

TIMBERS WATER AND SANITATION DISTRICT

Financial Statements

December 31, 2025

TIMBERS WATER AND SANITATION DISTRICT

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Independent Auditor's Report

Board of Directors
Timbers Water and Sanitation District
Routt County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Timbers 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Timbers Water and Sanitation District as of December 31, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2025. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that GAAP requires 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 opinion on the basic financial statements is 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 the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balance – budget and actual on pages 14-16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
February 6, 2026

TIMBERS WATER AND SANITATION DISTRICT
Statement of Net Position
December 31, 2025
(with summarized financial information as of December 31, 2024)

	2025			Total	2024 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Assets:					
Current assets:					
Cash	\$ 300,162	\$ 11,498	\$ 2,111	\$ 313,771	\$ 281,227
Due from County Treasurer	563	439	-	1,002	1,088
Accounts receivable, net	1,041	-	-	1,041	309
Property taxes receivable	104,726	80,855	-	185,581	186,366
Total current assets	406,492	92,792	2,111	501,395	468,990
Noncurrent assets:					
Capital assets, net	324,483	3,864,448	856,811	5,045,742	5,190,559
Interfund loan	571,676	-	-	571,676	571,676
Total assets	<u>\$ 1,302,651</u>	<u>\$ 3,957,240</u>	<u>\$ 858,922</u>	<u>\$ 6,118,813</u>	<u>\$ 6,231,225</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Net Position
December 31, 2025
(with summarized financial information as of December 31, 2024)

	2025			Total	2024 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	\$ 3,042	\$ 551	\$ 109	\$ 3,702	\$ 2,406
Service fees received in advance	3,492	-	-	3,492	-
Accrued interest payable	-	1,253	2,401	3,654	4,232
Notes payable, current portion	17,500	76,821	33,421	127,742	125,862
Total current liabilities	24,034	78,625	35,931	138,590	132,500
Noncurrent liabilities:					
Notes payable, net of current portion	113,750	1,863,425	110,625	2,087,800	2,215,542
Interfund loan	(40,623)	-	612,298	571,675	571,675
Total liabilities	97,161	1,942,050	758,854	2,798,065	2,919,717
Deferred Inflows of Resources:					
Deferred property tax revenues	104,726	80,855	-	185,581	186,366
Total deferred inflows of resources	104,726	80,855	-	185,581	186,366
Net Position:					
Net investment in capital assets	805,532	1,924,202	100,467	2,830,201	2,849,156
Restricted for:					
Emergencies	6,973	1,874	-	8,847	8,132
Operations and maintenance reserve	16,900	23,900	-	40,800	36,600
Unrestricted	271,359	(15,641)	(399)	255,319	231,254
Total net position	\$ 1,100,764	\$ 1,934,335	\$ 100,068	\$ 3,135,167	\$ 3,125,142

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	2025			Total	2024 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Operating revenues:					
Service fees	\$ 121,624	\$ 57,000	\$ -	\$ 178,624	\$ 154,345
Availability of service fees	8,903	2,625	-	11,528	9,797
Other	7,553	-	-	7,553	4,846
Total operating revenues	138,080	59,625	-	197,705	168,988
Operating expenses:					
Water operations	67,556	-	52,559	120,115	126,772
Wastewater operations	-	95,722	-	95,722	64,040
Depreciation	13,643	110,585	30,589	154,817	154,595
Total operating expenses	81,199	206,307	83,148	370,654	345,407
Operating income (loss)	56,881	(146,682)	(83,148)	(172,949)	(176,419)
Non-operating revenues (expenses):					
Tax revenues:					
Property	104,886	81,771	-	186,657	202,225
Specific ownership	6,373	4,968	-	11,341	12,234
Grants	-	-	-	-	-
Interest income	591	335	-	926	874
Interest expense	-	(7,687)	(8,263)	(15,950)	(17,963)
Total non-operating revenues (expenses)	111,850	79,387	(8,263)	182,974	197,370
Income before other revenues, expenses, gains losses and transfers:					
Transfers	(90,623)	-	90,623	-	-
Change in net position	78,108	(67,295)	(788)	10,025	20,951
Net position, beginning of year	1,022,656	2,001,630	100,856	3,125,142	3,104,191
Net position, end of year	<u>\$ 1,100,764</u>	<u>\$ 1,934,335</u>	<u>\$ 100,068</u>	<u>\$ 3,135,167</u>	<u>\$ 3,125,142</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	2025			Total	2024 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund		
Cash flows from operating activities:					
Cash received from customers	\$ 140,840	\$ 59,625	\$ -	\$ 200,465	\$ 171,151
Cash payments to suppliers for goods or services	(66,490)	(95,601)	(52,450)	(214,541)	(177,748)
Net cash provided (used) by operating activities	<u>74,350</u>	<u>(35,976)</u>	<u>(52,450)</u>	<u>(14,076)</u>	<u>(6,597)</u>
Cash flows from noncapital financing activities:					
Tax collections	111,331	86,753	-	198,084	214,278
Interfund transfers	(90,623)	-	90,623	-	-
Net cash provided by noncapital financing activities	<u>20,708</u>	<u>86,753</u>	<u>90,623</u>	<u>198,084</u>	<u>214,278</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(10,000)	-	-	(10,000)	-
Principal payments on long-term debt	(17,500)	(76,533)	(31,829)	(125,862)	(135,406)
Interest payments on long-term debt	-	(7,735)	(8,793)	(16,528)	(18,516)
Net cash provided (used) by capital and related financing activities	<u>(27,500)</u>	<u>(84,268)</u>	<u>(40,622)</u>	<u>(152,390)</u>	<u>(153,922)</u>
Cash flows from investing activities:					
Interest received	591	335	-	926	874
Net cash provided by investing activities	<u>591</u>	<u>335</u>	<u>-</u>	<u>926</u>	<u>874</u>
Net change in cash and cash equivalents	68,149	(33,156)	(2,449)	32,544	54,633
Cash, beginning of year	232,013	44,654	4,560	281,227	226,594
Cash, end of year	<u>\$ 300,162</u>	<u>\$ 11,498</u>	<u>\$ 2,111</u>	<u>\$ 313,771</u>	<u>\$ 281,227</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	2025				2024 Total
	Water Fund	Sewer Enterprise Fund	Water Activity Enterprise Fund	Total	
Reconciliation of operating income (loss) to net cash provided by activities:					
Operating income (loss)	\$ 56,881	\$ (146,682)	\$ (83,148)	\$ (172,949)	\$ (176,419)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	13,643	110,585	30,589	154,817	154,595
(Increase) decrease in:					
Accounts receivable	(732)	-	-	(732)	2,164
Prepaid expense	-	-	-	-	13,568
(Decrease) increase in:					
Accounts payable and accrued expenses, net of capital amounts	1,066	121	109	1,296	(505)
Service fees received in advance	3,492	-	-	3,492	-
Net cash provided (used) by operating activities	<u>\$ 74,350</u>	<u>\$ (35,976)</u>	<u>\$ (52,450)</u>	<u>\$ (14,076)</u>	<u>\$ (6,597)</u>

See accompanying notes to the financial statements.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025
(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The Timbers Water and Sanitation District (the District) was established to provide water and sanitation services to residents within the District boundaries located on the west slope of Rabbit Ears Pass leading into Steamboat Springs, Colorado. The District was formed as a special district pursuant to Title 32 of Colorado Revised Statutes (CRS).

The District's financial statements were prepared in accordance with U.S. generally accepted accounting principles for governmental entities (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

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 does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The District is a special-purpose governmental entity engaging entirely in business-type activities and the accompanying proprietary fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

Financial Statement Presentation

The District reports the following major proprietary or business-type funds:

The *Water Fund* accounts for the activities of the water utilities provided to residents within the District's boundaries not undertaken by the Water Activity Enterprise Fund. The major sources of revenue are from user service fees and property taxes.

The *Sewer Enterprise Fund* accounts for the activities of the wastewater utilities provided to residents within the District's boundaries. The major sources of revenues are from user service fees and property taxes.

The *Water Activity Enterprise Fund* accounts for the activities of raw water production, acquisition, filtration and treatment.

Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash

Cash includes cash on hand and demand deposits.

Accounts Receivable

Amounts due to the District from charges for services provided are reported as accounts receivable. The District estimates an allowance for uncollectible accounts based on a review of current economic conditions and customer financial condition. The District anticipates all accounts receivable will be collected within the next year; therefore, no allowance for uncollectible accounts has been established.

Payments received for charges for services in advance of the due date are reported as a liability in the statement of net position.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025
(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Capital Assets

Capital assets include land and improvements, water system, wastewater system, water tank, emergency exit access road and equipment. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or fair value if contributed to the District. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Water system, wastewater system, and water tank	40
Equipment	5-20
Emergency exit access road	15

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The District's deferred inflows of resources consist of unavailable revenues from property taxes to be collected in the subsequent year.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the District. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District monthly.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative financial information in total. 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 audited financial statements for the year ended December 31, 2024 from which the summarized financial information was derived.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025
(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted on a non-GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on long-term debt are budgeted and recorded as expenditures.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the budget officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public notice is offered by the Board of Directors to obtain taxpayer comments.
- Prior to January 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2025.

Compliance

The District's Sewer Enterprise Fund expenditures exceeded appropriations by \$35,674 for the year ended December 31, 2025. The excess expenditures were contract services and repairs and maintenance that were funded from available fund balance.

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 tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of current fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$8,847 of its December 31, 2025 fund balances for this purpose.

The District's voters passed a ballot issue in May 2006 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and expend.

The District's management believes it has complied with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025

(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 3: Deposits

The carrying amount of the District's deposits as of December 31, 2025 and 2024 was \$313,771 and \$281,227, respectively, and bank balances were \$316,308 and \$280,941, respectively. Of the bank balances, \$250,000 at each year end was covered by federal deposit insurance and \$66,308 and \$30,941 at December 31, 2025 and 2024, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The 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 collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2025 is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Land easement	\$ 15,186	\$ -	\$ -	\$ 15,186
Other capital assets:				
Water treatment plant	1,223,555	-	-	1,223,555
Wastewater treatment plant	4,423,394	-	-	4,423,394
Other water and wastewater systems	235,616	-	-	235,616
Water tank	182,374	-	-	182,374
Equipment	126,674	-	-	126,674
Emergency exit access road	-	10,000	-	10,000
Total other capital assets	6,191,613	10,000	-	6,201,613
Less accumulated depreciation:				
Water treatment plant	(336,154)	(30,589)	-	(366,743)
Wastewater treatment plant	(448,363)	(110,585)	-	(558,948)
Other water and wastewater systems	(169,914)	(6,268)	-	(176,182)
Water tank	(36,474)	(4,559)	-	(41,033)
Equipment	(25,335)	(2,594)	-	(27,929)
Emergency exit access road	-	(222)	-	(222)
Total accumulated depreciation	(1,016,240)	(154,817)	-	(1,171,057)
Net capital assets	\$ 5,190,559	\$ (144,817)	\$ -	\$ 5,045,742

Note 5: Long-Term Liabilities

The District had the following long-term debt outstanding as of December 31, 2025:

State of Colorado – Energy and Mineral Impact Assistance Program Loan

The District entered into a \$500,000 loan agreement with the State of Colorado, Department of Local Affairs, during 2009. The note is payable in annual installments of \$40,623 on September 1 including interest at 5% through maturity on September 1, 2029. Proceeds of the note were used for upgrading the District's water treatment plant.

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025
(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 5: Long-Term Liabilities (continued)

Colorado Water Resource Power and Development Authority (CWRPDA) Notes Payable

The District entered into a \$350,000 loan agreement with CWRPDA on March 7, 2013. The note is payable in semi-annual installments of \$8,750 on May 1 and November 1 at 0% interest through maturity on May 1, 2033. Proceeds of the note were used for a project consisting of the addition of a groundwater supply, construction of a new treatment building and two buried concrete tanks.

The District entered into a \$561,225 loan agreement with CWRPDA on July 13, 2018. The note is payable in semi-annual installments of \$9,486 on May 1 and November 1 at 0% interest beginning May 1, 2019 through maturity on November 1, 2048. Proceeds of the note were used for repairing and replacing collection lines and design and engineering for a new wastewater treatment plant.

The District entered into a \$2,008,775 loan agreement with CWRPDA on June 24, 2019. Effective June 14, 2023 the unpaid principal balance of \$1,845,012 was reduced by \$197,870 from the remaining undrawn funds of the project loan account. The reduced note balance is payable in semi-annual installments of \$32,648 on May 1 and November 1 including interest at 0.5% through maturity on May 1, 2050. Proceeds of the note were used for the costs of installation of a new mechanical wastewater treatment plant and decommissioning of the existing wastewater treatment plant.

The loan agreements require the District to maintain an operations and maintenance reserve fund equal to three months of operation and maintenance expenses, excluding depreciation. The District has reserved \$40,800 for this purpose as of December 31, 2025.

Activity in long-term liabilities for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State of Colorado	\$ 175,875	\$ -	\$ (31,829)	\$ 144,046	\$ 33,421
CWRPDA - D13F306	148,750	-	(17,500)	131,250	17,500
CWRPDA - W18F306	455,321	-	(18,972)	436,349	18,972
CWRPDA - W19F419	1,561,458	-	(57,561)	1,503,897	57,849
	<u>\$ 2,341,404</u>	<u>\$ -</u>	<u>\$ (125,862)</u>	<u>\$ 2,215,542</u>	<u>\$ 127,742</u>

Aggregate debt service requirements to maturity as of December 31, 2025 is as follows:

	Principal	Interest	Total
2026	\$ 127,742	\$ 14,649	\$ 142,391
2027	129,703	12,689	142,392
2028	131,748	10,644	142,392
2029	133,882	8,508	142,390
2030	95,488	6,280	101,768
2031-2035	438,153	26,938	465,091
2036-2040	401,977	19,365	421,342
2041-2045	409,740	11,602	421,342
2046-2050	347,109	3,639	350,748
	<u>\$ 2,215,542</u>	<u>\$ 114,314</u>	<u>\$ 2,329,856</u>

TIMBERS WATER AND SANITATION DISTRICT
Notes to Financial Statements
December 31, 2025
(with summarized financial information as of December 31, 2024 and for the year then ended)

Note 6: Interfund Transactions

The District's Water Activity Enterprise Fund has an interfund loan of \$571,675 due to the Water Fund as of December 31, 2025. Repayment of the loan balance is not expected to occur within one year.

The District transferred \$90,623 from its Water Fund to its Water Activity Enterprise Fund during the year ended December 31, 2025.

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; injuries to employees, and natural disasters.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability 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.

Note 8: Contingency

The Colorado Department of Public Health and Environment (CDPHE) has issued several compliance advisories to the District intended to advise of alleged violations of the Colorado Water Quality Control Act. The self-monitoring data provided on the discharge monitoring reports to the District's treated wastewater indicated noncompliance with the permit effluent limitations. The District has responded to CDPHE for each compliance advisory and the CDPHE has not issued any formal enforcement action.

Note 9: Subsequent Events

The District has evaluated subsequent events through February 6, 2026, the date these financial statements were available to be issued.

TIMBERS WATER AND SANITATION DISTRICT
Water Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Service fees	\$ 121,656	\$ 121,624	\$ (32)
Availability of service fees	8,900	8,903	3
Taxes:			
Property	110,926	104,886	(6,040)
Specific ownership	-	6,373	6,373
Interest	200	591	391
Other	7,020	7,553	533
	<u>248,702</u>	<u>249,930</u>	<u>1,228</u>
Expenditures:			
Operating:			
Contract services	14,400	14,400	-
Engineering	5,000	-	5,000
Snow removal	20,140	12,905	7,235
Insurance	13,934	13,934	-
Professional fees	15,500	10,821	4,679
Directors fees	6,000	4,000	2,000
Treasurer fees	3,700	3,158	542
Other	7,305	8,338	(1,033)
Capital expenditures	50,000	10,000	40,000
Debt service:			
Principal	17,500	17,500	-
Interest	-	-	-
	<u>153,479</u>	<u>95,056</u>	<u>58,423</u>
Total expenditures			
Excess of revenues over expenditures	<u>95,223</u>	<u>154,874</u>	<u>59,651</u>
Other financing sources (uses):			
Transfer to Water Activity Enterprise Fund	<u>(95,223)</u>	<u>(90,623)</u>	<u>4,600</u>
Total other financial sources (uses)	<u>(95,223)</u>	<u>(90,623)</u>	<u>(4,600)</u>
Net change in fund balance	<u>\$ -</u>	64,251	<u>\$ 64,251</u>
Adjustments to GAAP basis:			
Depreciation		(13,643)	
Capitalized expenditures		10,000	
Loan principal payments		<u>17,500</u>	
Change in net position - GAAP basis		78,108	
Fund balance, beginning of year		<u>1,022,656</u>	
Fund balance, end of year		<u>\$ 1,100,764</u>	

TIMBERS WATER AND SANITATION DISTRICT
Sewer Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Revenues:			
Service fees	\$ 57,000	\$ 57,000	\$ -
Availability of service fees	2,625	2,625	-
Taxes:			
Property	84,643	81,771	(2,872)
Specific ownership	-	4,968	4,968
Interest	-	335	335
Total revenues	<u>144,268</u>	<u>146,699</u>	<u>2,431</u>
Expenditures:			
Operating:			
Contract services	25,000	34,312	(9,312)
Maintenance and repairs	3,500	21,741	(18,241)
Laboratory testing	5,000	7,035	(2,035)
Utilities	9,000	7,559	1,441
Supplies	13,000	17,562	(4,562)
Professional fees	1,500	5,050	(3,550)
Treasurer fees	3,000	2,463	537
Debt service:			
Principal	76,533	76,533	-
Interest	7,735	7,687	48
Total expenditures	<u>144,268</u>	<u>179,942</u>	<u>(35,674)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>(33,243)</u>	<u>\$ (33,243)</u>
Adjustments to GAAP basis:			
Depreciation		(110,585)	
Loan principal payments		<u>76,533</u>	
Change in net position - GAAP basis		(67,295)	
Fund balance, beginning of year		<u>2,001,630</u>	
Fund balance, end of year		<u>\$ 1,934,335</u>	

TIMBERS WATER AND SANITATION DISTRICT
Water Activity Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Grants	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Operations:			
Contract services	28,000	27,357	643
Utilities	7,000	7,051	(51)
Testing	5,000	5,036	(36)
Other	4,100	13,115	(9,015)
Capital expenditures	10,500	-	10,500
Debt service:			
Principal	31,829	31,829	-
Interest	8,794	8,263	531
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	95,223	92,651	2,572
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	(95,223)	(92,651)	2,572
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):			
Transfers in	95,223	90,623	(4,600)
	<u> </u>	<u> </u>	<u> </u>
Total other financial sources (uses)	95,223	90,623	(4,600)
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	<u>\$ -</u>	(2,028)	<u>\$ (2,028)</u>
Adjustments to GAAP basis:			
Debt principal payments		31,829	
Depreciation expense		(30,589)	
		<u> </u>	
Change in net position - GAAP basis		(788)	
Fund balance, beginning of year		<u>100,856</u>	
Fund balance, end of year		<u>\$ 100,068</u>	