

Middle Park Water Conservancy District

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025 and 2024

Middle Park Water Conservancy District

FINANCIAL STATEMENTS

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middle Park Water Conservancy District
Grand and Summit Counties, Colorado

Opinions

We have audited the accompanying financial statements of Middle Park Water Conservancy District (the District), as of and for the year 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 1 through 4 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.

Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
March 12, 2026

Management's Discussion and Analysis

The discussion and analysis of Middle Park Water Conservancy District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,719,245 (net position). Of this amount, \$1,712,045 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$119,988 from the prior year.
- Operating revenues increased \$40,197, or approximately 20%, from the prior year. The increase is mainly due to short-term water sales contracts and an increase in rates.
- Operating expenses decreased approximately 15% from the prior year, due to decreased general legal activity and decreased engineering.

Overview of the Financial Statements

The Middle Park Water Conservancy District basic financial statements included in this report are those of a special purpose government engaged in a business-type activity. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources, and the District's liabilities and deferred inflows of resources, with the difference 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 District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic and fund financial statements.

Supplemental Information.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Middle Park Water Conservancy District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Middle Park Water Conservancy District maintains a single enterprise fund to account for water services.

Middle Park Water Conservancy District adopts an annual appropriated budget for the enterprise fund. A budgetary comparison statement has been provided in the supplemental information to demonstrate compliance with the budget.

Unlike the basic financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Middle Park Water Conservancy District, assets exceeded liabilities and deferred inflows by \$1,719,245 at the close of the most recent fiscal year.

**Middle Park Water Conservancy District
Statement of Net position**

	2025	Restated 2024
Assets		
Current assets	\$ 2,145,515	\$ 1,987,796
Total assets	2,145,515	1,987,796
 Liabilities and deferred inflows of resources		
Current liabilities	258,160	223,315
Deferred inflows of resources	168,110	165,224
Total liabilities and deferred inflows of resources	426,270	388,539
 Net position		
Restricted for emergency reserve	7,200	7,800
Unrestricted	1,712,045	1,591,457
Total net position	\$ 1,719,245	\$ 1,599,257

Current assets of the District includes cash and cash equivalents of \$1,960,802, including investments of \$1,712,591 as of December 31, 2025. The unrestricted net position of \$1,712,045 is available to be used to meet the government's ongoing obligations to its citizens and creditors.

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

	2025	Restated 2024
Operating revenues		
Water sales	\$ 245,513	\$ 205,316
Non-operating revenues		
Property and specific ownership tax, net	164,815	171,841
Reimbursed expenses	10,408	86,790
Interest earnings	73,057	85,034
Total revenues	493,793	548,981
 Operating expenses		
Counsel fees and operating expenses	223,447	252,521
Engineering expenses	88,999	137,075
Other operating expenses	61,359	49,429
Total expenses	373,805	439,025
 Change in net position	 119,988	 109,956
 Net position-beginning	 1,599,257	 1,489,301
 Net position-ending	 \$ 1,719,245	 \$ 1,599,257

Enterprise Fund Budgetary Highlights

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions after notification and publication requirements. No changes were made to the original approved budget for 2025.

Total actual revenues were higher than total budgeted revenues by \$27,406. Total operating expenses (exclusive of budgeted contingencies, reserves, and construction) were \$142,469 lower than budgeted amounts. A budget-to-actual comparison is presented on page 15 of the financial statements.

Capital Asset and Debt Administration

Capital assets. The District has no investment in capital assets.

Long-term debts. The District had no long-term debt outstanding as of December 31, 2025 or 2024.

Economic Factors and Next Year’s Budget

- Growth within the District is anticipated to continue at a modest pace, with water sales at approximately the historic average plus a budgeted rate increase.
- The District’s legal counsel continues to monitor water supply and water rights, and maintain working relationships with other interested parties.
- The 2026 budget includes a carryover of anticipated expenses for continued water rights leasing and costs related to the Windy Gap Firming Project, the Colorado River Basin negotiations and the Denver Moffat Firming Project.
- Minor travel is anticipated related to CWC, NWRA, seminars and Special Projects.

Requests for Information

This financial report is designed to provide a general overview of Middle 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 requests for additional financial information should be addressed to the District Counsel, Kent Whitmer, Middle Park Conservancy District, P.O. Box 38, Hot Sulphur Springs, Colorado 80451.

Middle Park Water Conservancy District

STATEMENTS OF NET POSITION

As of December 31, 2025 and 2024

	2025	Restated 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,960,802	\$ 1,806,051
Prepaid expenses	16,603	16,521
Property taxes receivable	168,110	165,224
Total assets	\$ 2,145,515	\$ 1,987,796
LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 18,969	\$ 1,599
Unearned revenue	239,191	221,716
Total liabilities	258,160	223,315
DEFERRED INFLOWS OF RESOURCES		
Property tax revenue	168,110	165,224
Total deferred inflows of resources	168,110	165,224
NET POSITION		
Restricted for emergencies	7,200	7,800
Unrestricted	1,712,045	1,591,457
Total net position	1,719,245	1,599,257
Total liabilities, deferred inflows of resources, and net position	\$ 2,145,515	\$ 1,987,796

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>	<u>As Previously Reported 2024</u>
OPERATING REVENUE			
Water sales and other service revenue	\$ 245,513	\$ 205,316	\$ 244,662
Total operating revenues	<u>245,513</u>	<u>205,316</u>	<u>244,662</u>
OPERATING EXPENSES			
Insurance, director expenses, dues, and travel	56,009	44,279	44,279
Counsel fees and operating expenses	223,447	252,521	252,521
Engineering expenses	88,999	137,075	137,075
Audit	5,350	5,150	5,150
Total operating expenses	<u>373,805</u>	<u>439,025</u>	<u>439,025</u>
OPERATING INCOME (LOSS)	<u>(128,292)</u>	<u>(233,709)</u>	<u>(194,363)</u>
NON-OPERATING REVENUES			
General property taxes, net of treasurer fees	157,365	164,667	164,667
Specific ownership taxes	7,450	7,174	7,174
Reimbursed expenses	10,408	86,790	86,790
Other interest earnings	73,057	85,034	85,034
Total non-operating revenues	<u>248,280</u>	<u>343,665</u>	<u>343,665</u>
CHANGE IN NET POSITION	119,988	109,956	149,302
NET POSITION - Beginning of year	<u>1,599,257</u>	<u>1,489,301</u>	<u>1,671,671</u>
NET POSITION - End of year	<u>\$ 1,719,245</u>	<u>\$ 1,599,257</u>	<u>\$ 1,820,973</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 262,988	\$ 244,662
Cash paid to suppliers	<u>(356,517)</u>	<u>(441,565)</u>
Net cash used by operating activities	<u>(93,529)</u>	<u>(196,903)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from property and specific ownership taxes	<u>164,815</u>	<u>171,841</u>
Net cash provided by noncapital financing activities	<u>164,815</u>	<u>171,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Reimbursements received on expenses	<u>10,408</u>	<u>86,790</u>
Net cash provided by capital and related financial activities	<u>10,408</u>	<u>86,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>73,057</u>	<u>85,034</u>
Net cash provided by investment activities	<u>73,057</u>	<u>85,034</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,751	146,762
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,806,051</u>	<u>1,659,289</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,960,802</u>	<u>\$ 1,806,051</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (128,292)</u>	<u>\$ (233,709)</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Change in assets and liabilities		
(Increase) decrease in prepaid expenses	(82)	(1,897)
Increase (decrease) in accounts payable	17,370	(643)
Increase (decrease) in unearned revenue	17,475	39,346
Total adjustments	<u>34,763</u>	<u>36,806</u>
Net cash used by operating activities	<u>\$ (93,529)</u>	<u>\$ (196,903)</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Reporting entity and summary of significant accounting policies

Nature of activity

Middle Park Water Conservancy District is a quasi-municipal corporation and political subdivision of the State of Colorado. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries.

Reporting entity

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

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

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

Summary of significant accounting policies

The following is a summary of the more significant accounting policies of the District:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District follows Governmental Accounting Standards Board pronouncements.

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.

Basis of accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees, inclusion fees, and contributed assets from developers are recorded as capital contributions when received or collectible.

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2025 and 2024

District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets, when applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contribution.

Cash equivalents

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts

User fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December and are payable in the following year.

Property tax revenues are recognized when they are paid to the District by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue at the time remitted to the District by the County Treasurer. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable.

Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the District in the subsequent month.

Unearned revenue

Unearned revenue includes customer payments which will be applied to a future billing period.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

Middle Park Water Conservancy District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2025 and 2024**

Estimates

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

Recently issued pronouncements

For the year ended December 31, 2024, the District adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, which is effective for financial statement periods beginning after June 15, 2023. GASB Statement No. 100 provides guidance for prior-period adjustments, changes in accounting principle, changes in accounting estimate, changes in the reporting entity, and corrections of errors in previously issued financial statements. For the year ended December 31, 2024, the implementation of the new standard impacted the previously issued financial statements ended December 31, 2024 and those changes are detailed in Note 8.

Note 2 – Cash and cash equivalents

Cash and cash equivalents as of December 31, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Deposits with financial institutions	\$ 248,211	\$ 166,213
Investment in CSAFE (see below)	1,712,591	1,639,838
Total cash and cash equivalents	<u>\$ 1,960,802</u>	<u>\$ 1,806,051</u>

At December 31, 2025 and 2024, the District's cash deposits had bank balances of \$257,143 and \$167,874, respectively, and carrying balances of \$248,211 and \$166,213, respectively.

Deposits with financial institutions

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. As of December 31, 2025 and 2024, the federal insurance limits were \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

Custodial credit risk – 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's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2025 and 2024, none of the District's bank balances were exposed to custodial credit risk.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2025 and 2024

Investments

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . 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
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pool

CSAFE

At December 31, 2025 and 2024, the District had invested \$1,712,591 and \$1,639,838, respectively in Colorado Surplus Asset Fund Trust (the Trust). The Trust offers funds in two portfolios, CSAFE Cash (CSAFE) and CSAFE Colorado Core (CORE). As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust invests in securities that are specified by the Colorado Revised Statutes (24-75-601). CSAFE authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. CSAFE is rated AAmmf by the Fitch Ratings. There are no unfunded commitments; the redemption frequency is daily and there is no redemption notice period. At December 31, 2025 and 2024, the District had invested \$576,417 and \$552,280, respectively in CSAFE. CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed. CORE operates similarly to a money market fund and each share is equal in value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2025 and 2024, the District had invested \$1,136,174 and \$1,087,558, respectively in CORE.

Note 3 –Net position

The District's net position may consist of three components – net investment in capital assets, restricted, and unrestricted. The District has no investment in capital assets.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2025 and 2024

Restricted position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has \$7,200 and \$7,800 reserved for emergencies (Note 5) as of December 31, 2025 and 2024, respectively.

The District's unrestricted net position as of December 31, 2025 and 2024 was \$1,712,045 and \$1,591,457, respectively.

Note 4 – Agreements

The District entered into a Memorandum of Understanding for the Receipt and Distribution of Colorado Water Conservation Board Colorado Water Plan Grant for Jones Ponds Project in Grand County ("MOU") with the Board of County Commissioners of the County of Grand, State of Colorado ("Grand County") and the Grand County Treasurer ("the Escrow Agent") on June 10, 2025. The MOU is contingent upon the Grant Funds for the Project being made available from the Colorado Water Conservation Board ("the CWCB"). If the CWCB fails or declines to award the Grant Funds for any reason, this MOU shall be void and have no further force or effect. Grand County agrees to hold and disburse the Grant Funds as financial agent for the District in accordance with this MOU. The District will receive and review invoices for the Project and then will forward to Grand County for payment. The District's contract manager will review any proposed contracts for the Project and verify that the cost is reasonable at which point in time Grand County shall authorize the payment of the amount of the contract from the designated Grant Funds. The District agrees to pay Grand County for its costs incurred as a result of acting as financial agent for the District in accordance with this MOU.

Note 5 – Tax, spending and debt limitation

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

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 many of the provisions of TABOR.

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

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 the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District has reserved \$7,200 at December 31, 2025 and \$7,800 at December 31, 2024.

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

Middle Park Water Conservancy District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2025 and 2024**

Note 6 – Risk Management

The District is exposed to various risks of losses related to torts, theft of assets, errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

Note 7 – Subsequent Events

Management has evaluated subsequent events through March xx, 2025, the date the financial statements were available to be issued.

Note 8 – Financial Statement Restatement

Fiscal year 2024 financial statements have been restated due to the correction of an error related to revenue recognition of water sales that were received in advance of the year of service. As a result of this correction unearned revenue has been included on the Statements of Net Position in the amount of \$221,716 and water sales and other service revenue was reduced by \$39,346 during the year ended December 31, 2024. The net effect of this correction was a decrease of \$182,370 to the net position – beginning of year for 2024 of \$221,716.

The restated net position – beginning of year for the year ended December 31, 2024 is as follows:

Net Position - Beginning of Year January 1, 2024 (as previously reported)	\$	1,671,671
Unearned Revenue addition in 2024		(221,716)
Decrease in water sales and other service revenue		<u>39,346</u>
Net Position - Beginning of Year January 1, 2024 (as restated)	\$	<u><u>1,489,301</u></u>

SUPPLEMENTAL INFORMATION

Middle Park Water Conservancy District

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET BASIS
BUDGET AND ACTUAL**

For the year ended December 31, 2025

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
General property taxes	\$ 170,344	\$ 165,758	\$ (4,586)
Specific ownership taxes	7,900	7,450	(450)
Interest earnings	25,228	73,057	47,829
Reimbursed expenses	-	10,408	10,408
Water sales and other service revenue	271,308	245,513	(25,795)
Total revenues	<u>474,780</u>	<u>502,186</u>	<u>27,406</u>
EXPENDITURES			
Insurance, director expenses and travel	25,000	48,729	(23,729)
Counsel fees and operating expenses	335,800	223,447	112,353
Engineering expenses	140,000	88,999	51,001
Dues	10,000	7,280	2,720
Audit	5,350	5,350	-
Treasurers fees	8,517	8,393	124
Capital outlay, emergency and contingency	1,556,145	-	1,556,145
Shoshone permanency	100,000	-	100,000
Reserves	11,992	-	11,992
Total expenditures	<u>2,192,804</u>	<u>382,198</u>	<u>1,810,606</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,718,024)</u>	<u>119,988</u>	<u>1,838,012</u>
FUND BALANCE - Beginning of year	<u>1,718,024</u>	<u>1,599,257</u>	<u>(118,767)</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ 1,719,245</u>	<u>\$ 1,719,245</u>