

Julesburg Irrigation District

Financial Statements

For the Year Ended December 31, 2025

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Independent Auditors' Report

Board of Directors
Julesburg Irrigation District
Julesburg, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Julesburg Irrigation District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
June 5, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Julesburg Irrigation District's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The Julesburg Irrigation District remains in good financial condition.
- The assets of the Julesburg Irrigation District exceeded its liabilities and deferred inflows of resources at the close of 2025 by \$3,660,968 (net position). Of this amount \$1,192,819 or 33% is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- During the year, the District's revenue from assessments and other revenues were greater than the expenses by \$8,957.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Julesburg Irrigation District's basic financial statements. The Julesburg Irrigation District's basic financial statements are comprised of two components:

- Financial statements
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial statements

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

The **statement of revenues, expenses and changes in fund net position** presents information showing how the Julesburg Irrigation District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The financial statements can be found starting on page 10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 16 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Julesburg Irrigation District, assets exceed liabilities and deferred inflows of resources by \$3,660,968 at the close of 2025.

Net Position

Net position of the Julesburg Irrigation District as of December 31, 2025 is shown in Table 1 below.

Table 1
NET POSITION

	2025	2024
Current and other assets	\$ 1,757,231	\$ 1,749,613
<u>Capital assets</u>	<u>3,782,040</u>	<u>3,854,922</u>
<u>Total assets</u>	<u>\$ 5,539,271</u>	<u>\$ 5,604,535</u>
Long-term debt outstanding	\$ 1,348,545	\$ 1,394,008
<u>Other liabilities</u>	<u>13,276</u>	<u>42,034</u>
Total liabilities	1,361,821	1,436,042
<u>Deferred property tax revenues</u>	<u>516,482</u>	<u>516,482</u>
Total deferred inflows of resources	516,482	516,482
Net position:		
Net investment in capital assets	2,433,495	2,460,914
Restricted	34,654	28,222
<u>Unrestricted</u>	<u>1,192,819</u>	<u>1,162,875</u>
<u>Total net position</u>	<u>3,660,968</u>	<u>3,652,011</u>
<u>Total liabilities, deferred inflows of resources and net position</u>	<u>\$ 5,539,271</u>	<u>\$ 5,604,535</u>

The largest portion of the Julesburg Irrigation District's net position, 67%, reflects its investment in capital assets (land, irrigation system and equipment). The Julesburg Irrigation District uses these capital assets to provide services to its landowners; consequently, these assets are not available for future spending. In addition, a portion of the Julesburg Irrigation District's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 32%, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of 2025, the Julesburg Irrigation District is able to report positive balances in all three categories of net position for the government as a whole.

Changes in net position

The District's total revenue of \$847,135 was more than program expenses of \$838,178 for an increase in net position of \$8,957.

Table 2
CHANGES IN NET POSITION

	2025	2024
Program revenues	\$ 241,714	\$ 295,595
Program expenses	(838,178)	(810,483)
General revenues	605,421	584,472
Change in net position	8,957	69,584
Net position at beginning of year	3,652,011	3,582,427
Net position at end of year	\$ 3,660,968	\$ 3,652,011

BUDGET HIGHLIGHTS

The actual charges to appropriations (expenses) were \$95,077 below the final budget amounts. Additionally, resources available for appropriation (revenues) were \$57,863 more than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Julesburg Irrigation District's investment in capital assets as of December 31, 2025, amounts to \$3,782,040 (net of accumulated depreciation). This amount includes a broad range of capital assets, including land, equipment and its irrigation system.

There was one addition during 2025, a 2025 Chevy Pickup.

The District remains committed to the upkeep and maintenance of the District's largest assets. More detailed information about the District's capital assets is presented in Table 3 and Note D to the financial statements.

Table 3
CAPITAL ASSETS ON DECEMBER 31, 2025
(net of depreciation)

	2025	2024
Land and easements	\$ 75,899	\$ 75,899
Irrigation system	3,584,447	3,645,405
Other equipment	121,694	133,618
Capital assets, net of depreciation	\$ 3,782,040	\$ 3,854,922

Long-term debt. The District had \$1,348,545 in long-term debt outstanding at year-end, which consisted of three individual notes payable to Colorado Water Conservation Board. More detailed information about the District's long-term debt is presented in Note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Julesburg Irrigation District is in a good financial position. The District is in the process of evaluating its spillway profile and a survey is planned to evaluate the elevation of the fills and the spillway to determine if any work needs to be performed on either.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Julesburg Irrigation District, 315 Cedar, Julesburg, Colorado, 80737.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

JULESBURG IRRIGATION DISTRICT
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets	
Cash	\$ 958,658
Certificate of deposit	75,993
Receivables	652,738
Prepaid insurance	35,188
Capital assets, net of depreciation	3,782,040
Restricted cash	34,654
	<u> </u>
Total assets	<u>\$ 5,539,271</u>
Liabilities	
Accounts payable	\$ 4,363
Accrued interest payable	8,913
Noncurrent liabilities	
Due within one year	46,312
Due in more than one year	1,302,233
	<u> </u>
Total liabilities	1,361,821
Deferred inflows of resources	
Deferred property assessments	516,482
	<u> </u>
Total deferred inflows of resources	516,482
Net position	
Net investment in capital assets	2,433,495
Restricted for debt service by Colorado Water Conservation Board	34,654
Unrestricted	1,192,819
	<u> </u>
Total net position	3,660,968
	<u> </u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,539,271</u>

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

JULESBURG IRRIGATION DISTRICT
Statement of Activities
December 31, 2025

	Governmental Activities
Program expenses	
General government	\$ 184,533
Water conservation	519,464
Depreciation and amortization	110,180
Interest and fiscal charges	24,001
	<u>838,178</u>
Total program expenses	838,178
Program revenues	
Charges for services	233,537
Operating grants and contributions	8,177
	<u>241,714</u>
Total program revenues	241,714
Net program expense	596,464
General revenues	
Property assessments and related revenue	520,179
Miscellaneous	78,742
Gain on sale of assets	6,500
	<u>605,421</u>
Total general revenues	605,421
Change in net position	8,957
Net position at beginning of year	<u>3,652,011</u>
Net position at end of year	<u><u>\$ 3,660,968</u></u>

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

JULESBURG IRRIGATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund
Assets	
Cash	\$ 958,658
Certificate of deposit	75,993
Other receivables	136,256
Property assessments receivable	516,482
Restricted cash	34,654
Total assets	<u>\$ 1,722,043</u>
Liabilities	
Accounts payable	\$ 4,363
Total liabilities	4,363
Deferred inflows of resources	
Deferred property assessments	516,482
Total deferred inflows of resources	516,482
Fund balance	
Restricted for debt service by Colorado Water Conservation Board	34,654
Unassigned	1,166,544
Total fund balance	<u>1,201,198</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,722,043</u>

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

JULESBURG IRRIGATION DISTRICT**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025**

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

Total fund balance - governmental funds	\$ 1,201,198
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	3,782,040
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,348,545)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(8,913)
Prepaid items used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	<u>35,188</u>
Net position of the governmental activities	<u><u>\$ 3,660,968</u></u>

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

JULESBURG IRRIGATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General Fund
Revenues	
Taxes	\$ 520,179
Intergovernmental	8,177
Charges for services	233,537
Miscellaneous	78,742
Total revenues	840,635
Expenditures	
Current	
General government	184,533
Conservation	522,630
Capital outlay	37,298
Debt service	
Principal	45,463
Interest and fiscal charges	24,297
Total expenditures	814,221
Excess of revenues over expenditures	26,414
Other financing sources	
Proceeds from the sale of assets	6,500
Net change in fund balance	32,914
Fund balance at beginning of year	1,168,284
Fund balance at end of year	\$ 1,201,198

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

JULESBURG IRRIGATION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

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

Net change in fund balances - governmental funds	\$ 32,914
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Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(72,882)
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Repayment of principal on note obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	45,463
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In the statement of activities, certain expenses are measured by the amount incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid).	3,462
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Change in net position of governmental activities	\$ 8,957
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The accompanying notes are an integral part of these financial statements.

JULESBURG IRRIGATION DISTRICT

Notes to Financial Statements

Note A – Summary of significant accounting policies

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

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

Julesburg Irrigation District is a special district governed by an elected three-member board. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

JULESBURG IRRIGATION DISTRICT

Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following is the District's major governmental fund:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property assessments and augmentation fees. Expenditures include all costs associated with the daily operation of the District.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds, if applicable.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements (where applicable) but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

JULESBURG IRRIGATION DISTRICT

Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Augmentation fees, which are billed shortly after year-end, may or may not be received within the sixty day period. These fees are expected to be collected within the sixty day period, and thus are recognized as revenues in the current period, even if receipt is delayed.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property assessments and grants. On an accrual basis, revenues from property assessments are recognized in the fiscal year for which the assessments are levied. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

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

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

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 - Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balances.

A.6 Receivables

No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10 – 50 years
Irrigation system	10 – 75 years
Furniture and fixtures	10 years
Maintenance equipment	10 – 15 years
Transportation equipment	5 – 10 years

A.8 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101, “Compensated Absences.” The District has adopted an employment contract which provides for sick leave and paid time off.

Sick leave

Each employee is granted ten days per year of sick leave, which may be carried into the ensuing year with a maximum of thirty-six days accumulation. At the end of employment, employees with over three years of consecutive service with the District shall be compensated at their daily rate for accumulated sick leave up to thirty days.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Paid time off

Each employee who has completed one full year of employment with the District is granted seven days per year of paid time off (PTO). Employees who have completed three full years of employment with the District are granted fourteen days per year of PTO. PTO days that are not used in a given year are lost; there is no accumulation of PTO days. At the end of employment, employees with over three years of consecutive service with the District shall be compensated at their daily rate for unused PTO days.

No liability is shown on the financial statements due to the immateriality of the amounts involved.

A.9 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts, issuance costs and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A.10 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of directors (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of directors through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

JULESBURG IRRIGATION DISTRICT

Notes to Financial Statements

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local 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 and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,087,227, of which \$250,000 were insured and \$837,227 were collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Investments with a maturity of more than five years must be authorized by the board of directors.

At year-end the District did not have any investments.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Receivables</u>
Property assessments receivable	\$ 516,482
Other receivables	<u>136,256</u>
Total	<u>\$ 652,738</u>

Note D – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and easements	\$ 75,899	\$ -	\$ -	\$ 75,899
Total capital assets, not being depreciated	75,899	-	-	75,899
Capital assets, being depreciated:				
Irrigation system	4,957,057	-	-	4,957,057
Other equipment	<u>808,460</u>	<u>37,298</u>	<u>(22,373)</u>	<u>823,385</u>
Total capital assets, being depreciated	<u>5,765,517</u>	<u>37,298</u>	<u>(22,373)</u>	<u>5,780,442</u>
Total capital assets	5,841,416	37,298	(22,373)	5,856,341
Less accumulated depreciation for:				
Irrigation system	(1,311,652)	(60,958)	-	(1,372,610)
Other equipment	<u>(674,842)</u>	<u>(49,222)</u>	<u>22,373</u>	<u>(701,691)</u>
Total accumulated depreciation	<u>(1,986,494)</u>	<u>(110,180)</u>	<u>22,373</u>	<u>(2,074,301)</u>
Governmental activities capital assets, net	<u>\$ 3,854,922</u>	<u>\$ (72,882)</u>	<u>\$ -</u>	<u>\$ 3,782,040</u>

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note E - Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Notes from direct borrowings	\$ 1,394,008	\$ -	\$ (45,463)	\$ 1,348,545	\$ 46,312

Notes payable

CWCB Note – Peterson/Lodgepole Structure – The District has entered into a \$100,000 note agreement with the Colorado Water Conservation Board (CWCB) due in annual installments of \$5,437. The agreement provides for the disbursement of funds at the District's request to facilitate the construction of the Lodgepole/Peterson Structure. The note bears interest of 3.50% per annum and is for a period of 30 years. Principal and interest are payable in equal annual payments beginning December 1st, 2002.

\$ 28,972

CWCB Note – Harmony #1 measurement structure – The District has entered into a \$203,616 note agreement with the Colorado Water Conservation Board (CWCB) due in annual installments of \$8,721. The agreement provides for the disbursement of funds at the District's request to facilitate the reconstruction of the Harmony #1 measurement structure. The note bears interest of 1.70% per annum and is for a period of 30 years. Principal and interest are payable in equal annual payments beginning March 1st, 2018.

158,952

CWCB Note – Petersen structure – The District has entered into a \$2,886,580 note agreement with the Colorado Water Conservation Board (CWCB) due in annual installments of \$55,601. The agreement provides for the disbursement of funds at the District's request to facilitate the rehabilitation of the existing diversion structure on the Petersen Ditch. The note bears interest of 1.70% per annum and is for a period of 30 years. Principal and interest are payable in equal annual payments beginning September 1, 2021.

1,160,621

Total

\$ 1,348,545

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note E - Long-term debt (Continued)

The note agreements with the CWCB contain various covenants including the establishment and maintenance of a debt service reserve fund, in which the District is required to deposit an amount equal to one-tenth of an annual payment on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan. The District has restricted funds in the amount of \$34,654 in satisfaction of the debt service fund. The District must also take all necessary actions consistent therewith during the term of this contract to establish, levy and collect rates, charges and fees in amounts sufficient to pay this loan, to cover all expenditures for operation and maintenance and emergency repair services, and to maintain adequate debt service reserves. The District believes it is in compliance with the covenants as set forth in the loan agreement.

The District's outstanding notes with the CWCB in the amount of \$1,348,545 are secured with collateral of the pledged revenues as defined in the note agreements. The outstanding notes contain (1) a provision that in an event of default as defined in the loan agreement, the CWCB shall have the right to suspend the contract and withhold further loan disbursements pending corrective action by the District, and if the District does not cure the default as provided for in the contract, to permanently cease loan disbursements and deem the project substantially complete, (2) declare the entire principal amount, accrued interest, and late charges, if any, then outstanding immediately due and payable, (3) exercise its right under any appendices to the contract, including, but not limited to, the promissory note and security agreement, and (4) take any other appropriate action.

The following schedule represents the District's debt service requirements to maturity for the outstanding long-term debt at year-end:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 46,312	\$ 23,447
2027	47,179	22,580
2028	48,064	21,695
2029	48,966	20,793
2030	49,887	19,872
2031-2035	240,999	86,049
2036-2040	256,476	65,134
2041-2045	279,031	42,579
2046-2050	276,959	18,489
2051	<u>54,672</u>	<u>929</u>
Total	<u>\$ 1,348,545</u>	<u>\$ 321,567</u>

JULESBURG IRRIGATION DISTRICT

Notes to Financial Statements

Note F – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note G – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitation may be required to be refunded unless the District voters decide to allow the District to retain the revenue. The District may be subject to the provisions of the TABOR Amendment. TABOR is complex and subject to judicial interpretation. The District considers itself to be a water activity enterprise and, in accordance with Colorado Revised Statutes 37-45.1-103, is excluded from the provisions of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Note H – Pension plans

Defined contribution plan

The District contributes to the Colorado County Officials and Employees Retirement Plan (the Plan), a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District's board of directors. The District's contribution is a minimum of 4 percent of covered salary, but may be increased beyond this amount. All eligible employees are required to contribute an amount equal to the contribution by the District. For the year employee contributions totaled \$12,463, and the District recognized pension expense of \$12,463.

Employees are immediately vested in their own contributions, District contributions, and earnings on those contributions.

JULESBURG IRRIGATION DISTRICT
Notes to Financial Statements

Note H – Pension plans (Continued)

Deferred compensation plan

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by an independent plan administrator through an administrative services agreement. The plan is available to all District employees working a minimum of twenty hours per week. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The District approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

Note I – Restricted net position

The note agreements with the Colorado Water Conservation Board described in Note E require the District to establish and maintain a debt service reserve account equal to one annual payment. The District has restricted funds in the amount of \$34,654 in connection with this requirement.

The landowners of the District approved a \$2.00 per acre assessment at the time the District entered into the loan agreement with the Colorado Water Conservation Board to facilitate the construction of a new diversion structure in the South Platte River at the Harmony Ditch No. 1 Diversion. This assessment was originally to be used for the payment of the principal and interest on the loan, but has since been expanded, upon obtaining landowner approval, to pay for legal and engineering costs associated with various water issues. The District has not reported any restricted funds in connection with this requirement as all funds were expended during the year.

The District has restricted cash and fund balance/net position in the amount of \$34,654 in satisfaction of the above requirements.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedule – General Fund

JULESBURG IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 516,982	\$ 516,982	\$ 520,179	\$ 3,197
Intergovernmental			8,177	8,177
Charges for services	217,290	217,290	233,537	16,247
Miscellaneous	55,000	55,000	78,742	23,742
Total revenues	789,272	789,272	840,635	51,363
Expenditures				
Current				
General government	186,600	186,600	184,533	2,067
Conservation	566,501	566,501	522,630	43,871
Capital outlay	81,000	81,000	37,298	43,702
Debt service				
Principal	45,463	45,463	45,463	-
Interest and fiscal charges	29,734	29,734	24,297	5,437
Total expenditures	909,298	909,298	814,221	95,077
Excess of revenues over (under) expenditures	(120,026)	(120,026)	26,414	146,440
Other financing sources				
Proceeds from the sale of assets			6,500	6,500
Net change in fund balance	\$ (120,026)	\$ (120,026)	32,914	\$ 152,940
Fund balance at beginning of year			1,168,284	
Fund balance at end of year			\$ 1,201,198	

JULESBURG IRRIGATION DISTRICT
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are adopted as required by Colorado Statutes. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts included in the financial statements are based on the final amended budget. After initial budget approval, the District's board of directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. No supplemental appropriations were made during the year. Expenditures may not legally exceed appropriations as adopted by resolution at the fund level.

On or before October 15, the executive director submits the proposed budget to the board of directors. A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments. Prior to December 15, the District must adopt the budget by formal resolution and certify the mill levies to the County Commissioners. On or before December 31, the District must enact a resolution making appropriations for the following calendar year.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures

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General Fund

General Fund – The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property assessments and augmentation fees. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements. It is adopted for the specified time period of January 1 to December 31, and all revenues and expenditures for the General Fund must be completed within the budget year.

JULESBURG IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes				
Property assessments	\$ 516,482	\$ 516,482	\$ 518,613	\$ 2,131
Delinquent taxes and interest	500	500	1,566	1,066
Total taxes	516,982	516,982	520,179	3,197
Intergovernmental				
State grants			8,177	8,177
Total intergovernmental	-	-	8,177	8,177
Charges for services				
Water assessments	19,100	19,100	15,899	(3,201)
Jumbo lease	73,190	73,190	74,545	1,355
Contract labor			8,012	8,012
Augmentation	125,000	125,000	135,081	10,081
Total charges for services	217,290	217,290	233,537	16,247
Miscellaneous				
Interest on investments	30,000	30,000	42,335	12,335
Miscellaneous	25,000	25,000	36,407	11,407
Total miscellaneous	55,000	55,000	78,742	23,742
Total revenues	\$ 789,272	\$ 789,272	\$ 840,635	\$ 51,363

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JULESBURG IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Expenditures				
General government				
Superintendent's salary	\$ 75,178	\$ 75,178	\$ 75,178	\$ -
Director's fees	1,600	1,600	1,360	240
Attorney and consulting fees	10,000	10,000	6,845	3,155
Office supplies	10,000	10,000	3,762	6,238
Utilities and phone	14,000	14,000	21,365	(7,365)
Rentals	9,600	9,600	9,700	(100)
Payroll taxes	8,400	8,400	8,522	(122)
Secretary's salary	34,222	34,222	34,222	-
Workers' comp insurance	5,000	5,000	4,316	684
Audit and budget	5,800	5,800	6,950	(1,150)
Retirement plan	8,400	8,400	4,222	4,178
Insurance and benefits	4,400	4,400	8,091	(3,691)
Total general government	186,600	186,600	184,533	2,067
Conservation				
System maintenance				
Ditch rider salary	244,963	244,963	211,154	33,809
Other salaries			2,362	(2,362)
Insurance and benefits	21,000	21,000	15,790	5,210
Workers' comp insurance	15,000	15,000	8,425	6,575
Payroll taxes	18,740	18,740	16,633	2,107
Retirement plan	9,798	9,798	8,241	1,557
Expense allowance	3,000	3,000	3,275	(275)
Total system maintenance	312,501	312,501	265,880	46,621
Maintenance				
Reservoir	25,000	25,000		25,000
Intake	3,000	3,000		3,000
Highline	30,000	30,000	34,941	(4,941)
Settlers	5,000	5,000	6,498	(1,498)
Petersen	20,000	20,000	22,126	(2,126)
Harmony	3,000	3,000	6,330	(3,330)
Total maintenance	86,000	86,000	69,895	16,105

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Other operating expenditures				
Fuel and oil	55,000	55,000	37,143	17,857
Equipment repairs, supplies and vehicle expenses	60,000	60,000	75,518	(15,518)
Insurance and bonds	50,000	50,000	52,782	(2,782)
Reservoir enlargement study			9,372	(9,372)
Miscellaneous	3,000	3,000	12,040	(9,040)
Total other operating expenditures	168,000	168,000	186,855	(18,855)
Total conservation	566,501	566,501	522,630	43,871
Capital outlay	81,000	81,000	37,298	43,702
Debt service				
Principal	45,463	45,463	45,463	-
Interest and fiscal charges	29,734	29,734	24,297	5,437
Total debt service	75,197	75,197	69,760	5,437
Total expenditures	\$ 909,298	\$ 909,298	\$ 814,221	\$ 95,077