Eagle River Water and Sanitation District
Vail, Colorado

Financial Statements
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eagle River Water and Sanitation District
Vail, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Eagle River Water and Sanitation District (the "District"), as of and for the year ended December 31, 2025, 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 business-type activities of Eagle River Water and Sanitation District, as of December 31, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Eagle River Water and Sanitation 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

The Eagle River Water and Sanitation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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 U.S. 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 U.S. 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 in Section B 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.

To the Board of Directors
Eagle River Water and Sanitation District
Vail, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle River Water and Sanitation District's basic financial statements. The budgetary comparisons and debt service schedules in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons and the schedules of Debt Service requirements to Maturity are 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. Such 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the statistical information in Section F but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 2, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAGLE RIVER
WATER & SANITATION
DISTRICT

The discussion and analysis is designed to provide an analysis of Eagle River Water and Sanitation District's (the "District") financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

Financial Highlights

In 2025, overall net position increased by $7,916,315. As part of the long-term capital improvement program, the District spent cash on capital assets of $14,738,550 (capital outlay). In addition, the District's capital and SBITA assets were depreciated and amortized $12,340,404.

The District's 2025 financial activity generated a decrease of $1,218,520 in net position on a budgetary basis. In accordance with Generally Accepted Accounting Principles (GAAP), $12,340,404 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The District reconciliation from budgetary basis to GAAP basis, which includes depreciation expense, can be found on page E3 of the financial statements. The net result was that net position increased by $7,916,315 for 2025, compared to a $4,503,079 increase in 2024.

In 2025, total revenues were $60,150,212, which was an increase of $6,619,226 over 2024 levels. Service fees revenue increased $2,834,898. This was a result of increases in water usage and service rates. Operating revenue increased $3,861,639, primarily due to the increase in service fee revenues along with an increase in contract services provided. Additional details can be found on page E1 – E3 of the financial statements.

In 2025, total expenses were $52,233,897, which was an increase of $3,205,990 over 2024 levels. The increase was largely attributable to the higher expenses associated with personnel services and increased depreciation. Additional details can be found on page E1 – E3 of the financial statements.

The water service rate structure is designed to encourage wise use of water and is based upon the customer's Single-Family Equivalents (SFE) usage. Water service rates in 2025 were increased from 2024 rates. The water service base rate is $23.44 per SFE. The usage rates for tier one (0 to 5,999 gallons) is $3.70 per 1,000 gallons. The usage rates for tier two (6,000 to 11,999 gallons), tier three (12,000 to 17,999 gallons), tier four (18,000 to 23,999 gallons) and tier five (24,000 and over) are $6.92, $13.68, $21.36 and $30.18 per 1,000 gallons, respectively. The Capital Replacement Program fee is $7.93 per month per SFE for Water and $5.63 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds, 2020 Wastewater bonds, 2023 Wastewater bonds, and 2024 Water bonds. For 2025 the bond rates were established at $2.75, $6.85, $2.21, $10.19, $8.91, and $8.49 per month per SFE, respectively.

Water service rates in 2024 were increased from 2023 rates. The water service base rate was $22.76 per SFE. The usage rate for tier one (0 to 5,999 gallons) was $3.70 per 1,000 gallons. The usage rates for tier two (6,000 to 11,999 gallons), tier three (12,000 to 17,999 gallons), tier four (18,000 to 23,999 gallons), and tier five (24,000 and over) were $6.72, $13.28, $20.15 and $28.21 per 1,000 gallons, respectively. The Capital Replacement Program fee was $7.70 per month per SFE for Water and $5.47 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds, 2020 Wastewater bonds, and 2023 Wastewater bonds. For 2024 the bond rates were established at $2.75, $6.37, $2.28, $10.19, and $6.91 per month per SFE, respectively.

Overview of the Financial Statements

The financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services.

The *Statements of Net Position* present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the District's cash flows from operating, capital and related financing, and investing activities.

These financial statements distinguish functions of the District that will be principally supported by service charges and taxes. The functions of the District include effective and economical operation of water and wastewater sanitation systems within the jurisdictional boundaries of the District. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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NET POSITION

	2025			2024		
	Water	**Sanitation**	**Total**	**Water**	**Sanitation**	**Total**
Assets:						
Current and other assets	27,954,116	68,948,019	96,902,135	27,966,371	63,790,431	91,756,802
Capital assets, net	40,362,667	187,358,218	227,720,885	38,846,131	185,875,216	224,721,347
Total Assets	68,316,783	256,306,237	324,623,020	66,812,502	249,665,647	316,478,149
Deferred Outflows of Resources:						
Deferred charge on refunding	712,080	-	712,080	783,571	-	783,571
Total Deferred Outflows of Resources	712,080	-	712,080	783,571	-	783,571
Liabilities						
Other liabilities	1,036,767	4,510,657	5,547,424	546,828	5,255,909	5,802,737
Long-term liabilities	30,740,988	138,427,028	169,168,016	32,713,336	142,449,940	175,163,276
Total Liabilities	31,777,755	142,937,685	174,715,440	33,260,164	147,705,849	180,966,013
Deferred Inflows of Resources:						
Unavailable property tax revenue	1,426,657	8,579,443	10,006,100	1,395,484	2,202,978	3,598,462
Total Deferred Inflows of Resources	1,426,657	8,579,443	10,006,100	1,395,484	2,202,978	3,598,462
Net Position:						
Net investment in capital assets	20,457,841	55,164,171	75,622,012	20,261,507	58,707,803	78,969,310
Restricted:						
Debt	730,683	600,000	1,330,683	730,683	600,000	1,330,683
Capital projects	9,447,472	4,938,159	14,385,631	12,374,211	13,466,813	25,841,024
Unrestricted	5,188,455	44,086,779	49,275,234	(425,976)	26,982,204	26,556,228
Total Net Position	35,824,451	104,789,109	140,613,560	32,940,425	99,756,820	132,697,245

As noted earlier, net position may serve, over time, as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by $35,824,451 and $104,789,109 for water and sanitation, respectively, as of December 31, 2025 and $32,940,425 and $99,756,820 for water and sanitation, respectively, as of December 31, 2024.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, excluding unspent bond proceeds. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION (continued)

During 2025, overall net position increased $7,916,315. Overall assets increased $8,144,871.

As of December 31, 2025, total net capital assets are $227,720,885, which is an increase of $2,999,538 from the 2024 amount of $224,721,347. The change in net capital assets of $2,999,538 is net of the current year additions, deletions, and depreciation. Capital asset details can be found on pages D13 – D14.

During 2025, total liabilities decreased $6,250,573. The decrease in total liabilities is related to ongoing payments of existing debt.

During 2024, overall net position increased $4,503,079. In 2024, overall assets increased $12,705,342.

Capital asset additions in 2024, net of deletions and depreciation expense, were $694,709. This increase is part of the District's long term capital improvement program.

During 2024, total liabilities increased $8,144,188. The increase in liabilities is related to debt issuances.

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REVIEW OF REVENUES

	2025			2024		
	Water	Sanitation	Total	Water	Sanitation	Total
Revenues:						
Operating revenues:						
Service fees	10,734,796	25,929,600	36,664,396	9,192,235	24,637,263	33,829,498
Contract services	-	9,956,862	9,956,862	-	9,176,798	9,176,798
Meter sales and rentals	-	1,803,529	1,803,529	-	1,667,454	1,667,454
Other	308,565	953,907	1,262,472	432,393	719,477	1,151,870
Non-operating revenues:						
Property taxes	1,396,383	2,210,588	3,606,971	1,402,025	2,226,926	3,628,951
Specific ownership taxes	75,002	104,038	179,040	80,861	112,997	193,858
Investment income	696,797	2,771,954	3,468,751	300,132	1,809,218	2,109,350
Other	38,259	922,911	961,170	41,074	206,104	247,178
Capital contributions:						
Impact fees	91,769	830,348	922,117	140,902	451,767	592,669
Contributed assets	211,199	859,685	1,070,884	328,860	368,049	696,909
Other	254,020	-	254,020	236,451	-	236,451
Total Revenues	13,806,790	46,343,422	60,150,212	12,154,933	41,376,053	53,530,986

In 2025, total revenues were $60,150,212, which is an increase of $6,619,226 over 2024 revenues of $53,530,986. This increase was primarily driven by higher operating revenues, significantly higher investment income, and an increase in capital contributions.

Service fee revenue increased $2,834,898 in 2025, reflecting the new debt service fee associated with the District's 2024 Water Revenue Bond and approved rate increases. Overall operating revenue increased $3,861,639 in 2025, resulting from both higher service fees and an increase in contract services provided.

Investment income also increased substantially in 2025, contributing to the overall revenue growth, and capital contributions were modestly higher than in 2024.

In 2024, total revenues were $53,530,986, which is an increase of $99,966 over 2023 levels.

Service fee revenue in 2024 increased $4,554,740. This was a result of increased fees. Overall operating revenue increased $5,548,987. This was a result of an increase in contract services provided and increased service fees.

REVIEW OF EXPENSES

	2025			2024		
	Water	**Sanitation**	**Total**	**Water**	**Sanitation**	**Total**
Expenses:						
Operating Expenses:						
Maintenance	1,644,522	4,398,064	6,042,586	1,170,920	3,605,584	4,776,504
Water operations	3,339,953	1,819,226	5,159,179	3,177,526	1,696,851	4,874,377
Utility services	785,685	1,625,212	2,410,897	492,627	1,826,190	2,318,817
Wastewater treatment	-	12,533,635	12,533,635	-	11,015,201	11,015,201
Engineering	485,764	1,935,233	2,420,997	539,745	1,973,713	2,513,458
Laboratory	212,020	789,964	1,001,984	197,318	789,273	986,591
Employee housing	-	564,065	564,065	-	507,236	507,236
General and administrative	3,229,398	12,939,631	16,169,029	3,671,819	12,645,521	16,317,340
Non-operating expenses:						
Interest expense	1,183,472	4,640,006	5,823,478	670,221	4,728,470	5,398,691
Bond issuance costs	-	-	-	210,710	-	210,710
Treasurer's fees	41,950	66,097	108,047	42,105	66,877	108,982
Total Expenses	10,922,764	41,311,133	52,233,897	10,172,991	38,854,916	49,027,907
Change in Net Position	2,884,026	5,032,289	7,916,315	1,981,942	2,521,137	4,503,079
Net Position - Beginning of Year	32,940,425	99,756,820	132,697,245	30,958,483	97,235,683	128,194,166
Net Position - End of Year	35,824,451	104,789,109	140,613,560	32,940,425	99,756,820	132,697,245

In 2025, total expenses were $52,233,897, which was an increase of $3,205,990 over 2024 expenses of $49,027,907.

Operating expenses increased $2,992,848 in 2025. The increase was largely attributable to the higher expenses associated with personnel costs and increased depreciation expense.

In 2024, total expenses were $49,027,907, which was an increase of $4,986,125 over 2023 levels.

Operating expenses increased $5,137,919 in 2024. The increase was largely attributable to the higher expenses associated with personnel costs, utility services, and engineering costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's total capital assets at December 31, 2025 and 2024 amounted to $227,720,885 and $224,721,347 (net of accumulated depreciation), respectively. Capital assets include land and easements, water rights, treatment plants, distribution systems, employee housing, computers, equipment and vehicles. Capital assets are shown on the Statement of Net Position at the cost on the day of acquisition.

Most of the water and storage rights currently used by the District were provided by previous government water providers at no cost to the District. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the District's Statement of Net Position at historic cost, totaling $1,496,416. This cost represents mostly legal expenditures to establish the District's ability to use these rights to provide water to its customers and some additional acquisitions of new rights. Also in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of $3,453,442.

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CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Management of the District believes the actual value of these water and storage rights used by the District to be much greater than historical cost at December 31, 2025. The change in capital assets in 2025 is as follows:

	Water			
	1/1/25 Beginning Balance	Additions	Retirements	12/31/25 Ending Balance
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	3,791,625	3,545,108	(655,543)	6,681,190
Total capital assets, not being depreciated	5,288,041	3,545,108	(655,543)	8,177,606
Capital assets, being depreciated:				
Treatment plants	4,755,777	-	-	4,755,777
Distribution systems	59,408,510	567,981	-	59,976,491
Computers, equipment and vehicles	4,322,678	298,678	(61,269)	4,560,087
Intangible subscription assets	286,116	-	-	286,116
Total capital assets being depreciated	68,773,081	866,659	(61,269)	69,578,471
Less accumulated depreciation for				
Treatment plants	(3,110,852)	(169,686)	-	(3,280,538)
Distribution systems	(29,175,771)	(1,665,144)	-	(30,840,915)
Computers, equipment and vehicles	(2,776,049)	(303,798)	47,897	(3,031,950)
Intangible subscription assets	(152,319)	(87,688)	-	(240,007)
Total accumulated depreciation	(35,214,991)	(2,226,316)	47,897	(37,393,410)
Total capital assets being depreciated, net	33,558,090	(1,359,657)	(13,372)	32,185,061
Total capital assets, net	38,846,131	2,185,451	(668,915)	40,362,667

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

	Sanitation			
	1/1/25 Beginning Balance	Additions	Retirements	12/31/25 Ending Balance
Capital assets, not being depreciated:				
Land and easements	3,553,680	-	-	3,553,680
Construction in progress	13,512,200	11,193,611	(15,246,644)	9,459,167
Total capital assets, not being depreciated	17,065,880	11,193,611	(15,246,644)	13,012,847
Capital assets, being depreciated:				
Treatment plants	188,429,731	12,519,319	-	200,949,050
Distribution systems	76,566,857	1,546,892	-	78,113,749
Computers, equipment and vehicles	13,069,228	1,194,715	(245,076)	14,018,867
Employee housing	21,621,893	845,315	(571,021)	21,896,187
Intangible subscription assets	1,144,464	-	-	1,144,464
Total capital assets being depreciated	300,832,173	16,106,241	(816,097)	316,122,317
Less accumulated depreciation for				
Treatment plants	(83,024,180)	(5,912,233)	-	(88,936,413)
Distribution systems	(35,551,351)	(1,957,379)	-	(37,508,730)
Computers, equipment and vehicles	(8,204,405)	(1,215,196)	191,589	(9,228,012)
Employee housing	(4,633,623)	(678,532)	168,390	(5,143,765)
Intangible subscription assets	(609,278)	(350,748)	-	(960,026)
Total accumulated depreciation	(132,022,837)	(10,114,088)	359,979	(141,776,946)
Total capital assets being depreciated, net	168,809,336	5,992,153	(456,118)	174,345,371
Total capital assets, net	185,875,216	17,185,764	(15,702,762)	187,358,218

Additional information on the District's capital assets can be found on pages D13 –D14 in Note III in the Notes to Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-term Debt

At December 31, 2025, the District's loan payable for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had $352,902 outstanding. The Water General Obligation Bonds issued in 2012 for water system improvements had an outstanding balance at December 31, 2025 of $2,705,000. The 2017 Water Revenue Refunding Bonds, 2019 Water Revenue Bonds, and 2024 Water Revenue Bonds had outstanding principal of $25,150,000. The 2017 Wastewater Revenue Refunding Bonds, 2020 Wastewater Revenue Bonds and Revenue Refunding Bonds, and 2023 Wastewater Revenue Bonds had principal outstanding of $109,465,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of $18,185,000. Other changes in debt in the current year are representative of scheduled reductions on long term obligations.

Additional detail on debt is in Note III in the Notes to Financial Statements.

BUDGET VARIANCES AND FUTURE CONSIDERATIONS

Budget Variances

In 2025, budgeted revenues were $55,398,776. Revenues came in over budget expectations by $3,872,016. The variance is mostly due to conservative budgeting. The expenditure original budget was $68,094,473. Actual expenditures of $60,489,312 were $7,605,161 under budget, mainly due to multi-year capital project spending projects being carried forward.

A detailed comparison of actual results to budgeted amounts, presented on a budgetary basis, can be found on pages E1-E3 in the Required Supplementary Information section.

2026 Budget Considerations

The District will continue to promote wise use of water and support a comprehensive water conservation program. Additionally, the District will explore opportunities to develop or acquire new water resources.

In 2026, the approved revenue budget is $145,535,199 and the approved expenditure budget is $77,150,743, including $31,860,704 of new capital additions.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Jim Cannava, Finance Manager, Eagle River Water and Sanitation District, 846 Forest Road, Vail, Colorado 81657.

BASIC FINANCIAL STATEMENTS

Eagle River Water and Sanitation District
Statement of Net Position
December 31, 2025
(With Comparative Totals for 2024)

	2025			2024
	Water	Sanitation	Total	Total
Assets:				
Current Assets:				
Cash and cash equivalents - Unrestricted	3,770,468	14,029,973	17,800,441	17,264,601
Cash and cash equivalents - Restricted	730,683	600,000	1,330,683	1,330,683
Investments - Unrestricted	6,360,988	33,067,088	39,428,076	29,677,628
Investments - Restricted	9,447,472	4,938,159	14,385,631	25,841,024
Receivables, net of allowance for uncollectibles:				
Service	912,921	3,651,684	4,564,605	4,591,615
Property taxes	1,426,657	8,579,443	10,006,100	3,598,462
Current portion of notes receivable	-	26,976	26,976	55,087
Interest	96,213	384,850	481,063	483,189
Other	36,439	120,946	157,385	1,564,793
Inventory	1,361,782	1,196,198	2,557,980	1,997,696
Prepaid expenses	185,172	740,687	925,859	354,327
Total Current Assets	24,328,795	67,336,004	91,664,799	86,759,105
Non-current Assets:				
Other Assets:				
Notes receivable - Due in more than one year	-	1,172,503	1,172,503	880,528
Patronage dividend receivable	146,504	439,512	586,016	571,952
Other receivables	179,909	-	179,909	246,309
Investment in Eagle Park Reservoir Company	3,298,908	-	3,298,908	3,298,908
Total Other Assets	3,625,321	1,612,015	5,237,336	4,997,697
Capital Assets:				
Land and easements	-	3,553,680	3,553,680	3,553,680
Water rights	1,496,416	-	1,496,416	1,496,416
Construction in progress	6,681,190	9,459,167	16,140,357	17,303,825
Treatment plants	4,755,777	200,949,050	205,704,827	193,185,508
Distribution systems	59,976,491	78,113,749	138,090,240	135,975,367
Computers, equipment, and vehicles	4,560,087	14,018,867	18,578,954	17,391,906
Employee housing	-	21,896,187	21,896,187	21,621,893
Intangible subscription assets	286,116	1,144,464	1,430,580	1,430,580
Less: Accumulated depreciation	(37,393,410)	(141,776,946)	(179,170,356)	(167,237,828)
Total Capital Assets	40,362,667	187,358,218	227,720,885	224,721,347
Total Non-current Assets	43,987,988	188,970,233	232,958,221	229,719,044
Total Assets	68,316,783	256,306,237	324,623,020	316,478,149
Deferred Outflows of Resources:				
Deferred charge on refunding	712,080	-	712,080	783,571
Total Deferred Outflows of Resources	712,080	-	712,080	783,571
Total Assets and Deferred Outflows of Resources	69,028,863	256,306,237	325,335,100	317,261,720

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

Eagle River Water and Sanitation District
Statement of Net Position
December 31, 2025
(With Comparative Totals for 2024)
(Continued)

	2025			2024
	Water	Sanitation	Total	Total
Liabilities:				
Current Liabilities:				
Accounts payable	908,524	3,878,990	4,787,514	2,366,905
Service fees payable	-	14,743	14,743	2,669,323
Accrued payroll and related liabilities	16,379	65,517	81,896	95,535
Interest payable	104,212	412,267	516,479	590,072
Compensated absences - Due within one year	64,741	258,964	323,705	-
Loans, bonds and SBITA's payable - Due within one year	1,866,358	3,454,632	5,320,990	5,422,230
Deposits	7,652	139,140	146,792	80,902
Total Current Liabilities	2,967,866	8,224,253	11,192,119	11,224,967
Non-current Liabilities:				
Compensated absences - Due in more than one year	258,964	1,035,857	1,294,821	1,626,651
Loans, bonds and SBITA's payable - Due in more than one year	28,550,925	133,677,575	162,228,500	168,114,395
Total Non-current Liabilities	28,809,889	134,713,432	163,523,321	169,741,046
Total Liabilities	31,777,755	142,937,685	174,715,440	180,966,013
Deferred Inflows of Resources:				
Unavailable property tax revenue	1,426,657	8,579,443	10,006,100	3,598,462
Total Deferred Inflows of Resources	1,426,657	8,579,443	10,006,100	3,598,462
Net Position:				
Net investment in capital assets	20,457,841	55,164,171	75,622,012	78,969,310
Restricted for:				
Debt	730,683	600,000	1,330,683	1,330,683
Capital projects	9,447,472	4,938,159	14,385,631	25,841,024
Unrestricted	5,188,455	44,086,779	49,275,234	26,556,228
Total Net Position	35,824,451	104,789,109	140,613,560	132,697,245

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

Eagle River Water and Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025			2024
	Water	**Sanitation**	**Total**	**Total**
Operating Revenues:				
Service fees	10,734,796	25,929,600	36,664,396	33,829,498
Contract services	-	9,956,862	9,956,862	9,176,798
Meter sales and rental income	-	1,803,529	1,803,529	1,667,454
Other charges for services	308,565	953,907	1,262,472	1,151,870
Total Operating Revenues	11,043,361	38,643,898	49,687,259	45,825,620
Operating Expenses:				
Maintenance	1,644,522	4,398,064	6,042,586	4,776,504
Water operations	3,339,953	1,819,226	5,159,179	4,874,377
Utility services	785,685	1,625,212	2,410,897	2,318,817
Wastewater treatment	-	12,533,635	12,533,635	11,015,201
Engineering	485,764	1,935,233	2,420,997	2,513,458
Laboratory	212,020	789,964	1,001,984	986,591
Employee housing	-	564,065	564,065	507,236
General and administrative	3,229,398	12,939,631	16,169,029	16,317,340
Total Operating Expenses	9,697,342	36,605,030	46,302,372	43,309,524
Operating Income (Loss)	1,346,019	2,038,868	3,384,887	2,516,096
Non-operating Revenues (Expenses):				
Property taxes	1,396,383	2,210,588	3,606,971	3,628,951
Specific ownership taxes	75,002	104,038	179,040	193,858
Investment income	696,797	2,771,954	3,468,751	2,109,350
Gain (loss) on disposal of capital assets	(922)	779,598	778,676	93,000
Other non-operating revenues	39,181	143,313	182,494	154,178
Interest expense, net of premium amortization	(1,183,472)	(4,640,006)	(5,823,478)	(5,398,691)
Treasurer's fees	(41,950)	(66,097)	(108,047)	(108,982)
Bond issuance costs	-	-	-	(210,710)
Total Non-operating Revenues (Expenses)	981,019	1,303,388	2,284,407	460,954
Income (Loss) Before Capital Contributions	2,327,038	3,342,256	5,669,294	2,977,050
Capital Contributions:				
Impact fees	91,769	830,348	922,117	592,669
Contributed assets - physical assets	211,199	859,685	1,070,884	696,909
Contributed assets - cash	254,020	-	254,020	236,451
Total Capital Contributions	556,988	1,690,033	2,247,021	1,526,029
Change in Net Position	2,884,026	5,032,289	7,916,315	4,503,079
Net Position - Beginning of Year	32,940,425	99,756,820	132,697,245	128,194,166
Net Position - End of Year	35,824,451	104,789,109	140,613,560	132,697,245

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

Eagle River Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended 2024)

	2025			2024
	Water	**Sanitation**	**Total**	**Total**
Cash Flows From Operating Activities:				
Cash received from customers and others	11,284,710	39,903,367	51,188,077	48,072,324
Cash payments for goods and services	(3,682,734)	(10,544,996)	(14,227,730)	(14,458,805)
Cash payments to employees and for benefits	(3,857,085)	(17,976,245)	(21,833,330)	(19,022,597)
Net Cash Provided (Used) by Operating Activities	3,744,891	11,382,126	15,127,017	14,590,922
Cash Flows From Non-capital Financing Activities:				
Property taxes levied for operations, net	633,604	812,119	1,445,723	1,454,182
Specific ownership taxes received	35,086	39,399	74,485	80,619
Patronage dividend received	9,896	29,687	39,583	39,264
Other cash receipts	25,769	103,078	128,847	101,553
Net Cash Provided (Used) by Non-capital Financing Activities	704,355	984,283	1,688,638	1,675,618
Cash Flows From Capital and Related Financing Activities:				
Proceeds from bond issuance, including premium	-	-	-	15,210,710
Property taxes levied for debt service, net	720,829	1,332,372	2,053,201	2,065,788
Specific ownership taxes received	39,916	64,639	104,555	113,239
Cash received from impact fees	91,769	830,348	922,117	592,669
Proceeds from sale of capital assets	12,451	1,235,716	1,248,167	569,688
Cash received (paid) related to capital asset deposit	7,652	58,238	65,890	(4,516)
Fees in lieu of water and sewer lines	254,020	-	254,020	236,451
Cash paid for principal on debt	(1,705,690)	(3,240,000)	(4,945,690)	(4,512,217)
Cash paid for interest on debt	(1,347,411)	(5,043,074)	(6,390,485)	(5,752,197)
Cash paid for debt issuance costs	-	-	-	(210,710)
Cash paid for capital acquisitions	(3,388,230)	(11,115,318)	(14,503,548)	(12,531,202)
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,314,694)	(15,877,079)	(21,191,773)	(4,222,297)
Cash Flows From Investing Activities:				
Interest and investment income received	570,636	2,080,343	2,650,979	1,648,169
Proceeds from sales and maturities of investments	9,844,320	28,854,188	38,698,508	44,117,110
Principal received on notes receivable	-	60,136	60,136	50,000
Purchase of investments	(9,186,083)	(26,987,582)	(36,173,665)	(49,798,049)
Issuance of notes receivable	-	(324,000)	(324,000)	(245,000)
Net Cash Provided (Used) by Investing Activities	1,228,873	3,683,085	4,911,958	(4,227,770)
Net Increase (Decrease) in Cash and Cash Equivalents	363,425	172,415	535,840	7,816,473
Cash and Cash Equivalents - Beginning of Year	4,137,726	14,457,558	18,595,284	10,778,811
Cash and Cash Equivalents - End of Year	4,501,151	14,629,973	19,131,124	18,595,284
Represented by Balance Sheet captions:				
Cash and cash equivalents - Unrestricted	3,770,468	14,029,973	17,800,441	17,264,601
Cash and cash equivalents - Restricted	730,683	600,000	1,330,683	1,330,683
Cash and Cash Equivalents - End of Year	4,501,151	14,629,973	19,131,124	18,595,284

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

Eagle River Water and Sanitation District
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended 2024)
(Continued)

	2025			2024
	Water	**Sanitation**	**Total**	**Total**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	1,346,019	2,038,868	3,384,887	2,516,096
Adjustments:				
Depreciation and amortization	2,226,316	10,114,088	12,340,404	11,650,636
Principal payments on subscription assets	(95,308)	(381,232)	(476,540)	(335,310)
(Increase) decrease in accounts receivable	241,349	1,259,469	1,500,818	2,246,704
(Increase) decrease in inventory	(242,389)	(317,895)	(560,284)	(533,475)
(Increase) decrease in prepaid expenses	(120,667)	(450,865)	(571,532)	429,678
Increase (decrease) in accounts payable	393,924	1,791,684	2,185,608	(2,094,312)
Increase (decrease) in service fees payable	-	(2,654,580)	(2,654,580)	(142,481)
Increase (decrease) in payroll liabilities	(2,728)	(10,911)	(13,639)	21,575
Increase (decrease) in accrued compensated absences	(1,625)	(6,500)	(8,125)	831,811
Total Adjustments	2,398,872	9,343,258	11,742,130	12,074,826
Net Cash Provided (Used) by Operating Activities	3,744,891	11,382,126	15,127,017	14,590,922
Non-cash Investing, Capital, and Financing Activities:				
Contribution of capital assets from developers	211,199	859,685	1,070,884	696,909
Unrealized gain (loss) on investments	152,416	263,632	416,048	(43,797)
Total non-cash Investing, Capital and Financing Activities:	363,615	1,123,317	1,486,932	653,112

NOTES TO THE FINANCIAL STATEMENTS

EAGLE RIVER
WATER & SANITATION
DISTRICT

I. Summary of Significant Accounting Policies

Eagle River Water and Sanitation District (the "District") was formed July 1, 1996, pursuant to an agreement to consolidate the sanitation functions of the Upper Eagle Valley Consolidated Sanitation District and the water service functions of the Vail Valley Consolidated Water District, both of which are located in Eagle County, Colorado. The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established to ensure a more effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District. Seven elected board members govern the District.

The 1996 consolidation of Upper Eagle Valley Consolidated Sanitation District and Vail Valley Consolidated Water District was accomplished pursuant to Colorado law which specifically provides that a separate ad valorem tax be levied against the area comprising the consolidating districts which, together with any other special rates, tolls, fees or charges for service within the consolidating District area, will be sufficient to pay the principal and interest on the consolidating Districts' outstanding bonds.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Based upon these criteria, the District is not a component unit of any other government. The District has three blended component units and while they are legally separate entities they are in substance part of the District's operations:

Eagle River Water and Sanitation District Water Subdistrict - The Eagle River Water and Sanitation District Water Subdistrict (the "Water Subdistrict") was incorporated in 2002 and formed for the purpose of creating a separate taxing district pursuant to the Special District Act. The boundaries of the Subdistrict are generally identical to the boundaries of the Town, but include some properties which are not within the Town. The Subdistrict issued bonds in 2002, 2004, 2009, 2011, and 2012 for the construction of various facilities. The financial data of the Subdistrict is reported as part of the primary government because it is fiscally dependent upon the District and provides financing solely to the District. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Water Fund.

Wolcott Water and Sewer Subdistrict – During 2013, the District incorporated the Wolcott Water and Sewer Subdistrict (the "Wolcott Subdistrict") for the purpose of creating a separate taxing district pursuant to the Special District Act near the town of Wolcott, Colorado. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Bighorn Terrace Sewer Subdistrict – During 2018, the District incorporated the Bighorn Terrace Sewer Subdistrict (the "Bighorn Terrace Subdistrict") for the purpose of creating a separate taxing district pursuant to the Special District Act. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

B. Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its activities, providing water and wastewater treatment services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating 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's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise 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 non-operating revenues and expenses.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies

1. Cash, Cash Equivalents and Investments

For purposes of the Statements of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid with maturities of three months or less when purchased to be cash equivalents.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy is detailed at note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of $24,285 had been established at December 31, 2025 to estimate uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

4. Inventory

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

5. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2025 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

6. Capital Assets

Capital assets, which include land and easements, water rights, construction in progress, treatment plants, distribution systems, computers, equipment, vehicles, and employee housing, are reported in the financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of water rights includes 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 depreciated. All other costs, including costs incurred for the protection of those rights, are expensed.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

6. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Treatment plants, distribution systems, computers, equipment, SBITA assets, vehicles, and employee housing are depreciated or amortized using the straight-line method over the following estimated useful lives or length of the lease:

Assets	Years
Treatment plants	5 - 40
Distribution systems	5 - 40
Computers, equipment, and vehicles	2 - 10
Employee housing	40

7. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

8. Compensated Absences

The District allows employees to accrue paid time off at different rates based upon length of service. The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

9. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the respective debt using a combination of the effective-interest and straight-line methods. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. The deferred cost on bond refunding is being amortized over the lesser of the life of the new bond or the remaining life of the refunded bonds using the straight-line method which approximates the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

10. Leases

Lessee – The District, from time to time, enters under multi-year lease agreements. At inception, the District recognizes a lease liability and an intangible right-to-use lease asset. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental rate of borrowing.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

11. Subscription-Based Information Technology Arrangements

The District is party to a noncancellable right-of-use subscription asset. The District recognizes a subscription liability and an intangible right-to-use subscription asset.

At the commencement of a lease, the District initially measures the subscription liability at the present value of payments expected to be made during the term.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

11. Subscription-Based Information Technology Arrangements (continued)

Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the vendor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the vendor is not provided, the District uses its incremental rate of borrowing.

Term: The subscription term includes the noncancellable period of the agreement and extended term(s) that the District is reasonably certain to exercise.

Payments: Subscription payments included in the measurement of the subscription liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

12. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

14. Restricted and Unrestricted Resources

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.

15. Comparative Data

The financial statements include certain prior year comparative information in total, but not by segment. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2024, from which comparative totals were derived.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2025.

1. For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.

2. The District submitted, on or before October 15, 2024, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

3. Prior to December 15, 2024, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from state and local governments, are excluded from the provisions of TABOR. The District’s management believes its operations qualify for this exclusion.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to $250,000 for all accounts. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amounts of the District's petty cash, demand deposits and investments were $72,944,831 as of December 31, 2025.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2025, the District had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investments Measured at Fair Value	**Total**	**Level 1**	**Level 2**	**Level 3**
United States Treasury notes	40,827,129	40,827,129	-	-
Federal agency securities	5,253,360	-	5,253,360	-
Corporate bonds	7,733,218	7,733,218	-	-

Investments Measured at Net Asset Value	**Total**
Colotrust	14,742,400

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies: quoted prices for identical securities in markets that are not active

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pools is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. The investment policy also limits types of investments to specific maturity dates. Finally, the policy requires the District, at all times, to maintain 10% of its total investment portfolio in instruments maturing in 120 days or less.

Credit Risk. Colorado statutes and the District investment policy specify instruments in which local governments may invest, including:

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District's investment policy has further restricted the investment of District funds to U.S. Treasury obligations, Federal agency securities, commercial paper, U. S. Corporate securities, eligible banker's acceptances, written repurchase agreements collateralized by certain authorized securities, local government investment pools, time certificates of deposit, and certain money market funds. The District's investment policy requires all investments to be highly rated by nationally recognized statistical rating agencies as follows:

	Required Ratings
Federal agency securities	AAA
Commercial paper	A-1
United States Treasury notes	AAA
Eligible bankers acceptances	A-1
Local government investment pools	AAAm
Money market mutual funds	AAAm

In addition, the District's investment policy requires that approved counterparties to repurchase agreements have at least a short-term debt rating of A-1 and a long-term debt rating of A.

At December 31, 2025, unrealized gains were $416,048, which reflects changes in the fair market value of investments. At December 31, 2025, the District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
Deposits:				
Checking	Not rated	1,498,178	1,498,178	-
Money market	Not rated	2,890,546	2,890,546	-
Investments:				
Investment pools	AAAm	14,742,400	14,742,400	-
Corporate bonds	AA+/A-/AAA	7,733,218	5,064,392	2,668,826
United States Treasury notes	AA+	40,827,129	15,703,676	25,123,453
Federal agency securities	AA+	5,253,360	2,599,302	2,654,058
Total		72,944,831	42,498,494	30,446,337

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk. The District's investment policy requires its portfolio to be adequately diversified to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The District may invest to the following maximum limits:

	Maximum Percentage
U.S. Treasury obligations	100%
Federal agency securities	100%
Repurchase agreements	100%
Certificates of deposit	50%
Local government investment pools	50%
Bankers acceptances and commercial paper	30%

Investments in any one issuer that represented 5% or more of the total District investments (including money market funds) at December 31, 2025 were as follows:

Issuer	Reported Amount	Percentage of Investment Portfolio
Corporate bonds	7,733,218	11%
United States Treasury notes	40,827,129	57%
Federal agency securities	5,253,360	7%
Colotrust	14,742,400	21%

B. Restricted Cash, Cash Equivalents and Investments

At December 31, 2025, cash has been restricted for the following purposes:

	Water	Sanitation	Total
Unspent bond funds	9,447,472	4,938,159	14,385,631
Debt service reserves	130,683	-	130,683
Rate stabilization funds	600,000	600,000	1,200,000
Total	10,178,155	5,538,159	15,716,314

The District's cash and cash equivalents are disclosed in the following financial statement captions as follows:

	Water	Sanitation	Total
Cash and cash equivalents - Unrestricted	3,770,468	14,029,973	17,800,441
Cash and cash equivalents - Restricted	730,683	600,000	1,330,683
Investments - Unrestricted	6,360,988	33,067,088	39,428,076
Investments - Restricted	9,447,472	4,938,159	14,385,631
Total	20,309,611	52,635,220	72,944,831

III. Detailed Notes on All Funds (continued)

C. Liquidity and Availability of Funds

At December 31, 2025, the District reported net position on a budgetary basis of $76,084,299 on page E3. The components of the District's budgetary net position are as follows:

Funds available at year-end:	Water	Sanitation	Total
Current assets	24,328,795	67,336,004	91,664,799
Less: current portion of long-term receivable	-	(26,976)	(26,976)
Less: current liabilities and deferred inflows	(4,394,523)	(16,803,696)	(21,198,219)
Add: current portion of long-term obligations	1,931,099	3,713,596	5,644,695
Total funds available	21,865,371	54,218,928	76,084,299
Less: unspent bond funds	(9,447,472)	(4,938,159)	(14,385,631)
Less: debt service reserves	(130,683)	-	(130,683)
Less: rate stabilization funds	(600,000)	(600,000)	(1,200,000)
Total unrestricted funds available	11,687,216	48,680,769	60,367,985

D. Notes Receivable

The following is an analysis of changes in notes receivable for the year ended December 31, 2025:

	1/1/25 Beginning Balance	Additions	Reductions	12/31/25 Ending Balance
Employees	935,615	324,000	(60,136)	1,199,479
	935,615	324,000	(60,136)	1,199,479
Less: Current portion	(55,087)	(26,976)	55,087	(26,976)
Long-term portion	880,528	297,024	(5,049)	1,172,503

The following notes receivable were outstanding as of December 31, 2025:

1. Employees

The District provides down payment assistance to employees as part of its Employee Home Ownership Program. Prior to November 2024, these non-interest bearing notes are secured by the related properties and will be collected over a period not to exceed fifteen years. Regular payments of principal and interest are not required. After November 2024, the notes bear interest at 2.5% and monthly payments of principal and interest are required over a period not to exceed thirty years.

III. Detailed Notes on All Funds (continued)

E. Patronage Dividend Receivable

The District has a dividend receivable from Holy Cross Electric Association ("Holy Cross") which represents allocated refundable operating profits. These amounts are held by Holy Cross as working capital until the financial condition of Holy Cross permits a refund. Refunds are normally received annually approximately ten years in arrears. During the year ended December 31, 2025, the District received a refund of $14,064 from Holy Cross. The balance due to the District at December 31, 2024 was $586,016.

F. Investment in Eagle Park Reservoir Company

The Eagle Park Reservoir Company (the "Reservoir Company"), a Colorado nonprofit corporation was formed May 8, 1998 to acquire water diversion, storage facilities and water rights, and operate its water storage facilities located in Eagle County, Colorado, and to direct releases of water from the reservoir on behalf of its stockholders. An investment in the Reservoir Company allows the owner to augment its existing water rights.

In 1998, the District acquired 3,300 Class A Shares (approximately 16.4%) and 125 Class B shares of the stock in the Reservoir Company for $1,909,732 and the contribution/pledge of certain water rights. The $1,909,732 was financed through an assessment obligation payable to the Reservoir Company, which is explained in Note III.H.1, and is recorded as an investment in Eagle Park Reservoir Company, along with $130,000 of legal costs related to the issuance of the assessment payable. Since 1998, the District has acquired additional shares of the Reservoir Company through various transactions.

During 2011 through 2017, the District's investment in the Reservoir Company was unchanged. In March 2018, the District transferred 16.8789 Class A, Series 2 shares to Upper Eagle Regional Water Authority (the "Authority"), which had a historical cost of $13,314. In 2023 the District transferred another 250 shares to the Authority.

As of December 31, 2025, the District held 4,078 Class A Shares (approximately 16.1%), 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of $3,454,442.

III. Detailed Notes on All Funds (continued)

G. Capital Assets

Capital asset activity related to water services for 2025 was as follows:

	1/1/25 Beginning Balance	Additions	Retirements and Transfers	12/31/25 Ending Balance
Water				
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	3,791,625	3,545,108	(655,543)	6,681,190
Total capital assets, not being depreciated	5,288,041	3,545,108	(655,543)	8,177,606
Capital assets, being depreciated:				
Treatment plants	4,755,777	-	-	4,755,777
Distribution systems	59,408,510	567,981	-	59,976,491
Computers, equipment and vehicles	4,322,678	298,678	(61,269)	4,560,087
Intangible subscription assets	286,116	-	-	286,116
Total capital assets being depreciated	68,773,081	866,659	(61,269)	69,578,471
Less accumulated depreciation for:				
Treatment plants	(3,110,852)	(169,686)	-	(3,280,538)
Distribution systems	(29,175,771)	(1,665,144)	-	(30,840,915)
Computers, equipment and vehicles	(2,776,049)	(303,798)	47,897	(3,031,950)
Intangible subscription assets	(152,319)	(87,688)	-	(240,007)
Total accumulated depreciation	(35,214,991)	(2,226,316)	47,897	(37,393,410)
Total capital assets being depreciated, net	33,558,090	(1,359,657)	(13,372)	32,185,061
Total capital assets, net - Water	38,846,131	2,185,451	(668,915)	40,362,667

Fully depreciated assets related to water services totaled $9,032,452 for the year ended December 31, 2025.

III. Detailed Notes on All Funds (continued)

G. Capital Assets (continued)

Capital asset activity related to sanitation services for 2025 was as follows:

	1/1/25 Beginning Balance	Additions	Retirements and Transfers	12/31/25 Ending Balance
Sanitation				
Capital assets, not being depreciated:				
Land and easements	3,553,680	-	-	3,553,680
Construction in progress	13,512,200	11,193,611	(15,246,644)	9,459,167
Total capital assets, not being depreciated	17,065,880	11,193,611	(15,246,644)	13,012,847
Capital assets, being depreciated:				
Treatment plants	188,429,731	12,519,319	-	200,949,050
Distribution systems	76,566,857	1,546,892	-	78,113,749
Computers, equipment and vehicles	13,069,228	1,194,715	(245,076)	14,018,867
Employee housing	21,621,893	845,315	(571,021)	21,896,187
Intangible subscription assets	1,144,464	-	-	1,144,464
Total capital assets being depreciated	300,832,173	16,106,241	(816,097)	316,122,317
Less accumulated depreciation for:				
Treatment plants	(83,024,180)	(5,912,233)	-	(88,936,413)
Distribution systems	(35,551,351)	(1,957,379)	-	(37,508,730)
Computers, equipment and vehicles	(8,204,405)	(1,215,196)	191,589	(9,228,012)
Employee housing	(4,633,623)	(678,532)	168,390	(5,143,765)
Intangible subscription assets	(609,278)	(350,748)	-	(960,026)
Total accumulated depreciation	(132,022,837)	(10,114,088)	359,979	(141,776,946)
Total capital assets being depreciated, net	168,809,336	5,992,153	(456,118)	174,345,371
Total capital assets, net - Sanitation	185,875,216	17,185,764	(15,702,762)	187,358,218

Fully depreciated assets related to sanitation services totaled $49,776,138 for the year ended December 31, 2025.

Depreciation and amortization expense (of intangible subscription assets) for the year ended December 31, 2025 was charged to the following departments:

	Water	Sanitation	Total
Maintenance	83,283	333,133	416,416
Water operations	1,834,830	-	1,834,830
Wastewater treatment	-	7,869,612	7,869,612
General and administrative	308,203	1,911,343	2,219,546
Total	2,226,316	10,114,088	12,340,404

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water

The District has the following long-term debt outstanding related to its water operations:

1. 1998 Assessment Obligation Note

As previously explained in Note III.F, the District financed its 1998 investment in the Reservoir Company through the execution of an assessment obligation note in the amount of $1,909,842. This note bears interest at 5.45% annually. Debt service payments of $130,683 are due annually on September 16, through 2028.

The obligation is secured by the District's ownership of common stock of the Reservoir Company and certain water rights owned by participating members and leased to the District. The agreement contains release provisions for the collateral based on the timely payment of scheduled obligations. The assessment payable is subject to annual appropriation.

The District is maintaining a reserve equal to the next fiscal year's principal and interest payments for this obligation.

2. General Obligation Water Bonds, Series 2012A

The District, through the Water Subdistrict, issued $1,000,000 of general obligation water bonds in December 2012, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rates on the bonds range from 2.30% to 2.50%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2023 through 2029 in amounts ranging from $130,000 to $155,000.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

3. General Obligation Water Refunding Bonds, Series 2012B

The District, through the Water Subdistrict, issued $6,605,000 of general obligation water refunding bonds in December 2012, the proceeds of which were used to partially refund the aforementioned 2004 General Obligation Water Bonds (Note III.H.2) and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 3.00%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2013 through 2029 in amounts ranging from $25,000 to $555,000.

The District realized a present value savings on the refunding of $801,658.

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water (continued)

3. General Obligation Water Refunding Bonds, Series 2012B (continued)

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

4. Water Enterprise Revenue Refunding Bonds, Series 2017

The District issued $12,545,000 of water enterprise revenue bonds in May 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009 water enterprise revenue bonds and pay the costs of issuance. The 2009 bonds are considered defeased and have been removed from long-term debt.

Principal on the bonds is due beginning in 2017 through 2039 in amounts ranging from $345,000 to $780,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

The District realized a present value savings on the refunding of $1,096,697.

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water (continued)

5. Water Enterprise Revenue Bonds, Series 2019

The District issued $3,825,000 of water revenue bonds in December 2019, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rate on the bonds are 4.00%. Interest is payable on June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039.

Principal on the serial bonds is due beginning in 2020 through 2039 in amounts ranging from $125,000 to $255,000.

Only bonds maturing on and after December 1, 2029, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

6. Water Enterprise Revenue Bonds, Series 2024

The District issued $13,690,000 of water revenue bonds in October 2024, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rate on the bonds is 5.00%. Interest is payable on June 1 and December 1, through 2044. The principal is payable on December 1 and matures in various increments through 2044.

Principal on the serial bonds is due beginning in 2025 through 2044 in amounts ranging from $360,000 to $1,050,000.

Only bonds maturing on and after December 1, 2034, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

In conjunction with the issuance of these bonds, the District is required to maintain a Rate Stabilization Fund of $600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water (continued)

6. Water Enterprise Revenue Bonds, Series 2024 (continued)

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

I. Long-Term Debt – Sanitation

1. Enterprise Wastewater Revenue Bonds, Series 2012

The District issued $28,060,000 of wastewater revenue bonds in December 2012, with annual interest rates ranging from 2.00% to 5.00%. Interest is payable June 1 and December 1, through 2042. The principal is payable on December 1 and matures in various increments through 2042. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each equivalent ("SFE") in the system.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

III. Detailed Notes on All Funds (continued)

I. Long-Term Debt – Sanitation (continued)

1. Enterprise Wastewater Revenue Bonds, Series 2012 (continued)

These bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

In conjunction with the issuance of the 2012 Bonds, the District is required to maintain a Rate Stabilization Fund of $600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Bonds maturing on and before December 1, 2022, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

2. General Obligation Wastewater Bonds, Series 2016

The District, through the Wastewater Subdistrict, issued $23,295,000 of general obligation wastewater bonds in March 2016, the proceeds of which will be used to construct improvements to the District's wastewater system and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 5.00%. Interest is payable on June 1 and December 1, through 2045. The principal is payable on December 1 and matures in various increments through 2045.

Principal on the serial bonds is due beginning in 2016 through 2045 in amounts ranging from $315,000 to $1,305,000.

The bonds are not secured by the Wastewater Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Wastewater Subdistrict and are ultimately secured by the Wastewater Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017

The District issued $12,430,000 of enterprise wastewater revenue crossover refunding bonds in December 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009B wastewater enterprise revenue bonds on the crossover date December 1, 2019. The 2009B bonds are considered defeased and have been removed from long-term debt.

III. Detailed Notes on All Funds (continued)

I. Long-Term Debt – Sanitation (continued)

3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017 (continued)

The proceeds from the issuance are held in an escrow account until the crossover date. Principal on the bonds is due beginning in 2020 through 2039 in amounts ranging from $440,000 to $840,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

4. Enterprise Wastewater Revenue Bonds, Series 2020A

The District issued $35,220,000 of wastewater revenue bonds in June 2020, with annual interest rates ranging from 3.00% to 4.00%. Interest is payable June 1 and December 1, through 2049. The principal is payable on December 1 and matures in various increments through 2049. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

III. Detailed Notes on All Funds (continued)

I. Long-Term Debt – Sanitation (continued)

4. Enterprise Wastewater Revenue Bonds, Series 2020A (continued)

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

Bonds maturing on and before December 1, 2029, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2030, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

5. Enterprise Wastewater Revenue Refunding Bonds, Series 2020B

The District issued $24,930,000 of wastewater enterprise revenue bonds in June 2020, with annual interest rates ranging from 0.82% to 2.42%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2042. The proceeds were used to partially refund the 2012 wastewater enterprise revenue bonds. The 2012 bonds are considered partially defeased and have been partially removed from long-term debt.

Principal on the bonds is due through 2042 in amounts ranging from $185,000 to $1,575,000.

Only bonds maturing on and after December 1, 2030, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par plus accrued interest.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

The District realized a present value savings on the refunding of $3,147,296

III. Detailed Notes on All Funds (continued)

I. Long-Term Debt – Sanitation (continued)

5. Enterprise Wastewater Revenue Bonds, Series 2023

The District issued $45,720,000 of 2023 Wastewater Revenue Bonds in January 2023, with interest rates ranging from 4.0% to 5.0%. Interest is payable June 1 and December 1, through 2052. The bonds were issued to finance a portion of its capital improvement program primarily relating to the Avon Wastewater Treatment Facilities Master Plan

Principal on the bonds is due through 2042 in amounts ranging from $760,000 to $2,710,000.

Only bonds maturing on and after December 1, 2033, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par plus accrued interest.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

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III. Detailed Notes on All Funds (continued)

K. Long-term Liability Activity Schedule

Long-term liability activity for 2025 was as follows:

	1/1/25 Beginning Balance	Additions	Reductions	12/31/25 Ending Balance	Due Within One Year
Water					
1998 assessment obligation note	458,591	-	(105,689)	352,902	111,450
2012A general obligation bonds	745,000	-	(135,000)	610,000	145,000
2012B general obligation refunding bonds	2,570,000	-	(475,000)	2,095,000	490,000
2017 revenue refunding bonds	9,335,000	-	(470,000)	8,865,000	490,000
2019 revenue bonds	3,115,000	-	(160,000)	2,955,000	165,000
2024 revenue bonds	13,690,000	-	(360,000)	13,330,000	435,000
Unamortized bond premiums	2,318,094	-	(169,725)	2,148,369	-
Technology subscriptions	156,321	-	(95,309)	61,012	29,908
Accrued compensated absences *	325,330	-	(1,625)	323,705	64,741
Subtotal - Water	32,713,336	-	(1,972,348)	30,740,988	1,931,099
Sanitation					
2016 general obligation bonds	18,780,000	-	(595,000)	18,185,000	610,000
2017 wastewater revenue refunding bonds	10,100,000	-	(510,000)	9,590,000	525,000
2020A wastewater revenue bonds	34,190,000	-	(275,000)	33,915,000	285,000
2020B wastewater revenue refunding bonds	22,860,000	-	(1,060,000)	21,800,000	1,075,000
2023 wastewater reveune bonds	44,960,000	-	(800,000)	44,160,000	840,000
Unamortized bond premiums	9,633,336	-	(395,179)	9,238,157	-
Technology subscriptions	625,283	-	(381,233)	244,050	119,632
Accrued compensated absences *	1,301,321	-	(6,500)	1,294,821	258,964
Subtotal - Sanitation	142,449,940	-	(4,022,912)	138,427,028	3,713,596
Total	175,163,276	-	(5,995,260)	169,168,016	5,644,695

* The change in accrued compensated absences is presented as a net change.

L. Debt Service Schedules

Debt service requirements at December 31, 2025, were as follows for water operations:

Water	Principal	Interest	Total
2026	1,836,450	1,208,259	3,044,709
2027	1,932,524	1,123,934	3,056,458
2028	2,013,928	1,035,180	3,049,108
2029	1,970,000	948,025	2,918,025
2030	1,310,000	864,175	2,174,175
2031 - 2035	7,350,000	3,525,625	10,875,625
2036 - 2040	7,880,000	1,926,550	9,806,550
2041 - 2045	3,915,000	501,000	4,416,000
Total water debt service	28,207,902	11,132,748	39,340,650

III. Detailed Notes on All Funds (continued)

L. Debt Service Schedules (continued)

Debt service requirements at December 31, 2025, were as follows for sanitation operations:

Sanitation			Principal	Interest	Total
2026			3,335,000	4,947,205	8,282,205
2027			3,450,000	4,833,817	8,283,817
2028			3,585,000	4,654,982	8,239,982
2029			3,725,000	4,558,075	8,283,075
2030			3,865,000	4,416,321	8,281,321
2031	-	2035	21,465,000	19,957,319	41,422,319
2036	-	2040	25,730,000	15,688,639	41,418,639
2041	-	2045	30,835,000	10,579,593	41,414,593
2046	-	2050	26,340,000	4,132,600	30,472,600
2051	-	2052	5,320,000	321,200	5,641,200
Total sanitation debt service			127,650,000	74,089,751	201,739,751

Aggregate debt service requirements at December 31, 2025, were as follows for the District:

Combined			Principal	Interest	Total
2026			5,171,450	6,155,464	11,326,914
2027			5,382,524	5,957,751	11,340,275
2028			5,598,928	5,690,162	11,289,090
2029			5,695,000	5,506,100	11,201,100
2030			5,175,000	5,280,496	10,455,496
2031	-	2035	28,815,000	23,482,944	52,297,944
2036	-	2040	33,610,000	17,615,189	51,225,189
2041	-	2045	34,750,000	11,080,593	45,830,593
2046	-	2050	26,340,000	4,132,600	30,472,600
2051	-	2052	5,320,000	321,200	5,641,200
Total combined debt service			155,857,902	85,222,499	241,080,401

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission’s Rule 15c2-12.

III. Detailed Notes on All Funds (continued)

M. Subscription-Based Information Technology Agreements

The District is a party in multiple non-cancellable multi-year subscription-based information technology arrangements (“SBITA’s”). In accordance with relevant accounting standards, the District recognizes a right-of-use SBITA asset and a corresponding SBITA liability. The SBITA asset is amortized on a straight-line basis over the life of the agreement and the liability is reduced by allocating payments made by the District to either liability reduction or interest expense based on the interest rate of the agreements. The District’s SBITA agreements bear interest between 2.54% and 4.00%

Future minimum SBITA payments at December 31, 2025, were as follows for water operations:

Water	Principal	Interest	Total
2026	29,908	2,441	32,349
2027	31,104	1,244	32,348
Minimum SBITA payments	61,012	3,685	64,697

Future minimum SBITA payments at December 31, 2025, were as follows for sanitation operations:

Sanitation	Principal	Interest	Total
2026	119,632	9,762	129,394
2027	124,418	4,977	129,395
Minimum SBITA payments	244,050	14,739	258,789

Aggregate future minimum SBITA payments at December 31, 2025, were as follows for the District:

Combined	Principal	Interest	Total
2026	149,540	12,203	161,743
2027	155,522	6,221	161,743
Minimum SBITA payments	305,062	18,424	323,486

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

B. Pension Plans

1. Defined Contribution Pension Plan - Section 414(h)

Full-time, year-round employees of the District participate in a defined contribution pension plan which was established by the District and is maintained and administered by the Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees participate in the District's plan upon employment. Under this plan, 5% of the employees' compensation is withheld and remitted to the Plan Administrator. Following six months of the participant's employment, the District contributes a matching 5% of all eligible employees' compensation. In addition, the District contributes 6.2% of compensation for all eligible participants. This contribution begins upon employment.

The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for employees who leave employment before five years of participation are used to reduce the District's future contribution requirement. There is no liability for benefits under the plan beyond the District's required contributions. Plan provisions and contribution requirements are established and may be amended by the District.

The District's 2025 covered payroll was $16,072,980. Contributions actually made, which equaled the required contributions, were $803,649 for plan members and $775,773 for the District for the year ended December 31, 2025. Forfeitures totaled $128,848 for the year ended December 31, 2025.

As of December 31, 2025, there were no outstanding contribution liabilities.

IV. Other Information (continued)

B. Pension Plans (continued)

2. Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for full-time, year-round employees. This plan is administered by Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. During 2011, the District amended the plan to offer a Roth contribution option.

C. Employee Housing Program

The District operates a housing program that benefits its employees by providing affordable housing options as real estate prices in the Vail area are high. The objective of the program is to retain current employees and to attract new employees to the area. There are certain specified individuals who are not District employees who are also allowed to participate in the housing program depending on availability and whether they meet eligibility criteria established by the Board.

The District offers rental properties to employees as well as home buyers assistance options. The rental properties consist of condos, apartments and homes that are either built or purchased by the District. For employees using the housing program for rental properties, the District will set up a payroll deduction as a means to collect the rent. This is also done for employees using the home buyers' assistance option.

D. Intergovernmental Agreements

1. Interconnect

The District and Upper Eagle Regional Water Authority (the "Authority") entered into an intergovernmental agreement ("IGA") in 1994 to construct an interconnect between their two water systems to enable the transfer of water between the parties for the purposes of achieving operational flexibility. In accordance with the IGA, the deliveries between the two systems are to be measured daily (net distribution of water) with the net amount owed by either party to the other to be recorded by the owing party at a rate equal to 75 percent of the then current water rate charges by the owing party. The intent of the parties is to provide long-term service to each other through the availability of peak use season and emergency supplemental water supply. The agreement provides for a payment calculation year of May 1 to April 30. If at the end of the payment year there is a net distribution of water to one of the parties that party shall make payment to the other party. It should be noted that historically towards the end of each payment year (April 30) the system is run to create a zero balance outstanding, such that no payment is due to or from either party. For the payment years ended April 30, 2025 and 2024, the balance outstanding was $0.

The value of water distributed by the District through the interconnect was $179,909 and $246,309 during the year ended December 31, 2025 and 2024, respectively. As the system is brought to a zero balance by the end of each payment year (April 30), the District has chosen to forgo immediate payment and carry this receivable forward. The District reserves the right to request payment from the Authority at any time in the future.

IV. Other Information (continued)

D. Intergovernmental Agreements (continued)

2. Contract for Water Services

Through an agreement, the District provides administration, operations, customer billing, system maintenance and capital program management services to the Authority. The District bills customers for the water service provided and collects and remits the monies to the Authority. The water service monies are not recognized as revenue of the District. In addition to the contract fees, the District bills the Authority for maintenance and supplies which are recognized as revenue. The District earned $9,937,685 and $9,117,411 of contract fees from the Authority during 2025 and 2024, respectively. The District has outstanding management fees due from the Authority as a result of an annual cost study adjustment as of December 31, 2025 and 2024 totaling $233,155 and $218,726, respectively, included in other receivables. There were other outstanding receivables, for operations services, due from the Authority as of December 31, 2025 and 2024 totaling $0 and $1,440,984, respectively, included in other accounts receivables. As of December 31, 2025 and 2024 there was $217,018 and $2,417,503 for water service billed, and other items, due to the Authority included in accounts payable, respectively. In 2025, the District and the Authority implemented a net intercompany cash settlement process under which intercompany activity is settled monthly. As a result, due-to and due-from balances on December 31, 2025, are materially lower than in prior years.

The District earned $19,177 and $59,386 of contract fees from other governments which it has similar agreements (i.e. Town of Minturn (agreement terminated 2025) and Eagle Park Reservoir Company) during 2025 and 2024, respectively.

E. Commitments and Contingencies - Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

IV. Other Information (continued)

F. Construction Commitments

At December 31, 2025, the District had the following contractual commitments:

Contract No.	Project	Vendor	Contract Commitment	Completed	Remaining
24.15.081	Bolts Lake Redevelopment 60% Design	AECOM	572,100	(314,527)	257,573
25.15.035	Vail Tank 4 Rehabilitation	Structural Preservation Systems, LLC	2,276,846	(1,649,763)	627,083
25.15.054	Edwards WWTF Nutrient Upgrades	Garney Companies, Inc	82,604,664	(2,423,558)	80,181,106
25.15.057	Main Gore Place Waterline Improvement	360 Civil	2,189,009	-	2,189,009
25.15.064	Booth Falls Emergency Power Improvements	Sacred Ground Excavation, LLC	1,267,076	(50,870)	1,216,206

G. 2026 General Obligation Debt Issuance

In November 2025, voters approved Eagle River Water and Sanitation District Ballot Question 6A, which authorized the District to issue $93 million of General Obligation bonds to fund a) state-mandated upgrades to the Edwards Wastewater Treatment Facility and b) replacement of wastewater collection pipelines. Repayment for these bonds will be funded via annual property tax increases. The District issued these bonds on February 12, 2026 at a par value of $86,475,000 and a premium of $7,280,572 for total proceeds of $93,755,572. The bonds bear interest at a rate of 5.00% and the first principal payment is due on December 1, 2026. Principal payments are due annually through 2051, with a final principal payment due in 2056. The bonds are rated at AA by S&P Global and the District purchased a bond insurance policy to guarantee principal and interest payments.

SUPPLEMENTARY INFORMATION

Eagle River Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Water:					
Service fees	10,875,020	10,875,020	10,734,796	(140,224)	9,192,235
Other charges for services	118,884	118,884	308,565	189,681	275,680
Property taxes	1,362,700	1,362,700	1,396,383	33,683	1,402,025
Specific ownership taxes	154,500	154,500	75,002	(79,498)	80,861
Investment income	84,194	84,194	696,797	612,603	300,132
Proceeds from sale of assets	-	-	12,451	12,451	92,362
Impact fees	286,347	286,347	91,769	(194,578)	140,902
Contributed assets	30,000	30,000	254,020	224,020	236,451
Proceeds from bond issue	-	-	-	-	13,690,000
Premium (discount) on debt issuance	-	-	-	-	1,520,710
Other	44,292	44,292	35,566	(8,726)	30,560
Total Water Revenues	12,955,937	12,955,937	13,605,349	649,412	26,961,918
Sanitation:					
Service fees	26,357,491	26,357,491	25,929,600	(427,891)	24,637,263
Contract services	10,170,835	10,170,835	9,956,862	(213,973)	9,176,798
Rental income	883,894	883,894	864,853	(19,041)	860,731
Meter sales	1,014,900	1,014,900	938,676	(76,224)	806,723
Other charges for services	725,879	725,879	953,907	228,028	719,477
Property taxes	1,979,100	1,979,100	2,210,588	231,488	2,226,926
Specific ownership taxes	118,500	118,500	104,038	(14,462)	112,997
Investment income	11,433	11,433	2,771,954	2,760,521	1,809,218
Proceeds from sale of assets	-	-	1,235,716	1,235,716	484,933
Impact fees	1,140,154	1,140,154	830,348	(309,806)	451,767
Net loan (advances) repayments	-	-	(263,864)	(263,864)	(201,470)
Other	40,653	40,653	132,765	92,112	110,257
Total Sanitation Revenues	42,442,839	42,442,839	45,665,443	3,222,604	41,195,620
Total Revenues	55,398,776	55,398,776	59,270,792	3,872,016	68,157,538
Expenditures - Water:					
Water Operations:					
Salaries and benefits	3,811,082	3,811,082	3,858,997	(47,915)	3,969,819
Supplies and materials	671,640	671,640	739,369	(67,729)	682,926
Telephone and radio service	70,620	70,620	79,174	(8,554)	74,557
Insurance	93,180	93,180	107,648	(14,468)	90,607
Repairs and maintenance	522,560	522,560	763,325	(240,765)	402,310
Other	620,660	620,660	545,608	75,052	638,133
Utilities	331,700	331,700	266,010	65,690	276,652
Chemicals	110,000	110,000	134,541	(24,541)	102,580
Meter replacement	300,000	300,000	413,057	(113,057)	180,040
Outside services	24,500	24,500	32,127	(7,627)	14,626
Total Water Operations	6,555,942	6,555,942	6,939,856	(383,914)	6,432,250

Eagle River Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended 2024)
(Continued)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures - Water (continued):					
General and Administrative:					
Legal	29,060	29,060	23,449	5,611	31,518
Accounting and audit	19,380	19,380	21,619	(2,239)	16,479
Engineering	19,000	19,000	3,038	15,962	3,257
Management and consulting	302,260	302,260	191,659	110,601	136,253
Benefit administration	12,800	12,800	12,424	376	12,533
Community relations	78,000	78,000	63,588	14,412	97,003
Directors fees and expenses	11,020	11,020	9,653	1,367	3,535
Maintenance contracts	45,200	45,200	83,265	(38,065)	37,624
Water quality	148,840	148,840	152,907	(4,067)	136,439
Treasurer's fees	40,900	40,900	41,950	(1,050)	42,105
Total General and Administrative	706,460	706,460	603,552	102,908	516,746
Debt Service:					
Principal	1,864,300	1,864,300	1,705,690	158,610	1,290,227
Interest	1,216,400	1,216,400	1,281,708	(65,308)	768,456
Debt issuance costs	-	-	-	-	210,710
Subtotal - Debt Service	3,080,700	3,080,700	2,987,398	93,302	2,269,393
Capital Outlay	6,837,861	6,837,861	3,545,026	3,292,835	2,462,663
Total Water Expenditures	17,180,963	17,180,963	14,075,832	3,105,131	11,681,052
Expenditures - Sanitation:					
Sanitation Operations:					
Salaries and benefits	18,531,905	18,531,905	18,511,292	20,613	16,084,607
Supplies and materials	2,964,340	2,964,340	3,265,309	(300,969)	2,857,484
Telephone and radio service	282,480	282,480	316,695	(34,215)	298,227
Insurance	372,720	372,720	430,591	(57,871)	362,428
Repairs and maintenance	811,240	811,240	770,182	41,058	899,298
Other	1,235,240	1,235,240	1,149,566	85,674	1,254,722
Utilities	1,435,400	1,435,400	1,066,148	369,252	1,090,480
Meter replacement	800,000	800,000	211,635	588,365	579,045
Permits	50,000	50,000	43,291	6,709	43,259
Outside services	172,000	172,000	188,848	(16,848)	58,505
Total Sanitation Operations	26,655,325	26,655,325	25,953,557	701,768	23,528,055
General and Administrative:					
Legal	141,240	141,240	133,140	8,100	197,697
Accounting and audit	77,520	77,520	86,478	(8,958)	65,497
Engineering	16,000	16,000	12,152	3,848	13,026
Management and consulting	100,780	100,780	68,214	32,566	44,099
Benefit administration	51,200	51,200	49,696	1,504	50,131
Community relations	41,280	41,280	46,096	(4,816)	34,875
Directors fees and expenses	44,080	44,080	38,613	5,467	14,140
Maintenance contracts	230,800	230,800	364,462	(133,662)	158,556
Sanitation quality	172,960	172,960	126,368	46,592	185,703
Treasurer's fees	59,400	59,400	66,097	(6,697)	66,877
Total General and Administrative	935,260	935,260	991,316	(56,056)	830,601

Eagle River Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended 2024)
(Continued)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures - Sanitation (continued):					
Debt Service:					
Principal	3,299,400	3,299,400	3,240,000	59,400	3,155,000
Interest	5,035,400	5,035,400	5,035,083	317	5,123,649
Subtotal - Debt Service	8,334,800	8,334,800	8,275,083	59,717	8,278,649
Capital Outlay	14,988,125	14,988,125	11,193,524	3,794,601	9,662,265
Total Sanitation Expenditures	50,913,510	50,913,510	46,413,480	4,500,030	42,299,570
Total District Expenditures	68,094,473	68,094,473	60,489,312	7,605,161	53,980,622
Change in Net Position (budget basis)	(12,695,697)	(12,695,697)	(1,218,520)	11,477,177	14,176,916
Net Position - Beginning of Year (budget basis)	74,479,297	74,479,297	77,302,819	2,823,522	63,125,903
Net Position - End of Year (budget basis)	61,783,600	61,783,600	76,084,299	14,300,699	77,302,819

Reconciliation to GAAP Basis

	Water	Sanitation	Total	Total
Excess (deficiency) of revenues over expenditures	(470,483)	(748,037)	(1,218,520)	14,176,916
Net loan receivable advances (repayments)	-	263,864	263,864	201,470
Change in patronage dividend receivable	3,516	10,548	14,064	13,361
Change in other long-term receivables	(66,400)	-	(66,400)	156,713
Capitalized assets	3,545,026	11,193,524	14,738,550	12,125,124
Contributed capital assets	211,199	859,685	1,070,884	696,909
Carrying value of capital and leased assets disposed or sold	(13,373)	(456,118)	(469,491)	(484,295)
Depreciation and amortization	(2,226,316)	(10,114,088)	(12,340,404)	(11,650,636)
Net effect of capital, lease, & SBITA asset miscellaneous activity	-	-	-	(30,904)
(Increase)/decrease in compensated absences	1,625	6,500	8,125	(831,811)
Proceeds from bond issue	-	-	-	(13,690,000)
(Premium) discount on debt issuance	-	-	-	(1,520,710)
Amortization of bond premiums, discounts, and refunding costs	98,234	395,179	493,413	493,415
Debt principal payments	1,705,690	3,240,000	4,945,690	4,445,227
Lease principal payments	-	-	-	66,990
Technology subscription principal payments	95,308	381,232	476,540	335,310
Change in Net Position - GAAP Basis	2,884,026	5,032,289	7,916,315	4,503,079

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	1998 Assessment Obligation Note Payable to Eagle Park Reservoir Company Original Principal - $1,909,842 Interest Rate - 5.45%		
Year Ending December 31,	Principal Due September 16	Interest Due September 16	Total
2026	111,450	19,233	130,683
2027	117,524	13,159	130,683
2028	123,928	6,754	130,682
	352,902	39,146	392,048

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	2012 Water General Obligation Bonds Original Principal - $1,000,000 Interest Rate - 2.30% to 2.50%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	145,000	24,400	169,400
2027	150,000	18,600	168,600
2028	155,000	12,600	167,600
2029	160,000	6,400	166,400
	610,000	62,000	672,000

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	2012 General Obligation Water Refunding Bonds Original Principal - $6,605,000 Interest Rate - 2.00% to 3.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	490,000	83,800	573,800
2027	515,000	64,200	579,200
2028	535,000	43,600	578,600
2029	555,000	22,200	577,200
	2,095,000	213,800	2,308,800

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	2017 Water Revenue Refunding Bonds Original Principal - $12,545,000 Interest Rate - 2.00% to 5.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	490,000	318,575	808,575
2027	515,000	294,075	809,075
2028	540,000	268,325	808,325
2029	560,000	246,725	806,725
2030	585,000	224,325	809,325
2031	600,000	206,775	806,775
2032	620,000	188,775	808,775
2033	640,000	170,175	810,175
2034	660,000	149,375	809,375
2035	685,000	127,925	812,925
2036	705,000	103,950	808,950
2037	730,000	79,275	809,275
2038	755,000	53,725	808,725
2039	780,000	27,300	807,300
	8,865,000	2,459,300	11,324,300

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	2019 Water Revenue Bonds Original Principal - $3,825,000 Interest Rate - 3.00% to 4.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	165,000	95,750	260,750
2027	175,000	89,150	264,150
2028	180,000	82,150	262,150
2029	190,000	74,950	264,950
2030	195,000	67,350	262,350
2031	200,000	61,500	261,500
2032	210,000	55,500	265,500
2033	215,000	49,200	264,200
2034	220,000	42,750	262,750
2035	225,000	36,150	261,150
2036	235,000	29,400	264,400
2037	240,000	22,350	262,350
2038	250,000	15,150	265,150
2039	255,000	7,650	262,650
	2,955,000	729,000	3,684,000

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2025

	2024 Water Revenue Bonds Original Principal - $13,690,000 Interest Rate- 5.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	435,000	666,500	1,101,500
2027	460,000	644,750	1,104,750
2028	480,000	621,750	1,101,750
2029	505,000	597,750	1,102,750
2030	530,000	572,500	1,102,500
2031	555,000	546,000	1,101,000
2032	585,000	518,250	1,103,250
2033	615,000	489,000	1,104,000
2034	645,000	458,250	1,103,250
2035	675,000	426,000	1,101,000
2036	710,000	392,250	1,102,250
2037	745,000	356,750	1,101,750
2038	785,000	319,500	1,104,500
2039	825,000	280,250	1,105,250
2040	865,000	239,000	1,104,000
2041	910,000	195,750	1,105,750
2042	955,000	150,250	1,105,250
2043	1,000,000	102,500	1,102,500
2044	1,050,000	52,500	1,102,500
	13,330,000	7,629,500	20,959,500

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Sanitation
December 31, 2025

	2016 Wastewater General Obligation Bonds Principal - $23,295,000 Interest Rate - 2.00% to 5.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	610,000	757,650	1,367,650
2027	630,000	740,875	1,370,875
2028	660,000	709,375	1,369,375
2029	695,000	676,375	1,371,375
2030	720,000	648,575	1,368,575
2031	750,000	619,775	1,369,775
2032	775,000	597,275	1,372,275
2033	795,000	574,025	1,369,025
2034	830,000	538,250	1,368,250
2035	870,000	500,900	1,370,900
2036	910,000	461,750	1,371,750
2037	950,000	420,800	1,370,800
2038	980,000	387,550	1,367,550
2039	1,015,000	353,250	1,368,250
2040	1,050,000	317,725	1,367,725
2041	1,085,000	280,975	1,365,975
2042	1,125,000	243,000	1,368,000
2043	1,185,000	186,750	1,371,750
2044	1,245,000	127,500	1,372,500
2045	1,305,000	65,250	1,370,250
	18,185,000	9,207,625	27,392,625

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Sanitation
December 31, 2025

	2017 Wastewater Revenue Crossover Refunding Bonds Original Principal - $12,430,000 Interest Rate - 3.00% to 5.00%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	525,000	343,619	868,619
2027	550,000	317,369	867,369
2028	580,000	289,869	869,869
2029	605,000	260,869	865,869
2030	635,000	230,619	865,619
2031	655,000	211,569	866,569
2032	675,000	191,919	866,919
2033	695,000	171,669	866,669
2034	720,000	149,950	869,950
2035	740,000	127,450	867,450
2036	765,000	104,325	869,325
2037	790,000	79,463	869,463
2038	815,000	53,788	868,788
2039	840,000	27,296	867,296
	9,590,000	2,559,774	12,149,774

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Sanitation
December 31, 2025

	2020A Wastewater Reveune Improvement Bonds Original Principal - $35,220,000 Interest Rate - 3.00% to 4.00%		
Year Ending December 31,	**Principal Due December 1**	**Interest Due June 1 and December 1**	**Total**
2026	285,000	1,317,750	1,602,750
2027	300,000	1,306,350	1,606,350
2028	310,000	1,294,350	1,604,350
2029	325,000	1,281,950	1,606,950
2030	340,000	1,268,950	1,608,950
2031	350,000	1,255,350	1,605,350
2032	365,000	1,241,350	1,606,350
2033	380,000	1,226,750	1,606,750
2034	395,000	1,211,550	1,606,550
2035	410,000	1,199,700	1,609,700
2036	415,000	1,187,400	1,602,400
2037	425,000	1,174,950	1,599,950
2038	445,000	1,162,200	1,607,200
2039	455,000	1,148,850	1,603,850
2040	1,340,000	1,135,200	2,475,200
2041	1,375,000	1,095,000	2,470,000
2042	1,430,000	1,040,000	2,470,000
2043	3,110,000	982,800	4,092,800
2044	3,235,000	858,400	4,093,400
2045	3,365,000	729,000	4,094,000
2046	3,500,000	594,400	4,094,400
2047	3,640,000	454,400	4,094,400
2048	3,785,000	308,800	4,093,800
2049	3,935,000	157,400	4,092,400
	33,915,000	24,632,850	58,547,850

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Sanitation
December 31, 2025

	2020B Wastewater Revenue Refunding Bonds Original Principal - $24,930,000 Interest Rate - 0.82% to 2.42%		
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2026	1,075,000	547,536	1,622,536
2027	1,090,000	530,573	1,620,573
2028	1,110,000	511,738	1,621,738
2029	1,130,000	490,481	1,620,481
2030	1,150,000	468,277	1,618,277
2031	1,175,000	445,104	1,620,104
2032	1,200,000	420,018	1,620,018
2033	1,230,000	393,198	1,623,198
2034	1,255,000	364,724	1,619,724
2035	1,285,000	335,043	1,620,043
2036	1,320,000	304,010	1,624,010
2037	1,360,000	264,278	1,624,278
2038	1,395,000	223,342	1,618,342
2039	1,440,000	181,353	1,621,353
2040	1,480,000	138,009	1,618,009
2041	1,530,000	93,461	1,623,461
2042	1,575,000	47,407	1,622,407
	21,800,000	5,758,552	27,558,552

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Sanitation
December 31, 2025

	2023 Wastewater Revenue Bonds Original Principal - $45,720,000 Interest Rate - 5.00%		
Year Ending December 31,	**Principal Due December 1**	**Interest Due June 1 and December 1**	**Total**
2026	840,000	1,980,650	2,820,650
2027	880,000	1,938,650	2,818,650
2028	925,000	1,849,650	2,774,650
2029	970,000	1,848,400	2,818,400
2030	1,020,000	1,799,900	2,819,900
2031	1,070,000	1,748,900	2,818,900
2032	1,125,000	1,695,400	2,820,400
2033	1,180,000	1,639,150	2,819,150
2034	1,240,000	1,580,150	2,820,150
2035	1,300,000	1,518,150	2,818,150
2036	1,365,000	1,453,150	2,818,150
2037	1,435,000	1,384,900	2,819,900
2038	1,510,000	1,313,150	2,823,150
2039	1,585,000	1,237,650	2,822,650
2040	1,645,000	1,174,250	2,819,250
2041	1,710,000	1,108,450	2,818,450
2042	1,780,000	1,040,050	2,820,050
2043	1,850,000	968,850	2,818,850
2044	1,925,000	894,850	2,819,850
2045	2,005,000	817,850	2,822,850
2046	2,085,000	737,650	2,822,650
2047	2,185,000	633,400	2,818,400
2048	2,295,000	524,150	2,819,150
2049	2,410,000	409,400	2,819,400
2050	2,505,000	313,000	2,818,000
2051	2,610,000	212,800	2,822,800
2052	2,710,000	108,400	2,818,400
	44,160,000	31,930,950	76,090,950

Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity
December 31, 2025

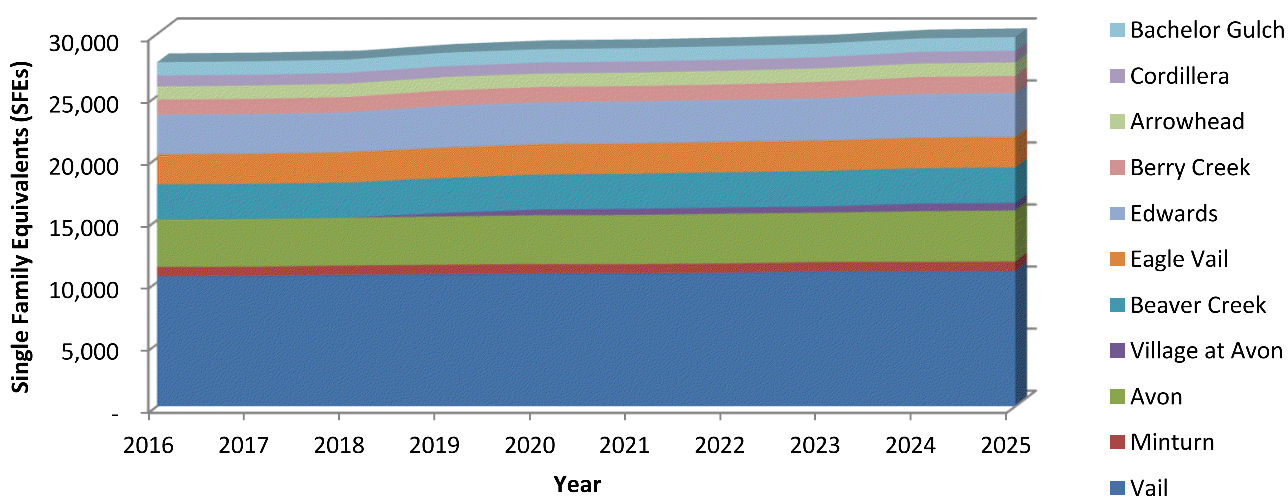
	Subscription-Based Information Technology Arrangements		
Year Ending December 31,	Water Principal Due	Water Interest Due	Total
2026	29,908	2,441	32,349
2027	31,104	1,244	32,348
	61,012	3,685	64,697

	Subscription-Based Information Technology Arrangements		
Year Ending December 31,	Sanitation Principal Due	Sanitation Interest Due	Total
2026	119,632	9,762	129,394
2027	124,418	4977	129,395
	244,050	14,739	258,789

STATISTICAL SECTION

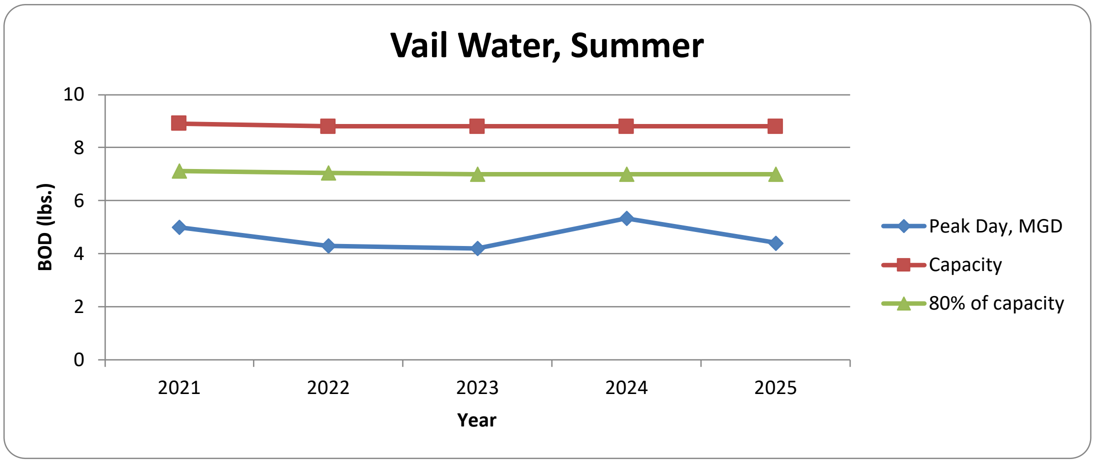
EAGLE RIVER
WATER & SANITATION
DISTRICT

Eagle River Water and Sanitation District
Single Family Equivalents (SFEs) in Service
Ten Year Comparison
December 31, 2025
(Unaudited)



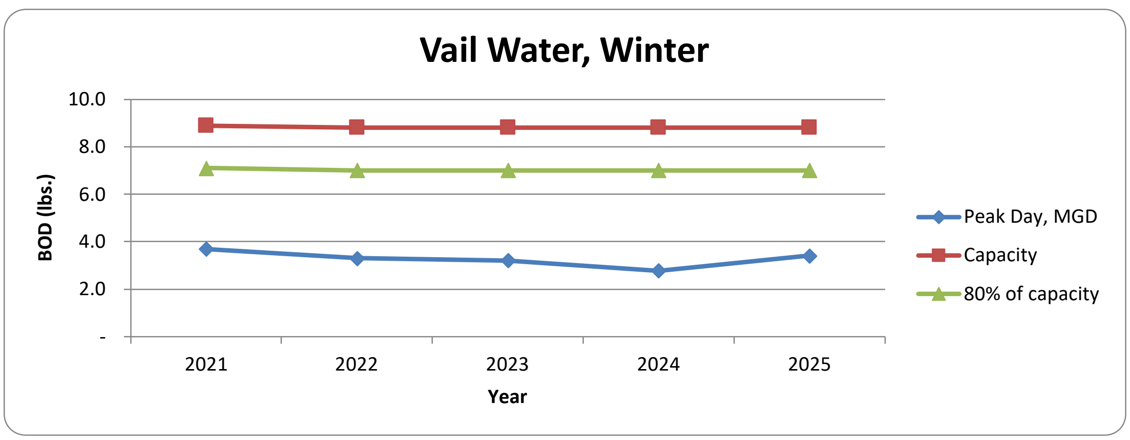
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Vail	10,494	10,509	10,595	10,650	10,703	10,706	10,757	10,876	10,876	10,897
Minturn	732	733	748	752	751	741	747	752	753	765
Avon	3,823	3,847	3,855	3,890	3,934	3,955	4,016	3,973	4,088	4,113
Village at Avon	-	-	-	268	447	494	495	501	600	603
Beaver Creek	2,824	2,829	2,829	2,831	2,834	2,834	2,846	2,864	2,863	2,869
Eagle Vail	2,427	2,433	2,441	2,446	2,446	2,447	2,450	2,451	2,454	2,458
Edwards	3,197	3,202	3,220	3,366	3,375	3,382	3,386	3,406	3,537	3,543
Berry Creek	1,211	1,220	1,231	1,239	1,239	1,241	1,245	1,330	1,364	1,367
Arrowhead	1,062	1,063	1,071	1,079	1,082	1,088	1,091	1,089	1,095	1,094
Cordillera	880	877	882	884	886	888	897	904	928	943
Bachelor Gulch	1,072	1,076	1,075	1,079	1,083	1,090	1,091	1,097	1,093	1,094
Total SFEs	27,722	27,789	27,947	28,484	28,780	28,866	29,021	29,243	29,651	29,746
Percent increase	-0.81%	0.24%	0.57%	1.92%	1.04%	0.30%	0.54%	0.76%	1.40%	0.32%

Eagle River Water and Sanitation District
Water Demand Compared To Capacity
Five Year Comparison
December 31, 2025
(Unaudited)



Vail Water, Summer

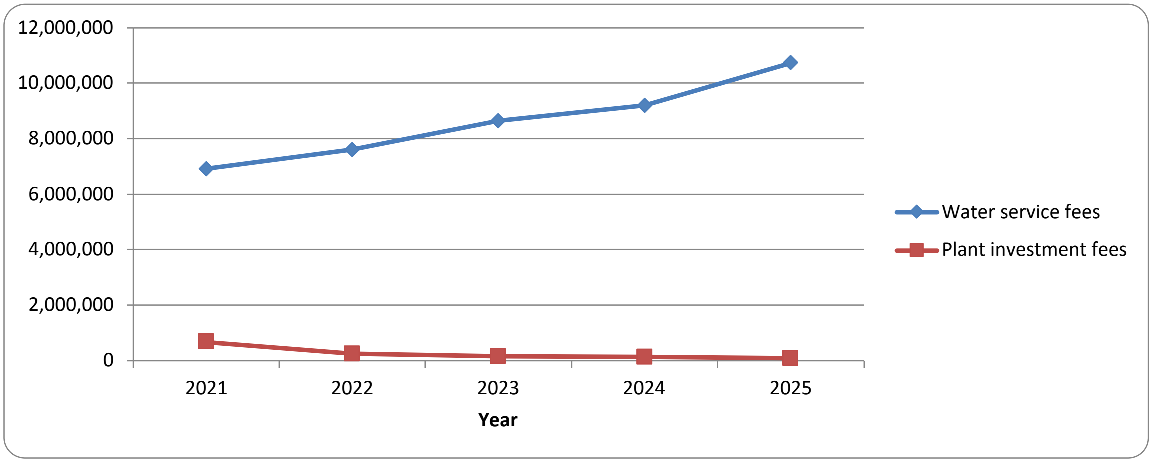
	2021	2022	2023	2024	2025
Peak Day, MGD	5.0	4.3	4.2	5.3	4.4
Capacity	8.9	8.8	8.8	8.8	8.8
80% of capacity	7.1	7.0	7.0	7.0	7.0
Flow, MGD as a % Capacity	56%	49%	48%	61%	50%



Vail Water, Winter

	2021	2022	2023	2024	2025
Peak Day, MGD	3.7	3.3	3.2	2.8	3.4
Capacity	8.9	8.8	8.8	8.8	8.8
80% of capacity	7.1	7.0	7.0	7.0	7.0
Flow, MGD as a % Capacity	42%	38%	36%	32%	39%

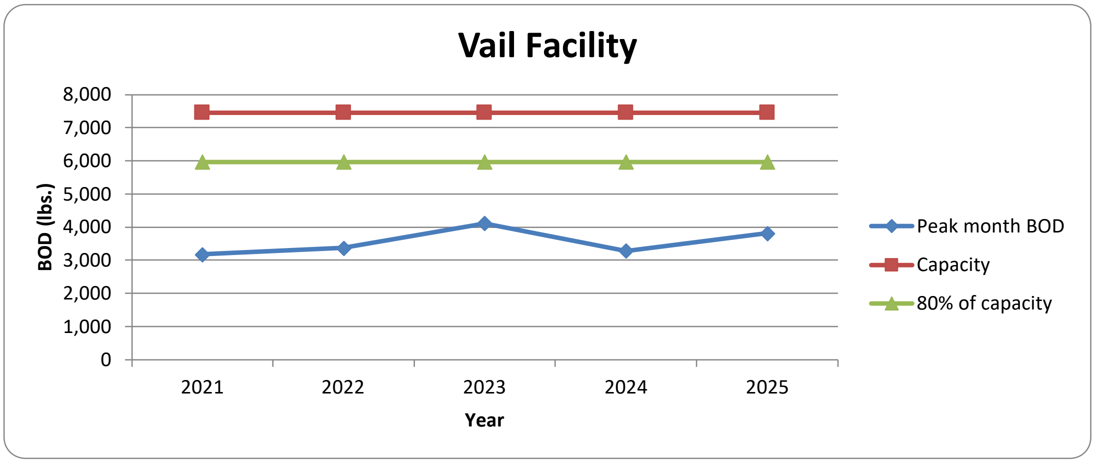
Eagle River Water and Sanitation District
Water Statistics
Five Year Comparison
December 31, 2025
(Unaudited)



	2021	2022	2023	2024	2025
Water service fees	6,921,232	7,614,996	8,641,929	9,192,235	10,734,796
Average single family equivalent (SFE)	10,706	10,757	10,876	10,876	10,897
Average service fee for SFE	646	708	795	845	985
Plant investment fees	677,841	259,212	151,035	140,902	91,769
Gallons sold (in thousands)	661,416	655,375	581,125	588,054	550,110
Average single family equivalent (SFE)	10,706	10,757	10,876	10,876	10,897
Factor (days per year)	365	365	365	365	365
Average gallons sold per day per SFE	169	167	146	148	138

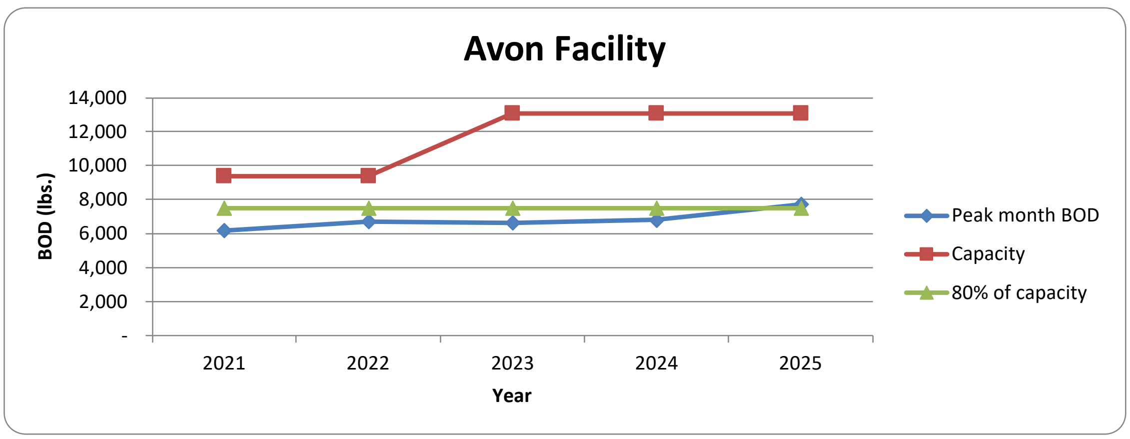
Eagle River Water and Sanitation District
Wastewater Loadings Compared to Facility Capacity
Five Year Comparison
December 31, 2025
(Unaudited)

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



Vail Facility

	2021	2022	2023	2024	2025
Peak month BOD	3,180	3,373	4,124	3,285	3,811
Capacity	7,450	7,450	7,450	7,450	7,450
80% of capacity	5,960	5,961	5,960	5,960	5,960
Peak month BOD as % of capacity	43%	45%	55%	44%	51%

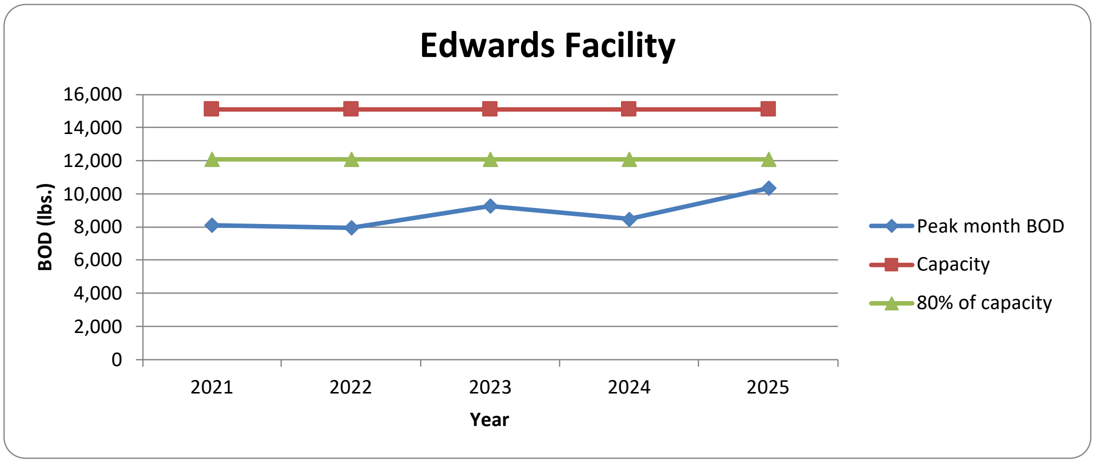


Avon Facility

	2021	2022	2023	2024	2025
Peak month BOD	6,201	6,701	6,643	6,810	7,732
Capacity	9,400	9,400	13,100	13,100	13,100
80% of capacity	7,520	7,520	7,520	7,520	7,520
Peak month BOD as % of capacity	66%	71%	51%	52%	59%

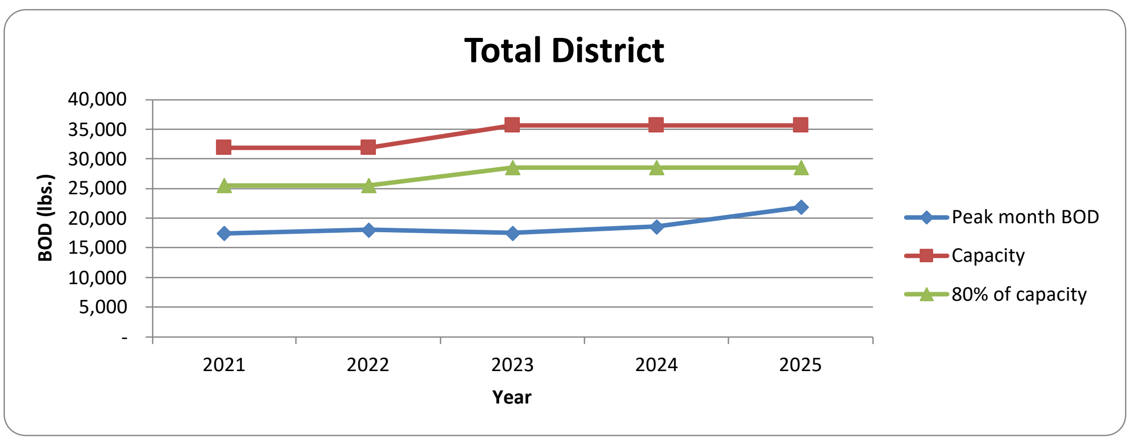
Eagle River Water and Sanitation District
Wastewater Loadings Compared to Facility Capacity
Five Year Comparison
December 31, 2025
(Continued)
(Unaudited)

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



Edwards Facility

	2021	2022	2023	2024	2025
Peak month BOD	8,102	7,972	9,267	8,477	10,358
Capacity	15,100	15,100	15,100	15,100	15,100
80% of capacity	12,080	12,080	12,080	12,080	12,080
Peak month BOD as % of capacity	54%	53%	61%	56%	69%



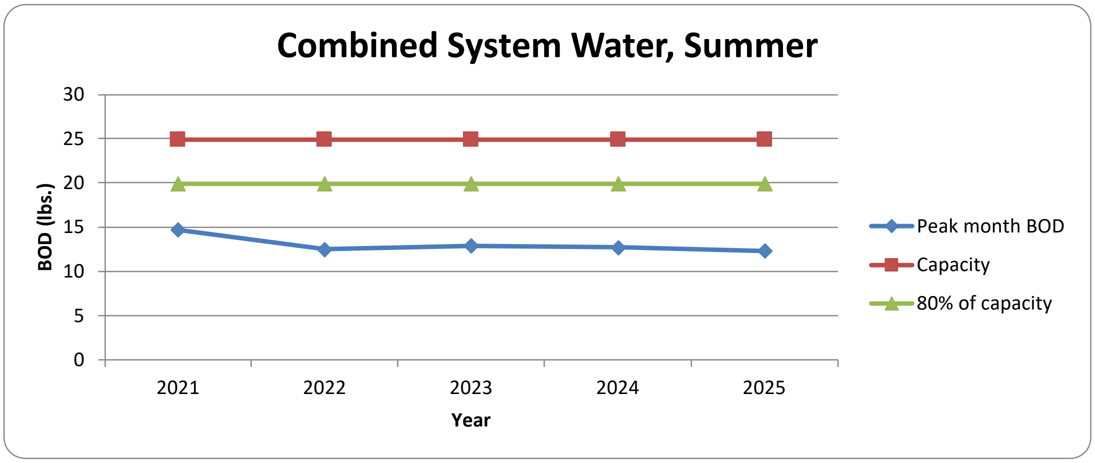
Total District

	2021	2022	2023	2024	2025
Peak month BOD	17,483	18,046	17,486	18,572	21,901
Capacity	31,950	31,950	35,650	35,650	35,650
80% of capacity	25,560	25,560	28,520	28,520	28,520
Peak month BOD as % of capacity	55%	56%	49%	52%	61%

Eagle River Water and Sanitation District
Top 10 Customers
Five Year Comparison
December 31, 2025
(Unaudited)

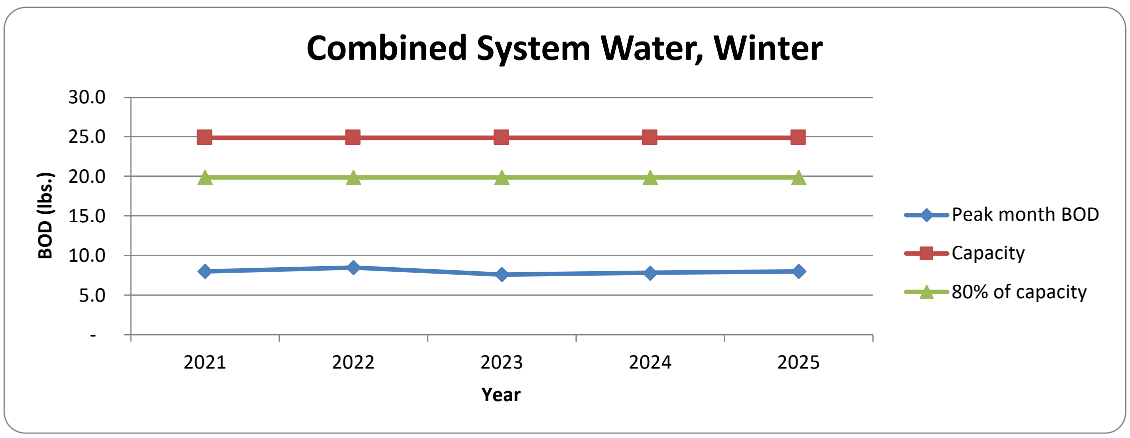
Customer Type	1,000 Gallons	Sales Dollar Amount	% of Total Sales Dollars
Vail Water Sales			
Hotel	14,688	$ 203,215	1.9%
Hotel/Resort	17,375	159,519	1.5%
Hotel/Resort	13,919	127,052	1.2%
Hospital	8,985	91,740	0.9%
Hotel/Condominiums/Resort	11,280	72,487	0.7%
Hotel/Condominiums/Resort	10,320	62,625	0.6%
Hotel/Condominiums/Resort	9,923	57,173	0.5%
Hotel/Condos/Commercial	11,701	51,815	0.5%
Hotel/Commercial	6,757	51,781	0.5%
Hospital - East Wing	9,179	50,134	0.5%
Total - Top 10 Customers	114,127	$ 927,541	8.6%
Total - All Other Customers	435,983	9,807,255	91.4%
Total Service Fees	550,110	$ 10,734,796	100.0%
Wastewater Sales			
Mobile Home Park		$ 465,071	1.8%
Hotel/Resort		317,760	1.2%
Hotel/Condominiums/Resort		222,233	0.9%
Mobile Home Park		199,467	0.8%
Hotel/Resort		193,247	0.7%
Hotel/Condos/Commercial		188,288	0.7%
Hotel/Resort		183,370	0.7%
Hotel/Resort		181,999	0.7%
Hotel/Resort		175,449	0.7%
Hotel/Resort		156,385	0.6%
Total - Top 10 Customers		$ 2,283,269	8.8%
Total - All Other Customers		23,646,331	91.2%
Total Service Fees		$ 25,929,600	100.0%

Eagle River Water and Sanitation District
Water Demand Compared to Capacity
Five Year Comparison
December 31, 2025
(Unaudited)



Combined System Water, Summer

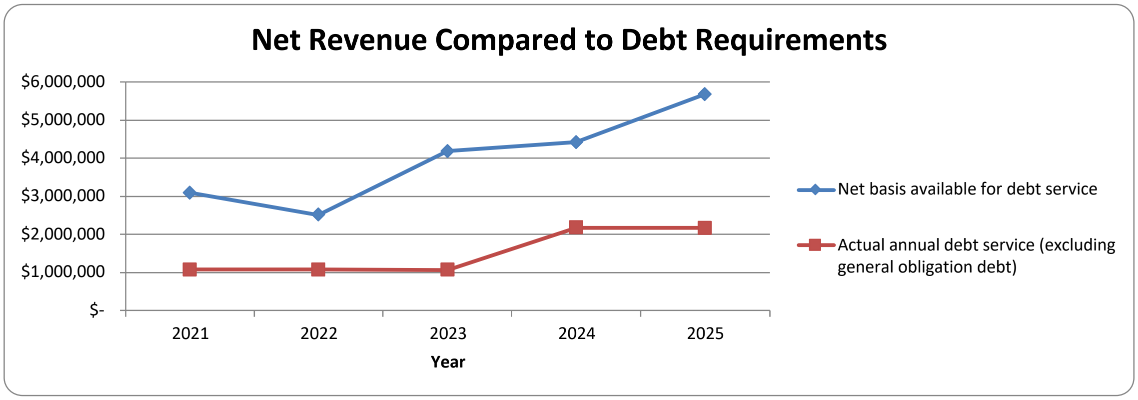
	2021	2022	2023	2024	2025
Peak month BOD	14.7	12.5	12.9	12.7	12.3
Capacity	24.9	24.9	24.9	24.9	24.9
80% of capacity	19.9	19.9	19.9	19.9	19.9
Peak month BOD as % of capacity	59%	50%	52%	51%	49%

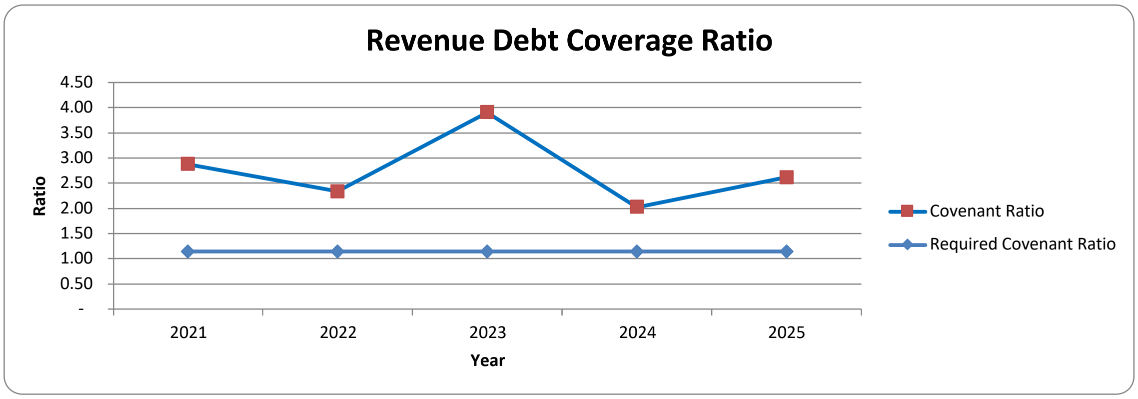


Combined System Water, Summer

	2021	2022	2023	2024	2025
Peak month BOD	8.0	8.5	7.6	7.8	8.0
Capacity	24.9	24.9	24.9	24.9	24.9
80% of capacity	19.9	19.9	19.9	19.9	19.9
Peak month BOD as % of capacity	32%	34%	31%	31%	32%

Eagle River Water and Sanitation District
Rate Maintenance Covenant - Water
Five Year Comparison
December 31, 2025
(Unaudited)





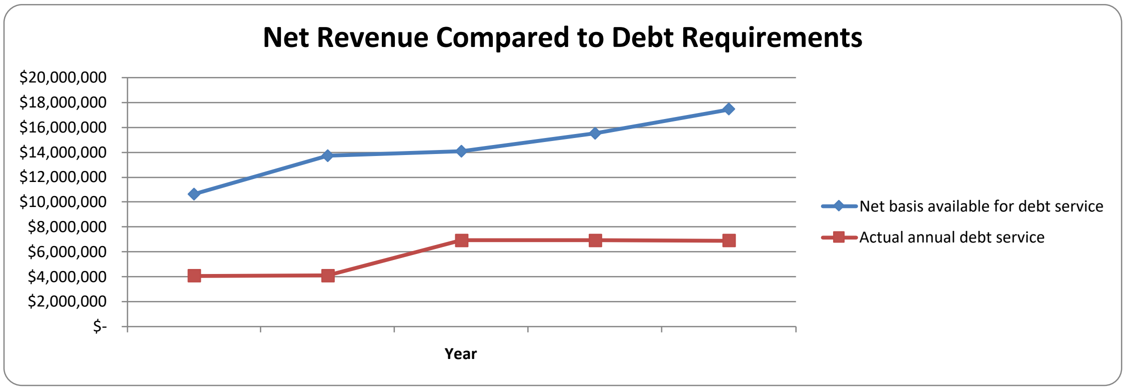
Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 115% of water debt service.

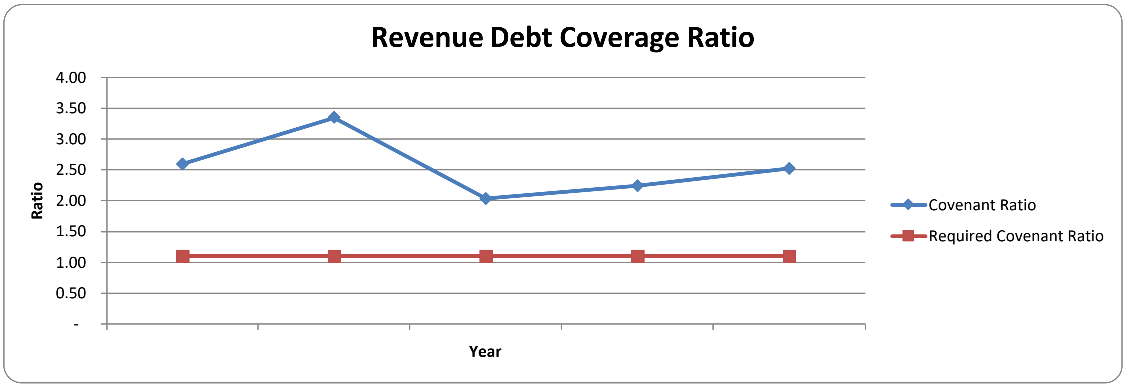
	2021	2022	2023	2024	2025
Operating revenue	7,038,240	7,806,117	8,773,821	9,624,628	11,043,361
Plus:					
Impact fees and other contributed cash	677,841	259,212	151,035	140,902	91,769
Investment income	(991)	10,793	78,479	300,132	696,797
Property taxes for general operating	533,141	543,099	651,290	693,694	688,314
Other non-operating revenues	29,817	33,664	28,290	33,467	39,181
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	8,878,048	9,252,885	10,282,915	11,392,823	13,159,422
Expenses	8,545,228	9,529,666	8,807,500	9,920,176	10,880,814
Less:					
Interest expense	(764,891)	(718,714)	(680,166)	(670,221)	(1,183,472)
Depreciation	(1,980,544)	(2,073,977)	(2,020,338)	(2,261,029)	(2,226,315)
Non-reoccurring or replacement expenses	(6,999)	-	(11,420)	(12,202)	-
Total expenses available for debt service	5,792,794	6,736,975	6,095,576	6,976,724	7,471,027
Net basis available for debt service	3,085,254	2,515,910	4,187,339	4,416,099	5,688,395
Actual annual debt service (excluding general obligation debt)	1,071,600	1,073,900	1,070,500	2,177,668	2,170,825
Covenant Ratio	2.88	2.34	3.91	2.03	2.62
Required Covenant Ratio	1.15	1.15	1.15	1.15	1.15

Rate Maintenance Covenant: The District's Water Enterprise Series 2017, 2019, and 2024 bonds include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 115% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments ($10,131,456 at December 31, 2025) to meet the Rate Maintenance Covenant if necessary.

Eagle River Water and Sanitation District
Rate Maintenance Covenant - Sanitation
Five Year Comparison
December 31, 2025
(Unaudited)





Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 110% of sewer debt service.

	2021	2022	2023	2024	2025
Operating revenue	25,470,671	28,850,477	31,502,812	36,200,992	38,643,898
Plus:					
Impact fees and other contributed cash	1,297,552	2,437,698	2,756,757	451,767	830,348
Investment income	(18,024)	74,411	801,943	1,809,218	2,771,954
Property taxes for general operating	587,406	589,286	629,754	886,129	876,549
Other non-operating revenues	89,451	101,053	100,778	120,711	143,313
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	28,027,056	32,652,925	36,392,044	40,068,817	43,866,062
Expenses	27,548,968	28,581,021	34,646,448	38,788,039	41,245,036
Less:					
Interest expense	(2,847,190)	(2,886,258)	(4,602,177)	(4,728,470)	(4,640,006)
Depreciation	(7,115,752)	(6,646,765)	(7,629,601)	(9,389,607)	(10,114,088)
Major capital additions	(207,358)	(135,687)	(116,145)	(138,585)	(90,640)
Total expenses available for debt service	17,378,668	18,912,311	22,298,525	24,531,377	26,400,302
Net basis available for debt service	10,648,388	13,740,614	14,093,519	15,537,440	17,465,760
Actual annual debt service (excluding general obligation debt)	4,094,691	4,096,083	6,912,466	6,914,349	6,914,555
Covenant Ratio	2.60	3.35	2.04	2.25	2.53
Required Covenant Ratio	1.10	1.10	1.10	1.10	1.10

Rate Maintenance Covenant: The District's Wastewater Revenue Bonds, Series 2009, 2012, 2017 and 2020 include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 110% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments ($47,097,061 at December 31, 2025) to meet the Rate Maintenance Covenant if necessary.

Eagle River Water and Sanitation District
Assessed Valuation, Property Taxes Levied and Collected - Water
Five Year Comparison
December 31, 2025
(Unaudited)

Calendar Year Ended December 31	Valuation for Current Year Property Tax Levy	Total Mills Levied: Operating Mills Levied	Total Mills Levied: Debt Service Mills Levied	Total Property Tax: Levied	Total Property Tax: Collected	% Collected to Levied
2021	1,229,647,670	0.471	0.764	1,518,392	1,516,730	99.9%
2022	1,211,075,770	0.509	0.615	1,361,246	1,360,180	99.9%
2023	1,640,505,630	0.400	0.455	1,402,632	1,402,026	100.0%
2024	1,634,056,530	0.400	0.454	1,395,484	1,395,484	100.0%
2025	1,708,571,030	0.400	0.435	1,426,657		

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

Eagle River Water and Sanitation District
Assessed Valuation, Property Taxes Levied and Collected - Sanitation
Five Year Comparison
December 31, 2025
(Unaudited)

Calendar Year Ended December 31	Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Tax		% Collected to Levied
		Operating Mills Levied	Debt Service Mills Levied	Levied	Collected	
2021	2,597,766,990	0.231	0.535	1,971,705	1,970,192	99.9%
2022	2,565,776,260	0.231	0.534	1,962,819	1,967,800	100.3%
2023	3,621,713,630	0.231	0.379	2,209,245	2,226,926	100.8%
2024	3,623,319,900	0.231	0.377	2,202,978	2,202,050	100.0%
2025	3,823,281,340	0.231	2.013	8,579,443		

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.