Broomfield’s spending decisions are made lightly. Each budget decision goes through a public process with careful deliberation by staff and City Council, weighing community needs against fiscal realities.

2. Rising Costs Mirror Household Pressures

Just as Broomfield families have faced higher grocery, utility, housing, and insurance costs, the

City and County has also experienced higher operating costs to maintain the same level of services. Fuel, equipment, construction materials, utilities, health insurance, and regulatory requirements have all increased significantly in recent years.

3. Service Levels and Community Expectations

Many of the costs reflected in the ACFR are tied to maintaining essential services—public safety, infrastructure, clean drinking water, wastewater treatment, and parks—that residents depend on every day. Reductions in these areas would directly affect quality of life, so Council and staff strive to balance fiscal prudence with service delivery.

4. Over-Expenditures

Where over-expenditures are noted, they are reported transparently in the Annual Comprehensive Financial Report (ACFR). In most cases, they are tied to unanticipated but necessary costs (such as emergency response, inflationary spikes, or timing of capital projects). Council is required by law to approve budget adjustments when these occur, and those adjustments are publicly documented.

- Lack of prioritization of critical infrastructure needs, in particular roads and street maintenance which was significantly under managed in 2024.

It is not accurate to say that Broomfield has lacked prioritization of critical infrastructure, especially roads and street maintenance. In fact, our budget and outcomes reflect that **street and road maintenance has been a top priority** in recent years:

- **2024 and 2025 Program Expansion** - Funding for paving, overlays, and preventive maintenance was increased in both 2024 and 2025. The pavement management plan was expanded to address deferred maintenance and ensure that streets are maintained on a sustainable cycle.
- **Improved Outcomes** - As a result of this investment, the percentage of roadway miles treated annually has nearly doubled compared to prior years. Crack sealing, resurfacing, and rehabilitation programs are now keeping pace with engineering best practices.
- **Long-Term Planning** - Broomfield's pavement management program uses data-driven assessments (pavement condition index ratings, traffic counts, and lifecycle cost models) to prioritize which roads are treated each year. This ensures funds are allocated where they will have the most impact and help avoid more costly full reconstructions later.

Broomfield has made major strides in core infrastructure and utility maintenance over the past five years. The Street Pavement Management Program expanded significantly, with more miles treated and a dramatic increase in crack sealing. Water Utilities strengthened operations with annual waterline replacements, full fire hydrant flushing and maintenance, and near-complete valve maintenance.

The Sewer Collections Program has advanced to completing annual program system cleaning and inspection on a regular cycle, while the Stormwater Maintenance Program, established in 2021, now completes annual program system cleaning and inspections each year. These operational improvements

are supported by a five-year financial sustainability plan that ensures long-term infrastructure health, high-quality service delivery, and protection of public health and the environment.

Specific examples of the impacts include:

- Water Treatment Facility enhanced water treatment efficiency with the purchase of new technology. Together, these additions have reduced chemical dosage for chlorine needed for disinfection.
 - Robojar Automation unit to enhance water treatment chemical testing. This unit reduced testing time from 4 hours to 50 minutes while enhancing water quality by lowering turbidity from 0.05 NTU to 0.025 NTU.
 - Installed 3 LG Sonic Algae Control Buoys on Glasser (1) and Sienna Reservoirs (2) to reduce taste and odor-causing algae. This upgrade has resulted in a reduction in chemical dosage for chlorine needed for disinfection.
- Water Distribution System impacts include:
 - Waterline Replacement: Now an annual program, a significant improvement from its previous biennial schedule.
 - Fire Hydrant Flushing: Achieved 100% completion, a considerable increase from 19% in 2022.
 - Fire Hydrant Maintenance: Reached 100% completion, up from 47% in 2021.
 - Valve Maintenance: Projected to reach 100% completion by late 2025, a significant leap from 5.8% in 2023.
- Stormwater Maintenance Program
 - Established in 2021, the Stormwater Maintenance Program has also made significant strides:
 - Cleaning Coverage: Increased dramatically from 0% in 2021 to 100% in 2025, successfully meeting its 20% annual goal.
 - TV Inspections: Improved from 9.6% in 2021 to 100% completion in 2025.
- The Environmental Lab and Water Recovery Laboratories have significantly upgraded their equipment, leading to faster and more accurate analyses. Key enhancements include a discrete analyzer, an ion chromatograph (nitrate, sulfate, phosphate, chloride, fluoride), and an automated algae analyzer enabling the laboratories to maintain Safe Drinking Water Act certification and support the Water Recovery Facility discharge permit by performing crucial lab tests in-house.
 - Implemented a new method for ammonia that can analyze 20 samples in 3 hours instead of 6 hours, and automates data entry.
- Lack of transparency of how various taxes, including Ownership Tax, Tobacco Tax, and other Miscellaneous “revenue” is allocated and tracked by the City and County of Broomfield. Included in this concern is the mismatch of Sales and Use Tax revenues from revenue by industry to source of Governmental funds. [See below](#)
- The ineffectiveness and inaccuracy present in the City and County of Broomfield financial tracking and systems resulting in deficiencies in accounting areas such as Medicaid as noted in the 2024 ACFR (see page 245). [See below](#)

The new financial management system provides the opportunity for the annual budget document to more closely correspond to the audited financial reports. We recognize that the budget documents

would not include balance sheet documents or depreciation. However there are changes that could be made in the budgets presented which would provide greater transparency and clarity. For example, the format of some of the Major and Non-Major Governmental and Enterprise Funds could be presented in a manner roughly similar to the format in the audited financial statements. We would be glad to work with you to explore this topic further.

In summary, and referring to the auditor's statement on page 233 of the 2024 ACFR: "We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However...we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency." As Broomfield taxpayers, this is particularly alarming and re-enforces our ongoing concerns about the transparency of the financial view provided by the City and County of Broomfield, as well as the related inconsistencies and inaccuracies between the audited financials, proposed annual budgets, and approved annual budgets. [See below](#)

We look forward to the City and County of Broomfield's replies to our follow up comments, questions, and concerns. Thank you in advance for your time and consideration.

Sincerely and respectfully,
Broomfield Taxpayer Matters

Questions:

Question 1 (from page 15)

What is the reason for the significant reduction in new businesses from 24 in 2023 to 5 in 2024?

The change from 2023 to 2024 does not indicate a permanent decline in Broomfield's business climate. Permits alone don't tell the full story—**completed projects, added square footage, and value of added property** are the true measures of progress, and those indicators remain strong.

Response on New Business Construction

The difference between 24 new businesses in 2023 and 5 in 2024 is primarily the result of broader **economic conditions** that influence development activity:

1. **Economic Cycles Matter**

When the economy is strong and lending conditions are favorable, developers are more likely to initiate larger projects. Periods of uncertainty, higher interest rates, and increased construction costs often lead developers to pause, scale back, or delay projects.

2. **How "Commercial" is Counted**

In Broomfield's building permit system, *all* non-residential projects are classified as "commercial." This category includes major office buildings, retail centers, and restaurants, but also much smaller structures such as bike shelters, leasing offices, or pool equipment buildings. Because of this broad definition, the annual number of "new businesses" can swing significantly from year to year depending on the type of projects permitted.

3. **Permits vs. Completions**

Looking only at the number of permits issued can be misleading and does not allow for accurate conclusions about long-term business vitality. Permits are one measure of activity, but what truly

matters is the **completion of projects**—because completed projects create opportunities for businesses to locate and expand in Broomfield, while also adding to the property tax base.

The table below reflects the increase in total square footage of completed commercial projects being added to the tax rolls, which is a better indicator of Broomfield's growing economic capacity.

4. Recent Trends

Broomfield's permit reports (available monthly on our website) show that construction activity in 2025 through August is tracking at a similar level to 2024, across both business/commercial projects and residential (single-family, townhomes, multifamily). The slowdown in both sectors reflects the **national and regional development climate**, not just local policy or demand.

Additionally, there are years where larger developments move forward with multiple buildings that require separate permits. For various reasons, developers may choose to pay for and obtain a block of building permits simultaneously, even if they don't start the actual construction of all buildings immediately. This strategy can be driven by financing considerations or the desire to lock in current building code requirements before potential changes take effect.

The above factors demonstrate why construction activity tends to come in waves rather than following smooth, predictable patterns, reflecting both broader economic conditions and the specific timing of individual development projects. Broomfield has continued to build and enhance our diversified tax base, which currently is at a stable 49% Commercial Property Values (Reduces Single Revenue Reliance).

This permit bundling significantly impacted 2023 statistics when several major developments moved forward: the La Pour development, Simms Technology Park, and Hoyt Street. It's important to note that these large projects can take up to three/four years from permit to opening, and the newly available space is then absorbed over the next several years. In fact, several key sectors are outperforming Denver Metro (Finance, IT, Professional Services), and we continue attracting Next-Gen Industries: Aerospace, Quantum, Advanced Manufacturing (e.g., Sierra Space, Quantinuum, SiNaptic).

The following tables show the resulting outcomes of this building activity on Broomfield's commercial property base.

Commerical Property	Built SqFt (not including land)	Chg in SqFt	Pct Chg
2024	21,493,927	552,660	2.64%
2023	20,941,267	274,749	1.33%
2022	20,666,518	—	—

Data Source: Broomfield Assessor's Values by Property Classification Reports , 2023-2025)

Question 2 (from page 17)

The Long Range Financial Plan (LRFP) is shown to be completed in early 2026 and there is an update regarding the LRFP scheduled for August 21, 2025. When is the LRFP anticipated to be completed?

The LRFP is expected to be completed in the 1st Quarter of 2026; including the plan and analysis summary, operating models, and LRFP documentation.

Question 3 (from page 17)

The Enterprise Funds Policy is to hold a minimum of 10% of expenses in reserve and two years of debt service. The 2025 projection is for 20% of expenditures plus 3 years of debt service. Is that projection likely to be met and is that level necessary?

The Enterprise Funds are comprised of the water, wastewater (sewer), reclamation, and stormwater funds. Each fund maintains its own individual debt reserves and operational reserves, consistent with best practice.

Broomfield's Enterprise Fund Policy requires a minimum of 10% of annual operating expenses in reserve and two years of debt service coverage. Entering year two of a five-year stabilization plan, we are taking a conservative approach in order to address a significant backlog of capital needs and ensure that operations can effectively keep pace.

- **Water Fund:** By the end of 2025, we anticipate reserves equal to approximately 20% of annual operating expenditures and two years of debt service. This exceeds policy requirements and reflects prudent financial management given the size and long-term obligations of the fund.
- **Wastewater Fund:** Consistent with best practice, the wastewater fund is targeted to maintain 10% operational reserves and two years of debt service coverage.
- **Reclamation and Stormwater Funds:** These funds do not currently carry debt, and the need to carry operational reserves is much more limited than water & sewer.

It is important to note that the 2025 projection of 20% reserves and three years of debt service was not established as a goal. Actual year-end 2025 projections are closer to 20% reserves and two years of debt service—an appropriate level of financial protection for a utility of this scale.

In summary, reserves at this level are expected to be met in 2025, and while they exceed the policy minimum, they provide a conservative cushion as Broomfield addresses system backlogs, invests in infrastructure, and manages long-term debt responsibly.

Question 4 (from page 49, 147 (details))

What is the status of the 2024 Water Reclamation Shortfall? Is it planned to be addressed in 2025?

The Water Reclamation Fund has been under-recovering for several years. The adopted financial plan is specifically designed to close that shortfall gradually, rather than all at once, to minimize the annual impact on ratepayers while still protecting system reliability.

Question 5 (from page 54)

What are the lease/subscription proceeds shown in 2023? Is this a one-time figure due to the new GASB rule?

This is related to the implementation of GASB pronouncement *#87 Leases* and *#96 Subscription-Based Technology Arrangements*.

Question 6 (from page 57)

What comprises the miscellaneous amount in the Sewer Fund?

The \$858k of Miscellaneous revenue consists of rental income of (\$163k) and Other Misc Revenue (\$695k). The other miscellaneous revenue is oil and gas royalties, and the rental income is for the lease to the Weld County Bio-Solids farm.

Question 7 (from page 101,151)

Health insurance claims incurred were \$14.8 million in 2024. What is the total annual salary and wages cost for all CCOB employees? What is the percentage of health insurance total costs (see p. 151) compared to annual wage expenditures? (p. 101)

The City and County has two medical insurance plans that are funded by a combination of employee and employer premiums. The claims that were incurred in 2024 under the self insured Medical Care Expense Plan (MCEP) insurance plan were \$14.8M. In 2024, \$235.5M was the salary expense for employees who were eligible to participate in one of two medical insurance plans offered by CCOB, which represents 6.8% of the total claims cost for the self insured MCEP plan. Typically, organizations target 8 - 12% of payroll for healthcare costs associated with the employee and employer contributions, so Broomfield is below the average target.

Question 8 (from page 109)

Please elaborate on the steps taken to address the over expenditures in Note 17.

- The Health & Human Services expenditures have an adequate fund balance to cover the planned reduction to fund balance. Historically, there had been a transfer from the County General Fund to cover any overage; this year, there was an intentional decision to keep the General Fund whole (no transfers) for the budget years 2025-2027.
- The Health Self Insurance expenditures have an adequate fund balance to cover the planned reduction to fund balance.
- The Lodging Tax Fund holds no fund balance, so revenues received are transferred to the General Fund. When the Fund receives greater than expected revenue, this results in a higher than budgeted transfer to the General Fund.
- The Police Money Purchase Trust Fund and Employee Money Purchase Trust Fund are Broomfield Employee Retirement Funds. The Budget expenses are estimates, but can vary based on the number of retirements. The Funds have an adequate fund balance to cover the planned reduction to fund balance.

Question 9 (from page 120)

There is a significant and increasing gap in the difference between the street maintenance funding needs and actual street maintenance funding. This gap is between \$21.2M and \$12M in 2024. What is the plan to address the difference in funding?

The 'Maintenance Estimate' of \$21 million presented in the table header on page 120 reflects the **budgeted amounts** allocated to the two primary street maintenance components: paving and sealing.

Actual expenditures totaled \$12 million. The Pavement Condition Index (PCI) is required to be maintained at 70 percent, a standard that has been achieved consistently over the past five years. In addition, one-time ARPA funding of \$9 million was utilized to enhance maintenance efforts and extend the useful life of the organization's assets classified under the 'Streets' category."

Question 10 (from page 142)

What intergovernmental revenue was budgeted for and not received in the Sales and Use Tax Fund?

The Capital Projects (Projects) and their respective Intergovernmental Revenues (also identified as "Grants" or "Outside Fund Awards") under the Sales and Use Tax Fund are budgeted as a whole at the time the Project is initiated. Most Projects are multi-year and on an annual basis the budgets and their respective intergovernmental revenue for the Projects are rolled from one year into the next year to continue the work on the project. The actual revenues are recognized when required phases/stages of Projects are completed based on the requirements associated with the intergovernmental revenue. Therefore, only a small portion of the budgeted intergovernmental revenues will be recognized as Actual.

Question 11 (from page 145)

The Water Fund Budget shows large variances. What was the reason for the drop in capital contributions in the original budget of \$35.7M to the final budget of \$14.9M? What was anticipated in the budgeted Other Expenses of \$13M of which \$8.9M didn't occur? What is the rationale for the significant difference in original and final budgets for projects?

Another example of budgeted vs. actuals. Economic conditions significantly influence fluctuations in new business construction from year to year. When the economy is strong and lending conditions are favorable, developers are more likely to pursue larger projects. Conversely, periods of uncertainty can delay or reduce construction activity. The Contributed Capital category reflects license fees anticipated from developers for new construction. Due to rising borrowing rates, projected economic activity was scaled back, which lowered the amount of license fee revenue included in the budget.

However, actual revenues ultimately exceeded the revised budget projections.

Question 12 (from page 151)

The Health Self-Insurance Fund shows a \$1.1M shortfall for 2024. How is this being addressed in 2025? What coverage is included in the Health Self-Insurance Fund?

The Health Self Insurance expenditures have an adequate fund balance to cover the planned reduction to fund balance. The Health Self Insurance Fund covers the self insured medical insurance plan which has traditional benefit offerings, which is comparable to other local municipalities.

Question 13 (from page 181)

The Specific Ownership Tax, Tobacco tax and Miscellaneous revenue is not split out in prior years 2015 - 2020? Please provide that detail. In what category is the marijuana tax revenue?

Business tax, Specific Ownership tax, tobacco tax, and miscellaneous need to be viewed together and are broken out below. Marijuana tax revenue is included in sales tax revenue.

	2015	2016	2017	2018	2019	2020
Bus	\$3,306,929	\$3,340,151	\$3,440,269	\$3,398,762	\$3,479,233	\$3,417,282
S.O.	\$766,926	\$823,265	\$981,876	\$1,059,073	\$1,064,606	\$1,073,509
Tobacco	\$152,818	\$153,103	\$134,807	\$138,853	\$134,570	\$176,966
Misc.	\$3,394,586	\$3,361,740	\$3,915,260	\$4,475,292	\$3,951,834	\$3,379,654

Question 14 (from page 182)

Why has the Restricted balance in the Housing Authority Operating Fund and the Cemetery Fund dropped to zero in 2022 - 2024? Did the Housing Authority balance drop due to the establishment of the Broomfield Housing Authority? If so, a note stating this would be helpful.

What financial reporting is required and provided for the Broomfield Housing Authority?

- The Cemetery gets reduced to zero at the end of each year.
- Yes, the Housing Authority balance drop was due to the establishment of the Broomfield Housing Authority. We appreciate your suggestion regarding the note to add clarification in the future. The most recent IGA with BHA was approved on May 27, 2025. Consistent with this agreement, BHA annually provides an update regarding their annual Work Plan to the City Council and must include details regarding their revenue generated and how they are working to become financially independent from CCOB's continued financial support. To obtain more specific financial reports, we recommend reaching out directly to BHA (info@BroomfieldHousingAlliance.org).

Question 15 (from page 185, 190)

The Sales and Use tax revenue figures for 2022 – 2024 on the Tax Revenue by Source, Governmental Funds (p 185) doesn't match the Sales and Use Tax Revenue by Type of Industry for 2022 – 2024 (p 190) although they match in prior years. Please explain this discrepancy.

The difference for 2022 - 2024 is sales tax audit and marijuana tax.

Question 16 (from page 201, 208)

CCOB shows 975 employees for 2024. (p 201). There are 967.52 CCOB employees shown for the same period (p. 208). Why the discrepancy?

There are two key reasons for the difference. Firstly, Page 201 is reporting on the number of employees (number of people) and page 208 is reporting on "FTE" (full time equivalent). These are not the same, for example, one part time employee may be reported as 0.5 FTE while it also accurately represents a single employee/person. In the future, we will provide a note to clarify when we are reporting using FTE. Secondly, there is a slight timing difference in the reporting of these two numbers. We will look to better align the numbers in the 2025 ACFR.

Question 17 (from page 238)

The 10% de minimis cost rate is not used for indirect costs. How are indirect costs determined and is the amount received greater or less than using the 10% calculation?

The amount applied is determined by the grant. Several grants currently use a 22% indirect cost recovery rate. Historically, Broomfield has not applied the de minimis rate (increased to 15% at the Federal level in late 2024). With the addition of the new Grant Administrator position, staff is now working to better streamline and standardize indirect cost recovery rates across the organization.

Question 18 (from page 245)

What specific monitoring steps are in place and at what frequency for the 2024-002 Medicaid significant deficiency to not be repeated in the 2025 ACFR?

Broomfield implemented corrective actions in Q3 2024 to address the Medicaid deficiency noted in the 2024 Annual Comprehensive Financial Report (ACFR). These actions included prioritizing documents for expedited processing and strengthening workflow oversight with weekly supervisory reviews to ensure timely resolution. We also monitor multiple state and internal reports to ensure that we are maintaining our processing standards. Of the 60 cases reviewed in this audit, only 4 findings were identified. The auditors identified this issue as a "significant deficiency," which is an improvement from a "material weakness" in prior years.

Question 19 (from page 233)

Given the auditor's statement "Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.", what steps has CCOB taken to review internal controls? (p 233)

As noted by the auditors, internal controls were downgraded from a material weakness to a significant deficiency, indicating progress during the 2024 audit period. The issues identified relate to prior years. Since this was the first new audit firm in 10 years, it is common for a fresh review to uncover

administrative corrections from past periods. The Accounting team remains committed to addressing as many of these legacy items as possible, with a renewed focus as we transition to the new ERP system.