

CLIFTON WATER DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2025 AND 2024



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**CLIFTON WATER DISTRICT
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	13
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	14
STATEMENTS OF CASH FLOWS	15
NOTES TO FINANCIAL STATEMENTS	17
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	27



INDEPENDENT AUDITORS' REPORT

Board of Directors
Clifton Water District
Clifton, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Clifton Water District (the District) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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 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 GAAS, 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 audits 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues and expenditures – budget and actual (Non-GAAP budgetary basis) 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 schedule of revenues and expenditures – budget and actual (Non-GAAP budgetary basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
April 23, 2026

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

This section presents an analysis of the District's financial performance and an overview of the District's financial activities for the fiscal years ending December 31, 2025 and 2024. The financial statements are an integral part of this analysis and are included with this document.

FINANCIAL HIGHLIGHTS

After evaluation of the District's financial statements the following highlights have been identified:

- Net Position increased by \$2,833,734 which is a 5.4% increase from 2024.
- Total Operating Income increased by \$1,141,564.
- Total Liabilities decreased by \$960,640 which is an 8.5% decrease from 2024.
- The District's Working Capital ratio was 6.4 at the end of 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis, Independent Auditors' Report and Opinion, Financial Statements, and Supplementary Information. The Financial Statements include notes that explain, in detail, the information in the financial statements.

Financial Statements

Statements of Net Position. The statements of net position include all District assets and liabilities and provides information pertaining to the nature of investments (assets) and obligations to creditors (liabilities). The statements also provide the basis for determining the overall financial health of the District, including liquidity and financial flexibility.

Statements of Revenues, Expenses and Changes in Net Position. The statements of revenues, expenses and changes in net position include all revenues and expenses. This statement measures the success of the District's overall operation and can be used to determine if the District's user fees, rates and charges are adequate to recover expenses.

Statements of Cash Flows. The statements of cash flows present information concerning the District's cash receipts and cash payments during the year. The statements of cash flows report the cash receipts, cash payments, and the changes in net cash from operating, investing, and financing activities.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT

The true picture of the financial health of the District must consider operational theory and financial control that is practiced daily by the District.

Day-to-Day Operational Control of the District

For operational control, the District has classified all operations into two distinct categories: Operating and Nonoperating. Operating Revenues and Operating Expenses are those items that are allocated to operations and are essential elements for day-to-day operation of the District. Nonoperating Revenues are received and reserved for funding Nonoperating Expenses that include infrastructure improvement, capacity development, and equipment purchases.

The District operates as a self-supporting enterprise, meaning that the revenue received from water sales and other operating revenue sources must be adequate to cover the expenses of day-to-day operation of the District. Capital projects that include infrastructure improvement, capacity development and equipment purchases are also funded using operating revenues with a water rate structure adequate to fund a portion of the District's replacement costs for existing, aging infrastructure using annual depreciation expense as a guide. The operating philosophy is critically dependent upon effective rates and user fees. Nonoperating revenues are primarily received from the sales of new water service connections called plant investment fees.

The District's day-to-day operational control involves many levels of planning, forecasting, and budgeting. Revenues and expenses are allocated to specific functions of the District and staff are required to comply with monthly budget and budget variance parameters. The effectiveness of this system and the development of cost of service-based fees and rates have been instrumental to operating the District in an efficient and economical manner.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis

Net Position. Condensed Statements of Net Position are included as Table A. The District's net position, the difference between assets and liabilities, and deferred inflows of resources, is one way to measure the financial health of the District. Increases or decreases in the District's net position are indicators of improving or deteriorating financial health. Certain consideration must be given to non-financial factors such as changes in economic conditions, population growth and decline, zoning changes, and legislative or policy changes.

**TABLE A
CONDENSED STATEMENTS OF NET POSITION**

	2025	2024	Dollar Change	Total Percent Change
ASSETS				
Current Assets	\$ 15,617,730	\$ 13,636,619	\$ 1,981,111	14.5%
Noncurrent Assets	50,678,561	50,801,753	(123,192)	-0.2%
Total Assets	66,296,291	64,438,372	1,857,919	2.9%
LIABILITIES				
Current Liabilities	2,023,760	2,127,004	(103,244)	-4.9%
Noncurrent Liabilities	8,378,865	9,236,261	(857,396)	-9.3%
Total Liabilities	10,402,625	11,363,265	(960,640)	-8.5%
Total Deferred Inflows of Resource	177,037	192,212	(15,175)	-7.9%
NET POSITION				
Net Investment in Capital Assets	40,310,170	39,572,195	737,975	1.9%
Unrestricted	15,406,459	13,310,700	2,095,759	15.7%
Total Net Position	<u>\$ 55,716,629</u>	<u>\$ 52,882,895</u>	<u>\$ 2,833,734</u>	5.4%

	2024	2023	Dollar Change	Total Percent Change
ASSETS				
Current Assets	\$ 13,636,619	\$ 11,900,645	\$ 1,735,974	14.6%
Noncurrent Assets	50,801,753	50,704,819	96,934	0.2%
Total Assets	64,438,372	62,605,464	1,832,908	2.9%
LIABILITIES				
Current Liabilities	2,127,004	1,782,306	344,698	19.3%
Noncurrent Liabilities	9,236,261	10,085,680	(849,419)	-8.4%
Total Liabilities	11,363,265	11,867,986	(504,721)	-4.3%
Total Deferred Inflows of Resource	192,212	207,387	(15,175)	100.0%
NET POSITION				
Net Investment in Capital Assets	39,572,195	38,617,205	954,990	2.5%
Unrestricted	13,310,700	11,912,886	1,397,814	11.7%
Total Net Position	<u>\$ 52,882,895</u>	<u>\$ 50,530,091</u>	<u>\$ 2,352,804</u>	4.7%

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis (Continued)

The analysis of the District's statements of net position displays the changes in financial position of the District and the resulting net position.

Total net position increased by \$2,833,734 for an ending total of \$55,716,629. The District has experienced an average increase of 3.5% in total net position over the past five years. This year's increase is due to increased water sales and capital contributions.

Total assets increased by \$1,857,919 from 2024.

- The increase in Total Assets is mostly related to the increase in cash and cash equivalents and increased investment performance.

Total Liabilities decreased by \$960,640 from 2024.

- The decrease in Total Liabilities is due to making scheduled debt service payments.

Total Deferred Inflows of Resources decreased from \$192,212 to \$177,037 due to receiving scheduled lease payments.

Net Investment in Capital Assets increased by \$737,975 from 2024.

Fiscal Year 2024 Analysis

Total net position increased by \$2,352,804 for an ending total of \$52,882,895. The District has experienced an average increase of 2.8% in total net position over the past five years. This year's increase is due to increased water sales and capital contributions.

Total assets increased by 1,832,908 from 2023.

- The increase in Total Assets is mostly related to the increase in cash and cash equivalents and increased receivables. In 2024, market performance for investments increased significantly.

Total Liabilities decreased by \$504,721 from 2023.

- The decrease in Total Liabilities is due to making scheduled debt service payments.

Total Deferred Inflows of Resources increased from \$207,387 to \$192,212 due to receiving scheduled lease payments.

Net Investment in Capital Assets increased by \$954,990 from 2023.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

Statements of Revenues, Expenses and Change in Net Position. The statements of revenues, expenses, and changes in net position provide information as to the nature and the source of the changes observed in Net Position. Table B is a condensed version of the statements of revenues, expenses and changes in net position. Table B shows:

- An increase of \$1,602,548 or 18.6%, in Total Operating Revenues from 2024 due to increased tap fees and water sales.
- An increase of \$1,141,564 in Operating Income as compared to 2024.
- A decrease in Capital Contributions of \$852,194 from 2024.

Fiscal Year 2024 Analysis

Table B shows:

- An increase of \$691,534 or 8.7%, in Total Operating Revenues from 2023.
- An increase of \$171,828 in Operating Income as compared to 2023.
- An increase in Capital Contributions of \$849,810 from 2023.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

**TABLE B
CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	2025	2024	Dollar Change	Percent Change
Total Operating Revenues	\$ 10,197,760	\$ 8,595,212	\$ 1,602,548	18.6%
Total Operating Expenses	9,258,881	8,797,897	460,984	5.2%
Operating Income (Loss)	938,879	(202,685)	1,141,564	563.2%
Nonoperating Revenues	535,195	349,485	185,710	-53.1%
Nonoperating Expense	199,055	204,905	(5,850)	-2.9%
Total Nonoperating Revenue	336,140	144,580	191,560	132.5%
Net Income Before Contributions	1,275,019	(58,105)	1,333,124	-2294.3%
Capital Contributions	1,558,715	2,410,909	(852,194)	-35.3%
Change in Net Position	2,833,734	2,352,804	480,930	20.4%
Beginning Net Position	52,882,895	50,530,091	2,352,804	4.7%
Ending Net Position	<u>\$ 55,716,629</u>	<u>\$ 52,882,895</u>	<u>\$ 2,833,734</u>	5.4%

	2024	2023	Dollar Change	Percent Change
Total Operating Revenues	\$ 8,595,212	\$ 7,903,678	\$ 691,534	8.7%
Total Operating Expenses	8,797,897	8,278,191	519,706	6.3%
Operating Income (Loss)	(202,685)	(374,513)	171,828	-45.9%
Nonoperating Revenues	349,485	404,264	(54,779)	-13.6%
Nonoperating Expense	204,905	206,618	(1,713)	-0.8%
Total Nonoperating Revenue	144,580	197,646	(53,066)	-26.8%
Net Income Before Contributions	(58,105)	(176,867)	118,762	-67.1%
Capital Contributions	2,410,909	1,561,099	849,810	54.4%
Change in Net Position	2,352,804	1,384,232	968,572	70.0%
Beginning Net Position	50,530,091	49,145,859	1,384,232	2.8%
Ending Net Position	<u>\$ 52,882,895</u>	<u>\$ 50,530,091</u>	<u>\$ 2,352,804</u>	4.7%

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

FINANCIAL ANALYSIS OF CLIFTON WATER DISTRICT (Continued)

Financial Analysis (Continued)

A closer examination of the Condensed Statements of Revenues, Expenses and Changes in Net Position in Table B reveals the following:

Operating Revenue and Expense

- Operating Revenue increased by \$1,602,548 from the previous year. The increase in water sales is mostly related to the rate increase implemented by the Board of Directors.
- Operating Expense increased by \$460,984 from 2024 due to an increase in staff wages and benefits as well as implementation of maintenance programs across the District.

Nonoperating Revenue and Expense

- Nonoperating Revenue increased by \$185,710 from 2024. The increase is primarily due to higher investment income.
- Nonoperating Expense decreased by \$5,850 from 2024 which is due to a decrease in interest expense.
- Capital Contributions decreased by 35.3% from 2024, which is due to the lower number of subdivisions added.

Net Position

- The increase observed in Net Position for 2025 is \$2,833,734. This is due to an increase in Current Assets coupled with a decrease in Total Liabilities.

Fiscal Year 2024 Analysis

Operating Revenue and Expense

- Operating Revenue increased by \$691,534 from the previous year. The increase in water sales is mostly related to the rate increase implemented by the Board of Directors.
- Operating Expense increased by \$519,706 from 2023 due to an increase in staff wages and benefits as well as implementation of maintenance programs across the District.

Nonoperating Revenue and Expense

- Nonoperating Revenue decreased by \$54,773 from 2023. The decrease is primarily due to lower unrealized gains and interest on investments.
- Nonoperating Expense decreased by \$1,713 from 2023 which is due to a decrease in interest expenses.
- Capital Contributions increased by 54.4% from 2023, which is due to the number of subdivisions added.

Net Position

- The increase observed in Net Position for 2024 is \$2,352,804. This is due to an increase in Capital Assets coupled with a decrease in Total Liabilities.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

CAPITAL ASSETS AND DEBT ACTIVITIES

At the conclusion of 2025, the District had expended \$1,869,394 on essential capital and infrastructure improvements.

In 2026, the District's Nonoperating Budget includes \$3,952,145 in Capital Expenses. The 2026 Budget includes funds for the following Major Capital Improvement Projects:

- Project 2023-04 Raw Water Storage Feasibility Study - \$100,000
- Project 2023-05 Water Treatment Plant Controls, Electrical, Plumbing, SCADA - \$1,450,000
- Project 2024-02 Desert Road Pump Station - \$250,000
- Project 2024-03 Pedestrian Bridge River Crossing - \$685,000
- Project 2024-04 32 Road Booster Pump Station - \$75,000
- Project 2025-04 South Storage Tank Rehabilitation - \$250,000
- Project 2025-08 C ½ & B ½ Transmission Main - \$150,000
- Project 2025-10 Mesa County 32 ½ Rd to Front Street - \$200,000
- Project 2025-11 Mesa County E ½ Rd & Hoover Ct - \$100,000
- Project 2026-01 On-site Chlorine Generation Feasibility Study - \$50,000
- Project 2026-100 Small Distribution System Improvements \$100,000

Fiscal Year 2024 Analysis

At the conclusion of 2024, the District had expended \$2,517,873 on essential capital and infrastructure improvements.

In 2025, the District's Nonoperating Budget includes \$3,447,540 in Capital Expenses. The 2025 Budget includes funds for the following Major Capital Improvement Projects:

- Project 2022-01 Coffman Rd Transmission Water Main - \$500,000
- Project 2023-05 MCC, Pumping, SCADA \$1,000,000
- Project 2024-02 Desert Road Pump Station - \$50,000
- Project 2024-03 Pedestrian Bridge River Crossing - \$675,000
- Project 2024-04 Raw Water Feasibility \$50,000
- Project 2024-07 Mesa County E Rd & 32 ½ Rd - \$220,000
- Project 2024-100 Small Distribution System Improvements \$195,000
- Project 2025-02 South Bean Ranch Road \$65,000
- Project 2025-04 Whitewater 1MG Tank Rehabilitation \$50,000
- Project 2025-05 Mesa County E Rd: 33 Rd to Green Acres St \$100,000
- Project 2025-08 Replacement of 34 Rd 16" AC Trans Main \$50,000

Debt Activities

The District did not take on any new debt in 2025. Additional information concerning debt is included in Note 5 of the Financial Statements. The District believes it is in compliance with Loan Covenants at the end of 2025.

**CLIFTON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025 AND 2024**

Fiscal Year 2024 Analysis

The District did not take on any new debt in 2024. Additional information concerning debt is included in Note 5 of the Financial Statements. The District believes it is in compliance with Loan Covenants at the end of 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the 2026 Budget, the District's Board of Directors and Management evaluated a range of economic and operational factors. Customer growth over the past five years has averaged approximately 1% annually, and the 2026 Budget reflects this continued, measured growth. Budget assumptions also incorporate reduced per capita water consumption resulting from ongoing conservation initiatives, along with continued efforts to manage and contain operational costs.

The District's fees and rates are periodically reviewed to ensure they continue to meet the District's financial and operational requirements. The water rate structure is designed to provide sufficient revenue to support daily operations, fund the replacement of major capital assets, and promote water conservation by increasing rates through tiers as usage levels rise. In connection with the development of the 2026 Budget, on November 13, 2025, the District implemented increases to its Base Rate, Water Usage Rates, and Fire Hydrant/Fill Station Rates effective for services billed on or after January 1, 2026, in order to address the District's anticipated financial needs.

CONTACTING THE DISTRICT'S MANAGER

This Financial Report is designed to provide our citizens, customers, investors, and creditors with the general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have any questions concerning this report or need additional information please contact the Manager of the Clifton Water District, Ty Jones 510 34 Road, Clifton, Colorado 81520.

**CLIFTON WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,020,328	\$ 3,399,420
Investments	9,360,876	7,962,945
Customer Accounts Receivable, Less Allowance of \$-0-	1,006,039	976,744
Inventory	939,096	979,773
Sanitation District's Accounts Receivable	279,042	305,388
Lease Receivable	12,349	12,349
Total Current Assets	<u>15,617,730</u>	<u>13,636,619</u>
Noncurrent Assets:		
Grand Valley Irrigation Co. Stock	953,843	953,843
Lease Receivable	178,287	190,035
Capital Assets, Net	49,546,431	49,657,875
Total Noncurrent Assets	<u>50,678,561</u>	<u>50,801,753</u>
Total Assets	66,296,291	64,438,372
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	267,444	415,843
Due to Sanitation District	577,970	581,747
Compensated Absences Payable	320,950	279,995
Current Portion of Long-Term Debt	857,396	849,419
Total Current Liabilities	<u>2,023,760</u>	<u>2,127,004</u>
Noncurrent Liabilities:		
Long-Term Debt, Less Current	<u>8,378,865</u>	<u>9,236,261</u>
Total Liabilities	10,402,625	11,363,265
DEFERRED INFLOWS OF RESOURCES		
Leases	177,037	192,212
Total Deferred Inflows of Resources	<u>177,037</u>	<u>192,212</u>
NET POSITION		
Net Investment in Capital Assets	40,310,170	39,572,195
Unrestricted	<u>15,406,459</u>	<u>13,310,700</u>
Total Net Position	<u>\$ 55,716,629</u>	<u>\$ 52,882,895</u>

See accompanying Notes to Financial Statements.

CLIFTON WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Water Sales	\$ 9,678,080	\$ 8,348,793
System Investment Fees	260,327	-
Penalties and Fees	165,889	167,588
Administration Fees, Sanitation District	56,347	66,281
Miscellaneous Operating Income	37,117	12,550
Total Operating Revenues	<u>10,197,760</u>	<u>8,595,212</u>
OPERATING EXPENSES		
Source of Supply	132,546	37,815
Water Treatment	2,285,686	2,006,520
Transmission and Distribution	2,609,430	2,222,849
Depreciation and Amortization Expense	1,652,382	2,015,175
General and Administrative	2,578,837	2,455,338
Equipment - Noncapital	-	60,200
Total Operating Expenses	<u>9,258,881</u>	<u>8,797,897</u>
OPERATING INCOME (LOSS)	938,879	(202,685)
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss)	429,626	308,384
Interest Expense	(199,055)	(204,905)
Lease Income	16,975	15,175
Availability of Service	29,793	10,635
Gain (Loss) on Disposal of Capital Assets	58,801	15,291
Total Nonoperating Revenues (Expenses)	<u>336,140</u>	<u>144,580</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,275,019	(58,105)
CAPITAL CONTRIBUTIONS	<u>1,558,715</u>	<u>2,410,909</u>
CHANGE IN NET POSITION	2,833,734	2,352,804
Net Position - Beginning of Year	<u>52,882,895</u>	<u>50,530,091</u>
NET POSITION - END OF YEAR	<u><u>\$ 55,716,629</u></u>	<u><u>\$ 52,882,895</u></u>

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 10,157,694	\$ 8,299,717
Cash Payments to Suppliers	(3,971,154)	(3,133,393)
Cash Payments to Employees	(3,705,889)	(3,400,908)
Other Cash Receipts	37,117	12,550
Net Cash Provided by Operating Activities	<u>2,517,768</u>	<u>1,777,966</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities or Sales of Investments	888,935	1,054,825
Cash Use in Investment Purchases	(2,097,910)	(1,780,000)
Income Received on Investments	241,369	186,706.00
Net Cash Used by Investing Activities	<u>(967,606)</u>	<u>(538,469)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,138,222)	(1,119,353)
Principal Payments on Notes and Bonds	(849,419)	(845,707)
Interest Payments on Notes and Bonds	(199,055)	(204,905)
Proceeds from Sales of Capital Assets	58,801	15,291
Lease Payments and Miscellaneous Income	13,548	11,176
Availability of Service Charges	29,793	10,635
Plant Investment Fees Collected	1,155,300	1,405,805
Net Cash Used by Capital and Related Financing Activities	<u>(929,254)</u>	<u>(727,058)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	620,908	512,439
Cash and Cash Equivalents - Beginning of Year	<u>3,399,420</u>	<u>2,886,981</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,020,328</u></u>	<u><u>\$ 3,399,420</u></u>

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 938,879	\$ (202,685)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,652,382	2,015,175
(Increase) Decrease in:		
Accounts Receivable	(2,949)	(282,945)
Inventory	40,677	(92,565)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(148,399)	222,811
Due to Sanitation District	(3,777)	89,634
Compensated Absences Payable	40,955	28,541
Net Cash Provided by Operating Activities	<u>\$ 2,517,768</u>	<u>\$ 1,777,966</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Unrealized Gain (Loss) on Investments	<u>\$ 188,257</u>	<u>\$ (121,678)</u>
Lines Contributed by Developers and Governments	<u>\$ 403,415</u>	<u>\$ 1,005,104</u>

See accompanying Notes to Financial Statements.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Activity

Clifton Water District was organized to provide domestic water service to the community of Clifton and surrounding farmlands. The District is a governmental subdivision of the State of Colorado organized with all the powers of a public or quasi-municipal corporation. The Order and Decree of the District Court in and for Mesa County creating the District was entered on March 5, 1951. The District is governed by a Board of Directors consisting of five members. The members must be qualified electors of the District and are elected to staggered four-year terms of office at successive biennial elections.

Reporting Entity

The Clifton Water District is the primary government operating as a water enterprise fund. The District has no component units.

Basis of Presentation – Fund Accounting

The operations of the District are accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When the District has the option to use either restricted or unrestricted net position to finance a program it is the District's policy to first apply restricted resources.

Government-Wide Net Position

- *Net Investment in Capital Assets* – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- *Restricted Net Position* – consist of assets that are restricted by the District's creditors (for example, through debt covenants), by enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (those who may donate to the District).
- *Unrestricted* – all other net position is reported in this category.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado *Financial Management Manual* and in accordance with Colorado Revised Statutes. The District adopts an appropriation resolution for the next fiscal year before December 31. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances.

The District appropriates, and may not exceed appropriations, at a total fund level. Appropriations for the years ended December 31, 2025 and 2024 were \$12,435,491 and \$10,908,128, respectively.

The budget basis of accounting used by the District differs from the generally accepted accounting principles (GAAP) basis in that the outlays for acquisition of capital assets, outlays for debt retirement, and purchases of GVIC shares are included as expenditures and proceeds from debt issuance are included as other financing sources. Plant and system investment fees are included as revenues.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Customer Accounts Receivable

The District considers customer accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required at December 31, 2025 or 2024.

Inventory

The inventory held by the District is recorded at cost using the first-in, first-out method. The inventory is used for repair and replacement of the system.

Capital Assets

Capital assets (property, plant, and equipment) are recorded at cost, or in the case of donations, at their estimated fair value on the date donated. Cost includes the capitalization of materials and direct labor for additions made by District personnel. The District's capitalization level is \$5,000 for capital assets.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

Buildings and Plant	10 to 50 Years
Equipment	3 to 30 Years
Water Delivery System	10 to 50 Years

Plans and designs are recorded as intangible assets and are amortized over 5 years.

Lessor Receivables

Lessor receivables represent the present value of future lease payments, for lease terms greater than 12 months, where the District is the lessor. Interest income is recognized by the District as revenue ratably over the contract term. Lease revenue is recognized by the District through amortization of a deferred inflow of resources in a systematic and rational manner over the lease term.

Risk Management

The District purchases general liability and property insurance through commercial insurers to provide coverage of all losses, claims, and judgments.

Compensated Absences

The liability for compensated absences reported in the proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been earned for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Full-time employees are paid out 100% of accumulated annual leave upon termination.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit 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. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2025 and 2024, the District had deposits with a financial institution with a carrying amount of \$3,915,898 and \$3,336,287, respectively. The District also held \$104,430 and \$63,133, respectively, in money market accounts which were insured by SIPC.

Cash and investments fair value, including level under the GASB 72 fair value hierarchy, where applicable, is as follows:

	2025	2024
Cash in Checking	\$ 3,915,898	\$ 3,336,287
Money Markets	104,430	63,133
Total Cash and Cash Equivalents	<u>4,020,328</u>	<u>3,399,420</u>
Investments:		
COLOTRUST	2,156,437	1,064,674
Treasury Notes, Maturities Between 1 - 5 Years (Level 1 for 2025 and 2024)	4,536,863	3,347,625
FNMA, Maturities Between 1 - 2 Years (Level 1 for 2025 and 2024)	-	490,487
FHLB, Maturities Between 1 - 5 Years (Level 1 for 2025 and 2024)	1,486,905	1,920,848
FFCB, Maturities Between 1 - 5 Years (Level 2 for 2025 and 2024)	1,180,671	1,139,311
Total Investments	<u>9,360,876</u>	<u>7,962,945</u>
Total Cash and Investments	<u>\$ 13,381,204</u>	<u>\$ 11,362,365</u>

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's investment policy follows Colorado statutes. The District's investments are registered in the name of the government.

At December 31, 2025 and 2024, the investments in the securities of U.S. Government Agencies were all rated AA+ by *Standard & Poor's*, and Aaa by *Moody's Investors Services*. The external investment pool is not rated.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2025 and 2024, the District has invested \$2,156,437 and \$1,064,674, respectively, in COLOTRUST, a local government investment pool for local government entities in Colorado to pool surplus funds. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's two funds are rated AAAM by Standard and Poor's, Fitch's and Moody's rating services. COLOTRUST is measured at Net Asset Value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District's investment policy does not specifically address concentration of credit risk. 5% or more of the District's investments were held by the following issuers as of December 31, 2025 and 2024: FNMA (0% and 6%), FHLB (16% and 24%), and FFCB (13% and 14%).

NOTE 3 GRAND VALLEY IRRIGATION CO. STOCK

As of December 31, 2025 and 2024, the District owns 1,953 shares of Grand Valley Irrigation Co. stock, which is recorded at the price paid when purchased. This is considered an interest in a source of supply and not an investment. At December 31, 2025 and 2024, no triggering events or circumstances were identified that would indicate impairment.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 1,023,598	\$ -	\$ (699)	\$ -	\$ 1,022,899
Construction in Progress	1,168,798	669,260	-	(436,589)	1,401,469
Total Capital Assets, Not Being Depreciated	2,192,396	669,260	(699)	(436,589)	2,424,368
Capital Assets, Being Depreciated:					
Water Services System	44,171,555	403,415	(39,354)	436,589	44,972,205
Water Treatment:					
Plant	31,680,337	100,234	-	-	31,780,571
Shop	255,695	7,732	(1,540)	-	261,887
Equipment	1,463,868	131,136	(35,733)	-	1,559,271
General:					
Buildings	2,168,628	10,700	-	-	2,179,328
Furniture and Equipment	1,387,618	109,174	(113,748)	-	1,383,044
Vehicles	720,074	109,986	(59,658)	-	770,402
Total Capital Assets, Being Depreciated	81,847,775	872,377	(250,033)	436,589	82,906,708
Less Accumulated Depreciation and Amortization:					
Water Services System	19,557,501	473,067	(39,354)	(218,868)	19,772,346
Water Treatment:					
Plant	10,846,950	801,363	-	849,540	12,497,853
Shop	212,259	8,600	(1,540)	12,061	231,380
Equipment	1,236,050	117,306	(35,733)	(95,147)	1,222,476
General:					
Buildings	504,094	56,500	-	(3,036)	557,558
Furniture and Equipment	1,314,795	153,634	(113,748)	(471,941)	882,740
Vehicles	710,647	41,912	(59,658)	(72,609)	620,292
Total	34,382,296	1,652,382	(250,033)	-	35,784,645
Total Capital Assets, Being Depreciated, Net	47,465,479	(780,005)	-	436,589	47,122,063
Total Capital Assets, Net	\$ 49,657,875	\$ (110,745)	\$ (699)	\$ -	\$ 49,546,431

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 1,023,598	\$ -	\$ -	\$ -	\$ 1,023,598
Construction in Progress	716,214	1,141,441	(517,616)	(171,241)	1,168,798
Total Capital Assets, Not Being Depreciated	1,739,812	1,141,441	(517,616)	(171,241)	2,192,396
Capital Assets, Being Depreciated:					
Water Services System	42,917,223	1,083,091	-	171,241	44,171,555
Water Treatment:					
Plant	31,653,327	27,010	-	-	31,680,337
Shop	255,695	-	-	-	255,695
Equipment	1,278,376	185,492	-	-	1,463,868
General:					
Buildings	2,149,878	18,750	-	-	2,168,628
Furniture and Equipment	1,293,227	109,226	(14,835)	-	1,387,618
Vehicles	666,375	77,063	(23,364)	-	720,074
Total Capital Assets, Being Depreciated	80,214,101	1,500,632	(38,199)	171,241	81,847,775
Less Accumulated Depreciation and Amortization:					
Water Services System	18,621,205	936,296	-	-	19,557,501
Water Treatment:					
Plant	10,127,330	719,620	-	-	10,846,950
Shop	204,368	7,891	-	-	212,259
Equipment	895,229	105,821	-	235,000	1,236,050
General:					
Buildings	397,335	99,162	-	7,597	504,094
Furniture and Equipment	575,140	114,353	(14,835)	640,137	1,314,795
Vehicles	1,584,714	32,031	(23,364)	(882,734)	710,647
Total	32,405,321	2,015,174	(38,199)	-	34,382,296
Total Capital Assets, Being Depreciated, Net	47,808,780	(514,542)	-	171,241	47,465,479
Total Capital Assets, Net	<u>\$ 49,548,592</u>	<u>\$ 626,899</u>	<u>\$ (517,616)</u>	<u>\$ -</u>	<u>\$ 49,657,875</u>

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 5 LONG-TERM DEBT

The District entered into a loan agreement for \$13,948,507 with an interest rate of 1.19% with the Colorado Water Resources and Power Development Authority (CWRPDA) dated May 1, 2014. The agreement calls for the CWRPDA to issue bonds with the proceeds to be used to finance a loan to the District and several other entities. Loan funds were used for the Clifton Water District Microfiltration Ultrafiltration Water Treatment Plant project. The note is collateralized by the net revenue of the District as defined in the agreement. The District believes it is in compliance with all significant financial requirements as of December 31, 2025 and 2024. The payments are due in semi-annual installments beginning August 2014 through August 2035. Payment amounts range from \$71,125 to \$527,133.

The following is a summary of long-term debt transactions of the District for the years ended December 31, 2025 and 2024:

	Balance January 1, 2025	Issues	Reductions	Balance December 31, 2025	Amount Due Within One Year
2014 Note Payable	\$ 10,085,680	\$ -	\$ 849,419	\$ 9,236,261	\$ 857,396
Compensated Absences (1)	279,995	(40,955)	-	320,950	320,950
Total	<u>\$ 10,365,675</u>	<u>\$ (40,955)</u>	<u>\$ 849,419</u>	<u>\$ 9,557,211</u>	<u>\$ 1,178,346</u>

	Balance January 1, 2024	Issues	Reductions	Balance December 31, 2024	Balance December 31, 2024
2014 Note Payable	\$ 10,931,387	\$ -	\$ 845,707	\$ 10,085,680	\$ 849,419
Compensated Absences (1)	251,454	(28,541)	-	279,995	279,995
Total	<u>\$ 11,182,841</u>	<u>\$ (28,541)</u>	<u>\$ 845,707</u>	<u>\$ 10,365,675</u>	<u>\$ 1,129,414</u>

(1) The change in the compensated absences liability is presented as a net change.

The annual aggregate maturities for the years subsequent to December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ 857,396	\$ 193,205	\$ 1,050,601
2027	864,821	187,205	1,052,026
2028	868,533	181,205	1,049,738
2029	876,511	175,205	1,051,716
2030	896,178	155,107	1,051,285
2031 - 2035	4,872,822	379,110	5,251,932
Total Maturities	<u>\$ 9,236,261</u>	<u>\$ 1,271,037</u>	<u>\$ 10,507,298</u>

NOTE 6 CAPITAL CONTRIBUTIONS

Capital contributions consist of the following:

	2025	2024
Plant Investment Fees	\$ 1,155,300	\$ 1,405,805
Donated Water Lines from Developers and Governments	403,415	1,005,104
Total Capital Contributions	<u>\$ 1,558,715</u>	<u>\$ 2,410,909</u>

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 7 RETIREMENT PLANS

Defined Contribution Plans

The District provides retirement benefits for all of its qualified employees through the Colorado Retirement Association (CRA). The plan is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are able to participate with one-half (1/2) year of service. Under the plan, the District is required to contribute 3% of each participant's total compensation. The District's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years continuous service. Forfeitures due to termination of an employee who is not fully vested are used to reduce the District's current period contribution requirement. All employees participating in the former plan at the start of the new plan received past service credit for all periods of employment.

For the CRA plan the District's total payroll for 2025 and 2024 was \$2,733,665 and \$2,559,439, respectively. The District's covered payroll for 2025 and 2024 was \$2,698,290 and \$2,459,922 and the District made the required 3% contribution for 2025 and 2024 of \$79,171 and \$74,506, respectively. Employee contributions to this plan in 2025 and 2024 were \$155,363 and \$141,487, respectively. Forfeitures reduced the District's current period contribution requirement for 2025 and 2024 by \$12,875 and 11,738, respectively.

Section 457 Plan

The District participates in a deferred compensation plan in accordance with Internal Revenue Service Code Section 457 through CCOERA. All District employees are eligible to make contributions to the plan for up to certain amounts, dictated by the Code, of eligible gross wages. The District does not make contributions to the plan.

NOTE 8 LEASES

As a lessor, the District recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases that transfer ownership of the underlying asset to lessee. The District does not have any leases of assets held as investment or leases that transfer ownership of the underlying asset to lessee. As a lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

In accordance with GASB 87, the District recognizes a lease receivable and a deferred inflows of resources for leases the District categorizes as in-scope of GASB 87.

**CLIFTON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 8 LEASES (CONTINUED)

Cell Tower Leases

The District entered into a lease with CommNet Cellular Inc., dba: Version Wireless, on September 1, 2022 for a cell phone antenna. This lease will be automatically renewed upon the same terms and conditions of the lease for up to two separate additional periods of five years each. The rent receivable under the lease is \$1,800 per month. The present value of the lease receivable and the deferred inflow at December 31, 2025 is \$190,636 and (\$177,037), respectively. The present value of the lease receivable and the deferred inflow at December 31, 2024 was \$202,384 and (\$192,212), respectively.

The future expected lease receivable and revenue balances for these GASB No. 87 leases are summarized as follows:

<u>Year Ending December 31,</u>	<u>Beginning Lease Receivable</u>	<u>Interest Revenue</u>	<u>Receivable Reduction</u>	<u>Annual Lease Revenue</u>	<u>Ending Lease Receivable</u>
2026	\$ 190,636	\$ 9,251	\$ 12,349	\$ 15,175	\$ 178,287
2027	178,288	8,620	12,980	15,175	165,308
2028	165,308	7,956	13,645	15,175	151,663
2029	151,663	7,257	14,343	15,175	137,320
2030	137,320	6,524	15,076	15,175	122,244
2031-2035	122,244	20,228	87,772	75,873	34,472
2036-2037	34,472	1,528	34,472	25,291	-

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment as they have interpreted it.

CLIFTON WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2024)

	Original and Final Budget 2025	Actual 2025	Variance Favorable (Unfavorable)	Actual 2024
REVENUES				
Water Sales	\$ 9,591,400	\$ 9,678,080	\$ 86,680	\$ 8,348,793
Plant Investment Fees	1,068,000	1,155,300	87,300	1,405,805
System Investment Fees	-	260,327	260,327	-
Administration Fees, Sanitation District	55,000	56,347	1,347	66,281
Investment Income	185,000	241,369	56,369	186,706
Penalties and Fees	140,656	165,889	25,233	167,588
Availability of Service	19,920	29,793	9,873	10,635
Miscellaneous Operating Income	15,000	37,117	22,117	12,550
Gain (Loss) on Disposal of Assets	15,000	58,801	43,801	15,291
Lease Income	21,600	16,975	(4,625)	15,175
Total Revenues	<u>11,111,576</u>	<u>11,699,998</u>	<u>588,422</u>	<u>10,228,824</u>
EXPENSES				
Water Shares	50,000	132,546	(82,546)	37,815
Capital Outlay	2,095,740	1,869,394	226,346	2,517,873
Wages and Benefits	4,027,100	3,747,405	279,695	3,471,518
Distribution Expense	1,208,584	1,083,273	125,311	882,326
WTP Operating Expenses	2,364,430	1,302,532	1,061,898	1,186,048
Administrative Expenses	1,257,303	1,012,986	244,317	811,599
Depreciation Expense	1,950,000	1,652,382	297,618	2,015,175
Interest Expense	199,055	199,055	-	204,905
Bond and Note Principal	849,419	849,419	-	845,707
Total Expenses	<u>14,001,631</u>	<u>11,848,992</u>	<u>2,152,639</u>	<u>11,972,966</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$ (2,890,055)</u>	<u>\$ (148,994)</u>	<u>\$ 2,741,061</u>	<u>\$ (1,744,142)</u>
ADJUSTMENT TO BUDGETARY BASIS				
Unrealized Gain on Investments		188,257		
Plant Investment Fees		(1,155,300)		
Capital Outlay (Capitalized)		1,541,637		
Bond and Note Principal Payment		<u>849,419</u>		
NET INCOME BEFORE CONTRIBUTIONS		<u>\$ 1,275,019</u>		



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