Winter Park Water and Sanitation District
Grand County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025 and 2024

Winter Park Water and Sanitation District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winter Park Water and Sanitation District
Grand County, Colorado

Opinions

We have audited the accompanying financial statements of Winter Park Water and 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 the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Fiscal Focus Partners, LLC

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through IX be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

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

Fiscal Focus Partners, LLC

Arvada, Colorado
July 17, 2026

Winter Park Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025

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

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $33,615,233 (net position). Of this amount, $23,718,286 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

- The District's total net position increased by $1,811,943 over the prior fiscal year, primarily attributable to net income on investments of $973,108 (of which approximately $112,786 was unrealized at December 31, 2025) and tap fees of $535,920.

- Service revenues increased by 3.9% from the prior year. The District collected $67,215 more in water and sewer service fees in 2025 due to additional service billings for new development in the District.

- Operating expenses were relatively consistent with those of the prior year decreasing by less than 1%.

- Revenues from tap fees increased $85,470 from the prior year due to completion of new construction within the District's service area.

- The District invested $698,777 in infrastructure, plant and equipment.

Overview of the Financial Statements

The Winter Park Water and Sanitation District's basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing water and wastewater services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

The S*tatement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

A budgetary comparison statement has been provided in the *supplemental information* to demonstrate compliance with the budget. The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available (current assets, exclusive of property taxes receivable, less current liabilities, exclusive of current portion of long-term debt) increased by $1,555,890.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Winter Park Water and Sanitation District, assets exceeded liabilities and deferred inflows of resources by $33,615,233 at the close of the most recent fiscal year.

Statements of Net Position

	December 31,		
	2025	**2024**	**2023**
Current assets	$ 24,431,803	$ 22,748,505	$ 19,932,686
Capital assets	9,850,947	9,707,683	9,854,698
Other assets	13,551	13,551	13,551
Total assets	34,296,301	32,469,739	29,800,935
Current liabilities	112,343	129,097	104,846
Total liabilities	112,343	129,097	104,846
Deferred inflows of resources	568,725	537,352	518,474
Net position:			
Net investment in capital assets	9,850,947	9,707,683	9,854,698
Restricted	46,000	43,000	35,000
Unrestricted	23,718,286	22,052,607	19,287,917
Net position	$ 33,615,233	$ 31,803,290	$ 29,177,615

The District has 29 percent of its net position invested in capital assets (e.g., infrastructure, plant, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this net position is *not* available for future spending.

Changes in Net Position

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Revenues			
Operating revenue			
Water and sewer services	$ 1,783,051	$ 1,715,836	$ 1,615,656
Reimbursements	-	693,705	-
Miscellaneous income	13,536	16,928	13,667
Nonoperating revenue			
Taxes	563,331	564,892	395,201
Net investment income	973,108	875,608	770,316
Miscellaneous income	-	372,367	-
Capital contributions			
Tap fees	535,920	450,450	191,237
Total revenues	3,868,946	4,689,786	2,986,077
Expenses			
Operating expenses			
Water operations	713,014	771,094	674,897
Sewer operations	761,590	695,030	659,178
Depreciation	555,513	570,923	630,658
Nonoperating expenses			
County Treasurer fees	26,886	27,064	18,568
Total expenses	2,057,003	2,064,111	1,983,301
Change in net position	1,811,943	2,625,675	1,002,776
Net position - beginning	31,803,290	29,177,615	28,174,839
Net position - ending	$ 33,615,233	$ 31,803,290	$ 29,177,615

Analysis of Position

Growth in 2025 did not require water or wastewater treatment plant expansion. Tap fee revenues will be reserved for future capital projects.

Capital Assets

The District's net investment in capital assets as of December 31, 2025, 2024 and 2023 was as follows:

Capital Assets

	December 31,		
	2025	**2024**	**2023**
Land	$ 105,793	$ 105,793	$ 105,793
Water rights	965,509	965,509	965,509
Construction in progress	56,008	56,008	56,008
Plant and improvements	12,479,074	11,780,297	11,780,297
Water storage tanks	2,488,302	2,488,302	2,488,302
Infrastructure	7,364,926	7,364,926	6,941,019
Vehicles	207,674	207,674	207,674
Equipment	452,106	452,106	452,106
Total assets	24,119,392	23,420,615	22,996,708
Accumulated depreciation	(14,268,445)	(13,712,932)	(13,142,010)
Net capital assets	$ 9,850,947	$ 9,707,683	$ 9,854,698

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

The following is an analysis of the condition of District infrastructure:

- The water and wastewater system are in very good shape for the foreseeable future.
- The water treatment plant and distribution system have plenty of capacity for future growth.
- The District continues an aggressive maintenance program, and the condition of the water and wastewater infrastructure remains good.

Debt Administration

As of December 31, 2025, the District had no debt obligations.

Economic Factors and Next Year's Budget

The District is anticipating moderate growth, with tap fee revenue at a normal level in 2026. Accordingly, tap fee revenue budgeted for 2026 is $231,000. As always, the budget is created with Total Budgeted Revenue (less tap revenue) covering Budgeted Operation/Maintenance expenses.

Legal counsel and District staff continue to study and monitor water supply and water rights which are necessary to sustain our business of providing water and being able to meet future demand.

Capital project expenditures are prioritized based on 'growth' (projects necessary due to new customers coming online) and 'district' (projects necessary to upgrade existing infrastructure for old and new customers). 'Growth' projects are done only if and when tap fee revenue is available.

Requests for Information

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

District Manager
Winter Park Water and Sanitation District
P.O. Box 7
Winter Park, Colorado 80482

BASIC FINANCIAL STATEMENTS

Winter Park Water and Sanitation District

STATEMENTS OF NET POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,040,215	$ 2,925,741
Cash and cash equivalents - restricted	46,000	43,000
Investments	20,577,495	19,042,080
Accounts receivable - Services	147,760	156,159
Accounts receivable - County Treasurer	1,710	2,389
Accrued interest receivable	10,708	6,061
Property taxes receivable	568,725	537,352
Prepaid expenses	39,190	35,723
Total current assets	24,431,803	22,748,505
Capital assets, net	9,850,947	9,707,683
Other assets		
Deposits	13,551	13,551
Total other assets	13,551	13,551
Total assets	34,296,301	32,469,739
LIABILITIES		
Current liabilities		
Accounts payable	82,851	105,028
Accrued salaries, benefits and related liabilities	29,492	24,069
Total current liabilities	112,343	129,097
Total liabilities	112,343	129,097
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	568,725	537,352
Total deferred inflows of resources	568,725	537,352
NET POSITION		
Net investment in capital assets	9,850,947	9,707,683
Restricted	46,000	43,000
Unrestricted	23,718,286	22,052,607
Total net position	$ 33,615,233	$ 31,803,290

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

Winter Park Water and 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 and sewer services	$ 1,783,051	$ 1,715,836
Reimbursements	-	693,705
Miscellaneous income	13,536	16,928
Total operating revenues	1,796,587	2,426,469
OPERATING EXPENSES		
Water operations - administrative	223,429	204,000
Water operations - maintenance	489,585	567,094
Sewer operations - administrative	211,568	189,983
Sewer operations - maintenance	550,022	505,047
Depreciation	555,513	570,923
Total operating expenses	2,030,117	2,037,047
OPERATING INCOME (LOSS)	(233,530)	389,422
NONOPERATING REVENUES		
Property taxes	536,435	539,882
Specific ownership taxes	26,896	25,010
Colorado River Cooperative funds	-	372,367
Net investment income (loss)	973,108	875,608
Total nonoperating revenues	1,536,439	1,812,867
NONOPERATING EXPENSES		
County Treasurer fees	26,886	27,064
Total nonoperating expenses	26,886	27,064
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,276,023	2,175,225
CAPITAL CONTRIBUTIONS		
Tap fees	535,920	450,450
CHANGE IN NET POSITION	1,811,943	2,625,675
NET POSITION - beginning of year	31,803,290	29,177,615
NET POSITION - end of year	$ 33,615,233	$ 31,803,290

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

Winter Park Water and Sanitation District

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,804,986	$ 2,420,995
Payments to suppliers for goods and services	(835,198)	(831,129)
Payments to employees for services	(659,627)	(612,687)
Net cash provided by operating activities	310,161	977,179
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	536,435	539,307
Specific ownership taxes	27,575	25,010
Colorado River Cooperative funds	-	372,367
County Treasurer's fees	(26,886)	(27,064)
Net cash provided by noncapital financing activities	537,124	909,620
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees	535,920	450,450
Acquisition of fixed assets	(698,777)	(423,907)
Net cash provided (used) by capital and related financing activities	(162,857)	26,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Net redemption/(purchase) of investments	(1,535,415)	(2,647,357)
Interest earnings received	968,461	877,067
Net cash provided (used) by investing activities	(566,954)	(1,770,290)
NET INCREASE IN CASH AND CASH EQUIVALENTS	117,474	143,052
CASH AND CASH EQUIVALENTS - beginning of year	2,968,741	2,825,689
CASH AND CASH EQUIVALENTS - end of year	$ 3,086,215	$ 2,968,741
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (233,530)	$ 389,422
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	555,513	570,923
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	8,399	(5,473)
Prepaid expenses	(3,467)	(1,943)
Increase (decrease) in:		
Accounts payable	(22,177)	31,021
Accrued salaries, benefits and related liabilities	5,423	(6,771)
Total adjustments	543,691	587,757
Net cash provided by operating activities	$ 310,161	$ 977,179

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

Note 1 – Definition of reporting entity

Winter Park Water and Sanitation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in eastern Grand County, Colorado. The District was organized in 1966 to provide water and sanitation services within the District’s boundaries.

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.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting

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

Operating revenues and expenses

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

Cash equivalents

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

Accounts receivable, allowance for doubtful accounts

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

Property Taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets

Capital assets include land, water rights, water and sewer plants and systems, equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of $3,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost.

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

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

Plant and improvements	5 to 50 years
Water storage tanks	30 to 50 years
Water distribution system	10 to 40 years
Vehicles	5 years
Other equipment	5 to 10 years

Water rights

The cost of water rights includes acquisition cost, legal fees and engineering costs related to the development and augmentation of those rights. Water rights have a perpetual life, thus the cost is not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Compensated absences

The District has a policy that allows employees to accumulate unused paid time off up to a certain maximum number of hours. Compensated absences are accrued when earned in the financial statements.

The District is subject to GASB Statement No. 101, Compensated Absences, which establishes guidance for the accounting and financial reporting of compensated absences and associated salary-related payments. The District has evaluated the impact of GASB 101 and has determined that the District’s potential liabilities are not long-term in nature but, rather, are likely to be utilized in the upcoming year. As such, there is no disclosure pertaining to long-term obligations related to compensated absences.

Capital contributions

Tap fees are recorded as capital contribution revenue when received. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the water and sewer system when received.

Budgets

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

Use of estimates

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

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2025 and 2024 Statements of Net Position as follows:

	2025	2024
Cash and cash equivalents	$ 3,040,215	$ 2,925,741
Cash and cash equivalents - restricted	46,000	43,000
Investments	20,577,495	19,042,080
Total cash and investments	$ 23,663,710	$ 22,010,821

Cash and investments as of December 31, 2025 and 2024 consist of the following:

	2025	2024
Deposits with financial institutions	$ 3,086,215	$ 2,968,741
Investments	20,577,495	19,042,080
Total cash and investments	$ 23,663,710	$ 22,010,821

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

	2025	2024
Bank balances	$ 3,092,355	$ 2,983,614
Cash deposits	$ 3,086,215	$ 2,968,741

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2025 and 2024, the federal insurance limit was $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk.

As of December 31, 2025 and 2024, the District's bank balances and carrying balances were insured or collateralized as follows:

	2025	2024
Bank balances:		
Federally insured	$ 623,700	$ 418,554
Collateralized	2,468,655	2,565,060
Total bank balances	$ 3,092,355	$ 2,983,614
Carrying balances:		
Federally insured	$ 623,700	$ 418,554
Collateralized	2,462,515	2,550,187
Total carrying balances	$ 3,086,215	$ 2,968,741

Investments

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

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

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

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

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

Fair Value Measurement and Application

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; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE Cash Fund which record its investments at amortized costs.

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), have ratings as noted below.

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

Investment	Maturity	2025	2024
U.S. government/agency securities	Less than 5 years	$ 9,161,640	$ 8,689,518
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado Cash Fund	Weighted average under 60 days	2,531,762	2,425,749
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado CORE Fund	Weighted average under 180 days	3,575,095	2,842,251
Colorado Liquid Asset Trust (Colotrust) - Colotrust PLUS	Weighted average under 60 days	5,308,998	5,084,562
Total investments		$ 20,577,495	$ 19,042,080

U.S. Government and U.S. Government Agency Securities

As of December 31, 2025 and 2024, the District had $9,161,640 and $8,689,518, respectively, invested in U.S. Government agency securities rated (during 2025) AA+ by Fitch Ratings and Aa1 by Moody's. These investments are valued using Level 1 inputs.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. CSAFE offers funds in two portfolios: CSAFE Cash Fund (Cash) and CSAFE Colorado Core Fund (CORE). The State Securities Commissioner administers and enforces all State statutes governing CSAFE. 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.

The Cash Fund is a highly liquid fund operating similar to a money market like-fund. The Cash Fund is intended for investment of Participants' operational and short -term surplus moneys (cash) with an emphasis placed on liquidity and a stable $1.00 transactional share price. The Cash Fund may invest in the following: U.S. Treasury & Agency Securities, U.S. Government Instrumentalities, Municipal Securities, Repurchase Agreements, Supranational and non-United States sovereigns, Shares of certain money market funds, Shares in other Colorado Local Government Investment Pool Funds, U.S. dollar denominated senior debt instruments issued by corporations, Public Deposit Protection Act collateralized deposits in eligible banks, Negotiable Bank Certificates of Deposit and Reciprocal FDIC Stacking Deposits. The Cash Fund is rated AAAmmf by Fitch Ratings. The Cash Fund operates under GASB Statement 79, Amortized Cost Basis methodology, for the determination of transactional share price. GASB 79 Methodology exempts Participants from a valuation disclosure required of some fair value funds by GASB Statements No. 31 and No. 72. The Cash Fund measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

The CORE Fund is designed for the investment of short to intermediate term cash flows that are expected to occur across an entity's forthcoming budgetary cycles. The Colorado Core Fund seeks to maintain a constant net asset value(NAV) but with slightly longer weighted average maturity of its portfolio than the Cash Fund described above. Participants are limited to three (3) redemptions per month per account in the CORE Fund and redemptions are met on a transaction date plus one business day basis. The CORE Fund seeks to maintain a constant $2.00 transactional share price. The CORE Fund's authorized securities are the same as those allowed in the Cash Fund. The CORE Fund operates under GASB Statement 31 and 72 which is the method for the use of fair market valuation. The CORE fund maintains a weighted average maturity of 180 days or less. The CORE Fund is rated AAAf/S1 by Fitch

Ratings. There are no unfunded commitments and there is no redemption notice period. The District records its investment in CORE at NAV.

COLOTRUST

The District invests in the Colorado Local Government Liquid Asset Trust (Colotrust); 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 Colotrust. A Board of Trustees elected by the fund's Participants is responsible for overseeing the management of COLOTRUST including establishing operating standards and policies. Colotrust offers shares in three portfolios, COLOTRUST PRIME (PRIME), COLOTRUST PLUS+ (PLUS), and COLOTRUST EDGE (EDGE). In accordance with FASB guidance, Colotrust utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. Colotrust seeks to provide modest returns while preserving capital by investing only in securities that are legal pursuant to the Legal Investments Act (Part 6, Article 75, Title 24, C.R.S.) and the Public Deposit Protection Act (Articles 10.5 and 47 of Title 11, C.R.S.) (the Statutes).

PRIME is designed to provide daily liquidity while generating current income and preserving capital for Colorado governmental entities. PRIME may invest in the following: U.S. Treasury securities or repurchase agreements collateralized by U.S. Treasury securities, securities of a Federal Farm Credit Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National 3 Mortgage Association, the Government National Mortgage Association, and other federal instrumentality or agency security permitted by the Legal Investments Act, repurchase agreements collateralized by those securities, collateralized bank deposits, and 'AAAm' rated government money market funds. PRIME operates similarly to a money market fund and each share of PRIME is equal in value to $1.00. PRIME maintains a stable NAV of $1. PRIME is rated AAAm by Standard & Poor's Global Ratings. PRIME measures all of its investments with a weighted average maturity of 60 days or less. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

PLUS is designed to provide daily liquidity while generating current income and preserving capital for Colorado governmental entities. PLUS may invest in the same investments as PRIME listed above and PLUS may also invest in commercial paper and corporate notes rated in the highest rating category by one or more nationally recognized organizations that regularly rate such obligations. PLUS operates similarly to a money market fund and each share of PLUS is equal in value to $1.00. PLUS maintains a stable NAV of $1. PLUS is rated AAAm by Standard & Poor's Global Ratings. PLUS measures all of its investments with a weighted average maturity of 60 days or less. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

EDGE offers Participants a professionally managed enhanced cash portfolio to meet their intermediate liquidity needs. EDGE does not seek to maintain a stable NAV.

EDGE initially established a $10.00 transactional share price and calculates and publishes a fair value NAV daily. The EDGE portfolio is characterized by a higher weighted average maturity (WAM) and a longer target duration than either PRIME or PLUS. The principal value of an EDGE investment may fluctuate and could be greater or less than the share price at purchase, prior to redemption, and at the time of redemption. The EDGE portfolio invests in securities that are legal pursuant to the Statutes. EDGE is rated AAAF/S1 by Fitch Ratings. There are no unfunded commitments, redemptions are unlimited and met on a transaction date plus one business day basis.

Restricted cash and investments

The District had restricted cash of $46,000 and $43,000 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8), as of December 31, 2025 and 2024.

Note 4 – Capital assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Capital assets, not being depreciated				
Land	$ 105,793	$ -	$ -	$ 105,793
Construction in progress	56,008	-	-	56,008
Water rights	965,509	-	-	965,509
Total capital assets, not being depreciated	1,127,310	-	-	1,127,310
Capital assets being depreciated				
Plant, buildings and improvements	11,780,297	698,777	-	12,479,074
Water storage tanks	2,488,302	-	-	2,488,302
Infrastructure	7,364,926	-	-	7,364,926
Vehicles	207,674	-	-	207,674
Office and other equipment	452,106	-	-	452,106
Total capital assets being depreciated	22,293,305	698,777	-	22,992,082
Less accumulated depreciation for				
Plant and improvements	8,345,938	205,208	-	8,551,146
Water storage tanks	1,512,872	38,290	-	1,551,162
Infrastructure	3,297,034	304,528	-	3,601,562
Vehicles	207,673	-	-	207,673
Office and other equipment	349,415	7,487	-	356,902
Total accumulated depreciation	13,712,932	555,513	-	14,268,445
Total capital assets being depreciated, net	8,580,373	143,264	-	8,723,637
Capital assets, net	$ 9,707,683	$ 143,264	$ -	$ 9,850,947

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Capital assets, not being depreciated				
Land	$ 105,793	$ -	$ -	$ 105,793
Construction in progress	56,008	-	-	56,008
Water rights	965,509	-	-	965,509
Total capital assets, not being depreciated	1,127,310	-	-	1,127,310
Capital assets being depreciated				
Plant and improvements	11,780,297	-	-	11,780,297
Water storage tanks	2,488,302	-	-	2,488,302
Infrastructure	6,941,019	423,907	-	7,364,926
Vehicles	207,674	-	-	207,674
Office and other equipment	452,106	-	-	452,106
Total capital assets being depreciated	21,869,398	423,907	-	22,293,305
Less accumulated depreciation for				
Plant and improvements	8,130,021	215,917	-	8,345,938
Water storage tanks	1,474,582	38,290	-	1,512,872
Infrastructure	2,988,873	308,161	-	3,297,034
Vehicles	207,673	-	-	207,673
Office and other equipment	340,861	8,554	-	349,415
Total accumulated depreciation	13,142,010	570,922	-	13,712,932
Total capital assets being depreciated, net	8,727,388	(147,015)	-	8,580,373
Capital assets, net	$ 9,854,698	$ (147,015)	$ -	$ 9,707,683

Depreciation expense of $555,513 and $570,922 for the years ended December 31, 2025 and 2024, respectively, was charged to water and sewer operations.

Note 5 – Debt Authorization

At December 31, 2025 and 2024, the District had no authorized but unissued indebtedness.

Note 6 – Deferred compensation plans

The District maintains a MetLife 457(b) Deferred Compensation Plan in which all of its full-time employees are eligible to participate. Under the Plan, employees may elect to defer an amount each year which does not exceed the lesser of $23,500 (in 2025) or 100% of includible compensation in accordance with Section 457 of the Internal

Revenue Code. The District matches 100% of the first 5% of the employees' contributions. The contributions for each employee vest immediately. The employees may withdraw funds from the plan as allowed under IRC Section 457. Plan provisions and contribution requirements are established and may be amended by the District Board of Directors. In accordance with Internal Revenue Code Section 457(b), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the years ended December 31, 2025 and 2024, employees' contributions totaled $28,232 and $27,354, respectively, and the District's matching contributions totaled $21,977 and $20,932, respectively.

Effective January 1, 2011, the District established the WPWSD 401(a) Plan, which serves as a replacement plan for social security. Employees are eligible to participate effective the first day of the month after the date of hire. Employees make a mandatory contribution of 6.2% of compensation. The District makes a matching contribution of 6.2% of compensation. District contributions are subject to a 3-year cliff vesting schedule. Distributions from the Plan are available upon termination of employment, retirement, or for disability. Loans from the plan are prohibited. Hardship withdrawals are available for emergencies as defined by the Plan. All plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the years ended December 31, 2025 and 2024, employees' contributions totaled $27,252 and $25,944 and the District's contributions totaled $27,252 and $25,944, respectively.

Note 7 – Risk management

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

Note 8 – Tax, spending and debt limitations

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. While the District receives more than 10% of its revenue from government sources, the District's management believes a significant portion of its operations qualifies for this exclusion.

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

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

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

In November 2007, a majority of the District’s electors authorized the District to collect, retain, and expend each year all revenues it receives, in fiscal year 2008 and thereafter, from all sources, as a voter approved revenue change and without regard to spending, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the property tax revenue limitation of Section 29-1-301, Colorado Revised Statues, or any other law.

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SUPPLEMENTAL INFORMATION

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

WATER FUND

For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	$ 801,890	$ 804,155	$ 2,265
Property taxes	322,411	321,861	(550)
Specific ownership taxes	11,000	13,448	2,448
Net investment income	220,763	424,291	203,528
Tap fees	173,250	267,960	94,710
Miscellaneous income	6,414	7,120	706
Total Revenues	1,535,728	1,838,835	303,107
EXPENDITURES			
Administrative			
Accounting and legal	29,000	19,476	9,524
Automobile	1,000	671	329
County Treasurer's fees	16,174	16,131	43
Directors fees	3,000	1,700	1,300
Employee benefits	49,084	47,532	1,552
Insurance	19,100	17,570	1,530
Miscellaneous	5,000	4,710	290
Membership fees and publications	17,000	14,088	2,912
Office labor	100,515	103,497	(2,982)
Office expense	9,500	9,958	(458)
Office rent	1,200	1,100	100
Payroll taxes	-	2,412	(2,412)
Seminars and training	3,500	715	2,785
Total Administration	254,073	239,560	14,513
Maintenance			
Automobile	5,500	5,477	23
Contract maintenance and project costs	129,800	119,384	10,416
Employee benefits	67,857	57,866	9,991
Engineering	70,000	39,716	30,284
Labor	98,125	107,021	(8,896)
Permits	2,500	1,161	1,339
Payroll taxes	-	2,536	(2,536)
Rehab and replacement	241,965	13,039	228,926
Seminars and training	3,500	1,679	1,821
Supplies	40,000	37,554	2,446
Utilities	70,850	69,553	1,297
Water rights professional services	90,000	30,968	59,032
Water testing	8,000	3,631	4,369
Total Maintenance	828,097	489,585	338,512
Capital outlay	10,775,102	491,742	10,283,360
Total Expenditures	11,857,272	1,220,887	10,636,385
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(10,321,544)	617,948	10,939,492
BEGINNING FUNDS AVAILABLE	10,342,769	7,638,878	(2,703,891)
ENDING FUNDS AVAILABLE	$ 21,225	$ 8,256,826	$ 8,235,601

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

SEWER FUND

For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	$ 976,346	$ 978,895	$ 2,549
Property taxes	214,941	214,574	(367)
Specific ownership taxes	11,000	13,448	2,448
Net investment income	207,211	436,031	228,820
Tap fees	173,250	270,081	96,831
Miscellaneous income	6,414	4,293	(2,121)
Total Revenues	1,589,162	1,917,322	328,160
EXPENDITURES			
Administrative			
Accounting and legal	29,000	19,476	9,524
Automobile	1,000	671	329
County Treasurer's fees	10,783	10,755	28
Directors fees	3,000	1,700	1,300
Employee benefits	49,084	47,532	1,552
Insurance	19,100	17,570	1,530
Membership fees and publications	5,100	2,287	2,813
Miscellaneous	5,000	4,663	337
Office labor	100,515	103,497	(2,982)
Office expense	9,500	9,958	(458)
Office rent	1,200	1,100	100
Payroll taxes	-	2,399	(2,399)
Seminars and training	3,500	715	2,785
Total Administration	236,782	222,323	14,459
Maintenance			
Automobile	5,500	5,619	(119)
Contract maintenance and project costs	103,600	114,925	(11,325)
Employee benefits	67,857	57,866	9,991
Engineering	48,400	40,633	7,767
Labor	147,188	130,378	16,810
Permits	2,500	1,593	907
Payroll taxes	-	2,514	(2,514)
Rehab and replacement	284,255	3,750	280,505
Seminars and training	3,500	2,204	1,296
Supplies	70,000	56,042	13,958
Testing	3,000	973	2,027
Utilities	155,870	133,525	22,345
Total Maintenance	891,670	550,022	341,648
Capital outlay	11,466,859	207,035	11,259,824
Total Expenditures	12,595,311	979,380	11,615,931
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(11,006,149)	937,942	11,944,091
BEGINNING FUNDS AVAILABLE	11,027,347	9,317,899	(1,709,448)
ENDING FUNDS AVAILABLE	$ 21,198	$ 10,255,841	$ 10,234,643

Winter Park Water and Sanitation District

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

WATER AND SEWER FUNDS

For the Year Ended December 31, 2025

Revenues (budgetary basis)	$ 3,756,157
Unrealized gain (loss) on investments	112,789
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	3,868,946
Expenditures (budgetary basis)	2,200,267
Depreciation and amortization	555,513
Capital outlay	(698,777)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	2,057,003
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	$ 1,811,943