SNAKE RIVER WATER DISTRICT
DILLON, COLORADO

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025

Crady, Puca & Associates
Certified Public Accountants & Consultants

SNAKE RIVER WATER DISTRICT
DILLON, COLORADO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Snake River Water District

Dillon, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Snake River Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Snake River Water 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 Snake River Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Snake River Water District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis), page 18 and the Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position, page 19 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the Other information as listed in the table of contents. The Other information comprises the Continuing Disclosure Undertaking on pages 20-22 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crady, Puca & Associates

Aurora, CO
May 14, 2026

Management's Discussion and Analysis
2025

This Management's Discussion and Analysis (MD&A) for the Snake River Water District provides readers with an overview of the District's financial status and performance for the fiscal year ended on December 31, 2025.

This MD&A includes the following sections:

I. Financial Highlights
II. Overview of Financial Statements
III. Condensed Comparative Data
IV. Overall Financial Analysis
V. Analysis of Budget Variations
VI. Capital Assets
VII. Discussion of Currently Known Facts, Decisions or Conditions of Future Significance
VIII. Additional Financial Information

In reviewing this MD&A, please note that Sections II, III and IV are all interrelated. Section II provides an outline of the purpose of each financial statement; Section III provides the basic data for each statement and Section IV provides discussion on each financial component presented in Section III.

I. Financial Highlights

The Snake River Water District is well-positioned to face a financial future of growing operations and major system improvements. Many of these improvements include constructing new assets needed in the distribution system, and some are repairs and replacements of aging physical assets. One significant capital improvement project is driven by EPA compliance: PFAS Remediation. This PFAS project will involve the expansion of a water treatment plant. The District's Master Plan has driven large projects to be completed in the past four years; however, the EPA issued new PFAS rules in April 2024 that necessitated moving the treatment project to the highest priority. Most of the other highest priority components of the Master Plan have been successfully finished. Each year, the District will begin addressing the next highest priority projects. The District has funded projected capital improvements as defined by the Master Plan through a bond issuance in March of 2024. The District anticipates funding the PFAS project through an Emerging Contaminants grant from the state of Colorado, and an award letter was issued to the District on March 12, 2026.

Management and the SRWD Board of Directors use financial projections for the annual budget which follow economic trends. Budgets are prepared with projected capital improvements and maintenance outlay for the year. Funds not utilized by December 31st are retained in cash & investments for future capital projects.

Some of the more notable indicators of the District's financial health include:

1. At the end of 2025, the District's Total Net Position increased from 2024 by $1,375,857 bringing the District's Total Net Position to $34,432,677.
2. The District had an Operating Income before Depreciation and Amortization of $919,861.
3. The Total Current Assets were $36,707,654.
4. The Total Assets and Deferred Outflows increased by $805,282.
5. The Total Liabilities and Deferred Inflows decreased by $570,575.

II. Overview of the Financial Statements

The Financial Statements of the District utilize the accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. All statements pertain to the District's only fund which is a Proprietary Fund.

Statement of Net Position includes statistics on the District's assets and liabilities and delineates information about the nature and amounts of investments placed in resources (assets) and the obligations to the District's creditors (liabilities).

Statement of Revenues, Expenses and *Changes in Net Position* identifies the District's income and expenses for the years ended December 31, 2025 and 2024. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all its actual costs through user fees and other revenues.

III. CONDENSED COMPARATIVE DATA

STATEMENT OF NET POSITION

	2025	2024	Increase (Decrease)
Assets & Deferred Outflows			
Current Assets	$ 36,707,654	$ 39,351,868	$ (2,644,214)
Capital Assets, net	27,342,315	23,878,447	3,463,868
Other Assets	73,017	77,271	(4,254)
Deferred Outflows	166,567	176,685	(10,118)
Total Assets & Deferred Outflows	64,289,553	63,484,271	805,282
Liabilities & Deferred Inflows			
Current Liabilities	1,896,949	1,526,006	370,943
Noncurrent Liabilities	27,959,043	28,890,506	(931,463)
Deferred Inflows	884	10,939	(10,055)
Total Liabilities & Deferred Inflows	29,856,876	30,427,451	(570,575)
Net Position			
Invested in Capital Assets	22,659,053	20,351,198	2,307,855
Restricted	22,325	22,325	-
Unrestricted	11,751,299	12,683,297	(931,998)
Total Net Position	$ 34,432,677	$ 33,056,820	$ 1,375,857

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2025	2024	Increase (Decrease)
Operating Revenues	$ 2,340,982	$ 1,945,344	$ 395,638
Less: Operating Expenses	1,421,121	1,290,694	130,427
Less: Depreciation and amortization	704,175	678,640	25,535
Net Income (loss) from Operations	215,686	(23,990)	239,676
Non-operating Revenues (expenses)	982,762	831,831	150,931
Capital Contributions	177,409	423,233	(245,824)
Increase in Net Position	1,375,857	1,231,074	144,783
Net Position, Beginning of Year	33,056,820	31,825,746	1,231,074
Net Position, End of Year	$ 34,432,677	$ 33,056,820	$ 1,375,857

IV. Overall Financial Analysis

Assets

Current assets of the District are principally cash, short-term deposits, and investments. Current assets decreased from $39,351,868 in 2024 to $36,707,654 in 2025. This decrease of $2,644,214 is attributable to the investment in capital assets.

The District's capital assets increased from $23,878,447 in 2024 to $27,342,315 in 2025. This increase is a net increase of $3,463,868 in total net capital assets after depreciation. There were $177,409 in capital contributions from water main extension projects in 2025. The depreciation and amortization expense for 2025 was $704,175.

The District's overall assets, including deferred outflows, increased from $63,484,271 in 2024 to $64,289,553 in 2025.

Liabilities

Total liabilities, including deferred inflows, decreased from $30,427,451 in 2024 to $29,856,876. The decrease of $570,575 is due primarily to the reduction of bonds payable through principal payments to bondholders. An arbitrage liability of $414,683 has been calculated for 2025 based on the interest earned from the investment of bond proceeds that exceeds the interest expense accrued on the bonds. That arbitrage liability will be calculated by the District's bond attorneys on an annual basis until the arbitrage amount must be rebated to the IRS in 2029.

Revenue

Total operating revenue for fiscal year 2025 increased by $395,638 to $2,340,982 from $1,945,344 in 2024 due to growth in District EQRs and an increase in water user fee rates of 12%. Total non-operating revenue received by the District was $2,086,813. The net non-operating revenue was $982,762 after removing interest expense. Investment income increased $43,404 due to an increase in investment balances and tap fees decreased $387,725 in 2025 compared to 2024 due to a decrease in new construction. Grant revenue related to the PFAS project was $414,055.

Expenses

Total operating expenses before depreciation and amortization were $1,421,121 in 2025 which is an increase from $1,290,694 in 2024. The $130,427 increase included $88,075 in higher computer support expenses due to the District's investment in improved billing software, metering system, and cybersecurity.

Increase in Net Position

The increase in the District's net position in 2025 was $1,375,857, bringing the District's total net position as of December 31, 2025 to $34,432,677.

V. Analysis of Budgetary Variations

The following analysis compares the final audited numbers with the District budget as approved by the Board of Directors. Refer to page 18 of the audit. Significant variations between what was approved by the Board and what was realized are discussed below:

1. The single largest variance from budget for 2025 was the Capital Outlay/System Improvements account. The actual expense was $3,990,634 which was $3,530,364 below budget. The primary reason for the variance was that construction on the New Base 2 Storage Tank project only completed the road and transmission line due to the limited construction season. The tank is being constructed in 2026. The annual pipeline replacement project had a smaller scope in 2025 because of priority adjustment to fix a particularly old and difficult section of water mains in the Mountain House area that failed.
2. The next largest variance in terms of budget was for the Grant Revenue account. The PFAS grant revenue of $414,055 received was $321,571 over budgeted because of unknowns regarding the availability of government funding.
3. The next largest variance in terms of budget was for the Water Fees revenue account. The actual revenue was $2,340,982, which was $201,491 above budget. The consumption of water during the irrigation season can fluctuate significantly based on constituent behavior and natural precipitation, and the District budgets conservatively for usage.
4. The next largest variance in terms of budget was for the Operating Contingency account. The actual expense was $0, which was $183,344 below budget.
5. The next largest variance in terms of budget was for the Interest Expense account. The actual expense was $1,104,051 and was $162,499 below budget because of the miscalculation of accruing expenses in 2025 that were not paid until March 1, 2026.
6. The next largest variance in terms of budget was for the Investment Income account. The actual revenue was $1,521,515 which was $115,357 below budget. The interest rates earned steadily declined through the year. In addition, the increase in arbitrage liability is netted against interest income per accounting standards and this was not budgeted for.
7. The next largest variance in terms of budget was for the Maintenance, Parts, and Materials account. The actual expenses were $122,817 which was $108,708 below budget. Fewer leaks occurred in 2025 because the worst sections of water mains have been replaced per the Master Plan.
8. The next largest variance in terms of budget was for the Computer Support account. The actual expenses were $114,972 which was $72,972 above budget. The District invested in improved networking infrastructure and cybersecurity to address EPA concerns, including the creation of the first Cybersecurity Plan. The District replaced an unsupported old billing software package, as well as upgraded the metering system to the newest cloud-based version.
9. The next largest variance in terms of budget was for the Engineering and Design account. The actual expenses were $13,083 which was $39,017 below budget. The cost and effort to improve the data in the GIS system was overestimated.
10. The next largest variance in terms of budget was for the System Investment/Tap Fee account. The actual revenue was $118,800 which was $27,200 below budget. There were fewer new construction projects in the District than expected.

VI. Capital Assets

The District addresses asset replacement funding and reports on the funds available during the budget process. The Board, in adopting the budget for 2025, approved Fund Projections for 2025. Highlights of these projections relating to capital included:

i) $7,520,998 to be spent on major capital improvements in 2025, primarily the highest priorities defined in the Master Plan.
ii) $1,500,000 being held in the emergency reserve account.
iii) $18,718,339 estimated as the 2025 year-end balance to fund future capital/system improvements.

The District's total net capital assets as of December 31, 2025 were $27,342,315 and were $23,878,447 in 2024, which is an increase of $3,463,868. Construction in Progress assets at the end of 2025 were $3,646,764.

The District's total depreciable capital assets as of December 31, 2025 were $27,469,025 and were $26,650,173 in 2024, an increase of $818,852. The District's accumulated depreciation increased from $10,772,215 in 2024 to $11,434,024 in 2025.

	2025	2024	Increase (Decrease)
Collection, storage and distribution system	$ 22,434,021	$ 21,656,979	$ 777,042
Buildings and improvements	4,654,420	4,666,419	(11,999)
General equipment	152,870	68,694	84,176
Computer software and equipment	146,101	176,468	(30,367)
Intangibles: Right-to-use subscription	81,613	81,613	-
	27,469,025	26,650,173	818,852
Less: accumulated depreciation	(11,434,024)	(10,772,215)	661,809
Net depreciable capital assets	16,035,001	15,877,958	157,043
Land and water rights	7,660,550	7,660,550	-
Construction in Progress	3,646,764	339,939	3,306,825
			-
Net capital assets	$ 27,342,315	$ 23,878,447	$ 3,463,868

VII. Discussion of Currently Known Facts, Decisions or Conditions of Future Significance

The District is strategically investing in system improvements as specified by the District's Master Plan. The capital outlay in 2025 was approximately $4 million, and the budgeted capital outlay in 2026 is approximately $14 million. This budget includes $7.5 million for completing the new Tenderfoot Storage Tank. It also includes $4 million for an expansion of a water treatment plant and about $2 million for replacing old water mains and hydrants.

The new PFAS regulations from the EPA require that the District invest in new filtration technology and expand the Base 3 Water Treatment Plant to accommodate the system improvements. These capital investments were not anticipated; however, the District has successfully responded by engineering an effective solution that has been approved by the Colorado Department of Public Health and Environment's Engineering Section.

The new treatment process and related improvements have an estimated cost of approximately $8.6 million. The District worked through 2025 in parallel with engineering design to apply for state Emerging Contaminants Tier 1 grants and was awarded approximately $300,000 for reimbursement of engineering costs. In 2026, the application for the same grant fund to cover Tier 2 construction estimated costs was awarded for $8.6 million. It is estimated that the project will begin in June 2026 and be completed by the end of 2027. A construction firm has been hired as a Construction Manager At Risk (CMAR) to collaborate with the District's engineering firm on analyzing the 60% design documents for constructability improvements. As of May 1, 2026, the engineering firm completed the 90% design, which is being analyzed new by the CMAR to produce a final 90% Guaranteed Maximum Price. This process will take several weeks to complete based on quotes received from various manufacturers and subcontractors.

The grant funds originated with the federal government in the IIJA/BIL legislation. The federal funding includes many requirements that will necessitate a significant increase in administration for the District. For example, the CMAR must meet federal Davis-Bacon wage minimums and purchase the materials from American manufacturers (Build America Buy American). Additionally, the auditing process will be extensively increased as the federal funds are in excess of $1 million and require a Single Audit under OMB A-133 guidelines.

The next highest priority remaining project in the Master Plan is the new Tenderfoot Storage Tank. This additional storage will address fire flow issues in the high-density area of the District. It will also provide redundancy by adding a second tank in the Base 2 pressure zone. In 2025, the District constructed the road and transmission line that will connect the new tank. The construction for the tank began in May of 2026 and is anticipated to be completed by year end.

The Base 2 water treatment plant improvements were commissioned in April 2026. New equipment and reconfiguration of the plant will result in efficiency and safety by replacing older disinfection technologies and installing new soda ash handling equipment.

Several distribution system components are fifty years old as identified in the Master Plan, and those components are being replaced and upgraded which will reduce maintenance costs in the future.

VIII. Additional Financial Information

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have any questions regarding the information included in this Management's Discussion and Analysis report, please contact:

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Please visit https://snakeriverwater.colorado.gov/ for budget and financial postings, as well as scheduled meeting dates.

SNAKE RIVER WATER DISTRICT
Statement of Net Position
December 31, 2025
(With Summarized Financial Information as of December 31, 2024)

	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 11,150,875	$ 13,404,531
Restricted cash	25,295,935	25,830,157
Accounts receivable	11,106	18,046
Grant receivable	244,593	83,934
Prepaid expenses, current portion	4,261	4,261
Lease receivable	884	10,939
Total current assets	36,707,654	39,351,868
Noncurrent assets:		
Prepaid bond insurance	73,017	77,271
Capital assets:		
Capital assets, not being depreciated	11,307,314	8,000,489
Capital assets, being depreciated, net	16,035,001	15,877,958
	27,342,315	23,878,447
Total noncurrent assets	27,415,332	23,955,718
Total assets	64,122,986	63,307,586
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	166,567	176,685
LIABILITIES:		
Current liabilities:		
Accounts payable	559,964	163,642
Accrued interest	414,683	429,683
Plan review deposits	5,146	16,956
Subscription liability, current portion	32,156	15,725
Bond payable, current portion	885,000	900,000
Total current liabilities	1,896,949	1,526,006
Noncurrent liabilities:		
Subscription liability	7,774	24,205
Arbitrage liability	441,404	313,823
Bond payable	27,509,865	28,552,478
Total noncurrent liabilities	27,959,043	28,890,506
Total liabilities	29,855,992	30,416,512
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow - Leases	884	10,939
NET POSITION		
Net investment in capital assets	22,659,053	20,351,198
Restricted	22,325	22,325
Unrestricted	11,751,299	12,683,297
Total net position	$ 34,432,677	$ 33,056,820

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025
(With Summarized Financial Information for the Year Ended December 31, 2024)

	2025	2024
Operating revenues:		
Water fees	$ 2,340,982	$ 1,945,344
Total operating revenues	2,340,982	1,945,344
Operating expenses:		
Operations and maintenance:		
Water treatment contract	315,895	300,853
Repairs and maintenance	122,817	93,620
Utilities	122,522	119,549
Chemicals, lab fees and supplies	55,133	48,710
Engineering and design	13,083	20,793
811 Notification System	1,317	1,708
Total operations and maintenance	630,767	585,233
General and administration:		
Administration contract	292,358	278,436
Audit fees	20,282	12,442
PFAS Detection	103,530	156,152
Master Plan expenses	33,687	12,316
Computer support	114,972	26,897
Water rights engineering	6,023	4,950
Insurance	65,478	50,301
Legal fees	131,323	131,060
Forest Service and water rights leases	2,999	9,813
Office supplies and expense	12,541	12,879
Election expense	52	-
Miscellaneous	1,271	3,826
Board expenses	5,838	6,389
Total general and administration	790,354	705,461
Total operating expenses	1,421,121	1,290,694
Operating income before depreciation and amortization	919,861	654,650
Depreciation and amortization	704,175	678,640
Operating income (loss)	215,686	(23,990)
Non-operating revenues (expenses):		
Investment income	1,521,515	1,478,111
System investment fees	118,800	506,525
Lease revenue	32,443	31,616
Grant and other revenue	414,055	118,814
Cost of bond issuance	-	(322,771)
Interest expense	(1,104,051)	(980,464)
Total non-operating revenues (expenses)	982,762	831,831
Income before capital contributions	1,198,448	807,841
Capital contributions of assets	177,409	423,233
Change in net position	1,375,857	1,231,074
Net position, beginning of year	33,056,820	31,825,746
Net position, end of year	$ 34,432,677	$ 33,056,820

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Summarized Financial Information for the Year Ended December 31, 2024)

	2025	2024
Cash flows from operating activities:		
Cash received from customers	$ 2,347,922	$ 1,942,866
Cash paid to suppliers of goods and services	(1,414,857)	(1,274,554)
Net cash provided by operating activities	933,065	668,312
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,608,132)	(1,463,627)
Proceeds from revenue bonds payable	-	29,258,492
Bond issuance costs	-	(322,771)
Principal paid on installment note payable	-	(2,855,705)
Principal paid on bond payable	(900,000)	-
Interest paid on bond payable	(1,266,546)	(615,012)
System investment fees	118,800	506,525
Net cash provided by (used in) capital and related financing activities	(5,655,878)	24,507,902
Cash flows from non-capital financing activities:		
Other non-operating revenues	285,839	66,496
Net cash provided by non-capital financing activities	285,839	66,496
Cash flows from investing activities:		
Interest on cash and investments	1,649,096	1,791,934
Net cash provided by investing activities	1,649,096	1,791,934
Net increase (decrease) in cash and cash equivalents	(2,787,878)	27,034,644
Cash and cash equivalents, beginning of year	39,234,688	12,200,044
Cash and cash equivalents, end of year (including $25,295,935 in restricted accounts)	$ 36,446,810	$ 39,234,688
Reconciliation of operating income (loss) to net cash provided by operations		
Operating income (loss)	$ 215,686	$ (23,990)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation expense	704,175	678,640
(Increase) decrease in:		
Accounts receivable	6,940	(2,478)
Prepaid expenses	4,254	26,094
(Decrease) increase in:		
Accounts payable	13,820	5,375
Plan review deposits	(11,810)	(15,329)
Total adjustments	717,379	692,302
Net cash provided by operating activities	$ 933,065	$ 668,312
Noncash capital activities:		
Contributions of assets	$ 177,409	$ 423,233
Capital assets acquired with accounts payable	500,195	117,693
Capital assets acquired under SBITAs	-	81,613

The accompanying notes are an integral part of this statement.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Snake River Water District, Dillon, Colorado, (the District), conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements.

Reporting Entity

The District is a statutory, single-purpose, Special District governed by a seven-member Board of Directors pursuant to provisions of the Colorado Special District Act, C.R.S. Title 32. Qualified electors in the District elect the members of the Board. As required by US GAAP, these financial statements present the activities of the District which is legally separate and financially independent of other state and local governments.

The District provides domestic and municipal water supply for its service area, which is located in the Keystone Base Area of Summit County, Colorado. The boundaries of the District include portions of T5S R76W with portions of Section 13, 14, 18, 19, 20, 22, 23, and 24. These are further defined by the Snake River Water District Boundary Map dated January 5, 2007.

The District complies with GASB accounting pronouncements which provide guidance for defining and reporting on the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 as defined by the GASB.

The District has no employees, and all operations and administrative functions are contracted.

In November 2012, the District's Board passed a resolution recognizing and confirming the District's operations as a "water activity enterprise" under Article X, Section 20 of the Colorado Constitution.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. Enterprise funds are used by governments to report any activity for which a fee is charged to external users for goods or services.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District's water is provided on a metered rate to its users.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water. Operating expenses for the District include water operating and maintenance expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including system investment (tap) fees, investment income, and interest expense are reported as non-operating revenues and expenses.

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

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less, and which are not held as part of an investment portfolio, to be cash equivalents. In addition, restricted cash is included in cash and cash equivalents in the statement of cash flows.

Investments

Certain investments are reported at fair value and are classified as current or non-current based on their maturity date. Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its investments within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of December 31, 2025, the District did not hold any investments required to be reported under fair value.

Receivables

Accounts receivable consists primarily of Water User Fees earned as of December 31, 2025. Grant receivable is the result of cost-reimbursable government grants received during the year ended December 31, 2025. As costs are incurred under the grant, revenue is recognized. The District considers all receivables collectible as of December 31, 2025; therefore, no allowance has been recorded.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets are tangible and intangible assets, which include land, water rights, construction in progress, buildings and improvements, water collection, storage and distribution system, general equipment, and computer software and equipment. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Capital assets, excluding land, water rights and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Collection, storage, and distribution system	10-50
Buildings and improvements	10-40
General equipment	5-10
Computer software and equipment	5-10

Right-to-use subscription assets are amortized over the life of the associated contract.

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 has one item that qualifies for reporting in this category, deferred loss on refunding. The deferred loss on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 inflow of resources (revenue) until that time frame. The District has one item that qualifies for reporting in this category, *deferred inflow - leases.* These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Subscription-Based Information Technology Arrangements (SBITAs)

The District reports a subscription liability and an intangible right-to-use capital asset (known as a subscription asset) for a subscription-based information technology arrangement (SBITA).

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs, including development costs. Subsequently, the subscription asset is amortized on a straight-line basis over the SBITA term.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate is not provided, the District generally uses its incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extensions that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets on the statement of net position.

Net Position

The District classifies net position into three components:

- Net position invested in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position - consists of assets that are restricted by the District's creditors, by state enabling legislation, by grantors (both federal and state), and by other contributors.

- Unrestricted net position – all remaining items of net position are reported in this category.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Estimates

The preparation of financial statements in conformity with US GAAP requires District 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data

The financial statements contain certain prior year summarized comparative information. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. Reclassifications made in the prior year have no impact on total net position or in change in net position.

2. Stewardship, Compliance and Accountability

Budgetary Information

The District's budget is adopted on a basis consistent with US GAAP with the following exceptions: capital outlays are treated as expenses for budget purposes, and the budget excludes gain/loss on asset disposals. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

Prior to October 15 of each year, the District Administrator (not an elected official) submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors (elected officials). The operating budget, for the fund, includes proposed expenses and the means of financing them.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

The budget and appropriating resolution are adopted prior to December 31.

2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

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, and 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. "Fiscal year spending" is generally defined as expenditures plus reserve increase with certain exceptions. Revenue in excess of the "fiscal year spending" limit must be refunded unless the voters approve retention of such revenue.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of "fiscal year spending" (excluding bonded debt service). Local governments are not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved a portion of its December 31, 2025 year-end net position for emergencies as required under TABOR of $22,325, which is the approximate required reserve as of December 31, 2025.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes Concerning the Fund

Deposits and Investments

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

Cash and cash equivalents	$	11,150,875
Restricted cash		25,295,935
Total	$	36,446,810

3. Detailed Notes Concerning the Fund (continued)

Deposits and Investments (continued)

The following is a summary of deposits and investments held by the District at December 31, 2025:

Type	Rating per Standard & Poor	Rating per Fitch		Total as of December 31, 2025
Deposits with financial institutions	n/a	n/a	$	10,973
Money market funds	Unrated	Unrated		28,114
COLOTRUST PLUS+	AAAm			36,407,723
Total			$	36,446,810

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

As of December 31, 2025, the District had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner.

COLOTRUST PLUS+ may invest in U.S Treasury bills and notes and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, collateralized bank deposits, and certain repurchase agreements, and limits its investments to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by participating governments.

3. Detailed Notes Concerning the Fund (continued)

Investments (continued)

COLOTRUST PLUS+ records its investments at fair value, and the District records its investment in COLOTRUST PLUS+ using the net asset value method. COLOTRUST PLUS+ purchases and redemptions are available daily at a net asset value (NAV) of $1.00. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

***Custodial Credit Risk*:** As of December 31, 2025, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District limits its investments to those with lower risk for market fluctuations. In addition, the District's investment policy allows investment maturities up to 10 years in U.S. treasuries.

Credit Risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. As of December 1, 2014, the District adopted a formal investment policy, which is more restrictive than the Colorado Revised Statutes, that specifies investment instruments meeting defined rating and risk criteria in which the District may invest. The allowed investment instruments may include but are not limited to:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain money market funds
- Certain certificates of deposit
- Local government investment pools

3. Detailed Notes Concerning the Fund (continued)

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and water rights	$ 7,660,550	$ --	$ --	$ 7,660,550
Construction in progress	339,939	3,306,825	--	3,646,764
Total capital assets, not being depreciated	8,000,489	3,306,825	--	11,307,314
Capital assets being depreciated:				
Collection, storage and distribution system	21,656,979	777,042	--	22,434,021
Buildings and improvements	4,666,419	--	(11,999)	4,654,420
General equipment	68,694	84,176	--	152,870
Computer software and equipment	176,468	--	(30,367)	146,101
Intangibles:				
Right-to-use subscription	81,613	--	--	81,613
	26,650,173	861,218	(42,366)	27,469,025
Less accumulated depreciation for:				
Collection, storage and distribution system	(9,516,336)	(555,069)	--	(10,017,405)
Buildings and improvements	(1,012,245)	(116,867)	11,999	(1,117,113)
General equipment	(68,694)	(5,612)	--	(74,306)
Computer software and equipment	(160,794)	(6,621)	30,367	(137,048)
Intangibles:				
Right-to-use subscription	(14,146)	(20,006)	--	(34,152)
	(10,772,215)	(704,175)	42,366	(11,434,024)
Total capital assets being depreciated, net	15,877,958	157,043	--	16,035,001
Total capital assets, net	$ 23,878,447	$ 3,463,868	$ --	$ 27,342,315

Subscription-Based Information Technology Arrangements (SBITAs)

The District has obtained the right-to-use software under provisions of two subscription-based information technology arrangements. The SBITAs expire at various dates through 2027. As neither SBITA provided an interest rate, the District used its incremental borrowing rate of 4.5% to determine the initial subscription liability of $47,203 during the prior year, of which $39,930 remains outstanding at December 31, 2025. The District incurred $26,094 in implementation costs which were added to the initial value of the subscription asset. The value of the subscription asset at December 31, 2025 was $81,613 and had accumulated amortization of $34,152.

3. Detailed Notes Concerning the Fund (continued)

Subscription-Based Information Technology Arrangements (SBITAs) (continued)

The future principal and interest subscription payments as of December 31, 2025 were as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 32,156	$ 2,984	$ 35,140
2027	7,774	399	8,173
	$ 39,930	$ 3,383	$ 43,313

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2025, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct placement and borrowings:					
2024 Revenue Bonds	$ 27,675,000	$ --	$ (900,000)	$ 26,775,000	$ 885,000
Original Issue Premium - 2024	1,777,478	--	(157,613)	1,619,865	--
Total	$ 29,452,478	$ --	$ (1,057,613)	$ 28,394,865	$ 885,000

Water Revenue Refunding and Improvement Bonds, Series 2024

On March 19, 2024, the District issued Water Revenue Refunding and Improvement Bonds, Series 2024 (2024 Revenue Bonds) for $27,675,000 with an original issue premium of $1,849,664. The proceeds of the bonds were used to (i) refinance the District's outstanding obligations, (ii) finance the acquisition, construction, and installation of a new base tank, pipeline, hydrant replacements and other capital improvements to the District's water system; and (iii) pay the costs of issuance of the bonds, including the fees for the insurance policy premium. The 2024 Revenue Bonds bear interest from 4% to 5%, payable semiannually on March 1 and September 1, commencing September 1, 2024, and maturing on March 1, 2044.

3. Detailed Notes Concerning the Fund (continued)

Long-Term Obligations (continued)

Water Revenue Refunding and Improvement Bonds, Series 2024 (continued)

The 2024 Revenue Bonds have mandatory sinking fund requirements beginning on March 1, 2039. The bonds maturing on and after March 1, 2039 are subject to optional redemption in whole or in part with no redemption premium. The 2024 Revenue Bonds are secured by Net Revenues of the District which are defined as revenues derived from the operation and use of the water system including investment income attributable to such income, less operation and maintenance expenses. The District is required to maintain a Bond account of such net revenues to ensure adequate funds are available for debt service payments due on next payment dates. Repayment of principal and interest is insured by Build America Mutual Assurance Company (BAM). As of May 29, 2024, BAM carried a rating of AA/Stable by S&P Global Ratings.

The 2024 Revenue Bonds were issued in part to provide resources to purchase securities to be placed in an irrevocable escrow account in order to refund the 2022 Installment Purchase Agreement in the amount of $3,074,257. The reacquisition price exceeded the net carrying amount of the old debt by $184,640. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the old debt. The current refunding was undertaken to pay off the existing debt and obtain additional capital funding for the District in accordance with its Master Plan. The refunding increased total payments of the existing debt by $81,036 and resulted in an economic loss of $38,055.

The 2024 Revenue Bond Resolution No. 2-2024, dated February 13, 2024, provides for no bond trustee to monitor the enforcement of the bond provisions. The District has approved a financial model including annual rate increases of 12% for a 10-year period beginning January 1, 2022 to 2031. Events of default as defined in the bond agreement for the District's 2024 Revenue Bonds include: (1) nonpayment of principal or interest, meaning failing to make any payment of principal or premium, if an, or interests on the Bonds when due; (2) a material covenant breach, meaning a breach by the District of any covenant set forth in the 2024 Revenue Bond Resolution and continuation of such breach for a period of sixty days after receipt of written notice from the Paying Agent or from owners or at least ten percent in principal amount of the outstanding Bonds; or (3) appointment or receiver, meaning an order or decree is entered by a court or competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Bonds without the consent or acquiescence of the District and is not vacated, discharged, or stayed within thirty days after it is entered.

3. Detailed Notes Concerning the Fund (continued)

Long-Term Obligations (continued)

Water Revenue Refunding and Improvement Bonds, Series 2024 (continued)

The following is a summary of the annual long-term debt principal and interest requirements for the 2024 Revenue Bonds:

Year Ending December 31,	Principal	Interest	Total
2026	$ 885,000	$ 1,221,925	$ 2,106,925
2027	925,000	1,175,775	2,100,775
2028	975,000	1,129,175	2,104,175
2029	1,020,000	1,079,300	2,099,300
2030	1,075,000	1,026,925	2,101,925
2031-2035	6,225,000	4,252,625	10,477,625
2036-2040	7,950,000	2,497,750	10,447,750
2041-2044	7,720,000	632,600	8,352,600
Total	$ 26,775,000	$ 13,016,075	$ 39,791,075

Arbitrage liability

Following the bond issuance, the District is investing the proceeds until needed for capital improvements. Investment earnings on the proceeds could exceed the interest expense on the bonds which results in an arbitrage rebate due to the federal government on April 30, 2029. As of December 31, 2025, this liability, which is calculated annually, was $441,404. As this is an estimate, actual amounts could differ from the estimate.

Net Position

A Capital Asset Acquisition study was completed by management in 2005 to analyze 20-year historical asset acquisitions and plan for future acquisitions. At that time, the District had established an asset replacement and reserve policy. In 2016, this policy was further clarified by Board resolution by establishing the Emergency Reserve Account which designated $1,500,000 in unrestricted net position to be set aside for large, unanticipated repairs to the District's infrastructure. As of December 31, 2025, the Emergency Reserve Account remains at $1,500,000.

In 2015, the Board designated $5,192,216 for capital improvements. The capital improvements reserve will be increased annually by net operating and non-operating income before depreciation expense and will be decreased by capital outlay costs. As of December 31, 2025, the designated portion of unrestricted net position related to this capital improvements reserve was $4,689,536.

4. Related parties

During 2018, the District hired RS May & Associates as its construction manager for the Base III Treatment Plant project. RS May & Associates is owned by Randy May who is a member of the Board of Directors. During the year ended December 31, 2025, the District incurred $200,817 in project management fees, of which $13,125 is payable at year end and included in accounts payable.

5. Other Information

Contractual Services Agreements and Commitments

Beginning in 2025, the District entered into a six-year contract through December 31, 2030 with an outside party for the maintenance, repair, and general operations of its facilities to include wells, pumping and plant equipment, water and service lines, and controls. However, either party may terminate this agreement, for any reason, with 150 days' written notice to the other party and is subject to annual appropriation by the Board of Directors of the District. In addition, the annual amount can increase by cost-of-living adjustment (COLA), or some other percentage as determined by the Board of Directors in October of each year. The 2026 minimum rate is $390,000 with total contract amount over the remaining five-year period totaling $1,950,000. For the year ended December 31, 2025, the District incurred $315,895 in compliance with the terms of this agreement.

Beginning in 2025, the District entered into a six-year contract through December 31, 2030 with an outside party to provide administrative and executive services to the District.. However, either party may terminate this agreement, for any reason, with 150 days' written notice to the other party and is subject to annual appropriation by the Board of Directors of the District. In addition, the annual amount can increase by COLA, or some other percentage as determined by the Board of Directors in October of each year. The 2026 minimum rate is $306,976 with total contract amount over the remaining five-year period totaling $1,534,880. For the year ended December 31, 2025, the District incurred $292,358 in compliance with the terms of this agreement.

Revenue Concentration

Vail Resorts, Inc. operates the Keystone resort and ski area. Properties owned and managed by them are estimated to represent approximately 30% of the water fees collected by the District during 2025.

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; and natural disasters for which the District carries commercial insurance.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

5. Other Information (continued)

Risk Management (continued)

The District pays annual premiums to the Pool for property, general liability, and public official's liability coverage. The District's management services contractors, Water Works West, LLC and Quality Water Management, Inc. (formerly Mountain Legacy Services, LLC), carry worker's compensation on all their employees. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds, which the Pool determines, are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2025.

6. Subsequent Event

Subsequent to year end, the District signed a contract for the Base II Tank construction project in the amount of $6,600,000.

In addition, on March 12, 2026 the District received award of $8.6 million from the CDPHE regarding the Colorado Emerging Contaminants in Small or Disadvantaged Communities. The grant will be used to pay for the construction of the Base 3 Water Treatment Plant PFAS filtration improvements. The Grants & Loans Infrastructure Unit must provide an executed contract before the District conducts any work on the project that will be reimbursed. A statement of work and terms and conditions has been drafted and provided to the District by the state project manager for review.

SUPPLEMENTARY INFORMATION

SNAKE RIVER WATER DISTRICT
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance With Final
Revenues:			
Water fees	$ 2,139,491	$ 2,340,982	$ 201,491
Investment income	1,636,872	1,521,515	(115,357)
System investment fees	146,000	118,800	(27,200)
Grant and other revenue	92,484	414,055	321,571
Lease revenue	36,071	32,443	(3,628)
Total Revenues	4,050,918	4,427,795	376,877
Expenditures:			
Operations and maintenance:			
Water treatment contract	315,895	315,895	-
Repairs and maintenance	231,525	122,817	108,708
Utilities	126,788	122,522	4,266
Chemicals, lab fees and supplies	59,587	55,133	4,454
Engineering and design	52,100	13,083	39,017
811 Notification System	1,050	1,317	(267)
Total operations and maintenance	786,945	630,767	156,178
General and administration:			
Administration contract	292,358	292,358	-
Audit fees	15,000	20,282	(5,282)
PFAS Detection	105,000	103,530	1,470
Master Plan Expenses	36,383	33,687	2,696
Computer support	42,000	114,972	(72,972)
Water rights engineering	13,230	6,023	7,207
Insurance	60,000	65,478	(5,478)
Legal fees	138,230	131,323	6,907
Forest Service and water rights leases	9,902	2,999	6,903
Office supplies and expense	13,009	12,541	468
Election expense	105	52	53
Miscellaneous	4,410	1,271	3,139
Board expenses	8,400	5,838	2,562
Total general and administration	738,027	790,354	(52,327)
Contingency	183,344	-	183,344
Interest expense	1,266,550	1,104,051	162,499
Bond principal payment	900,000	900,000	-
Capital outlay	7,520,998	3,990,634	3,530,364
Total Expenditures	11,395,864	7,415,806	3,980,058
Revenues over (under) expenditures	$ (7,344,946)	$ (2,988,011)	$ 4,356,935

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT
Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

Revenue (budgetary basis)	$	4,427,795
Capital contribution of assets		177,409
Revenues per Statement of Revenues, Expenses and Changes in Net Position		4,605,204
Expenditures (budgetary basis)		7,415,806
Depreciation and amortization		704,175
Bond principal payment		(900,000)
Capital outlay		(3,990,634)
Expenses per Statement of Revenues, Expenses and Changes in Net Position		3,229,347
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	$	1,375,857

The accompanying notes are an integral part of this statement.

OTHER INFORMATION

SNAKE RIVER WATER DISTRICT

History of EQRs and Tap Fee Collections - Unaudited

December 31, 2025

Year	Annual EQR Sold		Tap Fees Collected
2025	9.90	$	118,800.00
2024	49.82	$	506,525.00
2023	136.04	$	1,152,065.00

SNAKE RIVER WATER DISTRICT
Water Customers - Unaudited
December 31, 2025

2025	
Residential	896
Commercial	89
Irrigation	55
TOTAL	**1040**

2024	
Residential	883
Commercial	62
Irrigation	54
TOTAL	**999**

2023	
Residential	818
Commercial	62
Irrigation	48
TOTAL	**928**

SNAKE RIVER WATER DISTRICT
Water Sales by Category - Unaudited
December 31, 2025

Customer Class	Water Consumption (Gallons	Percent of Total Consumption	Total Revenues Collected	Percent of Total Billed
2025				
Residential	113,709,573.50	69.29%	$ 1,657,435.35	71.67%
Commercial	37,499,623.40	22.85%	$ 574,109.67	24.82%
Irrigation	12,896,477.10	7.86%	$ 81,118.88	3.51%
TOTAL	**164,105,674.00**	**100.00%**	**$ 2,312,663.90**	**100.00%**
2024				
Residential	119,267,539.50	73.66%	$ 1,445,794.35	76.80%
Commercial	28,836,496.60	17.81%	$ 359,343.93	19.09%
Irrigation	13,816,817.60	8.53%	$ 77,457.09	4.11%
TOTAL	**161,920,853.70**	**100.00%**	**$ 1,882,595.37**	**100.00%**
2023				
Residential	96,257,289.60	76.45%	$ 1,299,734.38	77.11%
Commercial	16,966,193.40	13.48%	$ 322,347.88	19.12%
Irrigation	12,680,950.10	10.07%	$ 63,570.19	3.77%
TOTAL	**125,904,433.10**	**100.00%**	**$ 1,685,652.45**	**100.00%**