Menoken Water District
Financial Statements
December 31, 2025 and 2024

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Blair and Associates, P.C.
Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Menoken Water District

Opinions

We have audited the accompanying financial statements of the business-type activities of Menoken Water District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Menoken Water District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Menoken Water 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.

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

In performing 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 Menoken Water District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

- 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 Menoken Water 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 (pages 3-5) and budgetary comparison information (pages 18-19) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blair and Associates, P.C.

Cedaredge, Colorado

August 24, 2026

As management of the Menoken Water District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- The District's assets exceeded its liabilities by $ 1,870,019 at the end of the year, an increase of $ 45,318 from the prior year, after $ 153,379 of depreciation expense.

- The District's unrestricted net position was $ 896,327, an increase of $ 198,698 from the prior year.

- During 2025, the District received capital contributions of $ 64,100 from tap fees and $ 19,974 from developer extensions.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of four components: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, (3) statement of cash flows, and (4) notes to the financial statements.

- The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve a useful indicator of whether the financial position of the District is improving or deteriorating (see page 6).
- The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The statement reports the District's operating and non-operating revenue by source along with operating and non-operating expenses and capital contributions (see page 7).
- The statements of cash flows report the District's cash flows from operating, investing and capital activities (see page 8).
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 9 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons. This information can be found beginning on page 18 of this report.

Financial Analysis

The following summarizes the District's net position as of December 31, 2025 and 2024.

Assets	2025	2024
Current assets	$ 944,851	$ 751,345
Capital assets	973,692	1,127,072
Total assets	1,918,543	1,878,417
Liabilities		
Current liabilities	35,545	32,534
Non current liabilities	12,979	21,182
Total liabilities	48,524	53,716
Net Position		
Net investment in capital assets	973,692	1,127,072
Unrestricted	896,327	697,629
Total net position	$ 1,870,019	$ 1,824,701

The largest portion of the District's net position, 52%, reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its users; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining $ 896,327 is unrestricted and available for on-going obligations of the District.

The following summarizes the change in the District's net position for the years ending December 31, 2025 and 2024.

Revenues	2025	2024
Operating revenues	1,175,169	1,007,627
Non-operating revenues	20,096	16,827
Capital contributions	84,074	314,338
Total revenues	1,279,339	1,338,792
Expenses		
Operating expenses	1,080,642	1,094,955
Depreciation	153,379	184,432
Total expenses	1,234,021	1,279,387
Changes in net position	45,318	59,405
Net position - January 1	1,824,701	1,765,296
Net position - December 31	$ 1,870,019	$ 1,824,701

Capital Assets

The District's net investment in capital assets amounts to $ 973,692, net of $ 5,777,799 of accumulated depreciation, as of December 31, 2025. This investment consists of land, storage and distributions system, building and improvements, equipment and furniture and fixtures.

Additional information on the District's capital assets can be found on page 16.

Economic Factors and Next Year's Budgets

Water Rates:

Water rates were increased in 2025. The Project 7 Water Authority Treatment plant increased rates by $.50 per 1,000 gallons on January 2025. Project 7 is currently preparing to construct a second treatment plant near ridgeway reservoir which will require rate increases each year. The district board raised the rates $.50 per 1,000 gallons plus an additional $.07 per 1,000 gallons to cover operating costs and increased unaccounted for water.
Current System Connections: 1,400

Water sales were up 5.8 % over 2025 for District customers.

Cost of Service: per 1,000 gal sold 2025 gal. purchased from Project 7 $ 171,187,000

Expense:	
Raw water	$ 0.33
Water Treatment	$ 1.93
Office & admin.	$ 1.52
System O&M	$ 2.44
Capital improvement	$ .89
Lost Water	$ 0.29
	$ 7.40
Income:	
Water sold	$ 5.60
Service fees	$ 0.08
Tap fees	$ 1.35
Investments	$ 0.08
Customer extensions	$ 0.56
	$ 7.67
Net income per 1,000 gal sold:	$ 0.27

Capital expenditures estimated for 2026:
Capital Improvement Projects planed for 2026 are pipeline and meter system upgrades $ 125,000.00 Capital equipment upgrades $ 85,000.00

Request for Information

This financial report is designed to provide a general overview of the district's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District Manager, 4386 6225 Road, Montrose, Colorado 81401.

Menoken Water District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Current Assets		
Cash	**$ 121,754**	$ 85,939
Certificates of deposit	**-**	110,975
Investments	**564,336**	321,208
Accounts receivable		
Customers	**99,939**	84,061
Inventory	**158,822**	149,162
Total current assets	**944,851**	751,345
Capital Assets		
Land	**51,465**	51,465
Water Rights	**413,189**	413,189
Distribution System, net	**419,916**	559,667
Equipment, net	**68,883**	80,913
Buildings, net	**20,239**	21,838
Total capital assets	**973,692**	1,127,072
Total assets	**1,918,543**	1,878,417
Current Liabilities		
Accounts payable	**26,394**	25,735
Accrued compensated absences, current portion	**9,151**	6,799
Total current liabilities	**35,545**	32,534
Non-current Liabilities		
Accrued compensated absences	**12,979**	21,182
Total liabilities	**48,524**	53,716
Net Position		
Net investment in capital assets	**973,692**	1,127,072
Unrestricted	**896,327**	697,629
Total net position	**$ 1,870,019**	$ 1,824,701

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

Menoken Water District
Statements of Revenues, Expenses and Changes in Net Position
December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Treated water sales	**$ 1,146,670**	$ 970,187
Raw water sales	**8,895**	12,705
Other sales and charges for services	**3,884**	9,980
Miscellaneous	**15,720**	14,755
Total operating revenues	**1,175,169**	1,007,627
Operating Expenses		
Personal services	**431,256**	460,659
Water purchase and treatment	**495,934**	392,728
Other operating	**74,801**	161,663
General administrative	**78,651**	79,905
Total operating expenses	**1,080,642**	1,094,955
Operating loss before depreciation	**94,527**	(87,328)
Depreciation	**(153,379)**	(184,432)
Operating loss	**(58,852)**	(271,760)
Non-operating revenues (expenses)		
Interest income	**19,439**	13,855
Interest expense		
Gain on sale of assets	**657**	2,972
Total non-operating revenues (expenses)	**20,096**	16,827
Loss before capital contributions	**(38,756)**	(254,933)
Capital contributions		
Tap fees	**64,100**	231,150
Developers	**19,974**	83,188
Total capital contributions	**84,074**	314,338
Change in net position	**45,318**	59,405
Net position - January 1	**1,824,701**	1,765,296
Net position - December 31	**$ 1,870,019**	$ 1,824,701

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

Menoken Water District
Statements of Cash Flows
December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Receipts from users and customers	**$ 1,159,291**	$ 985,469
Payments for employee services	**(437,107)**	(452,751)
Payments to suppliers	**(658,386)**	(638,764)
Net cash used for operating activities	**63,798**	(106,046)
Cash flows from capital related financing activities		
Tap fees	**64,100**	231,150
Developers	**19,974**	83,188
Proceeds from sale of assets	**657**	2,972
Capital expenditures	**-**	(135,239)
Note payable principal payments		
Note payable interest payments		
Net cash provided by capital and related financing activities	**84,731**	182,071
Cash flows from investing activities		
Interest earned on deposits and investments	**19,439**	13,855
Purchase of investments	**(132,153)**	(153,818)
Net cash provided by (used) for investing activities	**(112,714)**	(139,963)
Net increase (decrease) in cash	**35,815**	(63,938)
Cash - January	**85,939**	149,877
Cash - December	**$ 121,754**	$ 85,939
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	**$ (58,852)**	$ (271,760)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	**153,379**	184,432
Decrease (increase) in accounts receivable	**(15,878)**	(22,158)
Decrease (increase) in inventory	**(9,660)**	(8,948)
Increase (decrease) in accounts payable	**660**	4,480
Increase in compensated absences payable	**(5,851)**	7,908
Net cash used for operating activities	**$ 63,798**	$ (106,046)

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

Note A – Summary of Significant Accounting Policies

The financial statements of Menoken Water District, (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Following is a summary of the more significant principles:

1. Reporting Entity

The District was originally incorporated as Menoken Water Company (the Company) in 1960 as a Colorado nonprofit entity. On November 4, 1997, the electors approved changing the Company to a political subdivision of the State of Colorado and changing the Company's name to Menoken Water District. The District provides domestic water to customers in northeast Montrose County, Colorado. The District is governed by an elected five-member board. For financial reporting purposes, the district, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the district is not considered a component unit of another entity.

2. Financial Statement Presentation

The accounts of the District have been organized on the basis of a single enterprise fund. Enterprise funds are used to account for operation that are financed and operated in a manner similar to private business enterprises. It is the intent of the governing body that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to users for water sales which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and give up essentially equal values. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Note A – Summary of Significant Accounting Policies - continued

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The District utilized the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted assets first, then unrestricted resources as they are needed.

The assets, liabilities, and net position of the District are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the District's programs.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of cash certificates of deposits and highly liquid investments purchased with an initial maturity of three months or less.

5. Fair Value Measurement

The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The District's investments consist of ColoTrust Prime which is stated at net asset value.

6. Accounts Receivable

The District considers accounts receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is maintained. If amounts become uncollectible, they are charged to operations when that determination is made.

Note A – Summary of Significant Accounting Policies – continued

7. Inventory

Inventory consists of materials and supplies which are stated at cost on a first-in/first-out method.

8. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets that have a useful life of more than one year and that have an initial cost of $ 5,000 or more. Replacements, which improve or extend the lives of property, are capitalized. The District capitalizes labor and equipment costs for self-constructed capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

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

Storage and distribution	30 to 45 years
Building and improvements	25 years
Equipment, furniture and fixtures	5 to 10 years

9. Compensated Absences

Vacation time accrues at the rate of one week after one year of employment and two weeks after two years of employment. Sick leave accrues at the rate of ½ day per month up to 15 days, after which unused sick leave is paid monthly.

10. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note A – Summary of Significant Accounting Policies – continued

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Note B – Tax, Spending and Debt Limitations

In November 1992, 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 requirement of state and local governments.

The amendment excludes enterprises from its provisions; Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provision of the amendment. It is the District's opinion that qualifies for the exclusion and is therefore excluded from the provisions of the amendment.

Note C – Budgets

The District adheres to the following budgetary procedures:

- Budgets are required by state law.
- The budget officer is required to submit a proposed budget by October 15.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Expenditures may not legally exceed total appropriations. Board approval is required for changes in the adopted budget. Budget appropriations lapse at the end of the year. The District could be in violation of Colorado Budget Law because actual expenditures exceeded budgetary amounts.
- The District's budgets are prepared based on the flow of current financial resources using a modified accrual basis of accounting.

Note C – Budgets – continued

Following is a summary of the adjustment necessary to convert to the budgetary basis from GAAP:

	Revenues	Expenditures
GAAP Basis	$ 1,279,339	$ 1,234,021
Adjustments:		
Capital Outlay	-	-
Depreciation	-	(153,379)
Budgetary Basis	1,279,339	1,080,642
Budget	1,291,941	1,257,226
Variance - Favorable (unfavorable)	$ (12,602)	$ 176,584

Note D – Deposits and Investments

The District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, effective for periods beginning after June 15, 2004. This statement establishes and modifies disclosure requirements related to investment credit risk; including custodial credit risk and concentrations of credit risk; interest rate risk and foreign currency risk; as well as deposit custodial credit risk and foreign currency risk.

1. Deposits

Colorado State Statutes govern the District's deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to one hundred and two percent of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025 the carrying amount of the District's deposits was $121,254 and the bank balances were $ 135,925. Of the bank balances, $135,925 were insured under FDIC.

Note D – Deposits and Investments – continued

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of 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 has no investment policy that would further limit its investment choices.

Fair Value Hierarchy: the District categories its fair value measurements within the fair value hierarchy established by GAAP. 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. The District has no investments required to be reported under the fair value hierarchy.

Investments Measured at Net Asset Value	
ColoTrust Prime	$564,336

At December 31, 2025 and 2024 the District had investments of $564,336 and $321,208, respectively, in a local government investment pool; the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes (CRS), to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 the pool. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, Colorado 80202 www.colotrust.com

Note D – Deposits and Investments – continued

3. Reconciliation of Cash and Investments as Shown on the Statements of Net Position as of December 31, 2025:

Cash and investments:	
Cash on hand	$ 500
Carrying amount of deposits	121,254
Carrying amount of investments	564,336
	$ 686,090

Statements of net position classification:	
Cash	$ 121,754
Investments	564,336
	$ 686,090

Note E – Non-current Liabilities

Non-current liability activity for compensated absences for the year ended December 31, 2025, was as follows:

Balance January 1, 2025	$ 27,980
Additions	
Reductions	5,851
Balance December 31, 2025	$ 22,130
Current portion	$ 9,151

Note F – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, including employee health insurance and workman's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three years.

Note G – Capital Assets

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Capital assets, not being depreciated:				
Land	$ 51,465	$ -	$ -	$ 51,465
Water Rights	413,189	-	-	413,189
Total capital assets, not being depreciated	464,654	-	-	464,654
Capital, being depreciated				
Storage and distribution system	5,664,046	-	-	5,664,046
Building and improvements	168,280	-	-	168,280
Equipment	417,359	-	-	417,359
Furniture and fixtures	37,152	-	-	37,152
Total capital assets, being depreciated	6,286,837	-	-	6,286,837
Less accumulated depreciation for:				
Storage and distribution system	(5,104,380)	(139,750)	-	(5,244,130)
Building and improvements	(146,442)	(1,599)	-	(148,041)
Equipment	(336,446)	(12,030)	-	(348,476)
Furniture and fixtures	(37,152)	-	-	(37,152)
Total accumulated depreciation	(5,624,420)	(153,379)	-	(5,777,799)
Total capital assets, being depreciated, net	662,417	(153,379)	-	509,038
Net investment in capital assets	$ 1,127,071	$ (153,379)	$ -	$ 973,692

Note H – Commitments

The District purchases all of its treated water from the Project 7 Water Authority. The District is committed to paying for the treatment of a minimum of 45 million gallons of water annually from the Project 7 Water Authority. During the years ended December 31, 2025 and 2024 the District's actual usage was 179.9 million and 172.3 million gallons at a cost of $ 435,385 and $ 336,006, respectively.

Note H – Commitments – continued

Pursuant to a contract with the Tri-County Water Conservancy District, the District is committed to purchasing an allotment of raw water from the Dallas Creek Water Projects. The allotment amounts are as follows:

Blocks One and Two	565 acre feet annually
Block Three	75 acre feet annually
Total	640 acre feet annually

Contractual payments for Blocks One and Two are complete and therefore the associated water rights are fully owed by the District. Payments for the cost of the water in Block Three will be paid annually for fifty years at which time the District will own water rights in the amount listed. Required payments for the additional acre feet in Block Three began in 2000. The required payment was $55,433 and $55,113 for 2025 and 2024 respectively, including operations and maintenance costs. The District has made payments in the amount of $1,291,489 toward their obligation prior to December 31, 2025. Payments remaining on the obligation after December 31, 2025 equals $1,192,144. Once all payments have been made the water rights will be fully realized and included in the District's capital assets.

Note I – Employee Retirement Plan

The District provides pension benefits for all of its full time employees in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

All full time employees are eligible to participate in the plan that is administered by the District from the date of hire. The District will match up to 6% of each employee base salary. District contributions for all employees are a 100% vested.

The District's total payroll for the year 2025 was $ 320,019. The District's contributions were calculated using the base salary of $ 249,255. The District made the required contributions of $ 9,177 and the employees made required contributions of $ 9,177.

Note J – Restatement of Net Position

The net position was restated as of December 31, 2023, to account for water rights owned by the District which had previously been omitted. The net position was increased by $413,189 from $1,352,1074 to $1,765,296.

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2025

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Available Resources - January 1	$ 669,161	$ 669,161	**$ 697,631**	$ 28,470
Revenues				
Treated water sales	1,192,541	1,192,541	**1,146,670**	(45,871)
Raw water sales	11,000	11,000	**8,895**	(2,105)
Material sold to customers	10,000	10,000	**19,974**	9,974
Service charges	4,900	4,900	**7,776**	2,876
Penalties	5,500	5,500	**6,322**	822
Extension labor and equipment	10,000	10,000	**3,884**	(6,116)
Tap fees	45,000	45,000	**64,100**	19,100
Interest	13,000	13,000	**19,439**	6,439
Gain on sale of assets	-	-	**657**	657
Miscellaneous	-	-	**1,622**	1,622
Total revenues	1,291,941	1,291,941	**1,279,339**	(12,602)
Total available resources	1,961,102	1,961,102	**1,976,970**	15,868
Expenditures				
Personal services:				
Salaries	320,885	320,885	**314,169**	6,716
Employee medical insurance	60,000	60,000	**8,441**	51,559
Payroll taxes	30,000	30,000	**25,189**	4,811
Workmen's compensation	5,800	5,800	**8,640**	(2,840)
Unemployment insurance	700	700	**640**	60
Medical expense reimbursement	-	-	**64,342**	(64,342)
Miscellaneous labor	1,000	1,000	**658**	342
Employee retirement	8,500	8,500	**9,177**	(677)
Water				
Raw water	56,611	56,611	**56,992**	(381)
Treatment	416,500	416,500	**438,891**	(22,391)
UVWUA	50	50	**51**	(1)
Operating:				
Gas, oil and fuel	14,500	14,500	**9,931**	4,569
Vehicle maintenance and repair	2,500	2,500	**2,563**	(63)
Shop supplies	4,000	4,000	**2,582**	1,418
Equipment maintenance and repair	6,000	6,000	**4,349**	1,651
Small tools	2,000	2,000	**951**	1,049
System maintenance and repair	60,000	60,000	**43,195**	16,805
Materials sold to customers	1,000	1,000	**168**	832
Permits	1,000	1,000	**213**	787
Water Samples	2,000	2,000	**1,250**	750
Other	3,500	3,500	**3,981**	(481)
	$ 996,546	$ 996,546	**$ 996,373**	$ 173

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2025

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures				
General Administrative:				
Insurance	$ 30,000	$ 30,000	**$ 32,345**	$ (2,345)
Office equipment and computers	5,000	5,000	**5,026**	(26)
Accounting and audit	8,500	8,500	**8,400**	100
Telephone	6,975	6,975	**6,205**	770
Postage	4,500	4,500	**5,051**	(551)
Office supplies	4,500	4,500	**4,283**	217
Director's fees	2,000	2,000	**2,050**	(50)
Electricity	7,800	7,800	**1,745**	6,055
Pest control and trash removal	500	500	**350**	150
Heat	2,500	2,500	**1,803**	697
Office equipment maintenance and repair	1,000	1,000	**-**	1,000
Dues and memberships	1,500	1,500	**4,234**	(2,734)
Legal	1,500	1,500	**1,122**	378
Employee advancement	7,800	7,800	**1,020**	6,780
Building maintenance and repair	2,000	2,000	**1,842**	158
Refunds	2,500	2,500	**2,620**	(120)
Water system tax	490	490	**555**	(65)
Capital expenditures:				
New meter pit installations	10,000	10,000	**203**	9,797
System improvements	85,000	85,000	**5,415**	79,585
Capital equipment	56,615	56,615	**-**	56,615
Customer extensions	10,000	10,000	**-**	10,000
Contingency	10,000	10,000	**-**	10,000
Total expenditures	1,257,226	1,257,226	**1,080,642**	176,584
Available Resources December 31	$ 703,876	$ 703,876	**$ 896,328**	$ 192,452