Colorado First Conservation District
Craig, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

TABLE OF CONTENTS

Lance McMahon, CPA
Member AICPA, COCPA & SDACO

1200 Calcite Dr. – Divide, Colorado 80814 – Tel: 719-678-5084

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Colorado First Conservation District
Craig, Colorado

Opinions

I have audited the accompanying balance sheet, and the statement of revenue, expenditures and changes in fund balance of the governmental activities, the major fund, and the budgetary comparison statement of Colorado First Conservation District (the District), as of December 31, 2025 and for the year ended, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Colorado First Conservation District as of December 31, 2025, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Colorado First Conservation District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 Colorado First Conservation 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.

Board of Supervisors
Colorado First Conservation District
Craig, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

I am 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 I identified during the audit.

Other Matter

The district has not calculated or presented the management discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of 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. My opinions on the basic financial statements are not affected by this missing information.

Lance McMahon, CPA
Lance McMahon, CPA
Divide, Colorado
June 24, 2026

COLORADO FIRST CONSERVATION DISTRICT
GENERAL FUND BALANCE SHEET

December 31, 2025		General Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	310,464
Certificate of Deposit	$	10,288
Grants Receivable		112,163
Total Current Assets		432,915
TOTAL ASSETS		432,915
LIABILITIES		
Current Liabilities:		
Accounts Payable		15,137
Total Current Liabilities		15,137
FUND BALANCE		
Restricted for TABOR Emergencies		31,897
Unassigned		385,881
Total Fund Balance	$	417,778
TOTAL LIABILITIES AND FUND BALANCE	$	432,915

The accompanying notes are an integral part of these financial statements

COLORADO FIRST CONSERVATION DISTRICT

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended December 31, 2025

Revenue:	
Operating grants and contributions	$ 1,169,886
Interest income	287
Other income	3,345
Total Revenue	1,173,518
Expenditures:	
Program services	1,031,243
General and administrative	48,010
Total Expenditures	1,079,253
Revenue Over Expenditures	94,265
Prior Period Adjustment - Grants Receivable	45,600
Fund Balance, Beginning of Year	277,913
FUND BALANCE, End of Year	$ 417,778

The accompanying notes are an integral part of these financial statements

Colorado First Conservation District
Budgetary Comparison Statement

Year Ended December 31, 2025	Actual	Original and Final Budget	Variance
Revenue			
Operating grants and contributions	$ 1,169,886	$ 1,195,690	$ (25,804)
Total Intergovernmental	1,169,886	1,195,690	(25,804)
Miscellaneous:			
Interest income	287	500	(213)
Other income	3,345	3,950	(605)
Total Miscellaneous	3,632	4,450	(818)
Total Revenue	1,173,518	1,200,140	(26,622)
Expenditures:			
Program Services:	1,031,243	994,717	36,526
Total Program Services	1,031,243	994,717	36,526
General and Administrative:			
Internet/Software	3,431	5,000	(1,569)
Supplies/Ink/Advertising	-	2,000	(2,000)
Advertising/Notices/Promotion	185	1,500	(1,315)
Education/Miscellaneous	-	1,500	(1,500)
Meeting Expense	1,769	4,000	(2,231)
Hiring	-	1,200	(1,200)
PAM/CLP	-	2,500	(2,500)
Scholarships	1,500	1,000	500
Escape Ramps	-	500	(500)
Ag in the Classroom	-	150	(150)
Other	172	200	(28)
Dues	-	1,500	(1,500)
Payroll	37,649	70,000	(32,351)
PERA	-	14,000	(14,000)
Accounting	-	2,500	(2,500)
Miscellaneous Tax	98	3,000	(2,902)
Insurance	3,206	5,000	(1,794)
Total General and Administrative	48,010	115,550	(67,540)
Total Expenditures	1,079,253	1,110,267	(31,014)
Revenue Over Expenditures	94,265	89,873	4,392
Prior Period Adjustment - Grants Receivable	45,600	45,600	-
Fund Balance, Beginning of Year	277,913	277,913	-
			-
FUND BALANCE, End of Year	$ 417,778	$ 413,386	$ 4,392

See Note 12 regarding budgetary presentation and classification differences. The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

History and Organization

Colorado First Conservation District ("the District") is a political subdivision of the State of Colorado and operates as a local conservation district serving the northwest Colorado region, including Moffat County. Conservation districts in Colorado originated under state conservation legislation adopted following the national soil conservation movement of the 1930s, which emphasized locally governed stewardship of land, water, and related natural resources.

The District's mission is to support the conservation, management, sustainability, and improvement of natural resources while serving the agricultural community within its service area. District activities generally include conservation planning and education, outreach and technical assistance to landowners, administration of conservation and habitat-related projects, coordination with state and federal conservation partners, and implementation of grant-funded programs intended to promote long-term resource stewardship.

The District is governed by a locally elected or appointed board of supervisors in accordance with applicable Colorado statutes and conducts public meetings to establish policy and oversee operations. Day-to-day administrative and program activities are carried out through District staff and in coordination with partnering organizations and agencies.

Financial Reporting Entity

In accordance with governmental accounting standards, the Colorado First Conservation District has considered the possibility of inclusion of additional entities in its financial statements. Definition of the reporting entity is based primarily on financial accountability and financial benefits or burdens. 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The general fund is the District's primary operating fund. It accounts for all financial resources of the District.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

Budgets

An annual budget and appropriation ordinance is adopted by the District's Board of Supervisors in accordance with the Local Government Budget Law. The Budget is prepared on a basis consistent with accounting principles generally accepted in the United States. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.
The District follows these procedures in establishing the budgetary data reflected in the financial statements:

> On or about October 1, the District staff submits to the District Board a proposed operating budget for the fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
>
> Prior to December 31, the budget is legally adopted by the District. The District Manager is authorized to transfer amounts between line items. Revisions that alter total appropriations must be approved by the District Board through a supplemental appropriation. There were no supplemental appropriations in 2025.

Cash and investments

The District's cash and cash equivalents consist of demand deposit accounts maintained at financial institutions. Certificates of deposit with original maturities greater than three months are reported as investments.

Accounts receivable

Accounts receivable of the District consists of grants from local and other governmental entities. Grants receivable are unsecured and are stated at the amount the District expects to collect. As of December 31, 2025, grants receivable are considered fully collectable and no allowance for doubtful accounts has been recorded.

Grants

Grants awarded to the District may contain clauses providing that the grants and related expenditures are subject to financial reporting, audit and possible subsequent adjustment. As of December 31, 2025 the District believes it has complied with all of the specific requirements and has not received notification of any potential adjustments.

Leases
The District evaluated its contractual arrangements in accordance with applicable lease accounting guidance and determined that it had no lease agreements requiring recognition or disclosure in the financial statements as of December 31, 2025.

Fund Balance
In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose. Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Emergencies:
These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at December 31, 2025 are $31,897.

Assigned fund balances, if any, are amounts the District intends to use for specific purpose. Intent can be expressed by the Board of Supervisors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

Compensated absences
The District does not provide for the accumulation or carryover of leave benefits. As a result, no liability for compensated absences has been recorded in the financial statements in accordance with GASB Statement No. 101, Compensated Absences.

Subsequent events
The District has evaluated events subsequent to the year ended December 31, 2025 through the date of the attached independent auditor's report, the date these financial statements were issued.

Note 2 – Cash and Investments

Cash deposits as of December 31, 2025, consisted of demand deposit accounts maintained at financial institutions totaling $310,464.

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

As of December 31, 2025, the District's cash deposits had a bank balance of $320,906 and a carrying balance of $320,752.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. The District generally limits its concentration of investments to those below 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 investment 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 otherwise formally approved by the board of supervisors.

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

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District held a certificate of deposit with a carrying value of $10,288.

Note 3 - Grants Receivable

Grants receivable totaled $112,163 as of December 31, 2025, representing amounts due from grantors under approved grant agreements.

Monies received from other government agencies in the form of grants or aid based on an entitlement period are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Note 4 – Cost-Sharing and In-Kind Support

As part of various conservation and grant-funded programs administered by the District, participating landowners, ranching operations, contractors, and other project partners provided required cost sharing and in-kind support. These contributions generally consisted of cash expenditures paid directly by participants, donated labor, equipment usage, materials, and other project-related costs incurred in support of grant objectives.

Because these expenditures were paid directly by participating parties and did not result in assets received or liabilities incurred by the District, they are not reflected in the accompanying financial statements.

Note 5 – Related Party Transactions
During the year ended December 31, 2025, certain District board members, their immediate family members, or businesses affiliated with board members participated in District conservation programs or provided goods and services to the District in the ordinary course of business. In addition, the District purchased certain supplies and services from businesses affiliated with board members.

District management represented that all such transactions were conducted in accordance with the District's conflict-of-interest policies and applicable Colorado statutes. Board members with a potential conflict abstained from deliberations and voting on matters in which they had a financial interest, when required.

Note 6 – Contingencies
The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. It is the opinion of management that such reimbursements, if any, will not have a material effect on the District's financial position.

Note 7 – Risk Management
Colorado First Conservation 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 disaster.

The district carries commercial insurance for all risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 – Tax, Spending and Debt Limitations
Article X, Section 20 of the Colorado Constitution, The Taxpayers 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.

Note 9 – Compliance with State Statutes
The District did not have any expenditures that exceeded appropriations for the year ended December 31, 2025.

Note 10 – Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 103, Financial Reporting Model Improvements. Management is currently evaluating the provisions of this statement and the impact, if any, on the District's financial statements and related disclosures. The District intends to implement the requirements of GASB Statement No. 103 as applicable and within the required effective date.

Note 11 – Prior Period Adjustment – Grants Receivable

During the audit of the year ended December 31, 2025, the District identified grant receivables totaling $45,600 that existed as of December 31, 2024 that had not previously been recorded. As a result, beginning fund balance has been increased by $45,600 as of January 1, 2025.

The effect of the prior period adjustment is as follows:

Beginning fund balance, as previously reported	$277,913
Prior period adjustment – grants receivable	45,600
Beginning fund balance, as restated	$323,513

Note 12 – Budgetary Basis of Accounting

Certain expenditures, including payroll, employee benefits, and related administrative costs, are allocated between general administrative functions and grant-funded program activities in the District's accounting records. The District's annual budget was prepared using classifications that differ from those used in the audited financial statements. As a result, variances may exist between budgeted and actual amounts within individual expenditure categories. These classification differences do not affect total expenditures, changes in fund balance, or fund balance reported in the accompanying financial statements.