# BOSTWICK PARK WATER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

**DONALD R. MORELAND & ASSOCIATES, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bostwick Park Water Conservancy District
Montrose, Colorado 81401

## Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bostwick Park Water Conservancy District as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Bostwick Park Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

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

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

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Board of Directors
Bostwick Park Water Conservancy District
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**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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government 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 judgement made by a reasonable user based on these financial statements.

In performing and audit in accordance with generally accepted auditing standards and Government 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 Bostwick Park Water Conservancy 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 Bostwick Park Water Conservancy 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 our audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Bostwick Park Water Conservancy District's financial statements. The accompanying supplementary information - revenues and expenditures - budget and actual and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards are* presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
Bostwick Park Water Conservancy District
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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards,* we have also issued our report dated August 19, 2026, on our consideration of Bostwick Park Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bostwick Park Water Conservancy District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bostwick Park Water Conservancy District's internal control over financial reporting and compliance.

Donald R. Moreland + Associates, P.C.

Montrose, Colorado
August 19, 2026

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

As management of the Bostwick Park Water Conservancy District, we offer readers of the Bostwick Park Water Conservancy District's financial statements this narrative overview and analysis of the financial activities of the Bostwick Park Water Conservancy District for the fiscal years ended December 31, 2025 and 2024.

### Financial Highlights

- The assets of the Bostwick Park Water Conservancy District (also referred to as the District) exceeded its liabilities and deferred inflows of resources at December 31, 2025 and 2024 by $7,067,438 and $5,881,854, respectively (net position). Of this amount, $506,870 and $540,791, respectively (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's total net position increased (decreased) by $1,185,584 and $(82,972) for the years ended December 31, 2025 and 2024, respectively.

- District revenues and expenses remained relatively consistent with prior years, with the exception of increased intergovernmental revenue, increased interest income, decreased personnel costs, increased canal maintenance, increased grant expenses and increased depreciation.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bostwick Park Water Conservancy District's basic financial statements. The Bostwick Park Water Conservancy District's basic financial statements are presented as a special purpose government engaged only in business type activities - providing irrigation water and managing the Silverjack Reservoir.

The *statement of net position* presents information on all of the Bostwick Park Water Conservancy District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bostwick Park Water Conservancy District is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how the District's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* report the District's cash flows from operating, noncapital financing, capital and related financing and investing activities. Also presented are beginning and end of year cash and cash equivalents.

The basic financial statements can be found on pages 9 through 11 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 26 through 30 of the report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the Bostwick Park Water Conservancy District's budgetary comparisons for revenues and expenditures. Supplementary information can be found on page 30 of this report.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Bostwick Park Water Conservancy District, assets exceeded liabilities and deferred inflows of resources by $7,067,438 and $5,881,854, respectively, at December 31, 2025 and 2024.

All of the District's net position at December 31, 2025 reflects its investment in capital assets (e.g., land, buildings, equipment, project works, canals, reservoirs and water rights), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to agricultural water users and citizens; consequently, these assets are not available for future spending.

**Bostwick Park Water Conservancy District Net Position**

| | 2025 | 2024 |
|---|---|---|
| Current assets | $ 652,039 | 621,789 |
| Restricted assets | 10,000 | 10,000 |
| Capital assets | 7,704,216 | 6,628,287 |
| Other assets | 580,913 | 604,332 |
| Total assets | 8,947,168 | 7,864,408 |
| Current liabilities | 492,190 | 498,341 |
| Long-term debt | 1,027,636 | 1,139,343 |
| Total liabilities | 1,519,826 | 1,637,684 |
| Deferred inflows of resources | 359,904 | 344,870 |
| Total deferred inflows of resources | 359,904 | 344,870 |
| Net position: | | |
| Net investment in capital assets | 6,550,568 | 5,331,063 |
| Restricted | 10,000 | 10,000 |
| Unrestricted | 506,870 | 540,791 |
| Total net position | $7,067,438 | 5,881,854 |

At the end of the current fiscal year, the Bostwick Park Water Conservancy District is able to report positive balances in all categories of net position. For the prior fiscal year, the District reported positive balances in all categories of net position.

Under the GASB 34 reporting model the audit shows the District's net position increased (decreased) by $1,185,584 and $(82,972), respectively, during the fiscal years ended December 31, 2025 and 2024.

**Bostwick Park Water Conservancy District Changes in Net Position**

| | 2025 | 2024 |
|---|---|---|
| Revenues: | | |
| Operating revenue | $ 171,499 | 176,792 |
| Non-operating revenue | 2,500,680 | 908,721 |
| Total revenues | 2,672,179 | 1,085,513 |
| Expenses: | | |
| Operating expenses: | | |
| Administrative and general | 984,389 | 836,505 |
| Office building | 15,820 | 13,624 |
| Depreciation | 479,707 | 311,677 |
| Non-operating expenses | 6,679 | 6,679 |
| Total expenses | 1,486,595 | 1,168,485 |
| Change in net position | 1,185,584 | (82,972) |
| Net position - beginning of year | 5,881,854 | 5,964,826 |
| Net position - end of year | $7,067,438 | 5,881,854 |

Total expenses have remained relatively consistent from 2024 to 2025, with the exception of decreased personnel costs, increased canal maintenance, increased grant expenses and increased depreciation. Non-operating revenue incurred an increase mainly due to increased intergovernmental revenue, and increased interest income.

**Budgetary highlights**

Changes between actual revenues and budgeted amounts were primarily due to increased revenue from federal grants, decreased reimbursement revenue, and increased interest income.

Changes between actual expenses and budgeted amounts were primarily due to decreased capital outlay, increased personnel costs and increased grant expenses.

**Capital Asset and Debt Administration**

**Capital assets.** The Bostwick Park Water Conservancy District's investment in capital assets as of December 31, 2025 and 2024 amounted to $7,704,216 and $6,628,287, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, project works, canals, reservoirs and water rights.

The major capital asset events during the years ended December 31, 2025 and 2024 was the following:

- Siphon Lateral and Shinn Park/Waterdog improvements as part of the Colorado River Salinity Reduction Program, other canal and reservoir improvements, and the purchase of equipment.

**Bostwick Park Water Conservancy District Capital Assets**
(net of depreciation)

| | 2025 | 2024 |
|---|---|---|
| Water rights | $ 19,494 | 19,494 |
| Easement | 104,500 | 100,000 |
| Project works | 124,707 | 150,509 |
| Canals and reservoirs | 6,678,151 | 5,709,773 |
| Buildings | 195,638 | 210,210 |
| Equipment | 581,726 | 438,301 |
| Total capital assets | $7,704,216 | 6,628,207 |

Additional information on the District's capital assets can be found in Note 4 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The District has applied for grants through the Basin States Program operated by the United States Bureau of Reclamation and the Colorado River Water Conservation District for the replacement of portions of the delivery system and to install salinity control measures to reduce salinity in the Colorado River and its tributaries.

- The District will continue to assist the Cimarron Canal and Reservoir Company to improve and enlarge the water distribution system to alleviate possible drought related conditions.

**Request for information**

This financial report is designed to provide a general overview of the Bostwick Park Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Bostwick Park Water Conservancy District, 400 South Third, Montrose, Colorado, 81401.

# FINANCIAL STATEMENTS

*BOSTWICK PARK WATER CONSERVANCY DISTRICT*
STATEMENT OF NET POSITION
December 31, 2025 and 2024

| | | 2025 | 2024 |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | $ | 12,169 | 13,917 |
| Due from other governments | | 27,157 | 26,330 |
| Receivables, property taxes | | 359,904 | 344,870 |
| Receivables, water | | 45,836 | 37,226 |
| Note receivable, related party, current portion | | 14,517 | 13,472 |
| Note receivable, current portion | | 8,902 | 8,902 |
| Accrued interest receivable, related party | | 39,253 | |
| Inventory | | 137,189 | 170,054 |
| Prepaid expenses | | 7,112 | 7,018 |
| TOTAL CURRENT ASSETS | | 652,039 | 621,789 |
| RESTRICTED ASSETS | | | |
| Cash and cash equivalents | | 10,000 | 10,000 |
| PROPERTY AND EQUIPMENT | | | |
| Water rights | | 19,494 | 19,494 |
| Easement | | 104,500 | 100,000 |
| Project works | | 1,306,142 | 1,306,142 |
| Canals and reservoirs | | 8,074,721 | 6,809,078 |
| Buildings | | 491,918 | 491,918 |
| Equipment | | 1,736,616 | 1,492,894 |
| | | 11,733,391 | 10,219,526 |
| Accumulated depreciation | | (4,029,175) | (3,591,239) |
| PROPERTY AND EQUIPMENT - NET | | 7,704,216 | 6,628,287 |
| OTHER ASSETS | | | |
| Note receivable, related party, net of current portion | | 572,011 | 586,528 |
| Note receivable, net of current portion | | 8,902 | 17,804 |
| TOTAL OTHER ASSETS | | 580,913 | 604,332 |
| TOTAL ASSETS | | 8,947,168 | 7,864,408 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | | 80,757 | 119,619 |
| Accounts payable, related party | | 215,047 | 110,605 |
| Accrued interest payable | | 68,490 | 41,027 |
| Payroll taxes withheld and accrued | | 1,884 | 69,209 |
| Long term debt due in one year | | 126,012 | 157,881 |
| TOTAL CURRENT LIABILITIES | | 492,190 | 498,341 |
| LONG-TERM DEBT - NET | | 1,027,636 | 1,139,343 |
| TOTAL LIABILITIES | | 1,519,826 | 1,637,684 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue, property taxes | | 359,904 | 344,870 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | | 359,904 | 344,870 |
| NET POSITION | | | |
| Net investment in capital assets | | 6,550,568 | 5,331,063 |
| Restricted - operations and maintenance | | 10,000 | 10,000 |
| Unrestricted (deficit) | | 506,870 | 540,791 |
| TOTAL NET POSITION | $ | 7,067,438 | 5,881,854 |

See Notes to Financial Statements.

***BOSTWICK PARK WATER CONSERVANCY DISTRICT***
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the years ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| OPERATING REVENUES | | |
| Water assessments | $ 92,105 | 92,105 |
| Property rent | 16,280 | 16,280 |
| Gain on sale of equipment | 32,000 | 47,248 |
| Miscellaneous | 31,114 | 21,159 |
| TOTAL OPERATING REVENUES | 171,499 | 176,792 |
| OPERATING EXPENSES | | |
| Salaries | 352,548 | 408,958 |
| Payroll taxes | 29,197 | 33,972 |
| Employee benefits | 8,236 | 9,753 |
| Manager reimbursement | 81,723 | 82,478 |
| Canal maintenance | 124,215 | 1,875 |
| Equipment fuel and repairs | 74,270 | 33,051 |
| Repairs and maintenance | 5,211 | 3,645 |
| Supplies | 10,733 | 10,699 |
| Waste disposal | 1,070 | 1,009 |
| Licenses and fees | 644 | 783 |
| Postage | 373 | 168 |
| Office | 6,621 | 9,216 |
| Rent | 1,485 | 720 |
| Utilities | 3,540 | 3,440 |
| Communications | 35,444 | 44,237 |
| Professional fees | 44,295 | 6,675 |
| Insurance and bonds | 24,285 | 23,915 |
| Travel and training | 15,952 | 1,939 |
| Silverjack dam expenses | 2,663 | 1,650 |
| Miscellaneous | 12,109 | 11,101 |
| Depreciation | 472,520 | 304,490 |
| Interest | 97,441 | 106,154 |
| Penalties and late fees | | 17,337 |
| Grants | 52,334 | 23,730 |
| Office building: | | |
| Utilities | 7,374 | 7,426 |
| Janitorial | 4,800 | 4,800 |
| Repairs and maintenance | 2,007 | 481 |
| Supplies | 919 | 197 |
| Insurance | 720 | 720 |
| Depreciation | 7,187 | 7,187 |
| TOTAL OPERATING EXPENSES | 1,479,916 | 1,161,806 |
| OPERATING INCOME (LOSS) | (1,308,417) | (985,014) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Property and specific ownership tax | 388,186 | 383,443 |
| Intergovernmental revenue | 2,026,707 | 525,272 |
| Interest income | 85,787 | 6 |
| Treasurer's fees | (6,679) | (6,679) |
| NET NON-OPERATING REVENUES (EXPENSES) | 2,494,001 | 902,042 |
| CHANGE IN NET POSITION | 1,185,584 | (82,972) |
| NET POSITION | | |
| BEGINNING OF YEAR | 5,881,854 | 5,964,826 |
| END OF YEAR | $ 7,067,438 | 5,881,854 |

See Notes to Financial Statements.

*BOSTWICK PARK WATER CONSERVANCY DISTRICT*
STATEMENT OF CASH FLOWS
For the years ended December 31, 2025 and 2024

| | | 2025 | 2024 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from users | $ | 162,889 | 853,657 |
| Payments to suppliers | | (484,414) | (380,609) |
| Payments to employees | | (457,306) | (409,927) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | (778,831) | 63,121 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Property and specific ownership tax - net | | 381,633 | 376,764 |
| Intergovernmental | | 2,025,754 | 272,976 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | | 2,407,387 | 649,740 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchase and construction of property and equipment | | (1,587,636) | (357,176) |
| Payment of long-term debt | | (143,576) | (41,720) |
| Proceeds from long-term debt | | | 483,312 |
| Net increase (decrease) in line of credit | | | (815,142) |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | | (1,731,212) | (730,726) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | | 85,787 | 6 |
| Decrased (increase) in accrued interest receivable, related party | | (39,253) | |
| Proceeds from disposal of equipment | | 32,000 | |
| Collection of note receivable, related party | | 13,472 | |
| Collection of note receivable | | 8,902 | |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | 100,908 | 6 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (1,748) | (17,859) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | 23,917 | 41,776 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ | 22,169 | 23,917 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income (loss) | $ | (1,308,417) | (985,014) |
| Adjustment to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | | 479,707 | 311,677 |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in water receivable | | (8,610) | 8,576 |
| Decrease (increase) in receivable, related party | | | 668,289 |
| Decrease (increase) in inventory | | 32,865 | (142,414) |
| Decrease (increase) in prepaid expenses | | (94) | 5,198 |
| Increase (decrease) in accounts payable | | (38,862) | 98,751 |
| Increase (decrease) in accounts payable, related party | | 104,442 | 27,461 |
| Increase (decrease) in accrued interest payable | | 27,463 | 27,841 |
| Increase (decrease) in payroll taxes withheld and accrued | | (67,325) | 42,756 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | $ | (778,831) | 63,121 |
| Fixed asset additions in accounts payable at end of year | $ | | NONE |

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Bostwick Park Water Conservancy District is incorporated as a conservancy district under the laws of the State of Colorado with a judicially appointed board of six directors. The District provides irrigation water and manages the Silverjack Reservoir. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the District consist only of the enterprise fund of the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the District is financially accountable. The more significant of the District's accounting policies are described below.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 unrestricted resources as they are needed.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

*Proprietary Fund Financial Statements.* The proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS

*Cash and cash equivalents.* The District considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents

*Receivables.* The District considers all accounts receivable collectible and, accordingly, provides no allowance for doubtful accounts.

*Restricted assets.* These assets consist of cash and cash equivalents restricted as to use by covenants of the government contract payable.

*Property taxes receivable.* Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

*Inventory.* Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market. Inventory is adjusted for estimated obsolescence and written down to net realizable value based upon estimates of future demand, technology developments, and market conditions.

*Capital assets.* Purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets acquired from the United States under the contract dated March 18, 1966, are stated at the contract cost amounts. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

| | |
|---|---|
| Project works | 10 - 53 years |
| Canals | 25 years |
| Buildings | 20 - 25 years |
| Equipment | 5 - 10 years |

The cost of water rights include acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

*Long-term debt.* The District has recorded the full original amount of the $68,720 contract payable to the United States, described in Note 6, without recognition of imputed interest.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS (continued)

*Reclassifications.* Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budget.

a. The District's treasurer submits a proposed operating budget to the Board and a public hearing is held prior to December for the following calendar year. The operating budget includes proposed expenditures and the means of financing them.

b. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that grants are budgeted as revenues, principal payments, and capital outlays are budgeted as expenditures, and no provision is made for depreciation. Budgeted expenditures are appropriated in total for the District and the level of control is in total.

c. The Board of Directors may authorize supplemental appropriations during the year. During 2025 and 2024, no supplemental appropriations were adopted.

d. Appropriations lapse at the end of the year.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by the banking institution. 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 at least equal the aggregate uninsured deposits.

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025 and 2024 none of the District's bank balances of $34,209 and $42,619, respectively, were exposed to custodial credit risk as all were insured.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

At December 31, 2025 and 2024 the carrying amount of the District's deposits were presented on the balance sheet as follows:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 12,169 | 13,917 |
| Restricted Assets - | | |
| Cash and cash equivalents | 10,000 | 10,000 |
| | $ 22,169 | 23,917 |

Investments

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

The District had no investments during the years ended December 31, 2025 and 2024.

3 - RESERVE FUND FOR OPERATIONS AND MAINTENANCE

Pursuant to the contract between the United States of America and Bostwick Park Water Conservancy District for Advancement and Subsequent Repayment of Funds Expended for Emergency Work dated September 27, 1984, the District is required to accumulate a reserve fund of $10,000 for extraordinary operation and maintenance as defined in the agreement. Expenditures from the fund must have the prior review and approval of the Bureau of Reclamation. The District was in compliance with the contract at December 31, 2025 and 2024.

4 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2025 and 2024, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **2025** | | | | |
| Capital assets not being depreciated: | | | | |
| Water rights | $ 19,494 | | | 19,494 |
| Easement | 100,000 | 4,500 | | 104,500 |
| Total capital assets not being depreciated | $ 119,494 | 4,500 | | 123,994 |
| Capital assets being depreciated: | | | | |
| Project works | 1,306,142 | | | 1,306,142 |
| Canals and reservoirs | 6,809,078 | 1,265,643 | | 8,074,721 |
| Buildings | 491,818 | | | 491,918 |
| Equipment | 1,492,894 | 285,493 | 41,771 | 1,736,616 |
| Total capital assets being depreciated | 10,100,032 | 1,551,136 | 41,771 | 11,609,397 |
| Less accumulated depreciation for: | | | | |
| Project works | 1,155,633 | 5,802 | | 1,181,435 |
| Canals and reservoirs | 1,099,305 | 297,265 | | 1,396,570 |
| Buildings | 281,708 | 14,572 | | 296,280 |
| Equipment | 1,054,593 | 142,068 | 41,771 | 1,154,890 |
| Total accumulated depreciation | 3,591,239 | 479,707 | 41,771 | 4,029,175 |
| Total capital assets, net | $ 6,628,287 | 1,075,929 | | 7,704,216 |
| **2024** | | | | |
| Capital assets not being depreciated: | | | | |
| Water rights | $ 19,494 | | | 19,494 |
| Easement | 100,000 | | | 100,000 |
| Total capital assets not being depreciated | $ 119,494 | | | 119,494 |
| Capital assets being depreciated: | | | | |
| Project works | 1,306,142 | | | 1,306,142 |
| Canals and reservoirs | 6,571,882 | 237,136 | | 6,809,078 |
| Buildings | 491,918 | | | 491,818 |
| Equipment | 1,372,914 | 111,250 | | 1,492,894 |
| Total capital assets being depreciated | 9,742,856 | 357,176 | | 10,100,032 |
| Less accumulated depreciation for: | | | | |
| Project works | 1,129,830 | 25,803 | | 1,155,633 |
| Canals and reservoirs | 931,891 | 167,414 | | 1,099,305 |
| Buildings | 267,137 | 14,571 | | 281,708 |
| Equipment | 950,704 | 103,889 | | 1,054,593 |
| Total accumulated depreciation | 3,279,562 | 311,677 | | 3,591,239 |
| Total capital assets, net | $6,582,788 | 45,499 | | 6,628,287 |

5 - SHORT-TERM DEBT

On November 17, 2017, the District entered into an agreement with American AgCredit for a $1,000,000 variable rate revolving line of credit. The funds borrowed during the year were for capital additions.

Short-term debt activity for the years ended December 31, 2025 and 2024 was as follows:

| | BALANCE BEGINNING OF YEAR | ADDITIONS | REDUCTIONS | BALANCE END OF YEAR |
|---|---|---|---|---|
| **2024** | | | | |
| Revolving line of credit | $815,142 | | 815,142 | -0- |

6 - LONG-TERM DEBT

On March 18, 1966, the District entered into a contract with the United States providing for the construction, operation and maintenance of the Bostwick Park Project as a participating project under the Colorado River Storage Project Act. The total original amount of the contract of $859,000 is to be paid in equal annual installments over a period of 50 years without interest, except a .50% per month charge on payments delinquent in excess of 30 days.

On December 16, 2019 the District entered into a government obligation contract with a bank to purchase equipment. The contract is payable in annual installments of $28,314 including interest at 3.5% and is secured by equipment.

On August 15, 2021, the District entered into a contract to purchase equipment. The contract is payable in monthly installments of $1,158 including interest at 4.991% and is secured by equipment.

On February 21, 2022, the District entered into a contract to purchase equipment. The contract as payable in monthly installments of $2,107 including interest at 7.57% and is secured by equipment.

On October 13, 2022, the District entered into a contract to purchase a storage building. The contract is payable in monthly installments of $753 including interest at 33% and secured by the building.

On June 25, 2024, the District entered into a contract to refinance a line of credit. The contract is payable in annual installments of $93,407 on March 1, 2025 increasing to $120,420 on March 1, 2026 including interest at 8.50%, and is secured by real estate and personal property liens.

On October 30, 2024, the District entered into a contract to purchase equipment. The contract is payable in monthly installments of $2,281 including interest at 9.35% and is secured by equipment.

6 - LONG-TERM DEBT (continued)

The contracts payable at December 31, 2025 and 2024 consist of the following:

| | 2025 | 2024 |
|---|---|---|
| Contract payable in annual installments of $17,180 | $ 68,720 | 85,900 |
| Contract payable in annual installments of $28,314 | | 27,324 |
| Contract payable in monthly installments of $1,158 | 9,093 | 22,180 |
| Contract payable in monthly installments of $2,107 | 26,225 | 48,601 |
| Contract payable in monthly installments of $753 | | 7,064 |
| Contract payable in annual installments of $93,407 in 2025 increasing to $120,420 in 2026 | 961,706 | 1,000,000 |
| Contract payable in monthly installments of $2,281 | 87,905 | 106,125 |
| | 1,153,649 | 1,297,224 |
| Less amounts due in one year | 126,012 | 157,881 |
| LONG-TERM DEBT - NET | $1,027,637 | 1,139,343 |

Long-term debt is payable as follows:

| | |
|---|---|
| 2026 | $126,012 |
| 2027 | 100,103 |
| 2028 | 69,129 |
| 2029 | 70,934 |
| 2030 | 53,241 |
| 2031-2034 | 734,230 |

Long-term liability activity for the years ended December 31, 2025 and 2024 was as follows:

| | BALANCE BEGINNING OF YEAR | ADDITIONS | REDUCTIONS | BALANCE END OF YEAR | DUE WITHIN ONE YEAR |
|---|---|---|---|---|---|
| **2025** | | | | | |
| 1966 contract payable | $ 85,900 | | 17,180 | 68,720 | 34,360 |
| 2019 contract payable | 27,354 | | 27,354 | | |
| 2021 contract payable | 22,180 | | 13,087 | 9,093 | 9,093 |
| 2022 contract payable | 48,601 | | 22,376 | 26,225 | 24,130 |
| 2022 contract payable | 7,064 | | 7,064 | | |
| 2024 contract payable | 1,000,000 | | 38,294 | 961,706 | 38,431 |
| 2024 contract payable | 106,125 | | 18,220 | 87,905 | 19,998 |
| | $1,297,224 | | 143,575 | 1,153,649 | 126,012 |
| **2024** | | | | | |
| 1966 contract payable | $ 85,900 | | | 85,900 | 34,360 |
| 2019 contract payable | 27,354 | | | 27,354 | 27,354 |
| 2021 contract payable | 34,631 | | 12,451 | 22,180 | 13,087 |
| 2022 contract payable | 69,351 | | 20,750 | 48,601 | 22,376 |
| 2022 contract payable | 12,708 | | 5,644 | 7,064 | 7,064 |
| 2024 contract payable | | 1,000,000 | | 1,000,000 | 35,420 |
| 2024 contract payable | | 109,000 | 2,875 | 106,125 | 18,220 |
| | $ 229,944 | 1,109,000 | 41,720 | 1,297,224 | 157,881 |

7 - RELATED PARTY TRANSACTIONS

The Bostwick Park Water Conservancy District (District) has an agreement for the carriage and distribution of irrigation water with the Cimarron Canal and Reservoir Company (Company) dated March 18, 1966 whereby the cost of operation, maintenance, and repair of all Company and District project works is to be borne mutually in the ratio of 35 percent by the Company and 65 percent by the District. In years prior to 2013, the cost was borne mutually in the ratio of 65% by the Company and 35% by the District. The agreement was amended in 2013 to more accurately reflect the cost of operation.

In 2013, the District acquired an undivided co-interest in the Company ditch-easement rights.

The District leases a residence and certain outbuildings to the Company under an operating lease. Annual lease payments are $5,000 through 2034 with an option for an additional ten year term. Net buildings on operating leases totaled $266,724 at December 31, 2025 and 2024, respectively. The buildings are depreciated on a straight-line basis over ten to twenty-five years. The accumulated depreciation on these buildings was $214,969 and $207,585 at December 31, 2025 and 2024, respectively. The corresponding annual depreciation expense was $7,385 and $7,374 in 2025 and 2024, respectively.

The District by assignment from the Company also leases real estate under a noncancellable operating lease. The lease is for a period of thirty years and expires January 1, 2034. Annual lease payments are $200. Future minimum lease payments total $1,600 at December 31, 2024 are scheduled as follows:

| | |
|---|---|
| 2025 | $200 |
| 2026 | 200 |
| 2027 | 200 |
| 2028 | 200 |
| 2029 | 200 |
| 2030-2033 | 600 |

At December 31, 2025 and 2024, the District had a net receivable (payable) to the Company in the amount of $129,765 and $27,461, respectively.

As of December 31, 2025 and 2024, an entity of which the manager of the District is a member had advanced the District $83,144.

8 - TAX, SPENDING AND DEBT LIMITATIONS

The Colorado Constitution, Article X, Section 20, has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. It is the opinion of management and the legal counsel that the District's water activity is an enterprise within the meaning of Article X, Section 20, and is not subject to the revenue limitations nor required to establish the emergency reserves, but is subject to the property tax limitations contained therein.

9 - RISK MANAGEMENT

The District is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure, except for the distribution system, is covered by purchase of commercial insurance, including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10 - COMMITMENTS

The District has entered into contracts for the System Optimization Plan and the System Lateral Pipeline Project totaling $65,000, at December 31, 2014. At December 31, 2025, the contracts had been completed.

11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 19, 2026 which is the date the financial statements were available to be issued.

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

# AND ON COMPLIANCE WITH OTHER MATTERS

**DONALD R. MORELAND & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.**

Board of Directors
Bostwick Park Water Conservancy District
Montrose, Colorado 81401

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller Genereal of the United States, the financial Statements of Bostwick Park Water Conservancy District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Bostwick Park Water Conservancy District's basic financial statements, and have issued our report thereon dated August 19, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bostwick Park Water Conservancy District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of Bostwick Park Water Conservancy District's internal control. Accordingly, we do note express an opinion on the effectiveness of Bostwick Park Water Conservancy District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration on internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Board of Directors
Bostwick Park Water Conservancy District
Page Two

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bostwick Park Water Conservancy District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald R. Moreland + Associates, P.C.

Montrose, Colorado
August 19, 2026

**DONALD R. MORELAND & ASSOCIATES, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Bostwick Park Water Conservancy District
Montrose, Colorado 81401

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Bostwick Park Water Conservancy District's compliance with the types of compliance requirements identified as subject to audit in OMB *Compliance Supplement* that could have direct and material effect on each of Bostwick Park Water Conservancy District's major federal programs for the year ended December 31, 2025. Bostwick Park Water Conservancy District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bostwick Park Water Conservancy District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted itn the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bostwick Park Water Conservancy District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bostwick Park Water Conservancy District's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bostwick Park Water Conservancy District's federal programs.

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Board of Directors
Bostwick Park Water Conservancy District
Page Two

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bostwick Park Water Conservancy District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bostwick Park Water Conservancy District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify an assess the risks of material noncompliance, whether due to fraud for error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis , evidence regarding Bostwick Park Water Conservancy District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain and understanding of Bostwick Park Water Conservancy District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bostwick Park Water Conservancy District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Bostwick Park Water Conservancy District
Page Three

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Bostwick Park Water Conservancy District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Bostwick Park Water Conservancy District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correc, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Donald R. Moreland + Associates, P.C.

Montrose, Coloraodo
August 19, 2026

SUPPLEMENTARY INFORMATION

***BOSTWICK PARK WATER CONSERVANCY DISTRICT***

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2025

| FEDERAL AGENCY | | EXPENDITURES | | |
|---|---|---|---|---|
| FEDERAL AGENCY/PASS THROUGH AGENCY/ FEDERAL PROGRAM | ALN NUMBER | FROM PASS-THROUGH AWARDS | FROM DIRECT AWARDS | TOTAL |
| U.S. Department of the Interior | | | | |
| Passed through Bureau of Reclamation | | | | |
| Shinn Park/Waterdog Lateral | | | | |
| Salinity Reduction Project | 15.509 | | $ 180,473 | 180,473 |
| U.S. Department of the Interior | | | | |
| Passed through Bureau of Reclamation | | | | |
| Shinn Park/Waterdog Pipelines | | | | |
| Measurement Improvement and | | | | |
| SCADA Integration Project | 10.507 | | 1,820,123 | 1,820,123 |
| U.S. Department of Agriculture | | | | |
| Passed through Natural Resources | | | | |
| Conservation Services | | | | |
| Bostwick Park WCD Plan/EA | 10.904 | | 52,334 | 52,334 |
| TOTAL FEDERAL AWARDS EXPENDED | | | $ 2,052,930 | 2,052,930 |

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, includes the federal award activity of Bostwick Park Water Conservancy District under programs of the federal and state governments for the year ended December 31, 2025. The schedule presents only a selected portion of the operations of Bostwick Park Water Conservancy District, and is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. The information in Schedule is presented in accordance with the requirements of OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**BOSTWICK PARK WATER CONSERVANCY DISTRICT**
**Schedule of Findings and Questioned Costs**
**For the year ended December 31, 2025**

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | ___yes _X_no |
| Significant deficiency(ies) identified? | ___yes _X_none reported |
| Noncompliance material to financial statements noted? | ___yes _X_no |

Federal Awards

| | |
|---|---|
| Internal control over major federal programs: | |
| Material weakness(es) identified? | ___yes _X_no |
| Significant deficiency(ies) identified? | ___yes _X_none reported |
| Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance? | ___yes _X_no |
| Auditee qualified as low-risk auditee? | ___yes _X_no |
| Dollar threshold used to distinguish between Type A and Type B programs: | $1,000,000 |

Identification of major federal programs:

| Assistance Listing Numbers | Name of Federal Program or Cluster |
|---|---|
| 15.509 | Title II: Colorado Basin Salinity Control |
| 15.507 | Watersmart (Sustain and Manage America's Resources for Tomorrow) |
| 10.904 | Watershed Protection and Flood Prevention |

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
Summary of Schedule of Prior Year Audit Findings
For the year ended December 31, 2025

Summary of Prior Year Findings

None.

## SUPPLEMENTARY INFORMATION

## REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

**BOSTWICK PARK WATER CONSERVANCY DISTRICT**
SUPPLEMENTARY INFORMATION - REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the years ended December 31, 2025 and 2024

| | 2025 ORIGINAL AND FINAL BUDGET | 2025 ACTUAL | 2025 VARIANCE FAVORABLE (UNFAVORABLE) | 2024 ORIGINAL AND FINAL BUDGET | 2024 ACTUAL | 2024 VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---|---|---|---|---|---|
| **PROPRIETARY** | | | | | | |
| **REVENUES** | | | | | | |
| Water assessments | $ 92,105 | 92,105 | - | 92,050 | 92,105 | 55 |
| Property rent | 16,280 | 16,280 | - | 16,280 | 16,280 | - |
| Machinery rent | 350,000 | | (350,000) | | | |
| Reimbursement | 68,000 | | (68,000) | 50,000 | 47,248 | (2,752) |
| Interest income | 5 | 85,787 | 85,782 | 5 | 6 | 1 |
| Intergovernmental revenue | 31,209,841 | 2,026,707 | (29,183,134) | 31,813,171 | 525,272 | (31,287,899) |
| Gain on sale of equipment | | 32,000 | 32,000 | | | |
| Other revenue | 8,902 | 31,114 | 22,212 | 1,000 | 21,159 | 20,159 |
| TOTAL PROPRIETARY REVENUES | 31,745,133 | 2,283,993 | (29,461,140) | 31,972,506 | 702,070 | (31,270,436) |
| **EXPENDITURES** | | | | | | |
| Salaries | 307,000 | 352,548 | (45,548) | 307,000 | 408,958 | (101,958) |
| Payroll taxes | 23,486 | 29,197 | (5,711) | 23,486 | 33,972 | (10,486) |
| Employee benefits | 7,500 | 8,236 | (736) | 7,500 | 9,753 | (2,253) |
| Manager reimbursement | 90,000 | 81,723 | 8,277 | 90,000 | 82,478 | 7,522 |
| Canal maintenance | 15,000 | 124,215 | (109,215) | 15,000 | 1,875 | 13,125 |
| Equipment fuel and repairs | 20,000 | 74,270 | 14,789 | 20,000 | 33,051 | (13,051) |
| Repairs and maintenance | 6,300 | 5,211 | (3,933) | 6,300 | 3,645 | 2,655 |
| Supplies | 8,000 | 10,233 | 6,515 | 8,000 | 10,699 | (2,699) |
| Equipment rental | 2,000 | 1,485 | 515 | 12,000 | | 12,000 |
| Waste disposal | 2,000 | 1,070 | 930 | 2,000 | 1,009 | 991 |
| Licenses and fees | | 644 | (644) | | 783 | (783) |
| Postage | | 373 | (373) | | 168 | (168) |
| Office | 2,000 | 6,621 | (4,621) | 2,000 | 9,216 | (7,216) |
| Rent | 1,500 | | 1,500 | 1,500 | 720 | 780 |
| Utilities | 4,500 | 3,540 | 960 | 4,500 | 3,440 | 1,060 |
| Communications | 22,000 | 35,444 | (13,444) | 22,000 | 44,237 | (22,237) |
| Professional fees | 30,000 | 44,295 | (14,295) | 30,000 | 6,675 | 23,325 |
| Insurance and bonds | 30,000 | 24,285 | 5,715 | 30,000 | 23,915 | 6,085 |
| Advertising and public notices | 100 | | 100 | 100 | | 100 |
| Travel and training | 5,000 | 15,952 | (10,952) | 5,000 | 1,939 | 3,061 |
| Interest | 57,986 | 97,941 | (39,955) | 80,000 | 106,154 | (26,154) |
| Penalties and late fees | | | - | | 17,337 | (17,337) |
| Grants | | 52,334 | (52,334) | | 23,730 | (23,730) |
| Office building expenses | 16,000 | 15,820 | 180 | 16,000 | 13,624 | 2,376 |
| Capital outlay | 26,743,517 | 1,555,636 | 25,187,881 | 26,743,517 | 357,176 | 26,386,341 |
| Debt retirement | 46,740 | 126,395 | (79,655) | 11,320 | 41,720 | (30,400) |
| Miscellaneous | 2,500 | 12,109 | (9,609) | 2,500 | 12,101 | (8,601) |
| TOTAL PROPRIETARY EXPENDITURES | 27,443,129 | 2,679,577 | 24,763,552 | 27,439,723 | 1,247,375 | 26,192,348 |
| EXCESS OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES | 4,302,004 | (395,584) | (4,697,588) | 4,532,783 | (545,305) | (5,078,088) |
| **GOVERNMENT** | | | | | | |
| **REVENUES** | | | | | | |
| Property and specific ownership taxes | 380,724 | 388,186 | 7,462 | 360,961 | 383,443 | 22,482 |
| **EXPENDITURES** | | | | | | |
| Silverjack dam expenses | 4,500 | 2,663 | 1,837 | 4,500 | 1,650 | 2,850 |
| Treasurer's fees | 8,000 | 6,679 | 1,321 | 8,000 | 6,679 | 1,321 |
| Debt retirement | 17,180 | 17,180 | - | 17,180 | | 17,180 |
| TOTAL GOVERNMENT EXPENDITURES | 29,680 | 26,522 | 3,158 | 29,680 | 8,329 | 21,351 |
| EXCESS OF GOVERNMENT REVENUES OVER GOVERNMENT EXPENDITURES | 351,044 | 361,664 | 10,620 | 331,281 | 375,114 | 43,833 |
| TOTAL DISTRICT REVENUES | 32,125,857 | 2,672,179 | (29,453,678) | 32,333,467 | 1,085,513 | (31,247,954) |
| TOTAL DISTRICT EXPENDITURES | 27,472,809 | 2,706,099 | 24,766,710 | 27,469,403 | 1,255,704 | 26,213,699 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | $ 4,653,048 | (33,920) | (4,686,968) | 4,864,064 | (170,191) | (5,034,255) |

RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES
TO CHANGE IN FUND NET POSITION:

| | 2025 | 2024 |
|---|---|---|
| Depreciation | (479,707) | (311,677) |
| Capital outlay | 1,555,636 | 357,176 |
| Debt retirement | 143,575 | 41,720 |
| | 1,185,584 | (82,972) |