THUNDERBIRD WATER & SANITATION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thunderbird Water & Sanitation District

Opinions

We have audited the accompanying financial statements of Thunderbird Water & Sanitation District as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Thunderbird 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 Thunderbird Water & Sanitation District as of December 31, 2025 and 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thunderbird Water & 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Thunderbird Water & Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 of 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 Thunderbird Water & Sanitation 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 Thunderbird Water & Sanitation 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thunderbird Water & Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crum + Associates LLC

Fort Collins Colorado
September 23, 2026

Basic Financial Statements

Thunderbird Water & Sanitation District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,671,494	$ 3,858,111
Accounts receivable	22,150	22,626
Prepaid expenses	5,270	5,270
Property taxes receivable	290,616	286,937
Total Current Assets	3,989,530	4,172,944
Noncurrent Assets		
Capital Assets		
Nondepreciable	992,584	909,563
Depreciable	1,686,269	1,593,784
Total Capital Assets	2,678,853	2,503,347
Less: Accumulated depreciation	(892,837)	(849,530)
Net Capital Assets	1,786,016	1,653,817
Total Assets	$ 5,775,546	$ 5,826,761
Liabilities		
Current Liabilities		
Accounts payable	$ 44,026	$ 244,755
Accrued interest	25,009	14,979
Long-term debt, current portion	95,268	75,745
Total Current Liabilities	164,303	335,479
Noncurrent Liabilities		
Long-term debt	3,654,963	3,736,300
Total Long Term Liabilities	3,654,963	3,736,300
Total Liabilities	3,819,266	4,071,779
Deferred Inflows of Resources		
Deferred property taxes	290,616	286,937
Total Deferred Inflows of Resources	290,616	286,937
Net Position		
Net Investment in capital assets	1,297,538	1,165,339
Restricted for emergencies	9,244	9,192
Restricted for capital projects	3,234,093	3,383,107
Restricted for debt service	25,660	15,160
Unrestricted	(2,900,871)	(3,104,753)
Total Net Position	1,665,664	1,468,045
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 5,775,546	$ 5,826,761

The accompanying notes are an integral part of these financial statements

Thunderbird Water & Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Charges for services	$ 124,712	$ 133,782
Other income	5,252	4,786
Total Operating Revenues	129,964	138,568
Operating Expenses		
Repairs and maintenance	88,364	161,351
Professional fees	41,195	27,513
Insurance	6,505	5,122
Meter readings	6,000	6,000
Other	13,852	9,742
Utilities	23,036	27,539
Operating supplies	2,957	4,692
Depreciation expense	43,307	39,595
Total Operating Expenses	225,216	281,554
Operating Profit (Loss)	(95,252)	(142,986)
Nonoperating Revenues (Expenses)		
Property taxes - operations	32,555	34,202
Property taxes - debt service	253,477	250,952
Specific ownership taxes	22,085	21,243
System development charges	800	38,400
Investment income	162,646	180,049
County treasurer fees	(4,293)	(4,280)
Interest and bond amortization expense	(174,399)	(177,467)
Total Nonoperating Revenues (Expenses)	292,871	343,099
Change in Net Position	197,619	200,113
Net Position, beginning of year	1,468,045	1,267,932
Net Position, end of year	$ 1,665,664	$ 1,468,045

The accompanying notes are an integral part of these financial statements

Thunderbird Water & Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 130,440	$ 136,132
Cash paid to suppliers	(382,638)	(47,575)
Net cash provided (used) by operating activities	(252,198)	88,557
Cash Flows From Non-Capital Financing Activities		
Property taxes received	286,032	285,154
Specific ownership taxes received	22,085	21,243
System development charges	800	38,400
County treasurer fees	(4,293)	(4,280)
Net cash provided (used) by non-capital financing activities	304,624	340,517
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(175,506)	(330,952)
Principal paid on loan	(51,784)	(70,176)
Interest paid on loan	(174,399)	(177,467)
Net cash provided (used) in capital and related financing activities	(401,689)	(578,595)
Cash Flows From Investing Activities		
Investment income received	162,646	180,049
Proceeds from sale of investments	-	3,428,804
Net cash provided (used) by investing activities	162,646	3,608,853
Net increase (decrease) in cash and cash equivalents	(186,617)	3,459,332
Cash and cash equivalents, beginning of year	3,858,111	398,779
Cash and cash equivalents, end of year	$ 3,671,494	$ 3,858,111
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	$ (95,252)	$ (142,986)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	43,307	39,595
Changes in assets and liabilities		
Accounts receivable	476	(2,436)
Prepaid expenses	-	(1,430)
Accounts payable	(200,729)	195,814
Net Cash Provided (Used) by Operating Activities	$ (252,198)	$ 88,557

The accompanying notes are an integral part of these financial statements

Note 1 Summary of Significant Accounting Policies

The Thunderbird Water & Sanitation District (District) is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sanitation services within its jurisdictional boundaries.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below. The District does not have any employees and all positions are contracted.

Financial Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Accounting

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of long-term debt is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service of water. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These statements establish standards for external financial reporting for all state and local governmental entities; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The District has omitted the management's discussion and analysis section It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

Note 1 Summary of Significant Accounting Policies (Continued)

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Property, Plant and Equipment

The District records property, plant and equipment at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. The capitalization threshold for fixed assets is $5,000. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. All assets are depreciated on a straight-line basis. The estimated useful lives are as follows:

Plant and distribution system	20-50 years
Equipment	3-5 years

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Net Position

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt, that are attributable to the acquisition, construction, or improvement of those assets.

Note 1 Summary of Significant Accounting Policies (Continued)

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c. Unrestricted net position – all other segments of net position that do not meet the definition of "restricted" or "net investment in capital assets." These items are available for future operations or distributions.

Cash Equivalents

For purposes of the financial statements, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Deferred Inflows of Resources

Deferred property taxes – deferred property taxes include property taxes, which have been certified but not yet collected.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, and 2024, the District's cash deposits had a carrying balance of $5,430 and $42,026 and a corresponding bank balance $10,859 and $78,603, of which, $10,859 and $78,603 were insured by the Federal Deposit Insurance Corporation, respectively.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 102% of the uninsured deposits. As of December 31, 2025, and 2024 the District had $0 and $0 collateralized under PDPA, respectively.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Note 2 Cash and Investments (Continued)

Custodial Credit Risk – Deposits

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

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

At December 31, 2025 and 2024, the District had $3,666,064 and $3,816,085, respectively, invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to $10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2025 and 2024 is as follows:

	2025	2024
Cash deposits	$ 5,430	$ 42,026
Colotrust	3,666,064	3,816,085
Total cash and cash equivalents	$ 3,671,494	$ 3,858,111

Note 3 Accounts Receivable

Management has evaluated the collectability of accounts receivable and deemed that all receivables are collectible. Additionally, the District has the right to place a lien on the property for unpaid charges. Accounts receivable balance at December 31, 2025 and 2024, was comprised of the following:

	2025	2024
Charges for services	$ 20,305	$ 20,721
Taxes receivable	1,845	1,905
Less: Allowance for doubtful accounts	-	-
Total	$ 22,150	$ 22,626

Note 4 Capital Assets

A summary of changes to capital assets for 2025 is as follows:

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Business Type Activities:				
Nondepreciable				
Water rights	$ 582,563	$ -	$ -	$ 582,563
Easements	65,993	-	-	65,993
Construction in progress	261,007	149,014	-	410,021
Total Nondepreciable	909,563	149,014	-	1,058,577
Depreciable				
Plant and equipment	1,593,784	26,492	-	1,620,276
Total Depreciable	1,593,784	26,492	-	1,620,276
TOTAL	2,503,347	175,506	-	2,678,853
Less Accumulated Depreciation				
Plant and equipment	(849,530)	(43,307)	-	(892,837)
Total Accumulated Depreciation	(849,530)	(43,307)	-	(892,837)
Net Capital Assets	$ 1,653,817	$ 132,199	$ -	$ 1,786,016

Depreciation expense for the year ended December 31, 2025 was $43,307.

A summary of changes to capital assets for 2024 is as follows:

Note 4 Capital Assets (Continued)

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Business Type Activities:				
Nondepreciable				
Water rights	$ 582,563	$ -	$ -	$ 582,563
Easements	65,993	-	-	65,993
Construction in progress	76,074	184,933	-	261,007
Total Nondepreciable	724,630	184,933	-	909,563
Depreciable				
Plant and equipment	1,447,765	146,019	-	1,593,784
Total Depreciable	1,447,765	146,019	-	1,593,784
TOTAL	2,172,395	330,952	-	2,503,347
Less Accumulated Depreciation				
Plant and equipment	(809,935)	(39,595)	-	(849,530)
Total Accumulated Depreciation	(809,935)	(39,595)	-	(849,530)
Net Capital Assets	$ 1,362,460	$ 291,357	$ -	$ 1,653,817

Depreciation expense for the year ended December 31, 2024 was $39,595.

Note 5 Long-term Debt

On July 18, 2023 the District issued general obligation bonds in the amount of $3,500,000 for the construction of well #4. The loan is secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate in an amount sufficient to pay the principal of and interest on the Bonds when due. The interest on the bonds is variable from 4.75% - 5.25% with an effective yield of 3.50% to 4.80% throughout the life of the bonds. Interest on the bonds is payable semi-annually on June 1 and December 1 of each year. Principal payments are due annually on December 1 each year.

On September 8, 2011 the District entered into a general obligation promissory note with State of Colorado in an amount not to exceed $318,150 for the purchase of water rights. The District completed drawing on the loan in 2017, at which time the amortization of the loan began over a period of 20 years through 2037 at a rate of 4.25%. The loan is secured by all pledged revenues of the District. The loan included $6,220 of interest that was incurred and rolled into the final balance. A summary of changes in long-term debt for 2025 and 2024 are as follows:

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Amounts Due Within One Year
2023 G.O. Bonds	$ 3,450,000	$ -	$ (55,000)	$ 3,395,000	$ 60,000
Premium on G.O. Bonds	126,741	-	(6,814)	119,927	6,814
2011 Loan St. of CO	235,304	-	-	235,304	28,454
Total Long-term Debt	$ 3,812,045	$ -	$ (61,814)	$ 3,750,231	$ 95,268

Note 5 Long-term Debt (Continued)

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amounts Due Within One Year
2023 G.O. Bonds	$ 3,500,000	$ -	$ (50,000)	$ 3,450,000	$ 55,000
Premium on G.O. Bonds	133,555	-	(6,814)	126,741	6,814
2011 Loan St. of CO	248,666	-	(13,362)	235,304	13,931
Total Long-term Debt	$ 3,882,221	$ -	$ (70,176)	$ 3,812,045	$ 75,745

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 95,268	$ 177,471	$ 258,808
2027	81,954	173,854	255,808
2028	87,598	170,210	257,808
2029	88,268	166,289	254,557
2030	93,968	162,340	256,308
2031-2035	530,962	743,913	1,274,875
2036-2040	594,506	606,262	1,200,768
2041-2045	694,079	452,563	1,146,642
2046-2050	865,903	271,463	1,137,366
2051-2053	617,725	59,376	677,101
Total	$ 3,750,231	$ 2,983,741	$ 6,720,041

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

On November 2, 2010 the voters of the District approved the issuance of debt in the amount of $875,000 to finance the purchase of ground water, ground water rights, water supply, water distribution and water facilities. The obligations shall not exceed a rate of 6.5% and shall have a maximum repayment cost of $1,200,000. The voters have approved a property tax increase of $80,000 per year to fund the repayment of these obligations.

On November 2, 2021 the voters of the District approved the issuance of debt in the amount of $3,000,000 to finance the acquisition, construction and completion of water supply and distribution improvements and facilities including but not limited to, water wells, pump houses, pipelines and necessary land and easements. The obligations shall not exceed a rate of 5% per annum and shall have a maximum repayment cost of $5,850,000. The voters have approved a property tax increase of up to $250,000 per year to fund the repayment of these obligations.

Note 7 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; and natural disaster. The District has taken steps to mitigate the risk of loss which includes carrying commercial liability insurance. Actual claims have not exceeded commercial coverage in any of the last three years.

Note 8 Restricted Net Position

The District has established an emergency reserve of $9,244 and $9,192, to comply with Article X, Section 20 of the Colorado Constitution and $25,660 and $15,160 related to the collection of property taxes for the payment of long-term debt as of December 31, 2025 and 2024, respectively. The District had $3,234,093 and $3,383,107 as of December 31, 2025 and 2024, respectively, restricted for capital projects relating to the issuance of the general obligation bonds.

Note 9 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

Note 10 Subsequent Events

On June 9, 2026 the District issued General Obligation Bonds in the amount of $2,000,000. The bonds mature in 2036 and carry an interest rate of 5% per annum. Proceeds from the sale of the Bonds will be used to (i) finance the acquisition, construction and completion of water supply and distribution improvements and facilities; and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District and are secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay the principal of and interest on the Bonds when due. The Bonds are subject to optional and extraordinary redemption prior to maturity.

Other Supplemental Information

Thunderbird Water & Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	$ 201,000	$ 124,712	$ (76,288)
Interest earnings and FMV adjustments	68,350	162,646	94,296
Property taxes	286,937	286,032	(905)
Specific ownership taxes	8,000	22,085	14,085
System improvement fees	2,000	800	(1,200)
Other income	-	5,252	5,252
Total Revenues	566,287	601,527	35,240
Expenses			
Repairs and maintenance	45,500	88,364	(42,864)
Professional fees	36,845	41,195	(4,350)
Insurance	6,000	6,505	(505)
Meter readings	6,000	6,000	-
Other	9,450	13,852	(4,402)
Utilities	30,000	23,036	6,964
Operating supplies	8,000	2,957	5,043
County treasurer fees	4,304	4,293	11
Capital outlay	2,884,660	175,506	2,709,154
Loan principal	68,931	51,784	17,147
Loan interest	180,813	174,399	6,414
Total Expenditures	3,280,503	587,891	2,692,612
Revenues over (under) Expenditures	$ (2,714,216)	$ 13,636	$ 2,727,852
Reconciliation to Net Income			
Add Capital Outlay		175,506	
Add Principal paid on loan		51,784	
Less Depreciation Expense		(43,307)	
Net Income		$ 197,619	