

North Table Mountain Water and Sanitation District

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 and 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
North Table Mountain Water & Sanitation District

Opinion

We have audited the accompanying financial statements of the business-type activities of North Table Mountain Water & Sanitation District (the "District") as of and for the years ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise North Table Mountain Water & Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2025 and 2024 for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "Haynie". The signature is written in a cursive, flowing style.

Littleton, Colorado

May 12, 2026

North Table Mountain Water & Sanitation District Management's Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities. The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

Financial Highlights

- Net position increased by \$263,280, due primarily to an increase in investment income and capital contributions in the current year.
- District operating expenses increased by \$66,153 (0.8%), while operating revenues decreased by \$246,785 (2.9%) from 2024 to 2025, resulting in an increased net operating loss of \$605,871 in 2025. This is driven primarily by a decrease in water sales and the District's purchase of replacement water meters during the current year.

Overview of the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in business type activities – providing water and sewer 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 which reflects how the District's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements 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, noncapital financing, capital financing and investing activities.

These financial statements distinguish functions of the District that will be principally supported by user fees, developer contributions and tap fees. The functions of the District include effective and economical operation of water and wastewater sewer systems within the jurisdictional boundaries of the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The district-wide financial statements include only the District itself.

The District adopts an annual appropriated budget to recognize the fiscal impact of operations, non-operating revenues and contributions. A budgetary comparison statement has been provided to demonstrate compliance with this requirement.

The basic financial statements of the District can be found on pages 1-3 of this report.

Financial Analysis of the District as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$44,008,660 at the close of the most recent fiscal year.

The largest portion of the District's net position consists of its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related outstanding debt used to acquire those assets. The balance of investment in capital assets for 2025 increased by \$253,119 (0.8%) compared to 2024. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt. It should be noted that the District has no outstanding long-term debt.

The District has an unrestricted net position of \$12,705,916, an increase of \$10,161 (0.1%) which may be used to meet the government's ongoing obligations to customers and creditors.

\$400,000 of the District's net position has been reserved for emergencies.

At the end of the current fiscal year, the District reported positive balances in all categories of net position, for the District as a whole. Net position for 2025 increased by \$263,280 (0.6%) compared to 2024.

The analysis in Table 1 and Table 2 below focusses on the summary of net position and summary of changes in net position for the District.

Table 1

	<u>2025</u>	<u>2024</u>
Assets		
Current assets	\$ 14,891,769	\$ 13,564,926
Capital assets, net	<u>30,902,744</u>	<u>30,649,625</u>
Total assets	45,794,513	44,214,551
 Liabilities		
Current liabilities	1,574,198	293,500
Long-term liabilities	<u>211,655</u>	<u>175,671</u>
Total liabilities	1,785,853	469,171
 Net Position		
Net investment in capital assets	30,902,744	30,649,625
Reserved for emergencies	400,000	400,000
Unrestricted	<u>12,705,916</u>	<u>12,695,755</u>
	<u>\$ 44,008,660</u>	<u>\$ 43,745,380</u>

Current Assets. 2025 current assets increased by approximately 9.8% from the prior year, primarily due to higher balances in investments as well as inventory and prepaid expenses due to the current projects.

Capital Assets. The District's capital assets as of December 31, 2025 total \$30,902,744 (net of accumulated depreciation). These assets include water and wastewater infrastructure, office furniture and fixtures, vehicles, land and buildings. The District's capital assets increased by 0.8% during the year, primarily due to infrastructure improvements and additions to equipment and vehicles. An analysis of capital assets is presented below.

Capital Assets
(net of depreciation)

	<u>2025</u>	<u>2024</u>	Percentage Change
Land	\$ 533,774	\$ 533,774	0.0%
Raw water rights	1,019,698	1,019,698	0.0%
Water treatment plant	21,481,271	21,460,683	0.1%
Collection, transmission and distribution systems	47,386,592	45,260,255	4.7%
Equipment and vehicles	4,046,622	3,775,076	7.2%
Construction in progress	15,743	30,017	-47.6%
Accumulated depreciation	(43,580,956)	(41,429,878)	5.2%
Net Capital Assets	<u>\$ 30,902,744</u>	<u>\$ 30,649,625</u>	<u>0.8%</u>

Current Liabilities. Current liabilities increased by 436.4% in 2025 compared to the prior year, primarily due to higher accounts payable related to ongoing capital projects.

Long-term Liabilities. The District's long-term liabilities increased by 20.5% from the prior year, due to changes in compensated absences.

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses and Changes in Net Position. Table 2 below takes the information from that statement and rearranges it slightly so the reader can see total revenues for the year compared to 2024.

Table 2
Summary of Changes in Net Position

Revenues	<u>2025</u>	<u>2024</u>
Program Revenues:		
Charges for services	\$ 8,249,875	\$ 8,496,660
General Revenues:		
Investment earnings	467,951	352,671
Capital contributions	401,200	319,040
Other revenues	-	20,911
Total Revenues:	<u>9,119,026</u>	<u>9,189,282</u>
Expenses		
Operating expenses	<u>8,855,746</u>	<u>8,789,593</u>
Change in Net Position	263,280	399,689
Net Position—Beginning of Year	<u>43,745,380</u>	<u>43,345,691</u>
Net Position—End of Year	<u>\$ 44,008,660</u>	<u>\$ 43,745,380</u>

Program Revenues. The District’s program revenues consist mainly of water and sewer charges. These are on-going monthly charges paid by District customers. Program revenues decreased by approximately 2.9% in 2025 compared to the prior year, primarily due to a decrease in the number of gallons of water sold during the year.

General Revenues: The District’s general revenues consist mostly of monies earned on investments and capital contributions which include tap fees. General revenues increased by 25.3% which was driven primarily by an increase in capital improvement charges in the current year. The District does not levy a tax on properties in the District.

Operating Expenses: There are two primary categories of expenses that are integral to the District’s mission of providing water and sanitary sewer services: the purchase of raw water and the collection, transmission, and treatment of wastewater. In 2025, the four largest expense categories – representing approximately 76.8% of the District’s operating expenses – were, in decreasing order: personnel expenses, depreciation of the District’s capital assets, sewage treatment, and the purchase of raw water.

General and administrative expenses are included in operating expenses and represent the costs of supporting services provided to the District’s core operations. These expenses increased by \$66,153, or 0.8%, in 2025 compared to 2024, primarily due to increases in repairs and maintenance and raw water purchases.

Economic Factors and Next Year’s Budget and Rates

At the time the 2026 fiscal budget was adopted, consumption was budgeted to increase by 6% over 2025, and a rate increase of 5% was also approved. This combination would increase program revenue by 10.3% to \$9,100,000. Operating expenses were budgeted to increase by 15.3% to \$10,200,000. General revenues were budgeted as just over \$900,000. This is relatively consistent with that of 2025.

The District is planning on spending \$3,000,000 in capital expenditures during 2026, including a water storage tank rehabilitation of a 1.2-million-gallon tank that was constructed in 1987.

Towards the end of the first quarter 2026, the District imposed stage 1 water drought restrictions and are asking customers to reduce their 2026 water consumption by 20% as compared to 2025. Based on this current information, reduced consumption could decrease the District's budgeted program revenues by \$950,000. The District plans to add additional drought charges on water use that are expected to recover \$500,000 to \$750,000 of these losses. The District plans to cut costs where possible. Lower consumption should lower the cost to treat water (chemicals and power), and the District has also eliminated the summer intern program for the 2026 year. Assuming the drought does not progress to a more limiting water stage, the overall impact is estimated to be from \$250,000 to \$500,000 lower than budgeted net income.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District:

North Table Mountain Water & Sanitation District
14806 West 52nd Avenue
Golden, CO 80403

Basic Financial Statements

North Table Mountain Water & Sanitation District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,803,556	\$ 5,360,387
Investments	10,178,425	6,762,386
Accounts receivable:		
Trade accounts	909,782	1,024,063
Inventory	515,267	218,452
Prepaid expenses	484,739	199,638
Total Current Assets	14,891,769	13,564,926
Capital Assets		
Land	533,774	533,774
Raw water rights	1,019,698	1,019,698
Water treatment plant	21,481,271	21,460,683
Collection, transmission and distribution systems	47,386,592	45,260,255
Equipment and vehicles	4,046,622	3,775,076
Construction in progress	15,743	30,017
Total Capital Assets	74,483,700	72,079,503
Less accumulated depreciation	(43,580,956)	(41,429,878)
Net Capital Assets	30,902,744	30,649,625
Total Assets	<u>\$ 45,794,513</u>	<u>\$ 44,214,551</u>
 Liabilities and Net Position		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,359,266	\$ 96,672
Accrued liabilities	43,970	22,080
Compensated absences	170,962	174,748
Total Current Liabilities	1,574,198	293,500
Long-Term Liabilities		
Compensated absences	211,655	175,671
Total Liabilities	1,785,853	469,171
Net Position		
Net investment in capital assets	30,902,744	30,649,625
Unrestricted	12,705,916	12,695,755
Reserved for emergencies	400,000	400,000
Total Net Position	44,008,660	43,745,380
Total Liabilities and Net Position	<u>\$ 45,794,513</u>	<u>\$ 44,214,551</u>

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

North Table Mountain Water & Sanitation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Water sales	\$ 5,601,523	\$ 5,979,707
Sewer charges	2,811,522	2,604,534
Discount - 4%	<u>(216,367)</u>	<u>(221,452)</u>
Water sales, net of discounts	8,196,678	8,362,789
Penalties, late charges and other revenues	<u>53,197</u>	<u>133,871</u>
Total operating revenues	<u>8,249,875</u>	<u>8,496,660</u>
 Operating Expenses		
Wage and salary expense	2,196,751	2,108,163
Depreciation	2,151,078	2,122,670
Wastewater expense	1,193,767	1,390,444
Raw water expense	1,255,200	1,264,516
Meters expense	249,786	-
Insurance expense	422,932	453,772
Repairs and maintenance	305,878	306,501
Utilities	266,507	250,482
Supplies expense	195,822	188,271
Employee expense	180,605	173,699
Payroll tax expense	165,908	160,404
Office expenses	150,212	101,156
Professional fees	45,720	53,956
Vehicle expense	35,796	35,554
Other expenses	<u>39,784</u>	<u>180,005</u>
Total operating expenses	<u>8,855,746</u>	<u>8,789,593</u>
 Net Operating Loss	<u>(605,871)</u>	<u>(292,933)</u>
 Nonoperating Revenues		
Interest income	51,460	2,256
Net investment gain	416,491	350,415
Gain on disposal of capital assets	<u>-</u>	<u>20,911</u>
Total Nonoperating Revenues	<u>467,951</u>	<u>373,582</u>
 Net Income (Loss) Before Capital Contributions	<u>(137,920)</u>	<u>80,649</u>
 Capital Contributions		
Tap fees	97,200	87,300
Capital improvement charges	<u>304,000</u>	<u>231,740</u>
Total Capital Contributions	<u>401,200</u>	<u>319,040</u>
Change in Net Position	263,280	399,689
Net Position—Beginning of Year	<u>43,745,380</u>	<u>43,345,691</u>
Net Position—End of Year	<u><u>\$ 44,008,660</u></u>	<u><u>\$ 43,745,380</u></u>

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

North Table Mountain Water & Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Cash received from customers	\$ 8,364,156	\$ 8,393,536
Cash paid to suppliers for goods and services	(3,458,836)	(4,595,957)
Cash paid to employees for services	(2,164,553)	(2,209,335)
Cash paid on behalf of employees	(346,513)	(334,103)
Net Cash From Operating Activities	2,394,254	1,254,141
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(2,404,197)	(237,945)
Proceeds from sale of capital assets	-	60,209
Tap fees	97,200	87,300
System development fees collected	304,000	231,740
Net Cash From Capital and Related Financing Activities	(2,002,997)	141,304
Cash Flows from Investing Activities:		
Investments matured/sold	301	1,786
Investments purchased	(3,026,254)	-
Net investment income	77,865	2,256
Net Cash from Investing Activities	(2,948,088)	4,042
Net Change in Cash and Cash Equivalents	(2,556,831)	1,399,487
Cash and Cash Equivalents—Beginning of Year	5,360,387	3,960,900
Cash and Cash Equivalents—End of Year	\$ 2,803,556	\$ 5,360,387
Reconciliation of Net Operating Income to Net Cash From Operating Activities:		
Net operating income (loss)	\$ (605,871)	\$ (292,933)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,151,078	2,122,670
Changes in assets and liabilities:		
Accounts receivable	114,281	(103,124)
Inventory	(296,815)	(38,093)
Prepaid expenses	(285,101)	(39,317)
Accounts payable	1,262,594	(8,593)
Accrued liabilities	21,890	(408,870)
Compensated absences	32,198	22,401
Total Adjustments	3,000,125	1,547,074
Net Cash From Operating Activities	\$ 2,394,254	\$ 1,254,141

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

North Table Mountain Water & Sanitation District

Notes to Financial Statements

December 31, 2025 and 2024

1. Definition of Reporting Entity

North Table Mountain Water & Sanitation District (District) was formed by order of the District Court of Jefferson County, Colorado, in November of 1958. The District is a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32). The primary operating function of the District is to provide treated water and sewage removal for both residential and industrial users within the District's boundaries.

Since the major part of its income is derived from user charges, the District is classified and accounted for as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal and state income taxes.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets. Tap fees and contributed lines received are recorded as capital contributions when received.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

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

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

Budget and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Capital Assets

The District's property and equipment are carried at cost in the case of outright purchases or construction. In the case of property contributed by sub-dividers or customers, such as water and sewer lines, the asset is recorded at an estimated fair market value at the date of contribution as determined by the District's consulting engineers. Capital assets which include land, buildings, water and sewer distribution and collection systems and furniture and equipment are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water treatment plant	10- 30 years
Collection, Transmission and Distribution Systems	30 years
Leasehold improvements	5 years
Equipment	5-15 years

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist primarily of amounts billed to customers for water and sanitary sewer services provided but not yet collected as of year-end. The District does not maintain a reserve for estimated uncollectible accounts for water and sewer services, as such amounts are considered negligible.

The District's policy for delinquent accounts is to place a lien against the related real property and to discontinue water services until outstanding balances are paid. The District also requires security deposits for rented water meters, which further help to ensure collection.

Operations

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenue, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tap Fees

Tap fees are recorded as contributions and combined with contributed lines on the Statements of Revenue, Expenses and Changes in Net Position.

Contributed Capital

Contributed capital represent contributions for plant and equipment acquired by the District primarily through donations by customers, developers and sub-dividers. These contributions are in the form of water and sewer lines installed and paid for by others and deeded over to the District.

Cash and Cash Equivalents

The District considers cash deposits and highly liquid investments with an intended maturity of three months or less to be cash equivalents.

Investments

The District's policy is to account for investments at fair value or other allowable measures, in accordance with GASB. Gains or losses on the sale of investments are recognized when the investment is sold.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Inventories

Inventory is stated at the lower of cost or net realizable value, using the first-in, first-out method, and consists of expendable supplies.

Net Position

Net position represents the difference between assets and liabilities. 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. The net asset amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements.

Vacation. The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave. The District's policy permits employees to accumulate earned but unused sick leave. Most sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. In these instances, an accrual for estimated value of sick leave that will be used by employees as time off is included in this liability. However, upon retirement age at 59 ½ or older, employees with a minimum of 10 years of service, sick leave is paid out at the rate 50% for each sick leave earned but not taken at employee's current pay rate upon separation from employment.

Management Estimates

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

North Table Mountain Water & Sanitation District

Notes to Financial Statements (continued)

December 31, 2025 and 2024

2. Summary of Significant Accounting Policies

Subsequent Events

The District has evaluated subsequent events through _____, 2026, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

3. Cash, Cash Equivalents and Investments

Cash deposits and investments are reflected on the December 31 Statements of Net Position as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,803,556	\$ 5,360,387
Investments	<u>10,178,425</u>	<u>6,762,386</u>
Total	<u>\$ 12,981,981</u>	<u>\$ 12,122,773</u>

Cash Deposits

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

The State Regulatory Commissions for banks and financial institutions are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025 and 2024, the District's cash deposits had a bank balance and a carrying balance as follows:

	<u>2025</u>		<u>2024</u>	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Deposits with financial institutions	\$ 2,802,856	\$ 1,469,520	\$ 5,359,687	\$ 5,335,539
Petty cash	<u>700</u>	<u>-</u>	<u>700</u>	<u>-</u>
	<u>\$ 2,803,556</u>	<u>\$ 1,469,520</u>	<u>\$ 5,360,387</u>	<u>\$ 5,335,539</u>

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

3. Cash, Cash Equivalents and Investments (continued)

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name and uncollateralized.

	2025	2024
Insured deposits	\$ 250,000	\$ 250,000
Category 1	700	700
Category 2	1,219,520	5,085,539
Total cash and investments	\$ 1,470,220	\$ 5,336,239

Investments and Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. The District also adopted an investment policy that specifies instruments the District may invest in, which include:

- Bank and/or Time Certificates of Deposit (Money Market)
- Banking institutions that are regulated by the FDIC and the Colorado Division of Banking
- Local Government Investment pools
- Securities:
 - U.S. Government Treasury Bills & Notes
 - Obligations of the following U.S. Agencies:
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corp. (FHLMC)
 - Federal National Mortgage Association (FNMA)
 - Federal Farm Credit Bank (FFCB)
 - A 1 +/P1 Commercial Paper (rating of AAA and/or AA)

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

3. Cash, Cash Equivalents and Investments (continued)

The local government investment pools, which include Colorado Surplus Asset Fund Trust (CSAFE) is rated AAAM by Moody's for the years ended December 31, 2025 and 2024.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with debt service reserve or sinking fund requirements.

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to three years or less.

As of December 31, 2025 and 2024, the District had the following investments:

2025

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 10,178,425
Total Investments		<u>\$ 10,178,425</u>

2024

Type of Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 3,241,849
Money Market	Less than one year	3,520,537
Total Investments		<u>\$ 6,762,386</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

3. Cash, Cash Equivalents and Investments (continued)

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's fixed income investments are considered to be Level 1 and are valued using quoted prices in an active market.

4. Capital Assets

An analysis of the changes in net capital asset for the years ended December 31, 2025 and 2024 follows:

	Balance December 31, 2024	Additions/ Transfers	Retirements/ Transfers	Balance December 31, 2025
Capital assets, not being depreciated:				
Land	\$ 533,774	\$ -	\$ -	\$ 533,774
Raw water rights	1,019,698	-	-	1,019,698
Construction in progress	30,017	1,980,789	(1,995,063)	15,743
Total capital assets, not being depreciated	1,583,489	1,980,789	(1,995,063)	1,569,215
Capital assets, being depreciated:				
Water treatment plant	21,460,683	20,588	-	21,481,271
Collection, transmission and distribution system	45,260,255	2,126,337	-	47,386,592
Equipment and vehicles	3,775,076	271,546	-	4,046,622
Total capital assets, being depreciated	70,496,014	2,418,471	-	72,914,485
Less accumulated depreciation for:				
Water treatment plant	(5,658,365)	(779,420)	-	(6,437,785)
Collection, transmission and distribution system	(32,494,102)	(1,269,563)	-	(33,763,665)
Equipment and vehicles	(3,277,411)	(102,095)	-	(3,379,506)
Total accumulated depreciation	(41,429,878)	(2,151,078)	-	(43,580,956)
Total capital assets, being depreciated, net	29,066,136	267,393	-	29,333,529
Total capital assets, net	\$ 30,649,625	\$ 2,248,182	\$ (1,995,063)	\$ 30,902,744

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

4. Capital Assets (continued)

	Balance December 31, 2023	Additions/ Transfers	Retirements/ Transfers	Balance December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 533,774	\$ -	\$ -	\$ 533,774
Raw water rights	1,019,698	-	-	1,019,698
Construction in progress	<u>5,450</u>	<u>24,567</u>	<u>-</u>	<u>30,017</u>
Total capital assets, not being depreciated	<u>1,558,922</u>	<u>24,567</u>	<u>-</u>	<u>1,583,489</u>
Capital assets, being depreciated:				
Water treatment plant	21,436,538	24,145	-	21,460,683
Collection, transmission and distribution system	45,260,255	-	-	45,260,255
Equipment and vehicles	<u>3,646,303</u>	<u>189,233</u>	<u>(60,460)</u>	<u>3,775,076</u>
Total capital assets, being depreciated	<u>70,343,096</u>	<u>213,378</u>	<u>(60,460)</u>	<u>70,496,014</u>
Less accumulated depreciation for:				
Water treatment plant	(4,880,833)	(777,532)	-	(5,658,365)
Collection, transmission and distribution system	(31,241,948)	(1,252,154)	-	(32,494,102)
Equipment and vehicles	<u>(3,205,589)</u>	<u>(92,982)</u>	<u>21,160</u>	<u>(3,277,411)</u>
Total accumulated depreciation	<u>(39,328,370)</u>	<u>(2,122,668)</u>	<u>21,160</u>	<u>(41,429,878)</u>
Total capital assets, being depreciated, net	<u>31,014,726</u>	<u>(1,909,290)</u>	<u>(39,300)</u>	<u>29,066,136</u>
Total capital assets, net	<u>\$ 32,573,648</u>	<u>\$ (1,884,723)</u>	<u>\$ (39,300)</u>	<u>\$ 30,649,625</u>

5. Compensated Absences Payable

The following is a summary of long-term debt transactions for the District for the year ended December 31, 2025.

	Balance December 31, 2024	Net Change	Balance December 31, 2025	Due Within One Year
Compensated absences	<u>\$ 350,419</u>	<u>\$ 32,198</u>	<u>\$ 382,617</u>	<u>\$ 170,962</u>

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

6. Retirement Plans (continued)

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. This plan is administered by the Colorado Retirement Association (CRA). The plan allows employees to defer a portion of their salary until future years. Participation in the plan to the extent of a minimum of 4% is a requirement of employment with the District.

Employees hired prior to July 2016 are grandfathered into a plan where the employer will match up to 7% of the employee's contributions to their 401(a) plan. However, if the employee contributes less than 7% to their 401(a) account, the employer will catch up the remaining % to meet 7% total employer contribution, to the employee's 457 plan account.

Employees hired on or after July 1, 2016 are required to contribute no less than 4% to their 401(a) account. The District will match dollar for dollar up to 7%. If an employee elects to defer more than 7%, they may do that within the 457 plan.

The total employee and employer contributions to an employee's 457 plan account may not exceed the annual IRS limits.

During the years ended December 31, 2025 and 2024, the District contributed \$141,847 and \$130,983, respectively, to the plan. Total covered payroll under the plan during the years ended December 31, 2025 and 2024 was \$2,132,275 and \$2,055,256, respectively.

7. Net Position

The District has net position consisting of three components — net investment in capital assets, reserved for emergencies and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District had no outstanding debt as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the District had net investment in capital assets of \$30,902,744 and \$30,649,625, respectively.

Restricted net position includes net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had \$400,000 of restricted net position for both December 31, 2025 and 2024, which fulfills the TABOR requirement for local governments to emergency reserves representing at least 3% of fiscal year spending (excluding debt service).

North Table Mountain Water & Sanitation District
Notes to Financial Statements (continued)
December 31, 2025 and 2024

7. Net Position (continued)

Unrestricted net position consists of net position that does not meet the definition of invested in capital assets or restricted. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

8. 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 participates in the Colorado Special Districts Property and Liability Pool (the "Pool"), which is an organization created by inter-governmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate.

It provides coverage for property claims up to the values declared, and liability claims for up to \$1,000,000. It is reinsured for up to 80% of the first \$250,000 of each casualty claim and for 100% of the excess. Public official liability claims are reinsured for the full limit of \$1,000,000.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

Supplementary Information

North Table Mountain Water & Sanitation District
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	2025 Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Water sales	\$ 5,580,000	\$ 5,601,523	\$ 21,523
Sewer charges	2,545,000	2,811,522	266,522
Discount - 4%	<u>(215,000)</u>	<u>(216,367)</u>	<u>(1,367)</u>
Water sales, net of discounts	7,910,000	8,196,678	286,678
Inspection fees	-	-	-
Penalties, late charges and other revenues	<u>370,000</u>	<u>53,197</u>	<u>(316,803)</u>
Total operating revenues	<u>8,280,000</u>	<u>8,249,875</u>	<u>(30,125)</u>
Operating Expenses			
Wage and salary expense	2,380,000	2,196,751	183,249
Wastewater expense	1,508,858	1,193,767	315,091
Raw water expense	1,367,058	1,255,200	111,858
Customer metering	550,000	249,786	300,214
Insurance expense	445,000	422,932	22,068
Repairs and maintenance	346,694	305,878	40,816
Utilities	269,775	266,507	3,268
Supplies expense	292,442	195,822	96,620
Employee expense	145,000	180,605	(35,605)
Payroll tax expense	-	165,908	(165,908)
Office expenses	97,812	150,212	(52,400)
Professional fees	56,499	45,720	10,779
Vehicle expense	35,922	35,796	126
Other expenses	59,718	39,784	19,934
Capital outlay	<u>4,885,000</u>	<u>2,404,197</u>	<u>2,480,803</u>
Total operating expenses	<u>12,439,778</u>	<u>9,108,865</u>	<u>3,330,913</u>
Operating Income (Loss)	<u>(4,159,778)</u>	<u>(858,990)</u>	<u>3,300,788</u>
Nonoperating Revenues (Expenses)			
Interest income	-	51,460	51,460
Net investment income	<u>415,000</u>	<u>416,491</u>	<u>1,491</u>
Total Nonoperating Revenues (Expenses)	<u>415,000</u>	<u>467,951</u>	<u>52,951</u>
Income Before Capital Contributions	<u>(3,744,778)</u>	<u>(391,039)</u>	<u>3,353,739</u>
Capital Contributions			
Tap fees	692,300	97,200	(595,100)
Capital improvement charges	<u>-</u>	<u>304,000</u>	<u>304,000</u>
Total Capital Contributions	<u>692,300</u>	<u>401,200</u>	<u>(291,100)</u>
Change in Net Position	<u>(3,052,478)</u>	<u>10,161</u>	<u>3,062,639</u>
Net Position—Beginning of Year	<u>(5,826,699)</u>	<u>43,745,380</u>	<u>49,572,079</u>
Net Position—End of Year	<u><u>\$ (8,879,177)</u></u>	<u><u>\$ 43,755,541</u></u>	<u><u>\$ 52,634,718</u></u>
Reconciliation to GAAP-Basis Financial Statements			
Change in net position - budget basis		\$ 10,161	
Capital outlay		2,404,197	
Depreciation		<u>(2,151,078)</u>	
Change in net position - GAAP basis		<u><u>\$ 263,280</u></u>	