
North Weld County Water District

**Financial Report
with Supplementary Information
December 31, 2025**

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Independent Auditor's Report

To the Board of Directors
North Weld County Water District

Opinion

We have audited the financial statements of North Weld County 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 North Weld County Water 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 North Weld County Water District as of December 31, 2025 and 2024 and the changes in its financial position and its cash flows thereof 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 *Auditor's Responsibilities for the Audits 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS 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.

To the Board of Directors
North Weld County Water District

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Additional Information

Management is responsible for the accompanying schedules of revenue and expenditures - budget to actual (budgetary basis) and rate maintenance, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

Plante & Moreau, PLLC

May 22, 2026

North Weld County Water District Management's Discussion and Analysis

Management's discussion and analysis is designed to provide an analysis of the financial condition and operating results and to also inform the reader on financial issues and activities of the North Weld County Water District (the "District").

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 12).

2025 Highlights – Business-Type Activities

- On December 31, 2025, the District's net position was \$236,830,339, an increase of \$14,136,566 from the 2024 amount of \$222,693,773. On December 31, 2024, the District's net position was \$222,693,773, an increase of \$19,634,528 from the 2023 amount of \$203,059,245. The District's net position increase was due to acquiring more water rights, construction that is in progress and the decrease of non-current liabilities.
- Operating revenues for 2025 decreased by \$1,849,676, from \$25,316,192 in 2024 to \$23,466,516. Operating revenues for 2024 increased by \$4,587,741, from \$20,728,451 in 2023 to \$25,316,192. The District's 2025 decrease in operating revenue was due to implementation of surcharges to regulate consumption and diminish overuse in certain customer segments.
- Total operating expenses in 2025 increased by \$1,269,052, from \$13,501,880 in 2024 to \$14,770,932. Total operating expenses in 2024 increased by \$861,265, from \$12,640,615 in 2023 to \$13,501,880. The District's operating expenses have increased due to higher costs related to operating the distribution system.
- Total non-operating revenue (net of non-operating expenses) decreased in 2025 by \$2,379,234, from \$7,820,216 in 2024 to \$5,440,982. 2025 overall decrease was due to a decrease in tap/connection fees.
- Total capital assets in 2025 increased by \$10,288,070, from \$227,427,672 in 2024 to \$237,715,742. Total capital assets in 2024 increased by \$25,691,801, from \$201,735,871 in 2023 to \$227,427,672.
- Total non-current liabilities decreased by \$3,262,630 in 2025, from \$55,956,129 in 2024 to \$52,693,499. Total non-current liabilities decreased by \$909,198 in 2024, from \$56,865,327 in 2023 to \$55,956,129.

**North Weld County Water District
Management's Discussion and Analysis**

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statements of Net Position – reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 12).

Statements of Revenues, Expenses and Changes in Net Position – reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 13).

Statements of Cash Flows – reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. (See page 14).

The following tables summarize information from these statements.

Statement of Net Position

December 31,	2025	2024	2023
Current assets	\$ 32,673,599	\$ 28,930,452	\$ 22,032,483
Restricted assets	23,092,807	29,397,966	42,585,260
Capital assets, net	237,715,742	227,427,672	201,735,871
Other assets	-	-	-
Total Assets	<u>\$ 293,482,148</u>	<u>\$ 285,756,090</u>	<u>\$ 266,353,614</u>
Current Liabilities	\$ 3,958,310	\$ 7,106,188	\$ 6,429,042
Non-current liabilities	52,693,499	55,956,129	56,865,327
Total Liabilities	<u>\$ 56,651,809</u>	<u>\$ 63,062,317</u>	<u>\$ 63,294,369</u>
Net Position			
Net investment in capital assets	\$ 206,088,529	\$ 198,931,621	\$ 185,592,841
Unrestricted	30,741,810	23,762,152	17,466,404
Total Net Position	<u>\$ 236,830,339</u>	<u>\$ 222,693,773</u>	<u>\$ 203,059,245</u>

**North Weld County Water District
Management's Discussion and Analysis**

Review of Revenue

Years Ended December 31,	2025	2024	2023
Operating Revenue			
Water Sales	\$ 23,069,131	\$ 24,890,509	\$ 20,457,821
Construction Water	<u>397,385</u>	<u>425,683</u>	<u>270,630</u>
Total operating revenue	\$ 23,466,516	\$ 25,316,192	\$ 20,728,451
Non-operating revenues			
Earnings on investments	1,895,317	2,781,597	2,700,628
Other non-operating income	1,706,975	249,787	521,471
Amortization of bond premiums	380,269	396,241	456,942
Tap/connection fees	<u>3,527,251</u>	<u>6,555,491</u>	<u>2,714,150</u>
Total non-operating revenue	7,509,812	9,983,116	6,393,191
Total revenue	<u>\$ 30,976,328</u>	<u>\$ 35,299,308</u>	<u>\$ 27,121,642</u>

Water sales in 2025 decreased by \$1,821,378 from \$24,890,509 in 2024 to \$23,069,131. Water sales in 2024 increased by \$4,432,688 from \$20,457,821 in 2023 to \$24,890,509. Water sales from construction meters decreased from \$425,683 in 2024, to \$397,385 in 2025, a decrease of \$28,298. Water sales from construction meters increased from \$270,630 in 2023, to \$425,683 in 2024, an increase of \$155,053.

Review of Expenses

Years Ended December 31,	2025	2024	2023
Administrative	\$ 3,150,267	\$ 2,979,758	\$ 2,929,761
Distribution	9,328,039	8,508,537	7,738,385
Depreciation	<u>2,292,626</u>	<u>2,013,585</u>	<u>1,972,469</u>
Total operating expenses	14,770,932	13,501,880	12,640,615
Interest Expense	<u>2,068,830</u>	<u>2,162,900</u>	<u>2,918,245</u>
Total expense	<u>\$ 16,839,762</u>	<u>\$ 15,664,780</u>	<u>\$ 15,558,860</u>

Total expenses were \$16,839,762 of the total expenditures as shown on the budgetary comparison schedule including depreciation of \$2,292,626. The major contributors to the increase were higher distribution expenses.

**North Weld County Water District
Management's Discussion and Analysis**

Capital Contribution/Tap and Connection Fees

Years Ended December 31,	2025	2024	2023
Tap fees - customers	\$ 2,233,800	\$ 4,950,000	\$ 2,223,750
Meter set fees	22,200	47,615	22,400
Reimbursement for water rights	477,750	330,750	(32,250)
Distance Fees	599,500	809,500	245,850
Reimbursement for line extension	194,001	417,626	254,400
Miscellaneous	-	-	-
Net capital contribution/ tap and connction fees	<u>\$ 3,527,251</u>	<u>\$ 6,555,491</u>	<u>\$ 2,714,150</u>

Net contributed capital/tap and connection fees were \$3,527,251 of the total revenues as shown on the budgetary comparison schedule.

Capital Assets, Net of Depreciation

Years Ended December 31,	2025	2024	2023
Transmission and distribution system	\$ 99,489,083	\$ 97,229,640	\$ 87,222,044
Facilities	1,685,517	1,667,567	1,667,567
Vehicle and field equipment	3,065,560	2,861,811	2,600,942
Other	559,050	307,362	78,221
Total depreciable assets	<u>104,799,210</u>	<u>102,066,380</u>	<u>91,568,774</u>
Less: accumulated depreciation	<u>(38,017,104)</u>	<u>(35,724,479)</u>	<u>(33,711,207)</u>
Total depreciable assets, net	<u>66,782,106</u>	<u>66,341,901</u>	<u>57,857,567</u>
SCWTA Treatment Capacity	22,849,610	22,849,611	22,849,610
Land, easements, and water rights	127,453,628	118,766,175	112,695,553
Construction in progress	<u>20,630,398</u>	<u>19,469,985</u>	<u>8,333,141</u>
Total capital assets, net	<u>\$ 237,715,742</u>	<u>\$ 227,427,672</u>	<u>\$ 201,735,871</u>

**North Weld County Water District
Management's Discussion and Analysis**

Major capital asset additions in 2025 were:

Tank 5 B	149,500
Pump Station 1	1,116,451
Pump Station 6	16,000
Pump Station 15	474,093
New Power Washer	7,800
2024 FORD F250	59,862
2024 FORD F250	65,362
Newt 3	70,793
Zone 1 Waterline	524,912
Newt 3	31,852
Eaton Pipeline PH3	332,991
CR84 Waterline	69,792
Timnath 36" Lowering	34,838
HWY 85 Line Rep	2,943
Woods Lake	17,336
Pump Station 1 Repair	51,244
Newt 3	8,740
Woods Lake	12,571
Newt 3	1,221,757
Timnath 36"	15,471
Eaton Phase II	20,559
CR84 Waterline	146,778
Eaton Phase III	330,860
New VGB	21,500
SCADA Equipment	49,225
Blacktop Repaving	242,678
Water Rights	7,972,500
ELCO Montava	24,190
WR Element Eng.	66,180
SCWTA	58,072
Good Lateral	1,000
Stantec Storage Eng.	47,454
Easement Projects 2025	518,057
CR84 Waterline	6,115
Office Furnace(North)	17,950
New Server	9,010
Eaton Pipeline Phase 3	14,168
Pump Station 1 Repairs	54,359
	<u>\$ 13,884,963</u>

**North Weld County Water District
Management's Discussion and Analysis**

Construction in Progress

The following projects will be ongoing in 2026:

Newt 3
Eaton Pipeline Phase 3
CR 84 & CR 15 Water Line Replacement
Zone 1 Water Line
Pump Station 1 Upgrades
Harmony Interconnect Pump Station
Northern Feed & Bean Waterline Replacement
Crow Creek Waterline Replacement
Eaton Pipeline Phase 4

Debt Administration

On December 31, 2025, the District had \$52,809,710 in outstanding debt obligations, a decrease of \$2,473,901 from 2024. In 2024, the District had \$55,283,611 in outstanding debt obligations, a decrease of \$2,411,167 from 2023.

	Beginning Balance	Additions	Retirements	Ending Balance
2019 revenue bonds	15,700,000	-	(480,000)	\$ 15,220,000
2020 refunding revenue bonds	2,225,000	-	(425,000)	\$ 1,800,000
2022 revenue bonds	33,465,000	-	(1,205,000)	\$ 32,260,000
Compensated absences	172,112	16,367	-	\$ 188,479
Total	51,562,112	16,367	(2,110,000)	49,468,479
Current portion of long-term debt	(2,110,000)			(2,215,000)
Net bond premiums	3,721,499			3,341,231
Total non-current liabilities	53,173,611			50,594,710

**North Weld County Water District
Management's Discussion and Analysis**

Customer Classification, Water Rates, Revenue and Consumption

The District currently provides water service to 6,631 taps, 93% of which, are residential. All water service is metered and read electronically. The following table is a breakdown of water consumption and revenue billed by customer class in 2025.

Classification	2025 Water Consumption (Per 1000 Gal.)	Percent of Total	Total Billed in 2025	Percent of Total
Residence Only	30,827	1.05%	192,792	0.83%
Standard	485,932	16.51%	2,743,118	11.87%
Standard ½	58,383	1.98%	376,634	1.63%
Standard ¾	14,299	0.49%	79,944	0.35%
Flow Control	156,468	5.32%	584,140	2.53%
Commercial	888,598	30.19%	4,428,632	19.17%
Municipal	1,104,849	37.54%	4,114,718	17.81%
Conservation Blue	128,302	4.36%	779,735	3.38%
Fire Meters	448	0.02%	7,447	0.03%
Non-Potable Meters	74,851	2.54%	112,277	0.49%
Unset Meters	-	-	23,231	0.10%
Adjustments	-	-	1,938,596	8.39%
Surcharges (PI)	-	-	2,969,136	12.85%
Surcharges (W)	-	-	4,750,480	20.56%
Total	2,942,957	100%	23,100,880	100%

Basic Service Fees, Rates and Changes

The District has established a schedule of rates, fees and charges for the connection to and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed according to customer classification and usage. Each customer is subject to a minimum monthly charge, which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a monthly charge is assessed.

In establishing the current rate schedule, it was determined that the rate must both pay for increasing operating costs, including debt service, and allow for some system deferred maintenance funds while not overburdening District customers on the lower end of the usage scale with excessive rates. The following table is a comparison of basic service fees for a Standard Tap (Class 1). The 2022 rates increased from \$3.88 to \$4.15. Monthly minimum for usage between 0-6 (Kgals) was \$24.90. The 2023 rates increased from \$4.15 to \$4.44. Monthly minimum for usage between 0-6 (Kgals) was \$26.64. The 2024 rates increased from \$4.44 to \$4.75. Monthly minimum for usage between 0-6 (Kgals) was \$28.50. The 2025 rates increased from \$4.75 to \$4.99. Monthly minimum for usage between 0-6 (Kgals) is \$29.94. The 2026 rates increased from \$4.99 to \$5.19. Monthly minimum for usage between 0-6 (Kgals) is \$31.14.

**North Weld County Water District
Management's Discussion and Analysis**

Comparative Residential System User Charges 2022 - 2026

	January 2022	January 2023	January 2024	January 2025	January 2026
Monthly Minimum Usage (Kgals)	\$24.90	\$26.64	\$28.50	\$29.94	\$31.14
0-6					
6 and greater	\$4.15	\$4.44	\$4.75	\$4.99	\$5.19

Comparative Town's User Charges 2022-2026

75% Residential Rate	\$3.11	\$3.33	\$3.56	\$3.74	\$3.89
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Tap Fees

The District charges tap fees to recover costs of system acquisition, construction and expansion. A tap fee is a one-time charge that must be paid in full before the meter will be installed and the account is considered active. The District's tap fee is calculated based upon plant investment fee, distance fee, raw water fee and storage fee. Effective July 1, 2018 the storage fee is no longer a requirement.

The total tap fee for a Water Class 1 and Plant Investment Class 1 is; cash in lieu - raw water for 2025 was \$73,500, approximately the cost of 1 unit of CBT. The plant investment was \$21,900, a distance fee of \$500 per mile from the District's main tank site at Highway 14 and Highway 257 to the property following section lines with a minimum of 5 miles or \$1,500, and a meter pit installation which averages \$2,400.

In 2010, the District made Conservation Blue Taps available to customers purchasing a new tap. A Conservation Blue Tap allows the customer to purchase a tap and not pay the plant investment fee nor pay the distance fee. These taps are automatically in the plant investment surcharge as soon as usage occurs. With the purchase of Conservation Blue Taps, the number of plant investments will decrease while water class allocations will increase.

Per Resolution 20180813-02 – Elimination of Conservation Blue Taps, effective August 13, 2018, Conservation Blue Taps are only available to certain pending subdivisions that have already received conditional or final approval from the District. Plat for such subdivisions shall be recorded on or before August 13, 2019 and the taps, including payment or transfer of water, as applicable, shall be purchased on or before August 13, 2023.

Historical Plant Investment Collections

Year	Number of Pls	Tap Fee Revenue
2019	188	\$1,606,125
2020	260	\$2,478,065
2021	188	\$1,790,750
2022	195	\$3,453,950
2023	109	\$2,223,750
2024	226	\$4,950,000
2025	102	\$2,233,800

**North Weld County Water District
Management's Discussion and Analysis**

Capital Improvement Plan

The five-year capital improvement plan (CIP) for the period 2026 thru 2030 is driven by the growth within the District and Northern Colorado. The CIP for this report is split into the following categories and amounts for each category:

Proposed CIP						
Project	2026	2027	2028	2029	2030	Total
Main Transmission Lines, Meters, Tanks, Distribution Lines and Pump Stations	31,575,000	17,125,000	13,675,000	10,325,000	13,125,000	85,825,000
Water Resources	12,050,000	850,000	700,000	350,000	450,000	14,400,000
Land /Easements	175,000	175,000	175,000	175,000	175,000	875,000
Total	\$43,800,000	\$18,150,000	\$14,550,000	\$10,850,000	\$13,750,000	<u>\$101,100,000</u>

Upcoming expenditures are to expand and improve the piping network and storage capabilities of the District.

Contracts and Agreements

The District is a party to contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities.

Economic and Other Factors

Overall, the District has shown an increase in water revenues and moderate increase in tap sales as a result of continued growth throughout the District, the Towns served by the District, and generally in Weld and Larimer counties. Construction of the delivery system has been implemented to provide needed improvements to assure future water revenues and tap sales to be generated.

Land use, zoning and management procedures and policies as established by Weld and Larimer County will materially affect the extent of future growth and development within the District.

Financial Contact

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact Eric Reckentine, District Manager, North Weld County Water District, P.O. Box 56, Lucerne, CO 80646.

North Weld County Water District

Statement of Net Position

	December 31, 2025 and 2024	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 28,991,865	\$ 25,117,689
Receivables	1,217,610	1,620,607
Inventory	2,251,908	2,064,328
Prepaid expenses and other assets	212,216	127,828
Total current assets	32,673,599	28,930,452
Noncurrent assets:		
Restricted assets and cash equivalents (Note 4)	23,092,807	29,397,966
Capital assets: (Note 5)		
Assets not subject to depreciation	170,933,636	161,085,771
Assets subject to depreciation - Net	66,782,106	66,341,901
Total noncurrent assets	260,808,549	256,825,638
Total assets	293,482,148	285,756,090
Liabilities		
Current liabilities:		
Accounts payable	922,971	4,135,484
Accrued liabilities and other	820,339	860,704
Current portion of bonds payable (Note 6)	2,215,000	2,110,000
Total current liabilities	3,958,310	7,106,188
Noncurrent liabilities:		
Compensated absences (Note 6)	188,479	172,112
Payable from restricted assets (Note 2)	2,098,789	2,782,518
Long-term debt - Net (Note 6)	50,406,231	53,001,499
Total noncurrent liabilities	52,693,499	55,956,129
Total liabilities	56,651,809	63,062,317
Net Position		
Net investment in capital assets	206,088,529	198,931,621
Unrestricted	30,741,810	23,762,152
Total net position	<u><u>\$ 236,830,339</u></u>	<u><u>\$ 222,693,773</u></u>

North Weld County Water District

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenue		
Water sales - Treated	\$ 23,069,131	\$ 24,890,509
Construction water	397,385	425,683
Total operating revenue	23,466,516	25,316,192
Operating Expenses		
Administrative	3,150,267	2,979,758
Distribution	9,328,039	8,508,537
Depreciation	2,292,626	2,013,585
Total operating expenses	14,770,932	13,501,880
Operating Income	8,695,584	11,814,312
Nonoperating Revenue (Expense)		
Interest earnings	1,895,317	2,781,597
Interest expense	(2,068,830)	(2,162,900)
Other nonoperating income	1,706,975	249,787
Amortization of bond premiums	380,269	396,241
Tap/Connection fees	3,527,251	6,555,491
Total nonoperating revenue	5,440,982	7,820,216
Change in Net Position	14,136,566	19,634,528
Net Position - Beginning of year	222,693,773	203,059,245
Net Position - End of year	\$ 236,830,339	\$ 222,693,773

North Weld County Water District

Statement of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from customers	\$ 23,730,071	\$ 25,296,364
Payments to suppliers	(12,499,195)	(8,341,793)
Payments to employees and fringes	(2,522,416)	(2,653,539)
Net cash and cash equivalents provided by operating activities	8,708,460	14,301,032
Cash Flows Provided by Noncapital Financing Activities - Other nonoperating revenue	1,706,975	249,787
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,128,982)	(19,628,556)
Principal paid on long-term debt	(2,110,000)	(2,025,000)
Interest paid on long-term debt	(2,342,553)	(2,582,142)
Tap/Connection fees	3,527,251	6,555,491
Acquisition of land, easements, and water rights	(8,687,452)	(6,070,622)
Net cash and cash equivalents used in capital and related financing activities	(14,741,736)	(23,750,829)
Cash Flows Provided by Investing Activities - Earnings on investments	1,895,318	2,781,597
Net Decrease in Cash and Cash Equivalents	(2,430,983)	(6,418,413)
Cash and Cash Equivalents - Beginning of year	54,515,655	60,934,068
Cash and Cash Equivalents - End of year	\$ 52,084,672	\$ 54,515,655
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 28,991,865	\$ 25,117,689
Restricted cash	23,092,807	29,397,966
Total cash and cash equivalents	\$ 52,084,672	\$ 54,515,655
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities		
Operating income	\$ 8,695,584	\$ 11,814,312
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation	2,292,626	2,013,585
Changes in assets and liabilities:		
Receivables	402,997	(19,828)
Inventories	(187,580)	(81,115)
Prepaid items	(84,388)	(28,145)
Accrued expenses	251,673	160,781
Accounts payable	(2,678,819)	431,367
Compensated absences	16,367	10,075
Total adjustments	12,876	2,486,720
Net cash and cash equivalents provided by operating activities	\$ 8,708,460	\$ 14,301,032

December 31, 2025 and 2024

Note 1 - Nature of Business

North Weld County Water District (the "District") is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (CRS). The District was organized on November 28, 1962 as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services to customers in northern Weld and eastern Larimer counties.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The accounting policies of the District conform to generally accepted accounting principles, as applicable to governmental units accounted for as a business-type activity. The business-type activities reporting model is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Note 2 - Significant Accounting Policies

Reporting Entity

The District is governed by an elected five-member board of directors. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Joint Venture

Prior to February 1, 2017, the District was a participant with East Larimer County Water District (ELCO) and Ft. Collins/Loveland Water District (FLWD) in a joint venture to operate Soldier Canyon Filter Plant (the "Plant"), the filter plant from which the District, ELCO, and FLWD purchase 100 percent of their water. Each district was charged for their respective share of the water purchased from the Plant and for capital improvements made at the Plant on a periodic basis. Major capital improvements to the Plant were funded by the individual districts independently and included in each district's capital assets. As such, the depreciation expense for these assets was also reflected in the financial statements of the District, ELCO, and FLWD. The District's net investment and its share of the operating results of the Plant were reported in the accompanying statement of net position and statement of revenue, expenses, and changes in net position.

On February 1, 2017, the District transferred all of the filter plant assets to a new entity, Solider Canyon Water Treatment Authority (the "Authority"). In exchange for the District's share of the Plant's assets, the District received treatment capacity share. The treatment capacity is considered an intangible asset with an indefinite life and is included in capital assets not subject to depreciation. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 4424 LaPorte Avenue, Ft. Collins, CO 80521.

On April 16, 2019, the District entered into a revised and restated creation agreement with the Authority and other participating districts, which expanded the plant capacity from 45 MGD to 60 MGD, increasing the District's capacity share to 23.24 MGD, or 38.73 percent.

December 31, 2025 and 2024**Note 2 - Significant Accounting Policies (Continued)**

On January 11, 2024, the District entered into a second revised and restated creation agreement with the Authority. The District's capacity in the treatment plant was not modified; however, the District now holds capacity in the Pleasant Valley Pipeline (PVP), a transmission line that delivers raw water to the Plant; the PVP Munroe Turnout Screen; and the sedimentation basin of 33.78 percent, 15.88 percent, and 16.89 percent, respectively.

Basis of Accounting

The District is a special-purpose government engaged in business activities. This proprietary fund uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Restricted Assets

The revenue bonds require unspent bond proceeds to be set aside for construction, debt service payments, and other related reserves, as further discussed in Note 6. These amounts have been classified as restricted assets.

Receivables and Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District's service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. In 2020, the District adopted a policy allowing for the certification of delinquent accounts to the County Treasurer for collection - Resolution 2020121407: Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges. During 2025, the District adopted resolution 2025-10-02: Resolution Certifying Delinquent Water Service Fees to Weld County Treasurer for Collection. The District had no allowance for doubtful accounts as of December 31, 2025 and 2024, as the District considers amounts fully collectible.

Capital Contributions

Contributions of cash, transmission lines, and water rights to the District by developers, customers, or agreements with others are treated as capital contributions on the District's statement of revenue, expenses, and changes in net position.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items, when applicable.

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

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

Capital Asset Class	Depreciable Life - Years
Facilities	40
Transmission and distribution system	10-100
Vehicles and field equipment	5-10
Other	5-20

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Compensated Absences (Vacation and Sick Leave)

A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It is the District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the District expects will be used subsequent to year end; vacation pay is accrued when incurred.

The District has recorded a liability of \$188,479 and \$172,112 at December 31, 2025 and 2024, respectively.

Payable from Restricted Assets

Accounts payable from restricted asset balances recorded on the statement of net position as of December 31, 2025 and 2024 include retainages, certain amounts recorded in accounts payable, and arbitrage liabilities to be paid from unspent bond proceeds.

Retainages payable totaled approximately \$73,500 and \$1,309,000 for the years ended December 31, 2025 and 2024, respectively, and will be disbursed upon project completion.

Accounts payable related to capital assets payable from bond proceeds totaled approximately \$238,500 and \$0 for the years ended December 31, 2025 and 2024, respectively.

Obligations pertaining to the 2019 and 2022 unspent tax-exempt bond proceeds totaled approximately \$1,787,000 and \$1,473,000 as of December 31, 2025 and 2024, respectively. Of the total, approximately \$20,000 is due to be remitted to the Internal Revenue Service (IRS) in June 2026, while the approximate remaining balance of \$1,767,000 is not required to be remitted until November 2027.

December 31, 2025 and 2024**Note 2 - Significant Accounting Policies (Continued)****Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Credit Risk, Major Customers, and Suppliers

Sales are predominately to commercial and residential customers within the District's service area. The District extends trade credit to its customers on terms that are generally practiced in the industry. One major customer accounted for approximately 14 percent of accounts receivable as of and for the year ended December 31, 2025. No major customers accounted for more than 10 percent of accounts receivable as of and for the year ended December 31, 2024. No major customers accounted for more than 10 percent of sales as of and for the years ended December 31, 2025 and 2024.

Revenue Recognition

Revenue is recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. There was no significant unbilled revenue at December 31, 2025 and 2024.

Operating Revenue and Expenses

The District distinguishes between operating revenue and expenses and nonoperating items in the statement of revenue, expenses, and changes in net position. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenue consists of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

Water Rights

The District's water rights are primarily composed of those acquired by the District. The cost of water rights includes acquisition cost and legal and engineering costs related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed when incurred.

Adoption of New Accounting Pronouncement

During the current year, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The criteria was not met for a concentration or constraint, and as such, the implementation of this standard had no significant impact to the financial statements as of December 31, 2025.

December 31, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2026.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, which defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events. The provisions of this Statement supersede the guidance on subsequent events found in GASB 56, paragraph 8-15. The provisions of this statement are effective for the District's financial statements for the year ending December 31, 2027.

Subsequent Events

On January 8, 2026, the District agreed to purchase 120 units of additional water rights at a total cost of \$7,090,200. On March 17, 2026, the District agreed to purchase one unit of additional water rights at a total cost of \$4,150,200.

Note 3 - Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the board of directors (the "Board") in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenue.

Note 3 - Budgets and Budgetary Accounting (Continued)

The budget process timeline is as follows:

1. On or before October 15, the district staff submits to the Board a proposed budget for the fiscal year commencing on the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular board meetings to obtain public comments.
3. Prior to December 31, the budget is adopted by the Board.
4. Unused appropriations lapse at the end of each year.

Refer to the supplementary information section for an overview of budgeted and actual expenditures for fiscal year 2025.

Note 4 - Cash and Cash Equivalents

The District had cash and cash equivalents as follows:

	2025	2024
Cash and cash equivalents	\$ 28,991,865	\$ 25,117,689
Restricted cash and cash equivalents	23,092,807	29,397,966
Total	<u>\$ 52,084,672</u>	<u>\$ 54,515,655</u>

The District's cash and short-term investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, CRS requires the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits. At December 31, 2025 and 2024, the District had deposits with a financial institution with a carrying amount of \$5,859,733 and \$3,323,032, respectively, of which \$250,000 was covered by federal depository insurance for each of the years ended December 31, 2025 and 2024. The remaining balances of \$5,609,733 and \$3,073,032, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which special districts may invest, which include the following:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks

December 31, 2025 and 2024**Note 4 - Cash and Cash Equivalents (Continued)**

- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

External Investment Pool

At December 31, 2025 and 2024, the District had invested \$46,224,739 and \$51,192,423, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and the highest-rate commercial paper. COLOTRUST EDGE is an enhanced cash, variable NAV pool that offers next-day liquidity. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. All of the District's invested balances are held in COLOTRUST PRIME. The Trust is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. The COLOTRUST PRIME portfolio has a target weighted-average maturity of 60 days or less. Actual weighted-average maturity was 62 and 98 days for the years ended December 31, 2025 and 2024, respectively.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. COLOTRUST PRIME is rated AAAM by Standard and Poor's Global Credit Ratings.

December 31, 2025 and 2024

Note 5 - Capital Assets

Capital asset activity of the District's business-type activities was as follows:

	Balance January 1, 2025	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets not being depreciated:				
Land, easements, and water rights	\$ 118,766,175	\$ 8,687,453	\$ -	\$ 127,453,628
SCWTA treatment capacity	22,849,610	-	-	22,849,610
Construction in progress	19,469,986	2,890,485	(1,730,073)	20,630,398
Subtotal	161,085,771	11,577,938	(1,730,073)	170,933,636
Capital assets being depreciated:				
Transmission and distribution system	97,229,953	529,057	1,730,073	99,489,083
Facilities	1,667,567	17,950	-	1,685,517
Vehicles and field equipment	2,861,811	203,749	-	3,065,560
Other	307,362	251,688	-	559,050
Subtotal	102,066,693	1,002,444	1,730,073	104,799,210
Accumulated depreciation:				
Transmission and distribution system	32,927,138	2,085,706	(314)	35,012,530
Facilities	609,866	41,689	-	651,555
Vehicles and field equipment	2,103,840	164,002	-	2,267,842
Other	83,948	1,229	-	85,177
Subtotal	35,724,792	2,292,626	(314)	38,017,104
Net capital assets being depreciated	66,341,901	(1,290,182)	1,730,387	66,782,106
Net capital assets	\$ 227,427,672	\$ 10,287,756	\$ 314	\$ 237,715,742

December 31, 2025 and 2024

Note 5 - Capital Assets (Continued)

	Balance January 1, 2024	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated:				
Land, easements, and water rights	\$ 112,695,553	\$ 6,070,622	\$ -	\$ 118,766,175
SCWTA treatment capacity	22,849,610	-	-	22,849,610
Construction in progress	8,333,141	16,488,497	(5,351,652)	19,469,986
Subtotal	143,878,304	22,559,119	(5,351,652)	161,085,771
Capital assets being depreciated:				
Transmission and distribution system	87,222,044	4,656,257	5,351,652	97,229,953
Facilities	1,667,567	-	-	1,667,567
Vehicles and field equipment	2,600,942	260,869	-	2,861,811
Other	78,221	229,141	-	307,362
Subtotal	91,568,774	5,146,267	5,351,652	102,066,693
Accumulated depreciation:				
Transmission and distribution systems	31,057,177	1,869,961	-	32,927,138
Facilities	568,176	41,690	-	609,866
Vehicles and field equipment	2,007,633	96,207	-	2,103,840
Other	78,221	5,727	-	83,948
Subtotal	33,711,207	2,013,585	-	35,724,792
Net capital assets being depreciated	57,857,567	3,132,682	5,351,652	66,341,901
Net capital assets	\$ 201,735,871	\$ 25,691,801	\$ -	\$ 227,427,672

Depreciation expense was \$2,292,626 and \$2,013,585 for the years ended December 31, 2025 and 2024, respectively.

Construction Commitments

The District has active construction projects at year end. The District had \$73,527 and \$1,309,265 in retainage payable as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the District had unexpended construction-related contract commitments of \$20,549,088 and \$18,154,051, respectively.

Note 6 - Long-term Debt

Long-term debt activity for the years ended December 31, 2025 and 2024 can be summarized as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and placements - Revenue bonds:					
2019 revenue bonds	\$ 15,700,000	\$ -	\$ (480,000)	\$ 15,220,000	\$ 510,000
2020 revenue bonds	2,225,000	-	(425,000)	1,800,000	435,000

December 31, 2025 and 2024

Note 6 - Long-term Debt (Continued)

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2022 revenue bonds	\$ 33,465,000	\$ -	\$ (1,205,000)	\$ 32,260,000	\$ 1,270,000
Total direct borrowings principal outstanding	51,390,000	-	(2,110,000)	49,280,000	2,215,000
Net bond premiums	3,721,499	-	(380,268)	3,341,231	-
Long-term borrowings - Net of premiums	55,111,499	-	(2,490,268)	52,621,231	2,215,000
Compensated absences	172,112	134,600	(118,233)	188,479	-
Total long-term debt	<u>\$ 55,283,611</u>	<u>\$ 134,600</u>	<u>\$ (2,608,501)</u>	<u>\$ 52,809,710</u>	<u>\$ 2,215,000</u>
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and placements - Revenue bonds:					
2019 revenue bonds	\$ 16,160,000	\$ -	\$ (460,000)	\$ 15,700,000	\$ 480,000
2020 revenue bonds	2,640,000	-	(415,000)	2,225,000	425,000
2022 revenue bonds	34,615,000	-	(1,150,000)	33,465,000	1,205,000
Total direct borrowings principal outstanding	53,415,000	-	(2,025,000)	51,390,000	2,110,000
Net bond premiums	4,117,741	-	(396,242)	3,721,499	-
Long-term borrowings - Net of premiums	57,532,741	-	(2,421,242)	55,111,499	2,110,000
Compensated absences	162,037	60,536	(50,461)	172,112	-
Total long-term debt	<u>\$ 57,694,778</u>	<u>\$ 60,536</u>	<u>\$ (2,471,703)</u>	<u>\$ 55,283,611</u>	<u>\$ 2,110,000</u>
				2025	2024

2019 Revenue Bonds

\$16,160,000 Water Enterprise Revenue Bonds, Series 2019 due in principal installments of \$480,000 in 2025 with additional increases up until the maturity date of 2039; interest ranging from 4.0 to 5.0 percent for the years ended December 31, 2025 and 2024. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$85,627 and \$89,267 as of December 31, 2025 and 2024, respectively

\$ 15,220,000 \$ 15,700,000

December 31, 2025 and 2024

Note 6 - Long-term Debt (Continued)

	2025	2024
2020 Refunding Revenue Bonds		
\$3,850,000 Water Enterprise Revenue Refunding Loan, Series 2020 due in principal installments of \$425,000 in 2025 with additional increases up until the maturity date of 2029; interest at 4.0 percent for each of the years ended December 31, 2025 and 2024. These bonds were issued to refund the 2009 Colorado Water Resource and Power Development Authority (CWRPDA) loan. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$6,750 and \$8,344 as of December 31, 2025 and 2024, respectively	\$ 1,800,000	\$ 2,225,000
2022 Revenue Bonds		
\$34,615,000 Water Enterprise Revenue Bonds, Series 2022 due in principal installments of \$1,205,000 in 2025 with additional increases up until the maturity date of 2042; interest ranging from 4.0 to 5.0 percent at December 31, 2025 and 2024. These bonds are a special revenue obligation of the District payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to \$483,300 and \$503,383 as of December 31, 2025 and 2024, respectively	32,260,000	33,465,000
Total debt	<u>\$ 49,280,000</u>	<u>\$ 51,390,000</u>

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Principal	Interest	Total
2026	\$ 2,215,000	\$ 2,002,000	\$ 4,217,000
2027	2,305,000	1,903,213	4,208,213
2028	2,415,000	1,800,200	4,215,200
2029	2,510,000	1,697,562	4,207,562
2030	2,655,000	1,590,650	4,245,650
2031-2035	15,170,000	6,085,450	21,255,450
2036-2040	16,885,000	2,836,950	19,721,950
2041-2042	5,125,000	309,600	5,434,600
Total	<u>\$ 49,280,000</u>	<u>\$ 18,225,625</u>	<u>\$ 67,505,625</u>

Note 7 - Risk Management

The District is a member of the Colorado Special District Property and Liability Pool (CSDPLP). The District has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays annual contributions for its property, casualty, and worker's compensation insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention.

December 31, 2025 and 2024

Note 7 - Risk Management (Continued)

At December 31, 2024 (the most current audited financial statements), CSDPLP has total admitted assets of \$86,648,039, liabilities of \$57,746,885, and unassigned surplus of \$28,901,154. The liability amount includes no long-term debt. Total revenue for 2024 amounted to \$32,245,532, investment income was \$2,533,713, and total expenses were \$30,236,676, resulting in a net gain of \$4,542,569. The amount of the District's share of these amounts is less than 1 percent.

Note 8 - Deferred Compensation

During 1993, the District established an Internal Revenue Code Section 457 deferred compensation plan, which also provides for contributions from the employee and the employer. The District makes matching contributions of up to 3.0 percent of an employee's eligible salary. During 2025 and 2024, the District's contributions to this plan totaled \$212,205 and \$123,941, respectively.

Note 9 - TABOR Compliance

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

Supplementary Information

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2025 and 2024

The District prepares its annual budget on a non-GAAP basis of accounting. Below is the reconciliation from the budget basis of accounting to GAAP basis:

	2025	2024
Excess (deficit) of non-GAAP revenue over expenditures (budgetary basis)	\$ 1,358,227	\$ (8,478,514)
Adjustments required to reconcile:		
Non-GAAP revenue/expenditures:		
Bond principal	2,110,000	2,025,000
Capital asset acquisition	12,580,696	27,705,386
GAAP revenue/expense - Adjustments:		
Depreciation expense	(2,292,626)	(2,013,585)
Amortization of bond premiums	380,269	396,241
Change in net position GAAP basis	\$ 14,136,566	\$ 19,634,528

	Final Budget	Actual - Budgetary Basis	Variance - (Unfavorable) Favorable	Year Ended December 31, 2024 Actual - Budgetary Basis
Revenue:				
Operating revenue:				
Metered sales	\$ 15,748,908	\$ 13,441,618	\$ (2,307,290)	\$ 13,713,979
Surcharges	4,300,000	4,750,480	450,480	5,304,912
PI surcharge	2,800,000	2,969,136	169,136	3,413,142
Adjustments	-	1,907,897	1,907,897	2,458,476
Construction water	223,969	397,385	173,416	425,683
Total operating revenue	23,072,877	23,466,516	393,639	25,316,192
Nonoperating revenue:				
Earnings on investments	1,500,860	1,895,317	394,457	2,781,597
Water lease and rental	18,943	75,619	56,676	-
Miscellaneous	-	1,631,356	1,631,356	249,787
Total nonoperating revenue	1,519,803	3,602,292	2,082,489	3,031,384
Capital contributions:				
Tap fees - Customers	3,300,000	2,233,800	(1,066,200)	4,950,000
Meter set fees	345,329	111,341	(233,988)	47,615
Reimbursement for water rights	-	477,750	477,750	330,750
Distance fees	183,790	599,500	415,710	809,500
Reimbursement for line extension	159,181	-	(159,181)	408,146
Miscellaneous	-	104,860	104,860	9,480
Total capital contributions	3,988,300	3,527,251	(461,049)	6,555,491
Total revenue	28,580,980	30,596,059	2,015,079	34,903,067

North Weld County Water District

Schedule of Revenue and Expenditures - Budget to Actual (Budgetary Basis) - Unaudited

December 31, 2025 and 2024

	Final Budget	Actual - Budgetary Basis	Variance - (Unfavorable) Favorable	Year Ended December 31, 2024 Actual - Budgetary Basis
Expenditures:				
Administrative:				
Personnel - Administrative	\$ 703,941	\$ 956,584	\$ 252,643	\$ 1,399,408
Payroll taxes	141,780	177,426	35,646	162,699
Health insurance	62,424	56,998	(5,426)	53,590
Office utilities	214,352	444,414	230,062	355,173
Office expense	233,182	294,285	61,103	347,648
Professional fees	838,008	1,194,702	356,694	639,479
Miscellaneous	-	25,858	25,858	21,761
Total administrative	2,193,687	3,150,267	956,580	2,979,758
Distribution:				
Water	4,225,299	4,368,215	142,916	4,300,523
Personnel operations	2,050,477	2,036,213	(14,264)	1,878,956
Operation and maintenance	2,001,399	1,740,094	(261,305)	1,654,614
Electricity	188,416	206,672	18,256	205,720
Communications	52,020	1,301	(50,719)	1,201
Insurance	175,848	144,226	(31,622)	152,485
Miscellaneous	-	831,318	831,318	315,038
Total distribution	8,693,459	9,328,039	634,580	8,508,537
Debt service:				
Interest expense	-	2,068,830	2,068,830	2,162,900
Principal paid	1,231,000	2,110,000	879,000	2,025,000
Total debt service	1,231,000	4,178,830	2,947,830	4,187,900
Capital improvements:				
Storage tanks	12,250,000	149,500	(12,100,500)	185,945
Pump stations	-	541,338	541,338	-
Equipment	100,000	473,387	373,387	-
System	12,550,000	1,568,605	(10,981,395)	9,242,220
Water rights, storage, and infrastructure	6,280,000	8,169,396	1,889,396	7,140,376
Land and easements	180,000	518,057	338,057	-
Construction in progress	-	1,160,413	1,160,413	11,136,845
Total capital improvements	31,360,000	12,580,696	(18,779,304)	27,705,386
Total budgeted expenditures	43,478,146	29,237,832	(14,240,314)	43,381,581
Excess of budgeted expenditures over budgeted revenue	<u>\$ (14,897,166)</u>	<u>\$ 1,358,227</u>	<u>\$ 16,255,393</u>	<u>\$ (8,478,514)</u>

North Weld County Water District

Rate Maintenance - Unaudited

December 31, 2025 and 2024

The District's 2019 and 2022 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 110 percent of the principal and interest payable on the 2022 Bonds, the 2020 Bonds, and the 2019 Bonds and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

The District's 2020 Water Enterprise Revenue Bonds require the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) equal the annual operation and maintenance expenses for such fiscal year; (2) equal to 135 percent of the principal and interest payable on the 2020 Bonds, and any Parity Lien Bonds then outstanding payable from the net pledged revenue in that fiscal year; and (3) equal any amounts required to pay all policy costs, if any, due to owing and all sums if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenue or any securities payable therefrom.

	2025	2024
Operating revenue	\$ 23,466,516	\$ 25,316,192
Nonoperating revenue	3,602,292	3,031,384
Tap/Connection fees	3,527,251	6,555,491
Operation and maintenance expense (excluding depreciation expense)	<u>(12,478,306)</u>	<u>(11,488,295)</u>
Net revenue as defined in loan resolution	18,117,753	23,414,772
Bonds principal due	2,110,000	2,025,000
Bonds interest due	<u>2,095,813</u>	<u>2,185,650</u>
Subtotal	<u>4,205,813</u>	<u>4,210,650</u>
Required revenue as defined in loan resolution	<u>\$ 4,626,394</u>	<u>\$ 4,631,715</u>