BROOK FOREST WATER DISTRICT
JEFFERSON COUNTY, COLORADO

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

DECEMBER 31, 2025

BROOK FOREST WATER DISTRICT

ROSTER OF DISTRICT OFFICIALS
DECEMBER 31, 2025

BOARD OF DIRECTORS

Tony Langowski .... President

Morgan Hopkins-Crawley .... Vice President

Bruce Nicklow .... Treasurer

Steve Drucker .... Secretary

Vacant .... Director

ADMINISTRATIVE STAFF

Nickie Holder
Administrator

Dominic Monard
Water System Operator

BROOK FOREST WATER DISTRICT

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT
9591 Mint Lane
Salida, CO 81201
(970) 471-9091
scottwright.cpa@icloud.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brook Forest Water District
Evergreen, Colorado

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business-type activities of the Brook Forest Water 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Brook Forest Water District as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of my report. I am required to be independent of the Brook Forest Water District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 an audit in accordance with generally accepted auditing standards, I:

- 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 my 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.

I am 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 be presented to supplement the basic financial statements. Such information, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. My opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary budget comparison identified in the table of contents is presented to supplement the basic financial statements and 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 my opinion, the supplementary and other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scott Wright

Salida, Colorado
July 20, 2026

BROOK FOREST WATER DISTRICT

STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,467,438	$ 1,336,180
Receivables:		
- Accounts Receivable	25,451	42,020
- Taxes Receivable	306,370	308,094
Prepaid Expenses	6,307	6,059
Total Current Assets	1,805,566	1,692,353
Noncurrent Assets:		
Capital Assets:		
- Land and Land Improvements	32,335	32,335
- Water Systems	4,670,064	4,402,022
- Wells	566,004	566,004
- Machinery and Equipment	47,541	47,541
	5,315,944	5,047,902
Less: Accumulated Depreciation	(2,397,699)	(2,304,065)
Net Capital Assets	2,918,245	2,743,837
Other Assets:		
Water Rights	67,254	67,254
Total Other Assets	67,254	67,254
Total Noncurrent Assets	2,985,499	2,811,091
Total Assets	$ 4,791,065	$ 4,503,444

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

BROOK FOREST WATER DISTRICT

STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024 (Continued)

	2025	2024
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 76,020	$ 20,428
Accrued Interest Payable	1,701	1,820
Current Portion of Long-term debt	36,320	35,604
Total Current Liabilities	114,041	57,852
Long-term Debt	474,022	510,341
Total Liabilities	588,063	568,193
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes	304,671	308,094
NET POSITION		
Net Investment in Capital Assets	2,407,903	2,197,892
Restricted for TABOR Emergency Reserve	18,230	18,028
Unrestricted	1,472,198	1,411,237
Total Net Position	$ 3,898,331	$ 3,627,157

BROOK FOREST WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating Revenues		
Charges for Services	$ 183,360	$ 148,339
Late Charges	1,580	2,535
Other Operating Revenue	19,317	15,650
Total Operating Revenues	204,257	166,524
Operating Expenses		
Salaries - Maintenance	76,394	75,649
Administration	10,001	7,924
Contract Labor	-	9,855
Repairs and Maintenance	25,932	69,695
Utilities and Telephone	16,056	14,622
Lab and Testing	160	449
Audit and Accounting	5,000	5,000
Legal	22,888	21,674
Engineering	46,299	13,457
Director's Fees	5,200	5,400
Augmentation	2,029	2,780
Health & Life Insurance	6,763	6,022
Payroll Taxes	8,877	6,407
Insurance	6,110	5,233
Dues and Memberships	949	1,502
Auto Expense	1,656	1,161
Office Supplies and Expenses	10,183	8,067
Miscellaneous	180	-
Depreciation	93,634	97,037
Total Operating Expenses	338,311	351,934
Operating Loss	(134,054)	(185,410)

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Continued)

	2025	2024
Noncapital Subsidies		
Property Taxes	302,000	320,182
Specific Ownership Taxes	22,581	18,128
Total Noncapital Subsidies	324,581	338,310
Operating Loss and Noncapital Subsidies	190,527	152,900
Other Nonoperating Revenues (Expenses)		
Readiness to Serve Fees	13,963	10,770
Connection Fees	17,000	-
Interest Earnings	64,882	89,353
County Treasurer Fees	(4,575)	(4,802)
Interest Expense	(10,623)	(11,327)
Capital Contributions	-	236,080
Total Other Nonoperating Revenues (Expenses)	80,647	320,074
Change in Net Position	271,174	472,974
Total Net Position, Beginning of Year	3,627,157	3,154,183
Total Net Position, End of Year	$ 3,898,331	$ 3,627,157

BROOK FOREST WATER DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Cash Received From Customers	$ 201,509	$ 150,760
Cash Payments to Suppliers for Goods and Services	(157,409)	(145,583)
Cash Payments to Employees for Services	(97,234)	(93,478)
Other Operating Revenues	19,317	15,650
Net Cash Used in Operating Activities	(33,817)	(72,651)
Cash Flows From Noncapital Financing Activities		
Cash Received From Property Taxes	302,000	320,182
Cash Received From Specific Ownership Taxes	20,882	19,173
Cash Received From Readiness-to-Serve Fees	13,963	10,770
Cash Received From Connection Fees	17,000	-
County Treasurer's Fees Paid	(4,575)	(4,802)
Net Cash Provided by Noncapital Financing Activites	349,270	345,323
Cash Flows From Capital Financing Activities		
Acquisition and Construction of Capital Assets	(202,732)	(875,937)
Principal Paid on Bond and Note Payable Maturities	(35,603)	(34,903)
Interest Paid on Bonds and Notes Payable	(10,742)	(11,443)
Net Cash Provided by (Used in) Capital Financing Activites	(249,077)	(922,283)
Cash Flows From Investing Activites		
Earnings on Investments	64,882	89,353
Net Cash Provided by Investing Activites	64,882	89,353
Net Increase (Decrease) in Cash and Cash Equivalents	131,258	(560,258)
Cash and Cash Equivalents, Beginning of Year	1,336,180	1,896,438
Cash and Cash Equivalents, End of Year	$ 1,467,438	$ 1,336,180

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

BROOK FOREST WATER DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Continued)

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITES		
Operating Loss	$ (134,054)	$ (185,410)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	93,634	97,037
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	16,569	(114)
(Increase) Decrease In Prepaid Expense	(248)	(312)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(9,718)	16,148
Total Adjustments	100,237	112,759
Net Cash Used in Operating Activities	$ (33,817)	$ (72,651)

The financial statements of the Brook Forest Water District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by GAAP, these financial statements present the Brook Forest Water District (the primary government). The District does not have any component units for which the District is considered financially accountable.

Primary Government. The Brook Forest Water District was created on March 3, 1964, under the provisions of the Colorado Special District Act. The District was formed to provide for the financing and operation of a water distribution system delivering water to community residents in southwestern Evergreen, Colorado. The District is governed by a board consisting of five elected public officials and has authority to impose service fees and taxes and to adopt Rules and Regulations governing the use of the District's system.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues, and expenses.

Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The transactions of the District are accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of debt obligations are recorded as a reduction in liabilities. All assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted for emergency reserves; and unrestricted components.

The accompanying financial statements present comparative information for the years ended December 31, 2025, and 2024. The 2024 financial statements are presented for comparative purposes only and were summarized from the District's audited financial statements for that year. Full disclosures are included for 2025 only. The summarized prior-year information does not include all disclosures required by accounting principles generally accepted in the United States of America.

C. Budgets

The District's budget is adopted on a basis consistent with GAAP. According to Local Government Budget Law, the legal level of appropriations is at the total fund expenditures level and lapse at year-end. During the year, the District's Board of Directors can modify the budget by line item within a fund's total appropriation without notification.

Upon meeting notification and publication requirements, supplemental amendments increasing appropriations may be passed by resolution of the Board of Directors. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

E. Capital Assets

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of the donation. The District's capital assets consist of land and land improvements, water systems, wells, and machinery and equipment. The District has a capitalization policy of $5,000. The District's Board of Directors has the option to capitalize certain items less than $5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Water Systems	33-50 Years
Wells	33-50 Years
Machinery and Equipment	3-10 Years

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. The District does not have any items that qualify.

In addition to liabilities, the statement of net 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. The District has only one type of item that qualifies for reporting in this category *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Property Taxes

The District's Board of Directors levies property taxes. The levy is based on assessed valuations determined by the Jefferson County Assessors, generally as of January 1 of each year. The levy is normally set by December 15, by certification to the County Commissioners to place the tax lien on the individual properties as of January 1, of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer's election paid in equal installments, by February 28 and June 15, respectively.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District. Property taxes are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

H. Net Position

Net position represents the residual of all other elements presented in the statement of net position which equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists 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, including accounts, contract and retainage payables. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District's capital assets as reflected in the Statement of Net Position.

Note 2. Legal Compliance - Budgets

No later than October 15, the Board of Directors propose an operating budget for the calendar year commencing the following January 1. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations and estimated revenues for the next calendar year. The Board of Directors holds a public hearing to obtain citizen comments. The District must adopt the budget before certifying its mill levy to the Jefferson County Commissioners by the statutory deadline of December 15. The Board of Directors must also enact a resolution to appropriate funds for the ensuing year.

The Board of Directors is authorized to transfer budgeted amounts between line items. Expenditures may not legally exceed budgeted appropriations at the fund level. The Board of Directors must approve any amendments that increase total expenditures in a supplemental appropriation. There was one supplemental budget amendment in 2025.

Note 3. Deposits and Investments

Deposits and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	$ 1,467,438
Total	$ 1,467,438

Deposits and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	$ 50,686
Undeposited Funds on Hand	2,520
Deposits with Local Government Investment Pools	1,414,232
Total	$ 1,467,438

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the vent of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are entirely covered by federal deposit insurance or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The Federal Deposit Insurance Corporation (FDIC) insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. PDPA requires that cash be deposited in eligible public depositories and deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

Local Government Investment Pools

The Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust) was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, C.R.S.) to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings. The Trust is a professionally managed local government investment pool trust fund available only to governmental entities in Colorado. The Trust operates under the custodianship and oversight of a Board of Trustees comprised of participating local government officials and is not registered with the Securities and Exchange Commission (SEC). However, COLOTRUST operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. COLOTRUST is registered with the Securities Commissioner of the State of Colorado in accordance with the Local Government Investment Pool Trust Fund Administration and Enforcement Act (Part 9, Article 51, Title 11, C.R.S.).

The District participates in the COLOTRUST PLUS+ (PLUS+) portfolio, which may invest in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, commercial paper that, at the time of purchase, is rated in its highest rating category by at least two nationally recognized organizations which regularly rate such obligations, corporate bonds, and government money market funds rated 'AAAm.' PLUS+ maintains a stable net asset value (NAV) of $1.00 per share using fair value as defined by the Financial Accounting Standards Board (FASB) ASC 820 "Fair Value Measurement and Disclosure". PLUS+ is rated AAAm by S&P Global Ratings. At December 31, 2025, the District had $1,414,232 invested in PLUS+. These funds are available for withdrawal upon demand and are not subject to withdrawal restrictions or notice periods.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	$ 32,335	$ -	$ -	$ 32,335
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	32,335	-	-	32,335
Capital Assets, Being Depreciated:				
Water Systems	4,402,022	268,042	-	4,670,064
Wells	566,004	-	-	566,004
Machinery and Equipment	47,541	-	-	47,541
Total Capital Assets, Being Depreciated	5,015,567	268,042	-	5,283,609
Less: Accumulated Depreciation:				
Water Systems	(1,855,735)	(80,489)	-	(1,936,224)
Wells	(400,789)	(13,145)	-	(413,934)
Machinery and Equipment	(47,541)	-	-	(47,541)
Total Accumulated Depreciation	(2,304,065)	(93,634)	-	(2,397,699)
Total Capital Assets Being Depreciated, Net	2,711,502	174,408	-	2,885,910
Total Capital Assets, Net	$ 2,743,837	$ 174,408	$ -	$ 2,918,245

Depreciation expense was $93,634 and $97,037 for the years ended December 31, 2025, and 2024, respectively.

Note 5. 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. In 1988, the District joined the Colorado Special Districts Property and Liability Pool. The Special Districts Pool is a public entity risk pool operating as a common risk management and insurance program. The District pays an annual premium to the Pool for property and liability coverage and workers' compensation insurance coverage. The Agreement of Formation of the Special Districts Pool provides that it will be self-sustaining through member premiums and will reinsure through commercial companies. For property and automobile physical damage, the Pool is self-insured for losses and loss adjustment expenses up to the greater of $300,000 or the sum of the individual member's deductible for each occurrence. For general, automobile, and public officials' liability coverage, the Pool is self-insured for the first $1,000,000 of each occurrence.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Note 6. Long-term Debt

Drinking Water Revolving Fund 2018 Direct Loan. On January 17, 2018, the District entered into a direct borrowing agreement with the Colorado Water Resource and Power Development Authority for a loan in the amount of $750,000. The proceeds of the loan were used to construct a 1,400 ft., 6" water main. The loan is a fixed rate loan bearing interest at a fixed rate of 2.0% and is payable in semi-annual principal and interest payments and matures on May 1, 2038. The loan repayment schedule was revised effective March 22, 2019, to reduce the loan principal by remining unused project funds in the amount of $2,148.

Direct borrowings outstanding at December 31, 2025, and 2024, consisted of the following:

	2025	2024
Colorado Water Resources & Power Development Authority Loan of $747,852. Principal and interest payable in semi-annual payments of $23,173.	$ 510,342	$ 545,945
Less: Current Portion of Long-term Debt	(36,320)	(35,603)
Total Long-term Debt	$ 474,022	$ 510,342

Annual principal and interest requirements to maturity for direct borrowings outstanding at December 31, 2025, are as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ 36,320	$ 10,026	$ 46,346
2027	37,050	9,296	46,346
2028	37,794	8,552	46,346
2029	38,554	7,792	46,346
2030	39,329	7,017	46,346
2031-2035	208,826	22,904	231,730
2036-2038	112,469	3,396	115,865
Total	$ 510,342	$ 68,983	$ 579,325

Long-term debt activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings Payable	$ 545,945	$ -	$ 35,603	$ 510,342	$ 36,320
Total Long-term Liabilities	$ 545,945	$ -	$ 35,603	$ 510,342	$ 36,320

Note 7. Commitments and Contingencies

Tax, Spending and Debt Limitations. On November 3, 1992, the voters of Colorado approved Amendment 21, commonly known as the Taxpayers Bill of Rights or TABOR, to the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and local governments, including special districts.

The District's financial activity for 1992 provided the basis for calculation of future spending limitations adjusted for allowable increases tied to inflation and local "growth". Subsequent to 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve to retain such excess revenue. TABOR also generally requires voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The Brook Forest Water Activity Enterprise (the “Enterprise”) was created in 1995 pursuant to C.R.S. 37-47.1-101 et seq. and Colorado Constitution Article X, Section 20 as a statutory, government-owned business. The Enterprise provides water activity services for and receives revenue from non-recurring projects in such proportion as the Board provides from time to time. These services and revenues include but are not limited to new residential and commercial construction and associated fees, new water taps and associated fees, and water system development and associated special assessments and fees. Also, the Enterprise does not receive tax revenue or any revenue specifically tied to general obligation indebtedness, such as any portion of availability of service or facilities charges.

In November 2008, voters within the District approved a ballot question which permanently authorizes the District, without an election, to take action on all spending and revenue raising measures, including property tax rate increases, which are limited by TABOR.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is extremely complex and subject to interpretation. The ultimate impact and implementation of TABOR may depend upon litigation and legislative guidance. The tax and spending limitations contained in TABOR may impact future financial activity.

The TABOR Amendment requires that an emergency reserve be established for 1993 and subsequent years based on the District's level of fiscal year spending. The amount that is required to be reserved for emergencies for 2024 is 3% of 2025 fiscal year spending. Emergency reserves in the amount of $18,230 and $18,028 have been established for the years ended December 31, 2025, and 2024, respectively.

Note 8. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 20, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 105, Subsequent Events.

Management has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

BROOK FOREST WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes:				
Property Taxes	$ 308,094	$ 308,094	$ 302,000	$ (6,094)
Specific Ownership Taxes	12,500	12,500	22,581	10,081
Charges for Service:				
Water Service Fees	183,960	183,960	183,360	(600)
Readiness to Serve Fees	14,700	14,700	13,963	(737)
Late Charges	5,000	5,000	1,580	(3,420)
Connection Fees	17,000	17,000	17,000	-
Interest Earnings	30,000	30,000	64,882	34,882
Other Revenues:				
Other Operating Revenue	-	-	699	699
Title Transfer Fees	2,000	2,000	1,950	(50)
Miscellaneous Revenue	500	500	16,668	16,168
Total Revenues	573,754	573,754	624,683	50,929
Expenditures				
Current:				
Salaries - Maintenance	76,350	76,350	76,394	(44)
Administration	10,000	10,000	10,001	(1)
Contract Labor	15,000	15,000	-	15,000
Repairs and Maintenance	75,000	75,000	25,932	49,068
Utilities and Telephone	17,000	17,000	16,056	944
Lab and Testing	5,500	5,500	160	5,340
Audit and Accounting	5,000	5,000	5,000	-
Legal	22,000	22,000	22,888	(888)
Engineering	2,500	2,500	46,299	(43,799)
Director's Fees	6,000	6,000	5,200	800
Augmentation	7,500	7,500	2,029	5,471
Health & Life Insurance	7,150	7,150	6,763	387
Payroll Taxes	6,500	6,500	8,877	(2,377)
Insurance	5,800	5,800	6,110	(310)
Education	1,000	1,000	-	1,000
Dues and Memberships	1,500	1,500	949	551
Election Costs	5,000	5,000	-	5,000
Auto Expense	3,000	3,000	1,656	1,344
Conference and Meetings	2,000	2,000	-	2,000
Office Supplies and Expenses	5,000	5,000	10,183	(5,183)
Miscellaneous Expense	500	500	180	320
Treasurer's Fees	5,000	5,000	4,575	425
Debt Service:				
SRF Loan Principal	35,604	35,604	35,603	1
SRF Loan Interest	10,742	10,742	10,623	119
Capital Improvements	-	270,000	268,042	1,958
Total Expenditures	330,646	600,646	563,520	37,126

BROOK FOREST WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2025 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance Positive (Negative)
Net Change in Fund Balances	$ 243,108	$ (26,892)	$ 61,163	$ 88,055
Fund Balances, Beginning of Year	1,407,436	1,407,436	1,429,265	21,829
Fund Balances, End of Year	$ 1,650,544	$ 1,380,544	$ 1,490,428	$ 109,884

RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)

Net Change in Fund Balances (Budgetary Basis)	$ 61,163
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid on Long-term Debt	35,603
Capitalization of Fixed Assets	268,042
Depreciation	(93,634)
Total Adjustments	210,011
Change in Net Position (GAAP Basis)	$ 271,174

BROOK FOREST WATER DISTRICT

DEBT SCHEDULE
DECEMBER 31, 2025

	SCHEDULE OF INDEBTEDNESS					PAYMENTS DUE IN 2026	
PURPOSE	DATE ISSUED	INTEREST RATE	MATURITY DATE	AMOUNT ISSUED	AMOUNT OUT-STANDING	PRINCIPAL	INTEREST
LOANS:							
Colorado Water Resources & Power Development Authority	1/17/2018	2.000%	5/1/2038	$ 747,852	$ 510,342	$ 36,320	$ 10,026
TOTAL LOANS					510,342	36,320	10,026
TOTAL LONG-TERM DEBT					$ 510,342	$ 36,320	$ 10,026