

**PARK FOREST WATER DISTRICT**  
**El Paso County, Colorado**

**FINANCIAL STATEMENTS AND**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

**DECEMBER 31, 2025**

# **PARK FOREST WATER DISTRICT**

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

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**PARK FOREST WATER DISTRICT**

**ROSTER OF DISTRICT OFFICIALS  
DECEMBER 31, 2025**

**BOARD OF DIRECTORS**

Jason Kerekes.....President  
Craig Jasper .....Vice President  
Bob Tillman .....Treasurer  
Tim Connelly .....Secretary  
Mark Kneebone.....Director

**ADMINISTRATIVE STAFF**

Tracy MacDonald  
Office Manager

Lynn Willow  
Operator in Responsible Charge

**SCOTT C. WRIGHT**  
**CERTIFIED PUBLIC ACCOUNTANT**

9591 Mint Lane  
Salida, CO 81201  
(970) 471-9091  
scottwright.cpa@icloud.com

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Park Forest Water District  
Colorado Springs, Colorado

**Report on the Audit of the Financial Statements**

***Opinion***

I have audited the accompanying financial statements of the business-type activities of Park Forest Water District as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park Forest Water District as of December 31, 2025, and 2024, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

### ***Required Supplementary Information***

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

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

***Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary budget comparison identified in the table of contents is presented to supplement the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary and other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Scott Wright*

Salida, Colorado  
April 6, 2026

# PARK FOREST WATER DISTRICT

## STATEMENTS OF NET POSITION DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,603,209	\$ 1,527,377
Receivables:		
- Accounts Receivable	393	3,026
- Taxes Receivable	200,466	211,988
Prepaid Expenses	<u>-</u>	<u>1,897</u>
<b>Total Current Assets</b>	<u>1,804,068</u>	<u>1,744,288</u>
<b>Noncurrent Assets:</b>		
Capital Assets:		
- Land and Land Improvements	153,820	153,820
- Construction in Progress	-	184,067
- Buildings and Facilities	332,025	184,891
- Water Systems	2,178,701	1,855,816
- Wells	2,027,976	1,843,044
- Machinery and Equipment	<u>43,529</u>	<u>43,529</u>
	4,736,051	4,265,167
Less: Accumulated Depreciation	<u>(2,136,551)</u>	<u>(2,041,792)</u>
<b>Net Capital Assets</b>	<u>2,599,500</u>	<u>2,223,375</u>
<b>Total Assets</b>	<u>\$ 4,403,568</u>	<u>\$ 3,967,663</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	<u>\$ 11,656</u>	<u>\$ 17,459</u>
<b>Total Current Liabilities</b>	<u>11,656</u>	<u>17,459</u>
<b>Total Liabilities</b>	<u>11,656</u>	<u>17,459</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable Revenue - Property Taxes	<u>198,859</u>	<u>210,373</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	2,599,500	2,223,375
Restricted for TABOR Emergency Reserve	26,923	25,808
Unrestricted	<u>1,566,630</u>	<u>1,490,648</u>
<b>Total Net Position</b>	<u>\$ 4,193,053</u>	<u>\$ 3,739,831</u>

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

# PARK FOREST WATER DISTRICT

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

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Charges for Services	\$ 571,909	\$ 552,445
Other Operating Revenue	3,700	5,875
<b>Total Operating Revenues</b>	<u>575,609</u>	<u>558,320</u>
<b>Operating Expenses</b>		
Personnel Services	77,072	75,453
System Maintenance and Repair	13,841	25,422
Utilities	71,015	82,248
Water Testing and Treatment	15,232	8,946
Depreciation	94,759	88,007
Other	2,253	7,817
General and Administrative Expenses	234,371	159,906
<b>Total Operating Expenses</b>	<u>508,543</u>	<u>447,799</u>
<b>Operating Income</b>	<u>67,066</u>	<u>110,521</u>
<b>Noncapital Subsidies</b>		
General Property Taxes	210,713	220,443
Specific Ownership Taxes	20,165	19,746
<b>Total Noncapital Subsidies</b>	<u>230,878</u>	<u>240,189</u>
<b>Operating Income and Noncapital Subsidies</b>	<u>297,944</u>	<u>350,710</u>
<b>Other Nonoperating Revenues (Expenses)</b>		
Interest Earnings	66,182	61,763
Tap Fees	25,000	-
County Treasurer Fees	(3,162)	(3,307)
<b>Total Other Nonoperating Revenues (Expenses)</b>	<u>88,020</u>	<u>58,456</u>
<b>Unusual or Infrequent Item</b>		
Legal Settlement	67,258	145,689
<b>Change in Net Position</b>	453,222	554,855
<b>Total Net Position, Beginning of Year</b>	<u>3,739,831</u>	<u>3,184,976</u>
<b>Total Net Position, End of Year</b>	<u>\$ 4,193,053</u>	<u>\$ 3,739,831</u>

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

# PARK FOREST WATER DISTRICT

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

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	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Cash Received From Customers	\$ 574,542	\$ 551,154
Cash Payments to Suppliers for Goods and Services	(340,618)	(287,120)
Cash Payments to Employees for Services	(77,072)	(72,222)
Other Operating Revenues	3,700	5,875
	<u>160,552</u>	<u>197,687</u>
<b>Net Cash Provided by Operating Activities</b>	<u>160,552</u>	<u>197,687</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Cash Received From Property Taxes	210,713	220,443
Cash Received From Specific Ownership Taxes	20,173	19,504
Cash Received From Legal Settlement	67,258	145,689
County Treasurer's Fees Paid	(3,162)	(3,307)
	<u>294,982</u>	<u>382,329</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>294,982</u>	<u>382,329</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Tap Fees Received	25,000	-
Acquisition and Construction of Capital Assets	(470,884)	(181,867)
	<u>(445,884)</u>	<u>(181,867)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(445,884)</u>	<u>(181,867)</u>
<b>Cash Flows From Investing Activities</b>		
Earnings on Investments	66,182	61,763
	<u>66,182</u>	<u>61,763</u>
<b>Net Cash Provided by Investing Activities</b>	<u>66,182</u>	<u>61,763</u>
<b>Net Increase in Cash and Cash Equivalents</b>	75,832	459,912
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,527,377</u>	<u>1,067,465</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,603,209</u>	<u>\$ 1,527,377</u>

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

# PARK FOREST WATER DISTRICT

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

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	<u>2025</u>	<u>2024</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITES</b>		
Operating Income	\$ 67,066	\$ 110,521
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	94,759	88,007
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	2,633	(1,291)
Increase) Decrease In Prepaid Expenses	1,897	(42)
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(5,803)</u>	<u>492</u>
Total Adjustments	<u>93,486</u>	<u>87,166</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 160,552</u></u>	<u><u>\$ 197,687</u></u>

# **PARK FOREST WATER DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025**

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

### **Note 1. Summary of Significant Accounting Policies**

#### **A. Financial Reporting Entity**

*Primary Government.* The Park Forest Water District was created on March 12, 1959, under the provisions of the Colorado Special District Act. The District was formed to provide for the construction and installation of a complete water system, including wells, pump, storage and pressure system, and main trunk lines and connecting lines delivering water to community residents in the Park Forest Estates subdivision in Black Forest, Colorado. The District is governed by a board consisting of five elected public officials and has authority to impose service fees and taxes and to adopt Rules and Regulations governing the use of the District's system.

The accompanying financial statements present the District, which is considered a primary government under GAAP. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The determination of component units is based on financial accountability, including the appointment of a voting majority of an organization's governing board and (1) the ability of the District to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based on the foregoing criteria, the District is not financially accountable for any other organization, nor is the District a component unit of any other governmental entity. Accordingly, the District's financial statements do not include any component units.

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

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

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

# **PARK FOREST WATER DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025**

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

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

### **C. Budgets**

The District's budget is prepared on a modified accrual basis. All annual appropriations lapse at calendar year-end. Governmental accounting standards require a comparison of the budget to expenditures with an accompanying explanation of the difference between the GAAP basis financial statements and the budget.

### **D. Cash and Cash Equivalents**

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

### **E. Capital Assets**

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

# **PARK FOREST WATER DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025**

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

Buildings and Facilities	10-40 Years
Water Systems	30-50 Years
Wells	30-50 Years
Machinery and Equipment	5-20 Years

### **F. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **G. Property Taxes**

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

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

### **H. Compensated Absences**

The District does not provide for the accumulation or carryover of leave benefits. As a result, no liability for compensated absences has been recorded in the financial statements in accordance with GASB Statement No. 101, *Compensated Absences*.

# **PARK FOREST WATER DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025**

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### **I. Net Position**

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

### **J. Use of Estimates**

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

### **Note 2. Legal Compliance - Budgets**

No later than October 15, the District budget officer must submit a proposed budget to the Board of Directors for the upcoming calendar year. The budget presents a complete financial plan by fund and by spending agency. The budget must be described with explanatory schedules or statements classifying expenditures by object and revenues by source. Estimated beginning and ending fund balances must be shown along with three years of comparable data: the prior year's actuals, current year estimates, and appropriations and estimated revenues for the next calendar year. The District must adopt the budget before certifying its mill levy to the county by the statutory deadline of December 15. The Board of Directors must also enact a resolution to appropriate funds for the ensuing year.

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

### **Note 3. Deposits and Investments**

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

Cash and Cash Equivalents	<u>\$ 1,603,209</u>
Total	<u>\$ 1,603,209</u>

# PARK FOREST WATER DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

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

Deposits with Financial Institutions	\$ 809,109
Deposits with Local Government Investment Pools	793,364
Undeposited Funds	<u>736</u>
Total	<u>\$ 1,603,209</u>

### Deposits

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

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the Town being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

### Local Government Investment Pools

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

The District participates in the COLOTRUST PLUS+ (PLUS+) portfolio, which may invest in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, triparty repurchase agreements, collateralized bank deposits, commercial paper that, at the time of purchase, is rated in its highest rating category by at least two nationally recognized organizations which regularly rate such obligations, corporate bonds, and government money market funds rated 'AAAm.' PLUS+ maintains a stable net asset value (NAV) of \$1.00 per share

# PARK FOREST WATER DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

using fair value as defined by the Financial Accounting Standards Board (FASB) ASC 820 “Fair Value Measurement and Disclosure”. PLUS+ is rated AAAM by S&P Global Ratings. At December 31, 2025, the District had \$793,364 invested in PLUS+. These funds are available for withdrawal upon demand and are not subject to withdrawal restrictions or notice periods.

### Note 4. Capital Assets

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

	Balance January 1, <u>2025</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2025</u>
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 153,820	\$ -	\$ -	\$ 153,820
Construction in Progress	<u>184,067</u>	<u>461,750</u>	<u>(645,817)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>337,887</u>	<u>461,750</u>	<u>(645,817)</u>	<u>153,820</u>
Capital Assets, Being Depreciated:				
Buildings and Facilities	184,891	147,134	-	332,025
Water Systems	1,855,816	322,885	-	2,178,701
Wells	1,843,044	184,932	-	2,027,976
Machinery and Equipment	<u>43,529</u>	<u>-</u>	<u>-</u>	<u>43,529</u>
Total Capital Assets, Being Depreciated	<u>3,927,280</u>	<u>654,951</u>	<u>-</u>	<u>4,582,231</u>
Less: Accumulated Depreciation:				
Buildings and Facilities	(146,049)	(3,473)	-	(149,522)
Water Systems	(714,829)	(50,832)	-	(765,661)
Wells	(1,145,530)	(38,052)	-	(1,183,582)
Machinery and Equipment	<u>(35,384)</u>	<u>(2,402)</u>	<u>-</u>	<u>(37,786)</u>
Total Accumulated Depreciation	<u>(2,041,792)</u>	<u>(94,759)</u>	<u>-</u>	<u>(2,136,551)</u>
Total Capital Assets Being Depreciated, Net	<u>1,885,488</u>	<u>560,192</u>	<u>-</u>	<u>2,445,680</u>
Total Capital Assets, Net	<u>\$ 2,223,375</u>	<u>\$ 1,021,942</u>	<u>\$ (645,817)</u>	<u>\$ 2,599,500</u>

Depreciation expense was \$94,759 for the year ended December 31, 2025.

### Note 5. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for significant insurable risks. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials’ liability, boiler and

# **PARK FOREST WATER DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025**

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machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

### **Note 6. Commitments and Contingencies**

*Litigation.* The District is involved in certain legal proceedings arising in the normal course of business. While the outcome of these matters cannot be predicted with certainty, management believes that any potential liability resulting from these proceedings, if any, will not have a material adverse effect on the District's financial position.

Park Forest Water District collected \$67,258 in July 2025 from IQ Investors, LLC and Casas Limited Partnership for attorney fees, penalties, and interest. These amounts were recovered pursuant to two judgements and a supplemental judgment, as well as existing recorded liens, arising from fee awards in Case Nos. 17CW3038 and 17CV32161.

*Tax, Spending and Debt Limitations.* 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 which apply to the State of Colorado and all local governments. 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. TABOR also generally requires voter approval prior to imposing new taxes, increasing taxes, or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

On November 1, 2005, qualified electors of the District approved a ballot question that property taxes be increased by approximately \$30,000 annually from an increase of four mills (from 10.437 to 14.437) to the existing Park Forest Water District property tax rate, and continue thereafter by continuing to collect, retain and spend such revenues for the purpose of defraying the capital and operating expenses as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution.

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

TABOR requires that an emergency reserve be established based on the District's level of fiscal year spending. The amount that is required to be reserved for emergencies for 2024 is 3% of 2025 fiscal year spending. Emergency reserves in the amount of \$26,923 have been established for the year ended December 31, 2025.

## **SUPPLEMENTARY INFORMATION**

# PARK FOREST WATER DISTRICT

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

	Budget		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
General Property Taxes	\$ 250,000	\$ 211,000	\$ 210,713	\$ (287)
Specific Ownership Taxes	15,000	15,000	20,165	5,165
Charges for Service:				
Water Sales - Base Rate	465,000	550,000	462,928	(87,072)
Bulk Water Sales	-	-	108,981	108,981
Penalties and Fees	1,000	1,000	3,147	2,147
Interest Earnings	40,000	55,000	66,182	11,182
Other Revenue:				
Tap Fees	-	-	25,000	25,000
Miscellaneous Income	-	-	313	313
Returned Check Charges	-	-	240	240
Legal Settlement	-	-	67,258	67,258
<b>Total Revenues</b>	<b>771,000</b>	<b>832,000</b>	<b>964,927</b>	<b>132,927</b>
<b>Expenditures</b>				
<i>Operating:</i>				
Part-time Contract Labor	-	9,660	3,404	6,256
Salaries and Wages	78,000	68,340	68,340	-
System Maintenance and Repairs	60,000	60,000	13,841	46,159
Tools and Equipment	500	500	93	407
Water Meters	-	-	2,160	(2,160)
Utilities	82,000	82,000	71,015	10,985
Water Testing	8,000	8,000	5,414	2,586
Water Treatment Chemicals	10,000	10,000	9,818	182
<i>General and Administrative:</i>				
Accounting	8,000	8,000	5,000	3,000
Bad Debts	-	-	1,530	(1,530)
Bank Service Charges	-	150	60	90
County Treasurer's Fees	3,500	2,750	3,162	(412)
Director's Fees	8,000	8,000	7,800	200
Documentation Expense	-	200	-	200
Dues and Subscriptions	-	1,400	808	592
Elections	5,000	5,000	11,884	(6,884)
Health & Life Insurance	14,000	14,000	11,413	2,587
Insurance	31,500	31,500	22,891	8,609
Legal	80,000	80,000	122,661	(42,661)
Mileage	-	-	74	(74)
Miscellaneous Expense	750	750	-	750
Office Administration	42,000	42,000	40,950	1,050
Office Supplies	-	1,000	446	554
Office Expense	8,400	2,000	1,549	451
Office Equipment	-	3,000	-	3,000
Payroll Taxes	6,500	6,500	5,328	1,172

# PARK FOREST WATER DISTRICT

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

	Budget		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Expenditures (continued)</b>				
Postage and Freight	-	650	751	(101)
Telephone and Internet	4,700	4,700	3,392	1,308
Telephone - Cellphones	950	950	576	374
Training and Seminars	1,500	1,500	144	1,356
Truck and Trailer Expense	3,000	3,000	624	2,376
Truck Fuel	3,000	3,000	1,818	1,182
Capital Improvements	285,000	475,000	470,884	4,116
<b>Total Expenditures</b>	<b>744,300</b>	<b>933,550</b>	<b>887,830</b>	<b>45,720</b>
<b>Net Change in Fund Balances</b>	<b>\$ 26,700</b>	<b>\$ (101,550)</b>	<b>\$ 77,097</b>	<b>\$ 178,647</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,260,545</b>	<b>1,527,377</b>	<b>1,516,456</b>	<b>(10,921)</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,287,245</b>	<b>\$ 1,425,827</b>	<b>\$ 1,593,553</b>	<b>\$ 167,726</b>

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

<b>Net Change in Fund Balances (Budgetary Basis)</b>	<b>\$ 77,097</b>
<b>Adjustments to Reconcile Budgetary Basis to GAAP Basis</b>	
Capitalization of Fixed Assets	470,884
Depreciation	(94,759)
<b>Total Adjustments</b>	<b>376,125</b>
<b>Change in Net Position (GAAP Basis)</b>	<b>\$ 453,222</b>